
the
*f*ACTivist

Issue: Fair Taxation and the Role of Government

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In This Publication:

Foreword: Fair Taxation, Fair Government - p.2

Shrinking Public Revenue: A Look at Federal Corporate Tax Cuts - p.3

Canadian Municipalities Crumbling Under Fiscal Austerity - p.5

Celebrating Smaller Triumphs and Hopeful for More: Alberta and the Status of Women Canada - p.8

What is the Role of Government? - p.10

New from the Resource Library - p.12

Upcoming ESPC Lunch and Learn - p.14

Care with Flair: Fall Fashion Show - p. 15





Additional Resource



The Broadbent Institute. (2012). *Equality Project*. Available at www.broadbentinstitute.ca/sites/default/files/uploaded-manually/equality-project.pdf

Findings show that over three-quarters of Canadians (77 per cent) deem income inequality a serious problem and they are ready to find and take part in solutions. Individuals from all walks of life indicate they are willing to do their part through fair and equitable taxation to protect our public programs, but they want corporations to do their part too.

Foreword: Fair Taxation, Fair Government

By Susan Morrissey, ESPC Executive Director



Federal Minister of Finance Jim Flaherty
Photo by Fred Chartrand, Canadian Press

This issue of the *Factivist* focuses on government's role in fair taxation. The idea came about from discussions amongst staff and observations after the last Federal budget of programs that were being downsized or eliminated in an effort to enhance efficiency.

Regardless of how you look at it, government's role in taxation is to collect funds from different sources and use that money to provide public services. It starts to get contentious when we start to look at which programs are being re-worked or eliminated and the impact these have on individuals and families who rely heavily on public and social services.

I have used this phrase before, and I will say it again: we either pay now or we will pay later when we don't put enough resources into social support services. Support a single parent who is turning their life around and making efforts to support themselves and that of their family, or save some money and see the future impact of this decision.



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Shrinking Public Revenue: A Look at Federal Corporate Tax Cuts

By John Kolkman, ESPC Research Coordinator

Over the past 12 years, federal tax rates for large corporations have been drastically cut by successive Liberal and Conservative governments. Unlike most individuals and families, who pay taxes on virtually all their income, corporations only pay taxes on their profits (revenues minus expenses). In 2000, the federal corporate tax rate was 28 per cent. Today, the federal corporate tax rate stands at only 15 per cent, a cut of over 46 per cent.

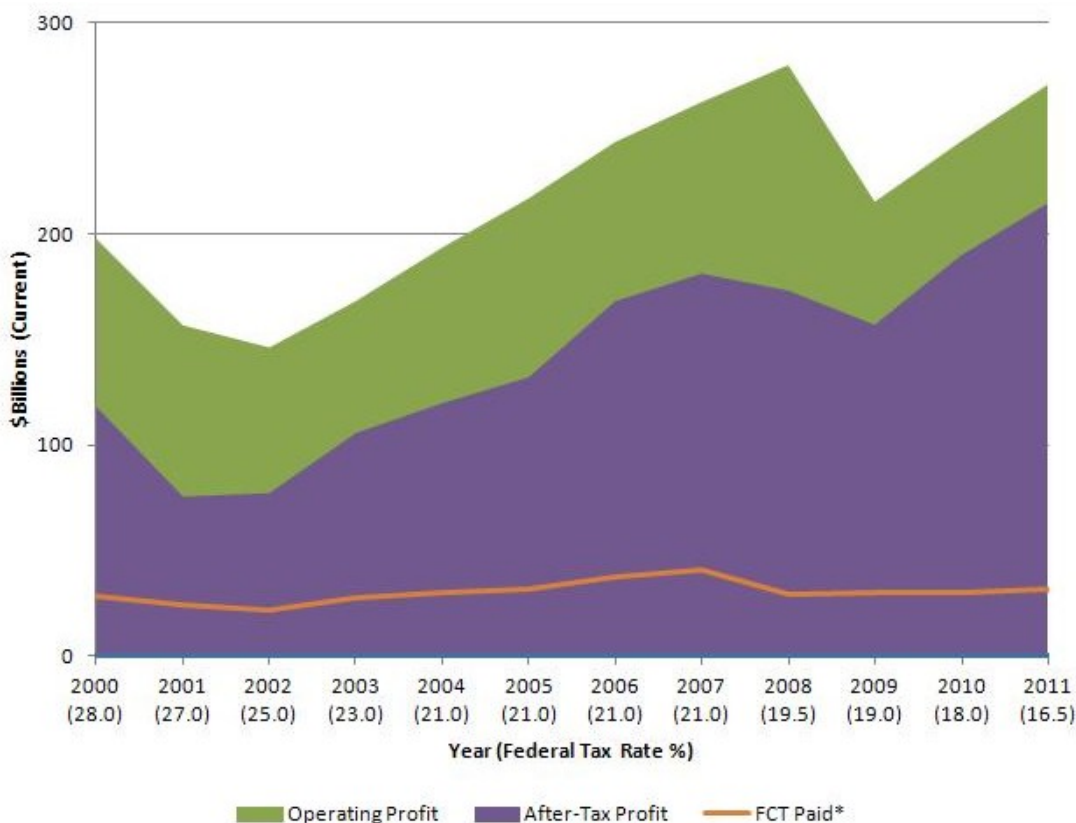
Estimating the loss of public revenue resulting from these federal corporate tax cuts is anything but a straightforward exercise. Corporate profits (and therefore the taxes they pay) fluctuate considerably from year to year depending on the strength of the overall economy. Corporate profits took a big hit in 2001-2002 in the aftermath of the 9/11 attacks and again in 2009 due to the global financial crisis. Other than those years, however, Canadian corporate profits have shown steady growth.

Using Statistics Canada data, *Chart 1* tracks the before-tax and after-tax operating profits of Canadian corporations as well as federal corporate taxes paid. Before-tax operating profits increased by 36.9 per cent between 2000 and 2011 (from \$197.7 billion to \$270.6 billion), over three times the 11.3 per cent increase in federal corporate tax revenues during those years (from \$28.3 billion to \$31.5 billion). Had federal corporate tax revenues gone up by the same percentage as corporate operating revenues since 2000, the federal government would have generated an additional \$7.2 billion in 2011 alone (\$38.7 billion instead of the actual \$31.5 billion).

