

**“Economics for Everyone:
How to Cut Through the Jargon”**

Later Life Learning, Innis College

Instructor: Dr. Jim Stanford

Fall 2021

Session 6

***Reproduction,
Distribution and
Inequality***

**Readings:
Chapters 9, 14-15**

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Tony Biddle***

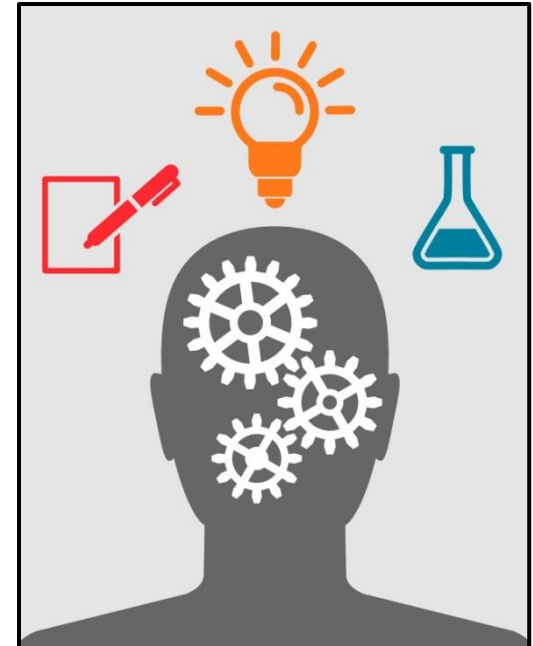
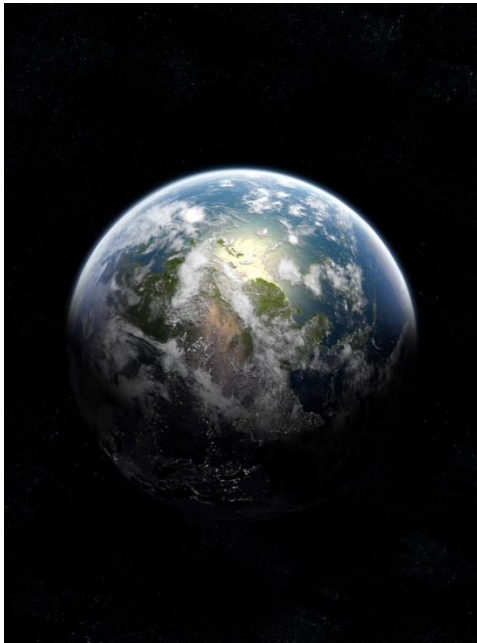
Key Topics Covered

- “Producing” and maintaining workers
- Paid and unpaid labour in the home
- Reproduction, work, and gender
- The economic importance of households
- Measuring inequality
- Causes of inequality
- Consequences of inequality
- Solutions to inequality

Key Terms Introduced

- reproduction
- household consumption
- labour supply
- discrimination
- sexism
- racism
- Intersectional
- multiple oppression
- labour market segmentation
- income distribution
- wealth distribution
- precarious work
- relative poverty
- absolute poverty
- redistribution
- basic income

The Economy is Work



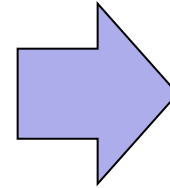
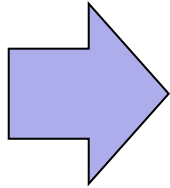
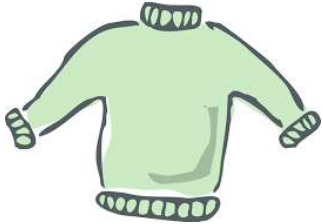
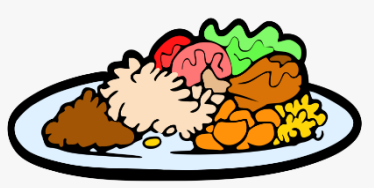
- Our capacity to work (brains & brawn) is the only force transforming what we harvest from nature (hopefully sustainably!) into useful goods & services.

Where do Workers Come From??



The (Re)Production of Labour

- It takes work to ‘produce’ workers and care for them.
- That work is part of the economy (even though much is unpaid).
- The ‘cost’ of producing workers = the basics of survival.
- Classical economists + Marx: wages will tend to equal that cost of survival.
 - For Marx, “socially mediated.”



The Importance of Household Consumption

- Critical input to reproduction of the workforce.
- Most important source of spending power.
 - Over 50% of GDP.
- Creates a positive feedback from wages back to job-creation.
- Important component of quality of life.
 - Along with leisure & public services.

Mirror Image

Consumption
(by workers) = *Production*
(of workers)

Production
(by business) = *Consumption*
(of workers)

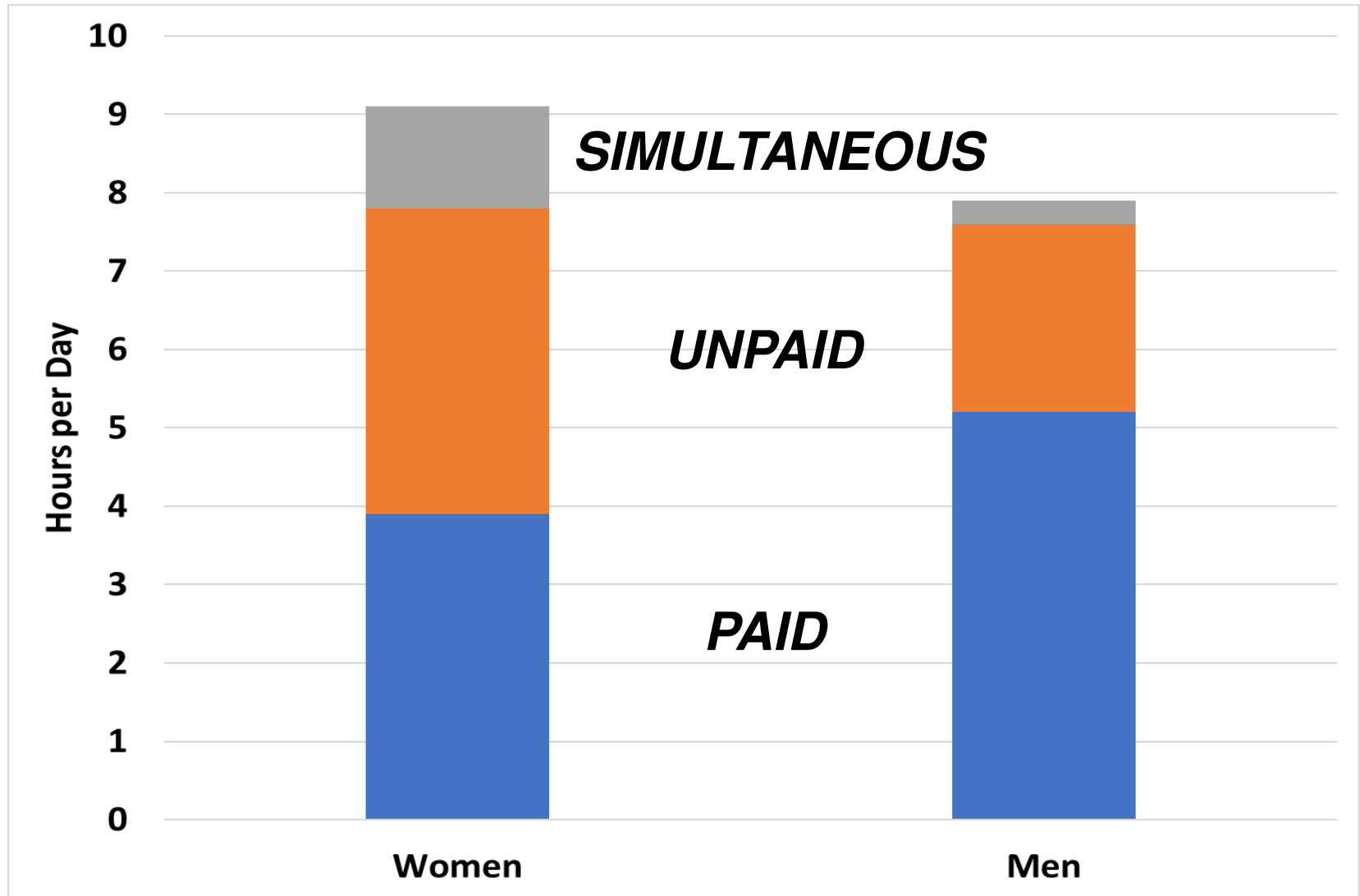
Work: Paid and Unpaid

- In capitalism, most work in the formal economy is wage labour (paid).
 - 85% of people support themselves mainly through employment over their life.
- Most (unpaid) labour is reproducing labour in the home.
- So the vast majority of work is wage labour, or getting ready for wage labour.
- Unpaid labour is part of the economy.

Gender and Reproduction

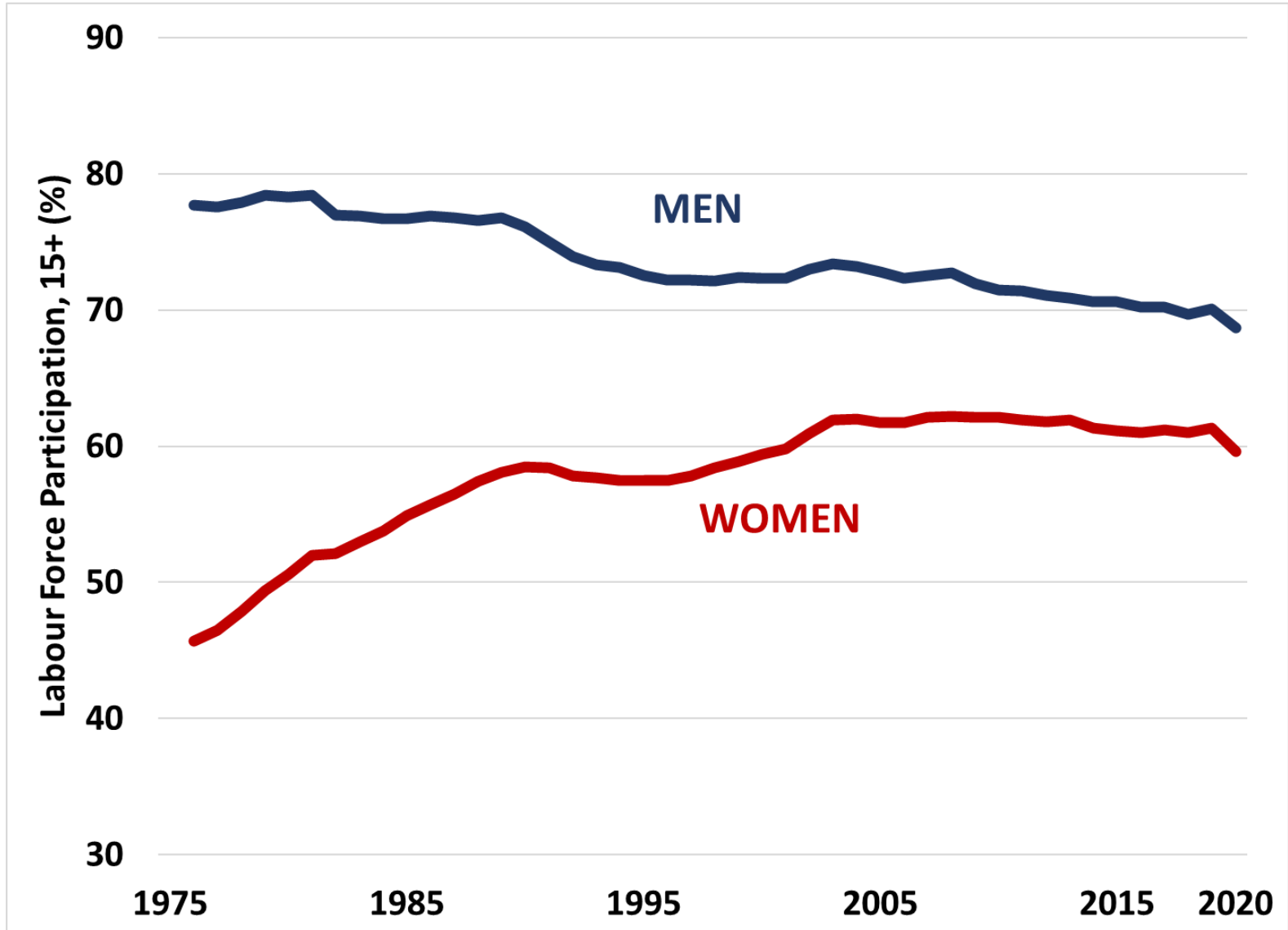
- Gender inequality in reproductive labour.
 - Stems from childbirth (long ago).
 - Reinforced by sexist attitudes (tradition, religion, violence) & male resistance.
- This inequality undermines women's labour force participation.
 - This reinforces inequality in the home.
- Employers exploit gender differences to access cheaper labour ('women's wage').