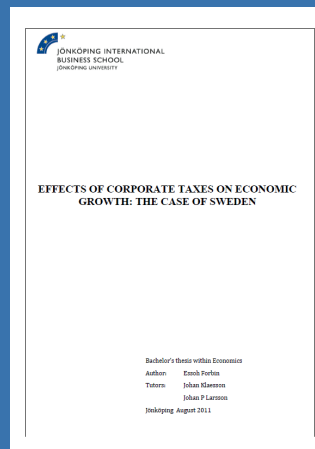
In large part due to the federal corporate tax cuts, the after-tax profits of Canadian corporations increased by 81.4 per cent from \$118.2 billion in 2000 to \$214.4 billion in 2011. Federal corporate tax cuts were a significant though not sole contributor to this huge increase in after-tax profits. Provincial corporate tax cuts also

Chart 1 - Profits Made and Taxes Paid

(Continued on page 4)



Additional Resource

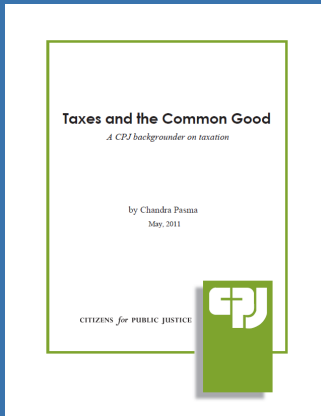


Forbin, Essoh (2011). *Effect of Corporate Taxes on Economic Growth: The Case of Sweden*. Available at <http://hj.diva-portal.org/smash/get/diva2:495706/FULLTEXT01>

Economic theory postulates that corporate tax rates should significantly negatively affect GDP growth rate. Some past empirical works on cross-country panel data also supports this significantly negative correlation between growth rate and corporate tax. However, empirical works using country specific time-series data show deviations and contradictions to this conventional wisdom. This paper finds that corporate income tax rates have no significant effect on Swedish economic growth.



Additional Resource



Pasma, Chandra. (2011). *Taxation and the Common Good: A CPJ Backgrounder on Taxation*. Available at www.threesource.ca/documents/June2011/taxes_common_good.pdf

The Citizens for Public Justice framework supports the notion that taxes are an important contribution to the common good. Taxes are one way in which we as citizens fulfill our obligation to promote justice and to respect the right of all people to live in dignity. For governments, tax policy can be used to foster justice, in addition to tax revenues paying for infrastructure and public services that benefit all and promote an equitable society. Public justice also supports a progressive distribution of taxes, and transparent and accountable decisions from governments on taxation and spending.

Shrinking Public Revenue, *continued from page 3*

contributed. For example, between 2000 and 2011, Alberta corporate tax rates were cut from 15.5 per cent to 10 per cent.

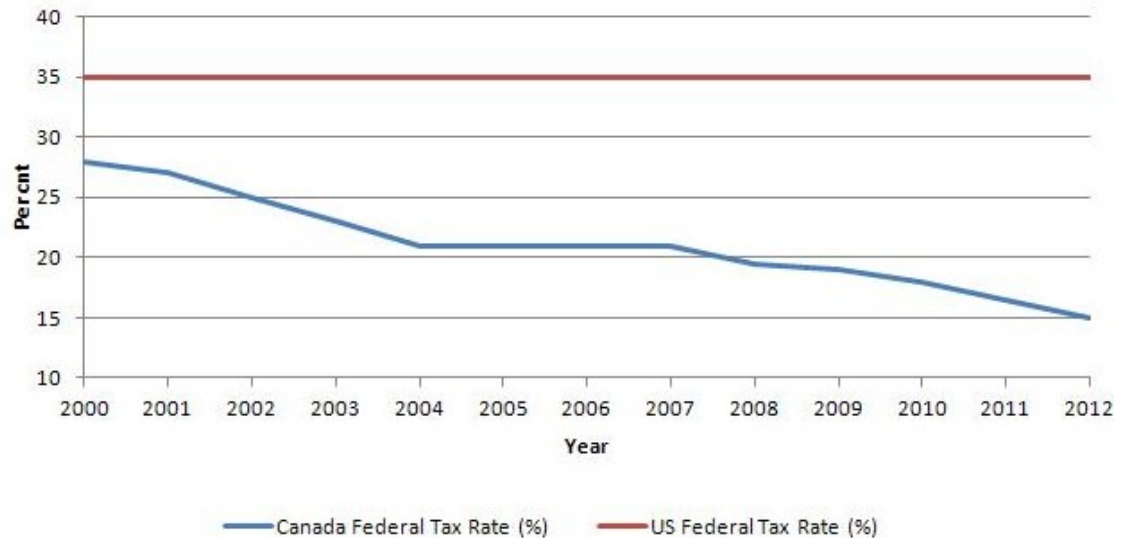
These corporate tax cuts, and the resulting loss of public revenue, might be justified if corporations were investing the savings in new buildings and equipment and other productivity improvements. However, this does not appear to be the case. A recent research note prepared by Capital Economics (reported in *The Globe and Mail*) found that - far from investing in productivity improvements or even shareholder dividends - Canadian non-financial corporations were sitting on a mountain of cash (\$526 million at the beginning of 2012) (Parkinson, 2012).

Chart 2 compares Canadian and United States (US) federal tax rates for large corporations between 2000 and 2012. While Canadian rates have been cut from 28 per cent to 15 per cent during this period, US rates have remained at a constant 35 per

cent. A recent study from the Canadian Centre for Policy Alternatives (CCPA) concluded that much of the benefit of Canadian corporate tax cuts is finding its way to the United States Treasury. As explained by study author Erin Weir: "the U.S. taxes its corporations on a worldwide basis. When an American corporation repatriates profits from Canada to the U.S., it pays the 35 per cent American federal corporate tax rate minus a credit for taxes already paid in Canada. Given a Canadian corporate tax rate below 35 per cent, American corporations will have to pay the rate difference back to Washington," (Canadian Centre for Policy Alternatives, 2009).

Taxes are the price Canadians pay to live in a civilized society. Shrinking public revenue through a policy of corporate tax cuts makes it harder to provide Canadians with the programs and services they rely upon.