Unpaid Labour and Gender

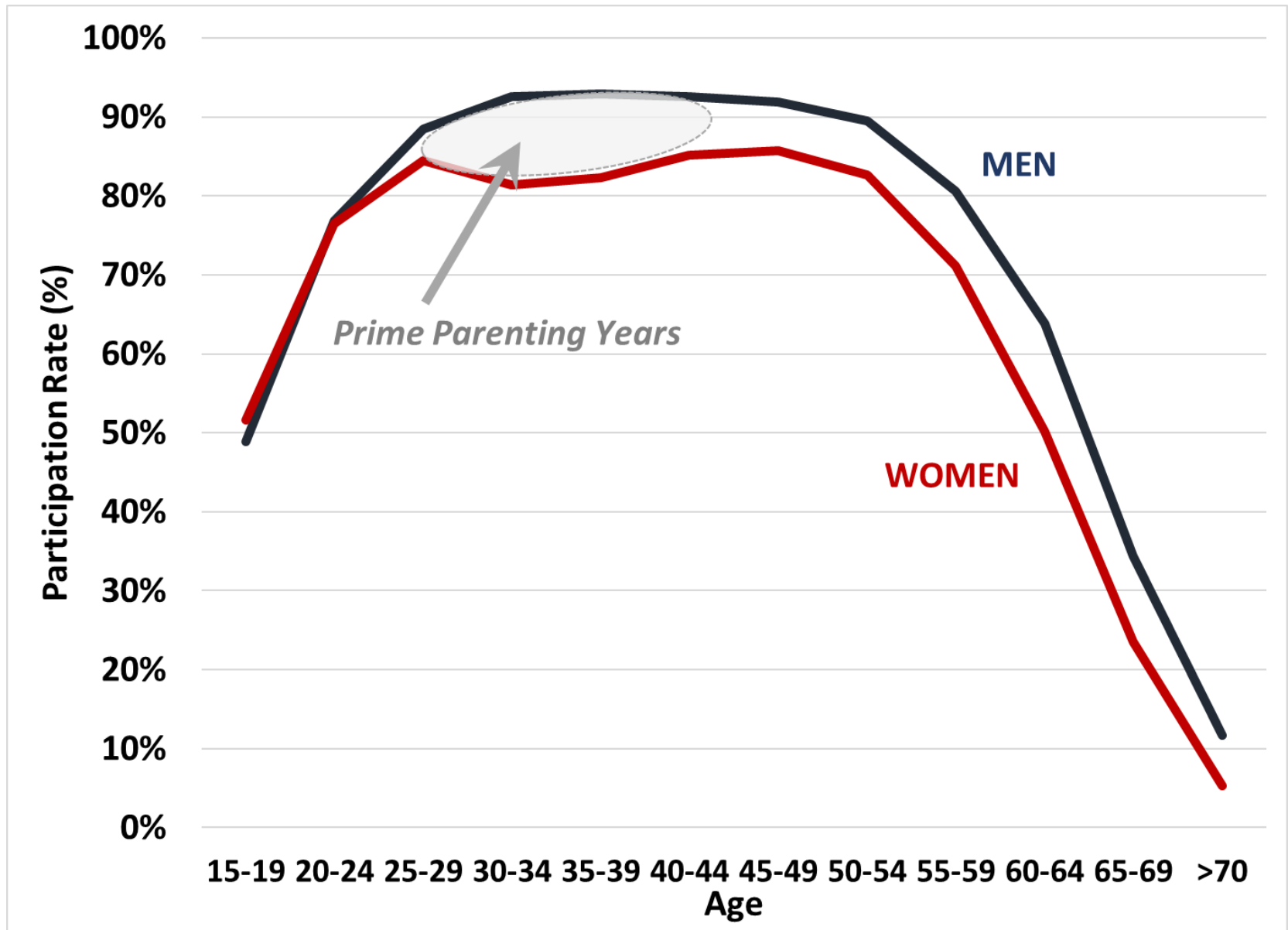


Statistics Canada, 2018 time use survey.

Gender and Paid Work (I)



Gender and Paid Work (II)



Gender Wage Gap

- In Canada (2019), women earned 22% less per week than men.
 - \$889 for women; \$1 133 for men.
 - Gap narrowed from 30% gap in 2000.
- Sources of the gender wage gap:
 - Career interruptions / wage trajectory.
 - Fewer hours (hourly wage gap is 12%).
 - Concentration in lower-wage sectors ('segmentation').
 - Lower pay for same job (pure discrimination).

Economic Benefits of Early Child Education

- Women hit harder by the COVID downturn than men: job loss, fall in participation, double burden.
- Roll-out of public universal ECE would generate multiple benefits:
 - 200K direct jobs in ECE centres.
 - 80K jobs in supply chain (incl. construction).
 - 725K gain in women's labour supply.
 - \$63-107 B gain in GDP.
 - \$17-29 B gain in government revenue.
- It literally PAYS FOR ITSELF!

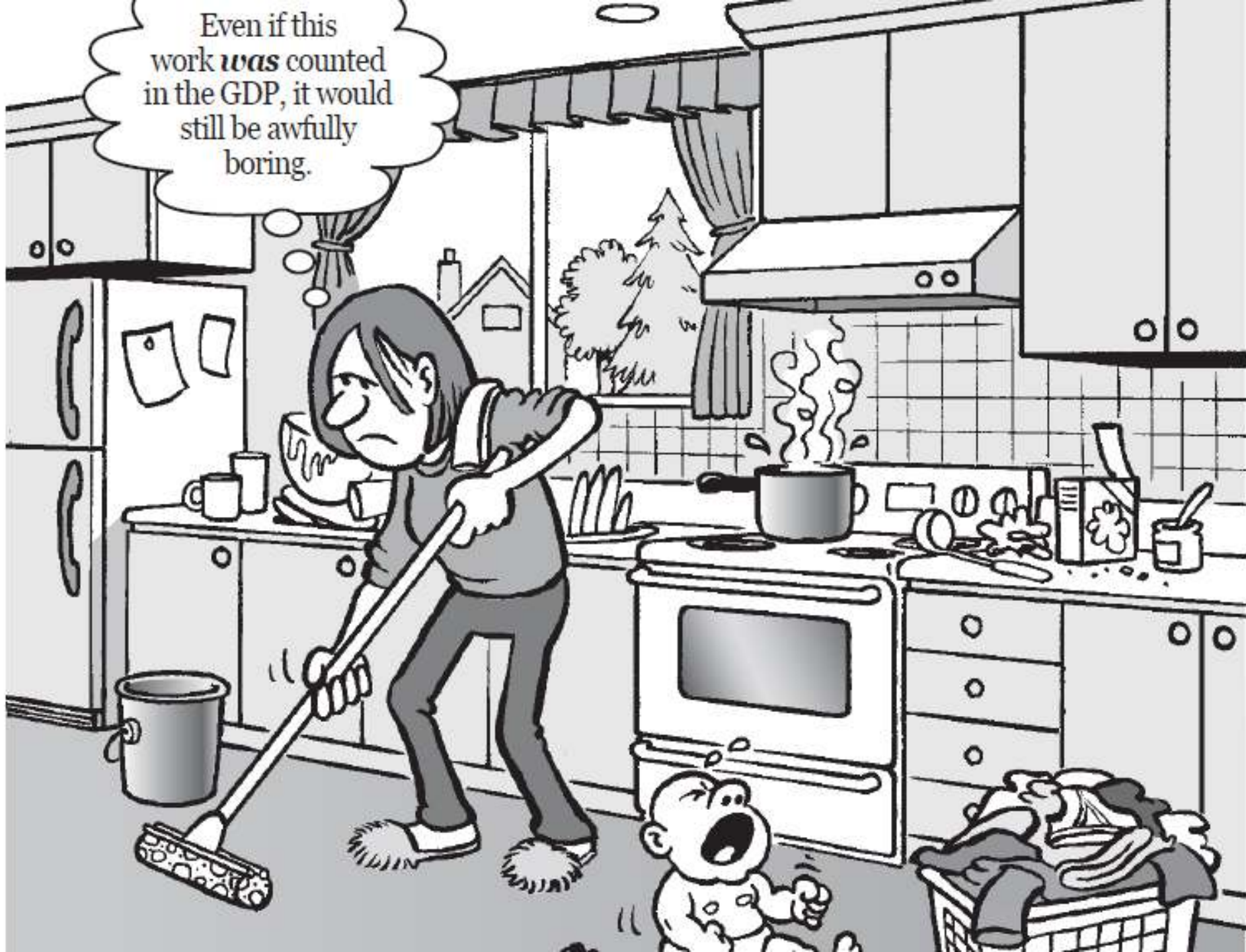
Trends in Reproductive Labour

- Modest redistribution of unpaid household labour from women to men.
 - Both cause and effect of women's increased labour market participation.
- Reductions in the amount of unpaid reproductive labour.
 - Mechanization of household labour.
 - Commercialization of household labour (for better-off households): maids, restaurants.
 - Social provision of caring services.

Paid or Unpaid??

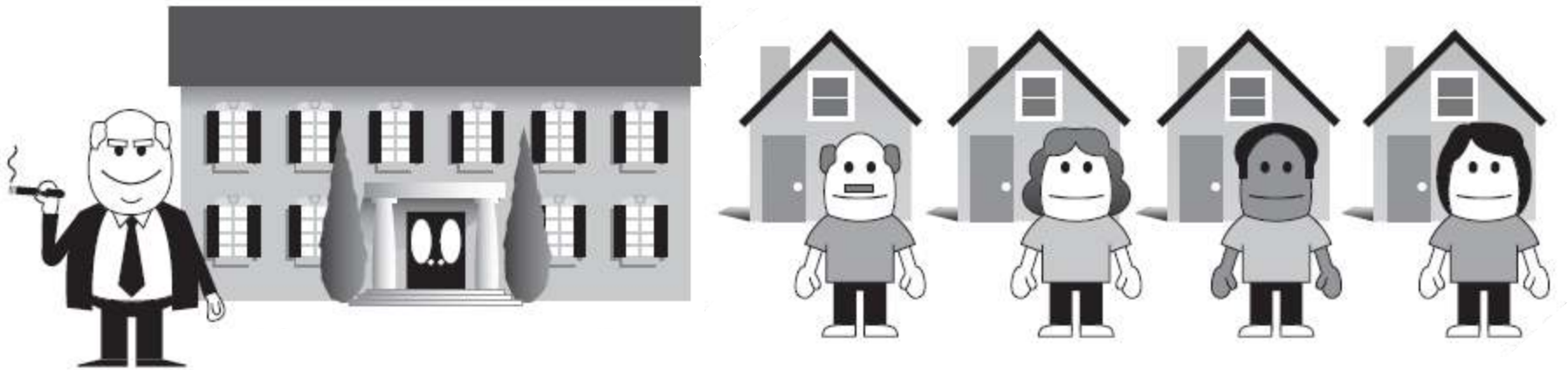
- Some argue that a good way to push society to better 'value' unpaid labour (in the home or in the community) is to actually pay for it.
- Should people get paid for doing housework?
- Put your answer in the Q&A...