Chart 2 - Federal Corporate Tax Rates



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Canadian Centre for Policy Alternatives. (2009, 11 03). *Canadian corporate tax cuts hand \$4-6 billion to U.S. treasury: study*. Retrieved from Canadian Centre for Policy Alternatives: www.policyalternatives.ca/newsroom/news-releases/canadian-corporate-tax-cuts-hand-4-6-billion-us-treasury-study/

Parkinson, D. (2012, 08 03). Who's sitting on all the cash? Corporate Canada. Retrieved from *The Globe and Mail*: www.theglobeandmail.com/globe-investor/whos-sitting-on-all-the-cash-corporate-canada/article4462268/

Canadian Municipalities Crumbling Under Fiscal Austerity

By Marc LeBlanc, Volunteer Writer



Photo by Phil Carpenter, *The Gazette*

On the morning of July 31, 2011, a 15-metre wide concrete beam collapsed in Montreal's Ville-Marie Tunnel, leaving 15 metric tonnes of concrete on Autoroute 720. On a typical weekday, 100,000 motorists depend on the tunnel to travel through Montreal's urban core. Fortunately, the tunnel was largely empty on this Sunday morning and no one was injured. The collapse was just a single incident in a series of bridge closures and alarming infrastructure reports to come out of Montreal that summer (Curtis, 2011).

Crumbling roads and tunnels are not unique to Montreal. In fact, a 2007 report by the Federation of Canadian Municipalities estimates Canada's infrastructure deficit to be \$123 billion. Moreover, 28 per cent of municipal infrastructure is at least 80 years old (Mirza, 2007). In Edmonton, multiple arterial roads, including 63rd and 90th Avenue, scored below 2.0/10.0 on the City of Edmonton's assessment for road conditions, and require millions to be reconstructed (Kent, 2012). Meanwhile, the City of Edmonton has only allocated \$46 million for the next three years for improving city streets, which is less than 50 per cent of the funds allocated in the last three years (Kent, 2012). This gap is all the more astonishing when we consider it over the long term. Back in 2003, Edmonton's infrastructure deficit was estimated to be \$188 million (Vander Ploeg, 2003). For fiscal years 2009 to 2018, Edmonton's infrastructure deficit is estimated to be \$19 billion (Gilbert, 2011).

What helps explain this situation? The nationwide epidemic of deferred maintenance is largely the result of increased downloading of responsibilities from provinces to municipalities. This trend began in the 1980s, when the Mulroney Government reduced equalization payments to the provinces. Later, the Chretien government reformed transfer payments for social services through the Canadian Health and Social Transfer program. Provincial governments across Canada responded by offloading many of these programs to municipalities (Albo, 2009; Federation of Canadian Municipalities, 2010). Today, municipalities across Canada are not only shouldering the nation's infrastructure deficit, but are also increasingly responsible for covering the rising costs of social programs, healthcare, and public education (Federation of Canadian Municipalities, 2010).



63rd Avenue - Edmonton, Alberta

Photo by Rick MacWilliam, *Edmonton Journal*

Meanwhile, municipalities have very few methods to raise revenue and rely almost exclusively on property taxes to cover the inflating costs of social programs and deferred maintenance. In 2006, municipalities only received 8 per cent of all tax revenues (cited in Mirza, 2007). Furthermore, many have argued that property taxes are regressive and limit economic growth in cities (Vander Ploeg, 2008; Mintz, 2011). This revenue source has also not kept pace with expanding municipal services. Between 1961 and

(Continued on page 6)



Additional Resource

Fiscal Austerity as the Achilles' Heel to Socio-Economic Prosperity

Abstract

Fiscal consolidation is used as a measure for austerity such as debt restructuring in order to explain the political reputation. Inside the political arena of international economics, the nomenclature of government officials in policy debates adopt colorful terminology, such as healthy public finances, to recommend and enforce complete measures to severe austerity as a means to correcting fiscal imbalances, while maintaining the sustainability of public debt. However, the medical prescription refers to society and it seems that the same old people pay both the fiscal price and carry the burden of the national debt legacy. And, under the cyclone's necessary eye, the remedy appears to be killing the patient, if not everyone, policy structure too, but, definitely in Greece.

A Non-Technical Policy Summary

The topic of the public finances in Greece continues to be at the forefront of economic agendas and policy debates as a country addressed for very serious doubts about the sustainability of its fiscal position. On every occasion, there is a widely held characterization of Greece as an exceptional country, state also, with unique budgetary elements, social policies and political institutions. In theory, fiscal sustainability can be usually restored by fiscal consolidation, by sovereign default or bailout, and mainly by economic growth. In response to the Greek problem, two broad types of measures have been announced and set forth by the so-called Troika, firstly, an extensive support package led by the EU legacy, and to a lesser extent by the IMF, and, secondly, an exceptional debt restructuring schedule. In parallel, the ECB has been trying to prevent major market disruptions and the dissemination of a banking crisis, especially in countries facing similar fiscal challenges. In all cases, the prerequisite leads towards amercement in public finances and severe austerity is called upon as the proper recipe. Yet, in these a large fiscal gap attributable to, and hence sustained by, such a strong social pact. Generally perhaps but certainly in Greece, this might be perceived as a conspicuously neo-classical question with a presumably non-affirmative answer.

Over the last decade of the previous century, Latin America with Mexico, and Southeast Asia with Thailand, respectively, as the most problematic countries were

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Electronic copy available at: <http://www.econlib.org/abstract/2111896>

Stournaras, Christos. (2012). *Fiscal Austerity as the Achilles' Heel to Socio-Economic Prosperity*. Social Science Electronic Publishing, Inc. Available at <http://ssrn.com/abstract=2111896>

Inside the political arena of international economics, the nomenclature of government officials in policy debates adopts colorful terminology, such as healthy public finances, to recommend and enforce countries engaging in severe austerity as a means to correcting fiscal imbalances, while maintaining the sustainability of public debt. However, the medical prescription refers to society and it seems that the same old people pay both the fiscal price and carry the burden of the national debt legacy. The remedy appears to be killing the patient.



Additional Resource

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133

article

Varieties of crisis, varieties of austerity: social policy in challenging times

Kevin Farnsworth and Zoë Irving

In the period since 2008 it has become clear that the financial collapse and its ensuing crises have affected countries differently. However, a new 'austerity consensus' appears to have developed which is threatening the welfare gains established since the 1930s. By considering a comparative perspective the extent of austerity measures and the ways in which the normalisation of the 'new age' is being resisted, this article reflects on whether we are now facing the 'end of history' for welfare states given the widespread regression of social provision and the view that welfare states have become 'unaffordable'.