Even if this work *was* counted in the GDP, it would still be awfully boring.



Many Dimensions of Inequality in Capitalism

- Biggest one stems from the key structure of the economy:
 - Most people work for someone else.
 - Most business wealth owned by 2%.



Many Dimensions of Inequality in Capitalism

- Biggest one stems from a key structural feature of the economy:
 - Most people work for someone else.
 - Most business wealth owned by 2%.
- But other kinds of inequality also fundamentally constrain peoples' lives.
 - 'Intersectional' analysis.
 - Gender / Race / Indigeneity / Language / Ethnicity / Ability / Orientation-LGBTQI / Others

TABLE 5 Employment income by racialized group: Canada, 2015

	Average employment income		Earnings gap: same gender		Earnings gap: non-racialized men
	Men	Women	Men	Women	Women
Non-racialized	56,920	38,247	1.00	1.00	0.67
All racialized groups	44,423	33,304	0.78	0.87	0.59
South Asian	46,974	32,336	0.83	0.85	0.57
Chinese	49,470	37,785	0.87	0.99	0.66
Black	37,817	31,900	0.66	0.83	0.56
Filipino	41,563	34,065	0.73	0.89	0.60
Latin American	42,651	30,044	0.75	0.79	0.53
Arab	42,154	28,548	0.74	0.75	0.50
Southeast Asian	41,656	31,537	0.73	0.82	0.55
West Asian	40,405	28,982	0.71	0.76	0.51
Korean	41,229	29,765	0.72	0.78	0.52
Japanese	59,824	37,196	1.05	0.97	0.65
Visible minority, n.i.e.	44,583	35,294	0.78	0.92	0.62
Multiple visible minorities	44,582	34,044	0.78	0.89	0.60

Sheila Block, “Colour-Coded Inequality,” Canadian Centre for Policy Alternatives.

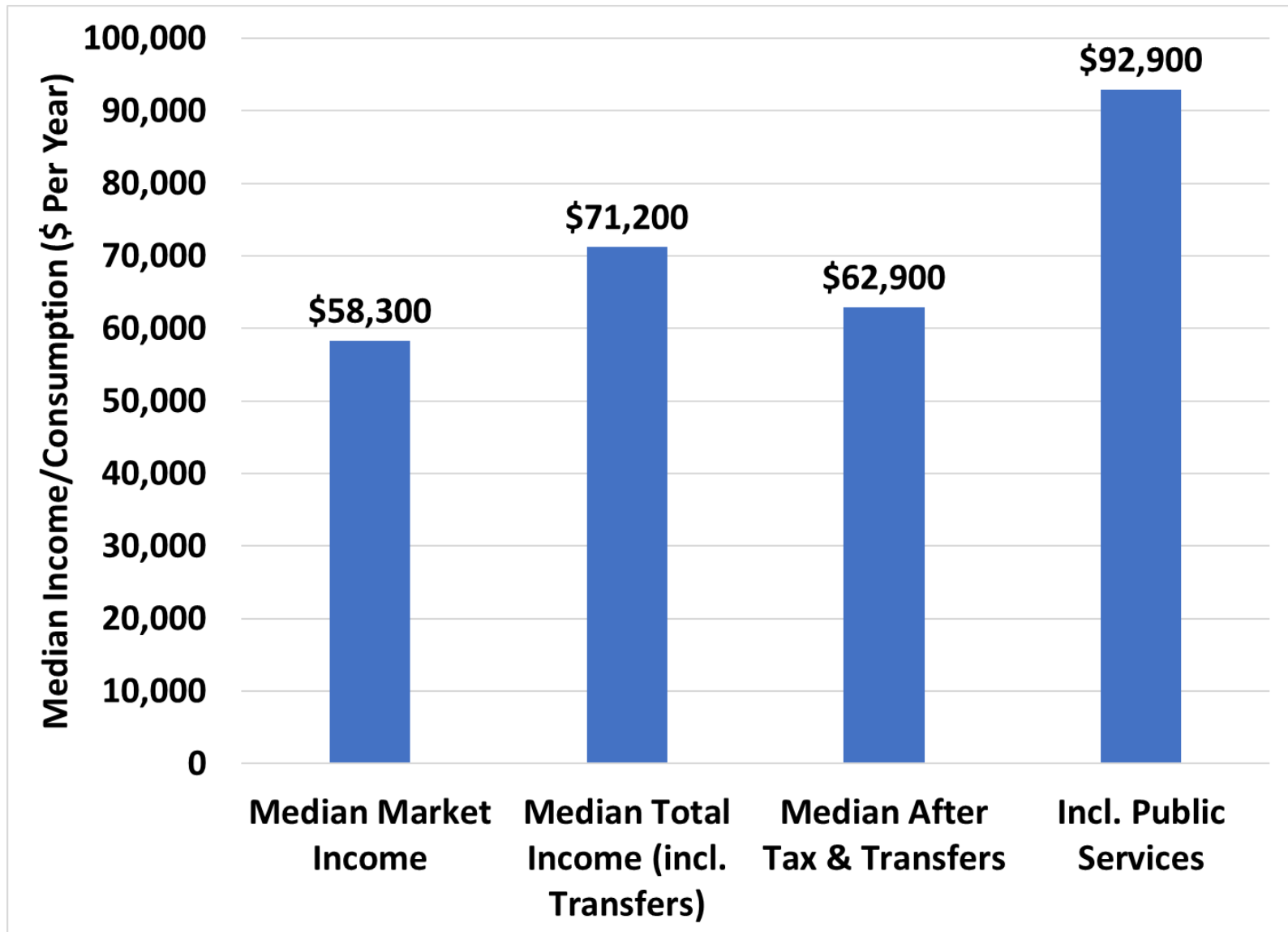
Dimensions of Inequality: Factors and Households

1. Measure inequality across households.
 - Income, wealth, consumption.
 - Gini, ratios, top shares.
 2. Measure inequality across factors.
 - Correlate income of different groups of households, with the structural role they play in the economy.
- The two are linked: increased return to capital mostly benefits the top 2%.