Introduction

Drawing on the work presented in Farnsworth and Irving (2011), this article begins from the premise that the 2008 global financial crisis that continues to reverberate around the world is best understood as a variety of crises. The crisis has been differentiated by the national characteristics and institutional structures familiar in comparative analyses of welfare states, while not necessarily conforming to established classifications. The impact on countries can be differentiated in terms of the extent of their exposure to the financial crisis: the US and UK, Ireland and Iceland were early casualties in this regard, while countries such as Germany and Sweden faced challenges more associated with the subsequent recession than with a banking crisis. The crisis is, in reality, a series of ongoing crises, which began with the collapse of global finance and the potential challenge to neoliberalism that this allowed, evidenced in an early and brief phase of fiscal experiments and social-progressive social policy discourse. Significantly, this occurred both in the US and at the international level where efforts towards multi-lateral engagement reached proportions not witnessed since the 1940s. However, this was soon replaced by a focus on the ills of sovereign debt and the acceptance of a new 'age of austerity' in policy discourse, with its concomitant transformation of social policies in many advanced economies. Within a comparative-international context, this article reflects on the extent to which we are now facing the 'end of history' for social policy through the rise and spread of austerity in the international lexicon of welfare, and assesses the scope for resistance to this 'new age'.

Keywords: austerity; crisis; austerity; spending cuts; welfare; consensus; comparative social policy

Journal of Poverty and Social Justice • vol 20 • no 1 • 2012 • 133-47 • <http://dx.doi.org/10.1080/17598073.2012.670428>

Farnsworth, Kevin and Zoë Irving. (2012). **Varieties of Crisis, Varieties of Austerity: Social Policy in Challenging Times.** *Journal of Poverty and Social Justice*, 20:2, 133-147. Available at <http://dx.doi.org/10.1332/175982712X652041>

Since 2008 it has become clear that the financial collapse and its ensuing crises have affected countries differently. However, a new 'austerity consensus' appears to have developed which is threatening the welfare gains established since the 1930s. From a comparative perspective the extent of austerity measures and the ways in which the normalisation of the 'new age' is being resisted, this article reflects on whether we are now facing the 'end of history' for welfare states given the widespread regression of social provision and the view that welfare states have become 'unaffordable'.

Canadian Municipalities Crumbling Under Fiscal Austerity, *continued from page 5*



Photo by the City of Edmonton

2000, property taxes grew annually by 1.8 per cent on a real per capita basis. Meanwhile, provincial and federal taxes grew annually by 5.3 and 3.2 per cent, respectively (cited in Mintz & Roberts, 2006; Vander Ploeg, 2004). As Mississauga Mayor Hazel McCallion explains, "The property tax was never intended to look after humans; it was intended to look after property. It's loaded with social costs, health and education [...] We're up against a system that doesn't work," (cited in O'Toole, 2012). However, cities have been given a bigger share of tax revenue in recent years. In 2005, as part of the Martin Government's New Deal for municipalities, communities across Canada began receiving a portion of federal gasoline taxes (Mintz & Roberts, 2006; Juneau, 2012). However, this new funding has not kept pace with rising operating deficits.

Municipal governments have responded to this "devolution revolution" (Albo, 2009, p. 6) in different capacities. Many communities have outsourced municipal services to the private sector, with the hopes that private firms and a non-unionized workforce can provide better service at a lower cost to taxpayers. In Toronto, garbage collection was privatized West of Yonge Street in August 2012 (Grant

& Braga, 2012). In Edmonton, the city's power, natural gas, and water utilities were spun off into EPCOR in 1996. Edmonton City Council would later vote to spin off EPCOR's power-generation into a publicly traded corporation called Capital Power in 2009 (Harris, 2009).

Other municipalities have implemented new taxes or increased user fees for city services. For example, the City of Toronto was granted permission to implement its own Land Transfer Tax of 0.5 to 2 per cent on land transactions within the city (City of Toronto, 2012). In Airdrie and Okotoks, municipal governments have introduced an annual fee for garbage collection and require residents to pay for each bag of garbage collected (Munroe, 1999). To reduce its operating deficit for 2012, Edmonton introduced a 5.4 per cent property tax hike along with increases to transit fees for students, AISH passengers, and seniors, and an \$85 increase to utility fees (Thompson, 2011).

Some cities have also restricted access or eliminated social programs and emergency services. In January 2012, the City of Kitchener chose to mitigate a property tax hike by restricting overtime pay for firefighters, reducing the library system's budget by \$60,000 and cutting funding for summer playground programs for low-income families (Pender, 2012). Many of these local level cuts go beyond municipal government. In 2010 alone, Edmonton Public Schools laid off 119 teachers and closed 5 inner city schools due to low enrolment and a funding shortfall (CBC News, 2010a; CBC News, 2010b).

Given a renewed interest in fiscal austerity in both the federal and provincial governments, municipalities may be forced to continue shrinking social programs, expanding user fees, and privatizing services. If Canadian cities are to prosper in an increasingly competitive world, policymakers at all levels of government should re-consider how municipal governments are funded if they are to be equipped to meet the evolving needs of its residents.

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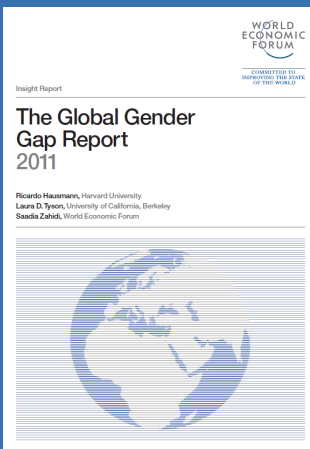


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Additional Resource



World Economic Forum. (2011). *The Global Gender Gap Report 2011*. Available at www3.weforum.org/docs/WEF_GenderGap_Report_2011.pdf

Through the *Global Gender Gap Report*, the World Economic Forum has been quantifying the magnitude of gender-based disparities and tracking their progress over time. By providing a comprehensive framework for benchmarking global gender gaps, the Report reveals those countries that are role models in dividing their resources equitably between women and men, regardless of the overall level of those resources.

Celebrating Smaller Triumphs and Hopeful for More: Alberta and the Status of Women Canada

By Nasreen Rajani, Research Assistant STEP Student



Status of Women Canada

Condition féminine Canada



Former Federal Minister of Canadian Heritage and Status of Women, Beverley Oda
Photo by Blair Gable, Reuters

In 2006, Minister Beverley Oda declared that women are equal in Canada, igniting the changing role of government's involvement with women's programs and services across the country including the severe cuts and amendments to Acts related to the Status of Women Canada. With women making up 50.4 per cent of the population, her statement was demographically accurate and entirely misleading. According to the *Global Gender Gap Report* published every year to rate the gender disparity gap within each country, Canada ranked number 14 in the world in 2006. Two years later, after the Status of Women Canada's operating budget was cut by 43 per cent, twelve offices were closed, advocacy and research work was removed from their mandate and the Independent Policy Research Fund was eliminated, Canada's Gender Gap ranking fell to number 31. This demonstrates that the work and

supports from the Status of Women Canada are needed.