Measuring Household Inequality

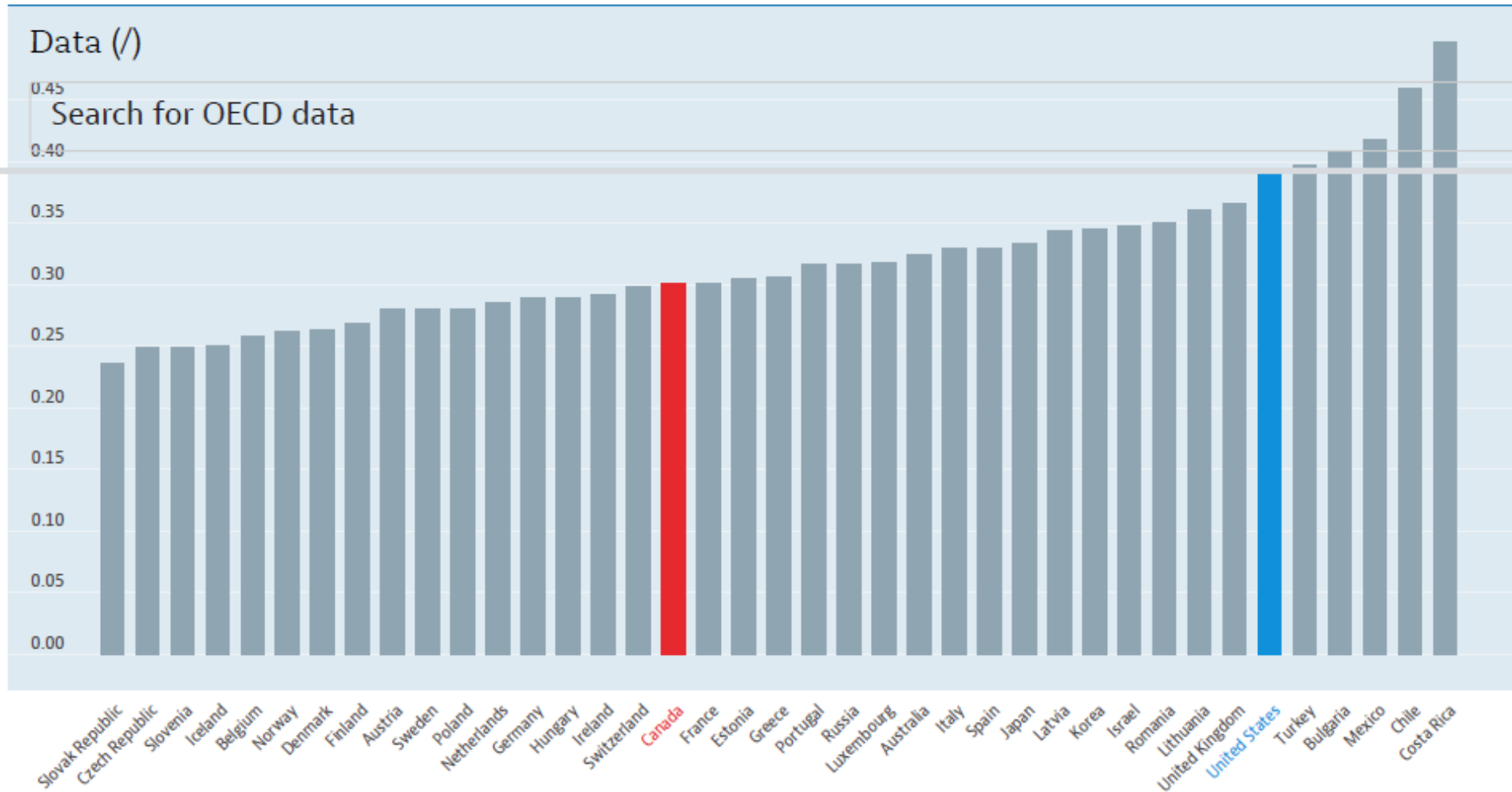
- Income (what you earn).
 - Before or after taxes and transfers.
- Wealth (what you have).
 - Best to exclude owner-occupied housing.
- Consumption.
- Different measures are used:
 - Ratios (top 10% to bottom 10%).
 - Shares (top 10% share of total).
 - Gini Coefficient (0 = perfect inequality, 1 = perfect equality).

The Government Giveth, Taketh Away, and Giveth Again



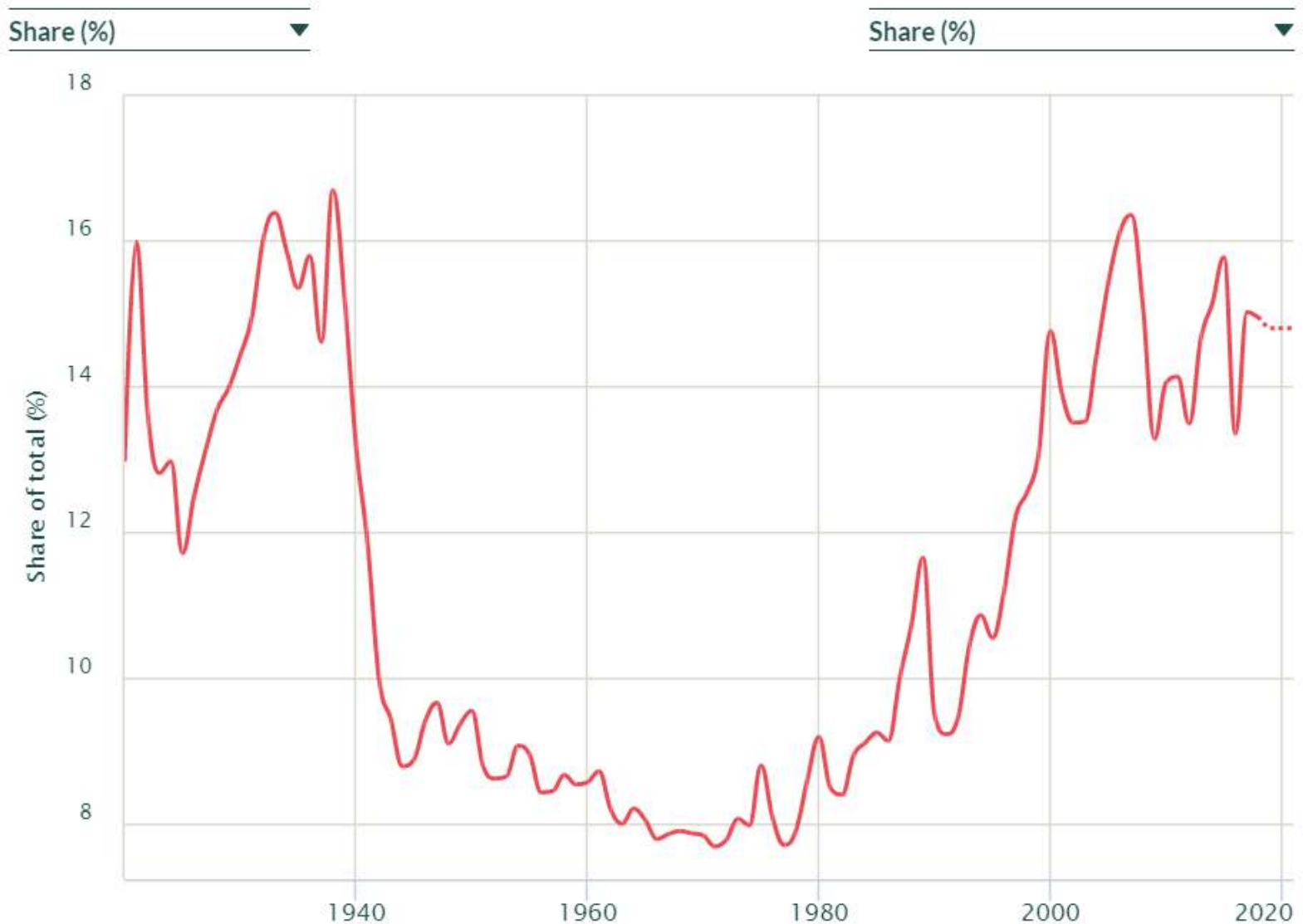
Inequality, OECD Countries

Gini Coefficient, 2020 or latest.



Top Income Share

Top 1% national income share, Canada, 1920-2021






That's Why We Did It

“The overall dynamics of capitalism under neoliberalism, both nationally and internationally, were determined by new class objectives that worked to the benefit of the highest income brackets: capitalist owners and the upper fractions of management.”

Gérard Duménil and Dominique Lévy, French economists (2011).