Janine Brodie, prominent researcher and writer on gender and Canadian politics, recounts that 2006 was not the beginning when resources and opportunities were taken away from Canadian women; actually, "the progressive delegitimization of a 'women's voice' in the Canadian policy process began in the mid-1980s and coincided with the ascendancy of the neoliberal governing process," (2008, p. 155). One of the biggest losses for women in Canada has been the elimination of the Independent Policy Research Fund as it limited the focus of women's equality within federal policy. Without policy advocates and policy research, how can systemic change happen? Without critical research, where do the resources go to create impact? As an aside, I encourage you to continue reading Janine Brodie's work for more insight about this intersection of women's equality and neo-liberalism.

Despite these losses that almost every major news and academic article has reported on, Status of Women Canada is still working towards women's equality even in the confines of a Conservative majority government. Canada's Gender Gap ranking will not be close to number 1, where it should be, without continued support to women's advocacy, research and front-line organizations. The many contributions of the Status of Women Canada in Alberta still provide at least some of these resources and these efforts need recognition, specifically in ending violence against women.

The Women's Program of Status of Women Canada support women's and girls



Photo by Harley Quinn

in 2011, there was a shift in the organization's funding focus. The Women's Program towards ending violence against women where, in previous years, many of the grants funded in Alberta focused more heavily on women's economic prosperity and encouraging more women and girls to reach leadership and decision-making positions. For 2011-2012, ten organizations in Alberta were granted their funding requests where 70 per cent were focused on ending violence against women while the remaining 30 per cent focused on women's economic prosperity. Almost all of these organizations are also working specifically with 'harder-to-reach' women, such as Aboriginal women, immigrant women, and women living in rural areas. The call to support organizations working to end violence against women has been loud and strong and the Status of Women Canada has been able to provide support for these projects, amongst others, and therefore, able to support the needs of Alberta.

Some of these organizations that are more able to move forward with building their resources to eradicate violence against women include: The Sexual Assault Support Centre of Edmonton, Association for the Alberta Network of Immigrant Women, Creating Hope Society, Centre for Public Legal Education Alberta, and Shining Mountain Living Community Services.

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World Economic Forum. (2011). *The Global Gender Gap Report 2011*. Retrieved from http://www3.weforum.org/docs/WEF_GenderGap_Report_2011.pdf

initiatives in Alberta primarily through grant funding. The funding proposals adhere to the program's following pillars: "ending violence against women and girls"; "improving women's and girl's economic security and prosperity"; and, "encouraging women and girls in leadership and decision-making roles," (Status of Women Canada, 2012). All three pillars help to create a present and future for all women to be free from violence and economic hardship.

Violence, in particular, is extremely prominent and pervasive as "women are over two and half times as likely to report the most serious forms of violence, such as being beaten, choked, threatened with a gun or knife and sexually assaulted," (Statistics Canada, 2006: 20). Resources are needed to reach out to ALL citizens in order to prevent and eliminate gender-based violence. Although violence against women is an on-going problem in Canada, Alberta has seen higher rates of reported spousal violence (in comparison to other provinces) where there are significantly more women abused (Statistics Canada, 2009, p.9).

The Status of Women Canada put forth a separate Call for Proposals at the end of 2011 to organizations preventing violence against women on campuses. Consequently,



Additional Resource

Women's equality a long way off in Alberta
GENDER GAP REMAINS AMONG THE WIDEST IN THE NATION

ALBERTA'S WAGE GAP STILL AMONG THE LARGEST
Women who paid child care costs contribute less to Alberta's wage gap than in most Canadian provinces. But their male counterparts in Alberta, the "wage gap" tends to be the highest in the country. In 2009, wages in Alberta were working 40 hours full year women with 2.6-hour more work than the men with 19.7-hour more work in the same period.

ALBERTA MIXED IN 1970-ERA WAGE DISCREPANCY
Alberta has not made any significant progress in closing the wage gap since the 1970s. In 1970, Alberta's wage gap was 25% or per with the Canadian average, and since that time has increased to 28% based on the 2009 survey, resulting in an all-time high of 28% in 2009 and 29% in 2008. Other provinces have made significant gains over the past decade, with the lowest wage gap in 2009 being 15% in Ontario. Women continue to earn substantially less than their male counterparts, in a country where a high wage gap continues to persist, particularly among young women.

DISCRIMINATION PARTICULARLY SEVERE FOR FEMALE GRADUATES
The wage gap is particularly severe in Alberta for those women who have gone on to graduate from post-secondary institutions. In 2009, women attending full-time full year with a post-secondary diploma or certificate earned 24% of what men earned despite having the same level of education.

WOMEN IN ALBERTA WORSE-OFF IN KEY EARNING YEARS
The highest earning years for a worker and those in the most important for establishing financial security can be seen in the age 47 to 49 age group. During this critical period to when women in Alberta face among the largest wage gap in the country.

WAGE GAP INCREASES WITH AGE
In Alberta the wage gap steadily grows larger when women enter their 40s and 50s, as opposed to their other earning years when the gap shrinks. In fact, wage women in Alberta tend to earn drastically less than men in 2009, women in Alberta aged 44 and over earned 67% of what men earned. Such a wage discrepancy increases, of course, the chance that women will face financial hardship in their retirement years.

WOMEN FACE HIGHER DEPENDENCY ON LOW-WAGE, PART-TIME EMPLOYMENT
Women from the vast majority of Alberta's low-wage work force. Almost half of all women in the provincial workforce earn less than \$10,000 per year, as opposed to only 34% of men. The country's lowest number of full-time workers per year, 10% of the total workforce, are women. This is the case in the rest of Canada, but in Alberta are much more likely to be in the ranks of Alberta's women's workforce in their wage than are women.

Women's Median Full-Time, Full-Time Earnings as a Percentage of Men's, 2009

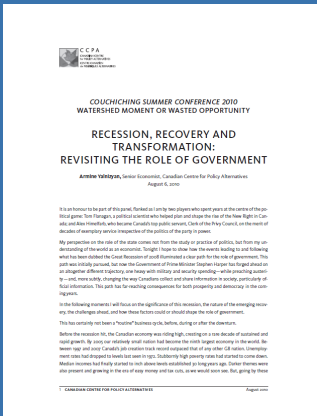
Province	Percentage
Alberta	67
Ontario	81
Quebec	81
Manitoba	78
Saskatchewan	74
Atlantic	73
British Columbia	72

The Parkland Institute. (2012). *Women's equality a long way off in Alberta: Gender gap remains among the widest in the nation*. Available at www.parklandinstitute.ca/downloads/reports/FS-IWD2012.pdf

This fact sheet reveals that Alberta's gender wage gap is the second largest among Canadian provinces. It shows that in 2009, women who worked full time for the entire year only made 67% of what their male counterparts made that year.