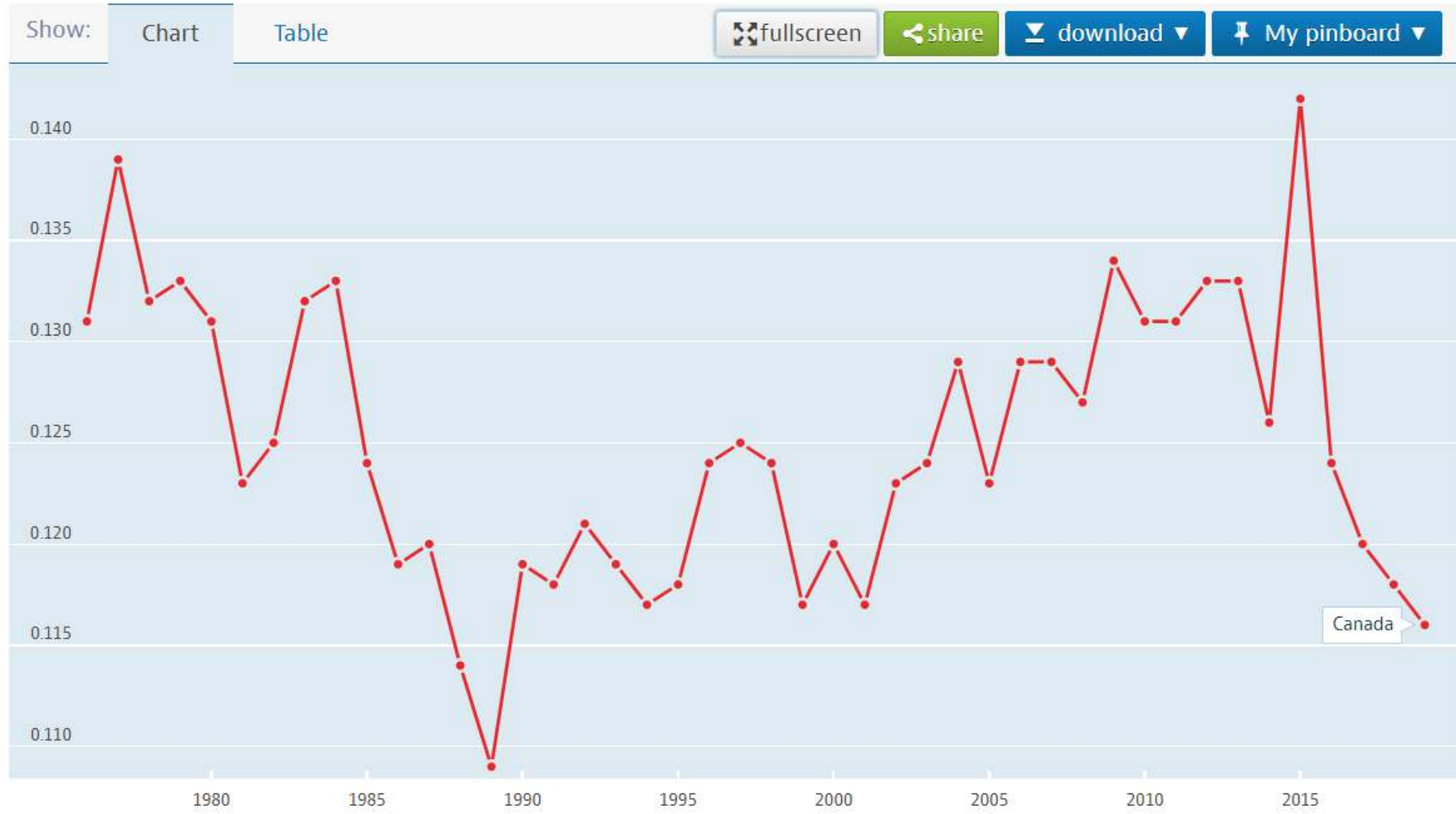
Measuring Poverty

- Absolute Poverty:
 - Tied to a fixed basket of consumption (subsistence).
 - Problems: ignores importance of new goods & services, and improved productive potential of the economy.
- Relative Poverty:
 - Income level compared to others.
 - OECD: Less than 60% of median income.
 - Canada: LICO, LIM, MBM.

Canada, Poverty Rate

Poverty rate Total, Ratio, 1976 - 2019

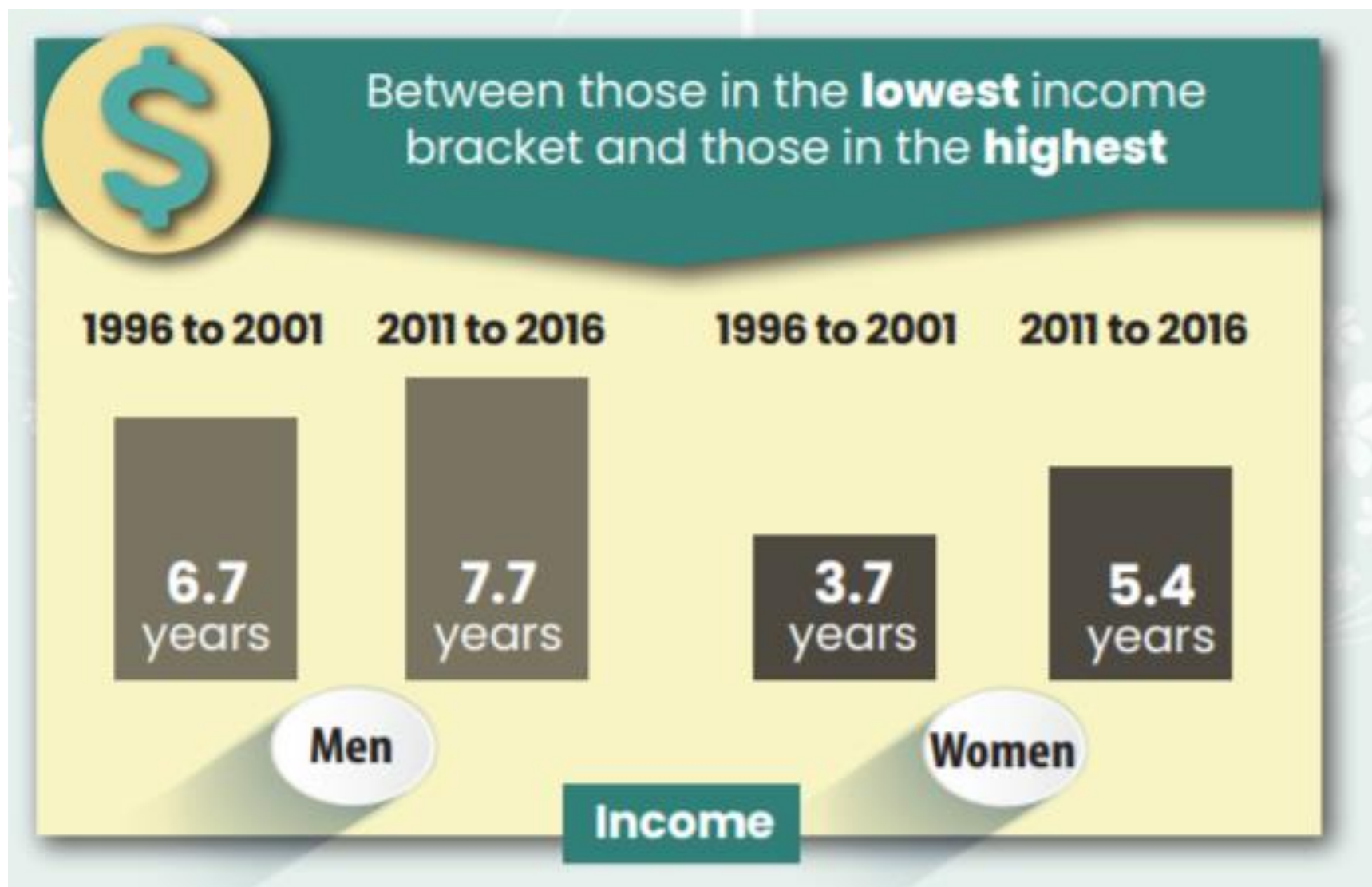
Source: Income distribution



Consequences of Inequality

- Absolute poverty: health, malnutrition, life expectancy.
- Relative Poverty: consequences of feeling inferior / inadequate.
 - ‘Fight or flight’ stress reaction.
 - Long-term exposure causes heart disease, obesity, diabetes, mental illness.
 - Other indicators tied to relative poverty: education & employment outcomes, happiness, life expectancy, criminality.
- Costs are borne by broader society.
 - Economists recognizing value of trust, ‘social capital.’

Life Expectancy by Income



Statistics Canada, "Socioeconomic disparities in life and health expectancy," 2020.

Addressing Inequality

- Redistribution: Use tax and transfer system to reallocate market income.
 - Targeted programs (CCTB, others).
 - More universal income redistribution (UBI).
 - More public / universal services.
 - Progressive taxes (income, wealth).
- “Predistribution”: Regulate the economy so that the market distribution of income is less uneven.
 - Higher rate of employment.
 - Higher wages.
 - Lower profitability.
 - Limits on top incomes.

Thank You!

Let's take 5 minutes...