Additional Resource



Yalnizyan, Armine. (2010). **Recession, Recovery, and Transformation: Revisiting the Role of Government.** Canadian Centre for Policy Alternatives. *Couchiching Summer Conference 2010: Watershed Moment or Wasted Opportunity*, Lake Couchiching ON. Available at www.policyalternatives.ca/sites/default/files/uploads/publications/commentary/docs/Yalnizyan%20Couchiching%202010%20Speech.pdf

Speech by Armine Yalnizyan to the *Couchiching 2010 Summer Conference Watershed Moment or Wasted Opportunity*, a 3-day conference on the significance of this recession and the nature of the recovery.

What is the Role of Government?

By Dan Scratch, Volunteer Writer



Photo by Catherina Paloma

What is the role of government in our modern society? Should it be limited in scope or be used as a mechanism to create an equal and socially just world? As several countries with advanced economies, such as Greece and Ireland, are dealing with large debt loads, draconian austerity measures are being implemented – thereby shrinking government budgets and responsibilities. Public jobs are being cut, essential social services are disbanded, and poverty and homelessness continue to climb.

In the age of austerity, most recently with the federal Conservative Government budget of 2012, we have seen the role of government minimized, evidenced by budget cuts that affect social programs. As federal and provincial governments have gradually shifted the responsibility for social programs from the public to the non-profit sector, what role should we expect of democratic institutions to create a more equal, just, and fair society? Would a freer market economy lift people out of poverty?

In the relatively strong, resource rich economy of Alberta, economic and social inequality is actually widening. Within a ten-year period (1989 to 2009), the yearly income of the poorest 10 per cent of Alberta families with children increased by only \$4,682. In comparison, the yearly income of the richest 10 per cent of families with children went up \$156,403 (Edmonton Social Planning Council, 2011). According to Briggs and Lee (2012, p. 1), “The poverty rate in Alberta has not significantly changed in the last five years; in fact, the average gap

ratio is increasing, which suggests that low-income Albertans continue to fall further behind.” Despite the economic and resource advantages that Alberta has, what helps explain this disparity?

Historically in Alberta, with the onset of European and American settlement, governments have adopted a predominantly individualist ideology promoting small government, low taxation, and little government interference in the lives of individuals (Wiseman, 2010, p. 3). This governing ideological framework in Alberta, mirrored by the majority of electoral districts, privileges the rights and freedoms of the individual. Although efforts were made by Albertan governments over the past century to help those who were disenfranchised, the task of improving quality of life was mainly up to the individual and their families. This governing framework accepted the assumptions of a capitalist, free market economy. Along with an expectation that government should be limited, certain behaviours are privileged, namely the Protestant work ethic (frugality and hard work) and the willingness to take risks for reward.

The problem with this ideology is that it assumes that all individuals in society are competing with each other on a fair playing field. In reality, this is not necessarily the case. Those who come from an affluent background have more resources, established networks, and opportunities at their disposal to succeed within society. People coming from less fortunate circumstances will usually have to overcome more structural barriers, such as lack of income, access to education, and discrimination to reach their desired level of success.

A capitalist ideology focuses on the perceived intrinsic values of self interest, competition, and the profit motive. Under a free market economic system, governments are expected to facilitate an economy to act on its own accord. Consequently, this has usually perpetuated the socio-economic



Photo by Luis Felipe Salas

statuses of people within such a system. Those living in less fortunate or impoverished conditions face multiple setbacks and major start-up costs in trying to improve their quality of life. This past summer, the Government of Alberta was soliciting feedback in the development of its Social Policy Framework – an agenda that will provide the overall direction for provincial social policy. A strong theme that emerged out of focus groups held with low-income Albertans was just how difficult it was to take the initial step to lift them out of poverty. They cited, for example, the inadequacy of income supplements to budget for unpredictable fluctuations in privatized rent and utility costs, which could easily put them out on the streets again (Edmonton Social Planning Council, 2012).

While the privatization of electric utilities was consistent with a free market economy and the shrinking of government responsibility, it did have a negative impact. The deregulation of electricity in 2000 saw electricity prices rise from 5 cents to 25 cents per kWh, which was a significant financial burden for low-income working families. According to Cohen (2002), “Before deregulation Alberta had one of the cheapest and most reliable electricity systems in North America. After deregulation it experienced regular brown-outs and was the third most expensive jurisdiction in North America after California and Hawaii.”

To better understand the social and economic disparities facing Albertans, we need to appreciate the prevailing systemic issues. “This means that poverty persists regardless of individual behaviours,

attitudes, and choices. It means that as a society we have created systems that perpetuate poverty and hence allow poverty to persist,” (Briggs & Lee, 2012). As the role of government has left various elements of our social and economic infrastructure (i.e. housing and utilities) in the hands of private interests, we have seen a burgeoning disparity between the people of Alberta.

The current ideological framework of Alberta’s government has proved to be a real disservice to those who are vulnerable and are on the margins of society. We need to reconsider the ideological paradigm within which our government frames itself. Instead of relying on the private sector to deliver essential public services, should government reconsider its responsibilities to help those in dire straits? Should government have more of a responsibility in providing Albertans with important social programs to improve the quality of life of citizens and level the playing field?



Photo by CBC

Modern day society is complex and is also layered with issues of race, class, sexuality, gender, as well as the lingering effects of colonialism. All of these structural factors can potentially impede someone from achieving a high standard of living. A consideration of Edmonton's inner city neighbourhoods is anecdotal evidence enough that the current system is broken and leaves many of its citizens marginalized in society. If we recognize these social aspects as potential barriers to individuals reaching their potential, then government should be more active by funding social programs and a change the economic

(Continued on page 12)



Additional Resource

The American Imprint on Alberta Politics
Prepared for the Annual Meeting of the Canadian Political Science Association
Canadian University
Montreal, Quebec
June 2, 2010

Nelson Wiseman
Dept. of Political Science
University of Toronto
416 978-3336
nelson@chass.utoronto.ca

Wiseman, Nelson. (2010). *The American Imprint on Alberta Politics. Annual Meeting of the Canadian Political Science Association, Montreal, PQ.* Available at www.cpsa-acsp.ca/papers-2010/Wiseman.pdf

Characteristics assigned to America's classical liberal ideology - rugged individualism, market capitalism, egalitarianism in the sense of equality of opportunity, and fierce hostility toward centralized federalism and socialism - are particularly appropriate for fathoming Alberta's political culture. Wiseman contends that Alberta's early American settlers were pivotal in shaping Alberta's political culture and that Albertans have demonstrated a particular affinity for American political ideas and movements. Alberta has been Canada's 'maverick' province, more receptive to neo-liberalism than the Canadian norm.



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What is the Role of Government?, continued from page 11

system that caused the systemic inequalities in the first place. Instead of privileging private interests and the free market economy, the government should prioritize the security and quality of life of its citizens, particularly those who are impoverished as a result of structural barriers. Torjman (2008) was correct to assert that, “[a]t the end of the day, a robust poverty strategy combines public policy and place-based interventions to create a powerful combination of government and community in the fight against poverty.” Is it unreasonable to ask the government to be responsible for the social and economic well being of its citizens? Should all orders of government, along with the community at large, work collaboratively to combat the social ills of poverty? If so, a rethink of our governing ideological framework is not just necessary, but essential.

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Cohen, M. G. (2002). *Pulling the Plug*. Report by the B.C. Citizens for Public Power.

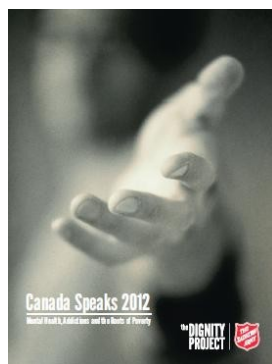
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New from the Resource Library: Research Reviews



Canada Speaks 2012: Mental Health, Addictions and the Roots of Poverty. Published by The Salvation Army. 2012.

Reviewed by Ben Lemphers

Canada Speaks 2012: Mental Health, Addictions and the Roots of Poverty is a report produced by The Salvation Army as part of their Dignity Project initiative, which seeks to educate the public about poverty. The study itself focuses on understanding Canadian perceptions of mental illness and addictions, and their connections to poverty. Statistics in the report were gathered from an online poll conducted by Angus Reid Public Opinion on February 23 and 24, 2012. The survey sample consisted of 1,011 Canadians drawn from a panel balanced to be representative of the Canadian population.

View full review here: www.edmontonsocialplanning.ca/content/view/1214/271/



Do Admission Criteria and Economic Recessions Affect Immigrant Earnings? By Michael G. Abbott and Charles M. Beach. Published by the Institute for Research on Public Policy (IRPP). 2011.

Reviewed by Adam Henley

In this study, the authors compiled data from three different immigrant landing years (1983, 1988 and 1994) to explain Canadian immigration trends that have been observed since the 1980s. The authors used a Canadian immigration database to analyse the first post-landing decade of new Canadians.

View full review here: www.edmontonsocialplanning.ca/content/view/1215/271/

Does Immigrant Residential Crowding Reflect Hidden Homelessness. Written by Michael Haan. *The Journal of Canadian Studies in Population*, 38, No.1-2, 2011, P. 43-59.

Reviewed by Megan Jones

In his analysis of immigrant residential crowding, which is based on data from the 2001 Canadian census, Michael Haan develops a theoretical housing model to determine the probability that, under certain circumstances, residential crowding (as represented by a deviation from the model) points to hidden homelessness among Canadian immigrants. While Haan is unable to establish a firm relationship between immigrant residential crowding and hidden homelessness, his study exposes a number of complex factors tied to the issue. He suggests that if a relationship does exist, then homelessness may be hidden among the residential crowding that occurs with the Canadian-born rather than with the immigrants.



View full review here: www.edmontonsocialplanning.ca/content/view/1211/271/



From Getting By to Getting Ahead: Six Levers for Building the Wellbeing of Families with Lower Incomes. Written by Charla Vall and Alison Thompson. Published by the United Way Calgary and Area. 2012.

Reviewed by Sacha Deelstra

An informed look at the complexity of poverty in Calgary, this report provides six levers - existing strengths that can be leveraged for greater impact - to funders, policy makers, and service providers to reduce poverty. The strengths, challenges, and possibilities of reducing poverty as a city are identified through a review of the

literature on social policy, surveys of families with lower incomes, a discussion series with individuals experiencing poverty and another discussion series with service providers. A mixed methods approach - quantitative and qualitative research - recognizes the complexity of the topic in “seeking to leverage supports and strengths so that families with lower incomes achieve greater wellbeing,” (United Way of Calgary and Area, 10, 2012).

View full review here: www.edmontonsocialplanning.ca/content/view/1213/271/

To subscribe to ESPC’s monthly *Research Update Newsletter*, which has the latest research reviews and resources from the Council’s library, please send an email to library@edmontonsocialplanning.ca.



Visit our YouTube Channel to view past Lunch and Learn talks and speeches made by the ESPC.
www.youtube.com/edmontonspc



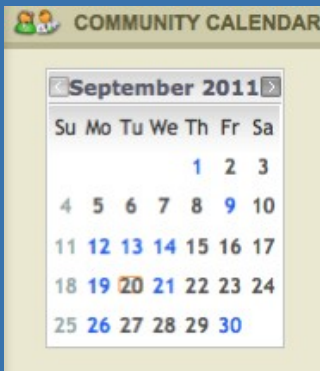
All of ESPC’s events are archived on our photostream at www.flickr.com/photos/edmontonsocialplanning



Want to check out more community events?

Visit our website at edmontonsocialplanning.ca and navigate our **Community Calendar** to see future events in the Edmonton community:

- Awareness Events
- Conferences
- Fundraisers
- ESPC Board Meetings
- ESPC Events
- Publication Releases
- Workshops



Upcoming ESPC Lunch and Learn

In an effort to inspire thought and discussion amongst community members, the Edmonton Social Planning Council organizes a series of discussions titled the Lunch and Learn Series. Guest speakers are invited to share their thoughts and experiences regarding social issues and work with front-line organizations that have an impact on Edmonton society. Bring a lunch and join us in a series of dialogues that affect the health and well-being of Edmonton and its citizens.

Date: September 12th, 2012

Time: 12:00 pm to 1:00 pm

Location: Audio Visual Room (Main Floor) - Stanley Milner Library (7 Sir Winston Churchill Square)



Topic: Hatred - Racial Discrimination and Its Impact on Edmonton

Speaker: Charlene Hay, Executive Director, Centre for Race and Culture

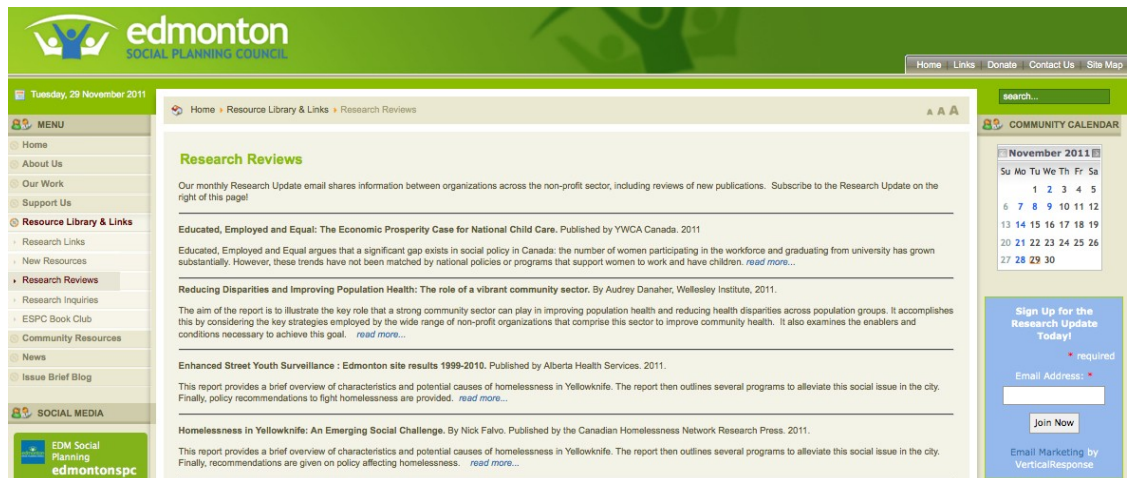
Description: Our guest speaker will examine the spectrum of racial discrimination - from hateful acts to unconscious discrimination and relate them to the Edmonton scene.



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CARE WITH FLAIR

FALL FASHION SHOW

Sunday, 16 September 2012
EPCOR Tower 10423 - 101 Street
Doors open 1:30 pm
Program begins 2:00 pm
Ticket \$25

The **Edmonton Social Planning Council** will be hosting **Care With Flair: Fall Fashion Show**. This fundraiser and awareness event includes fellow agencies **Bissell Centre, Boyle Street Community Services, Homeward Trust, and E4C**. These agencies, along with the ESPC, will present styles from D'lutchi Fashion. Care With Flair will offer prizes, an auction, refreshments, fashion, and highlight issues that affect our community.

Tickets are available online at www.edmontonsocialplanning.ca, in person at the ESPC office (#37-9912 106 Street), or at D'lutchi Fashion (11237 Jasper Avenue).

Gold Sponsors



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Event Sponsors

Fashion: D'lutchi Fashion
Photography: Trevor Boller
Entertainment: Jazz Choir - Joy Spring
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Refreshments: Wild Earth Bakery & Cafe
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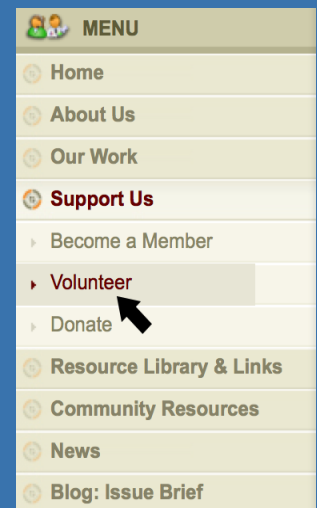
Want to volunteer for the ESPC?

Get involved with some of our existing and new volunteer opportunities!

We are looking for people who can:

- research and / or write reviews
- help in the community
- serve on the board
- plan events / fundraise

For more information, visit edmontonsocialplanning.ca and fill out our volunteer application form (under the **Support Us** menu).



About the Edmonton Social Planning Council

The ESPC is an independent, non-profit, charitable organization. Our focus is social research – particularly in the areas of low income and poverty.

We are dedicated to encouraging the adoption of equitable social policy, supporting the work of other organizations who are striving to improve the lives of Edmontonians, and educating the public regarding the social issues that impact them on a daily basis.

Our Vision

A healthy, just and inclusive community.

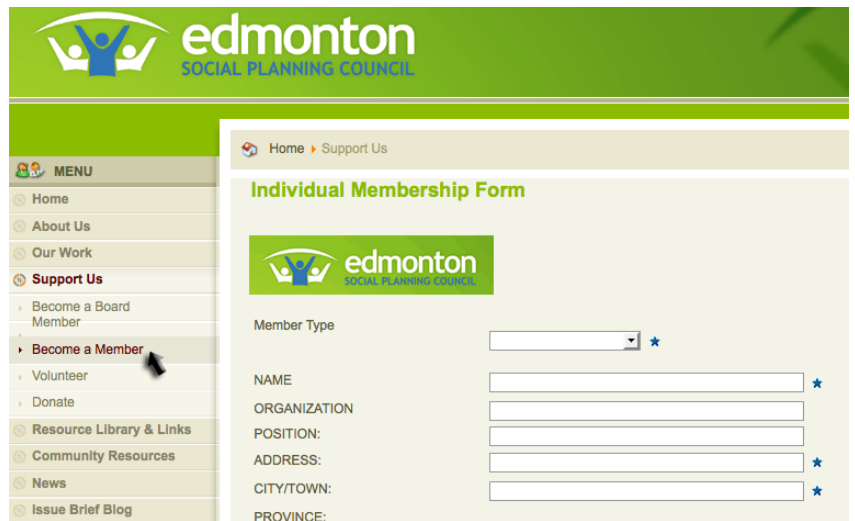
Our Mission

The Edmonton Social Planning Council provides leadership to the community and its organizations in addressing social issues and effecting changes to social policy.

As a Member

- support our efforts to remain on the forefront in dealing with social issues
- make it possible for us to distribute our materials freely and widely to all
- receive our newsletters, fact sheets and other publications
- be eligible to vote at ESPC AGMs and have a say in the direction of the organization
- be eligible to serve on the board of directors
- advertise your non-profit events in the *Factivist*

Visit edmontonsocialplanning.ca > **Support Us** > **Become a Member** for more information.




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