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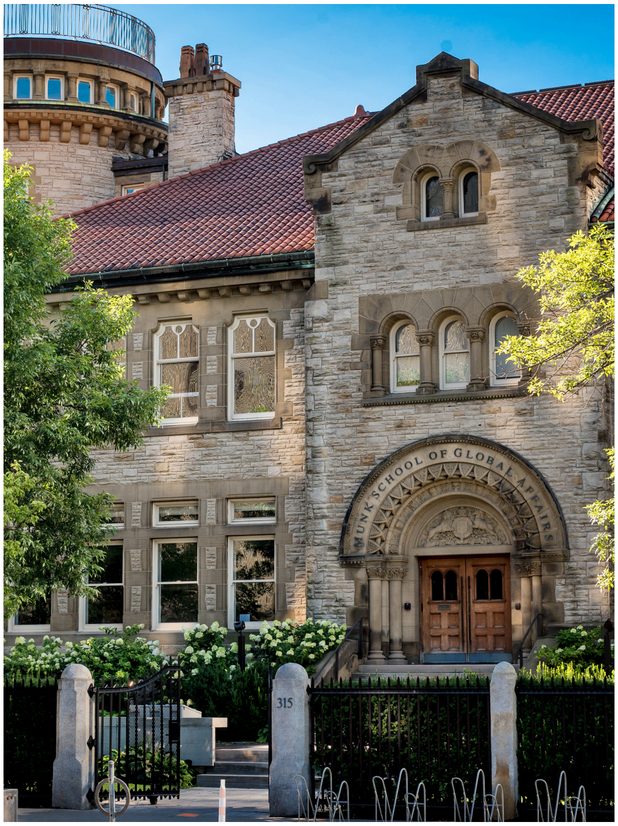

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A Crisis of Homelessness: The Importance of a Coordinated Response

BY OLIVIA DALEY

A Crisis of Homelessness: The Importance of a Coordinated Response

Ongoing Crisis

Homelessness continues to be a pervasive problem across Ontario. Chronic homelessness is the most severe level; however, there are several types of homelessness that people are experiencing across Ontario. Individuals who are typically overlooked are those at imminent risk of losing a stable shelter due to high cost of living as people are forced to spend unsustainable amounts of their monthly income on housing. The point being that the scope and scale of homelessness in Ontario is diverse and growing, the total number of people experiencing homelessness in the province has increased by 32% from 2019 to 2024, and chronic homelessness has increased by 138%. Recent uncoordinated attempts to address this issue, such as Ontario's Bill 23 and Toronto's municipal zoning authority have demonstrated the importance of having a harmonized response across all levels of government. When policies are uncoordinated, there can be consequences when meeting supportive housing targets.

Municipal Commitment vs Provincial Reform

In Canada, addressing homelessness has been a cross-jurisdictional effort, with all orders of government funding and allocating resources to address the issue. However, the responsibility of social housing as a method of addressing homelessness is mainly passed off to municipal governments. Using the City of Toronto as an example, the council committed to approving 40,000 new affordable rental homes, 18,000 of which are new supportive homes for vulnerable residents. The City of Toronto's policy is guided by the underlying principle of government intervention and non-market provision. The commitment is part of the broader HousingTO 2020-2030 Action Plan, adopted in 2019, which recognizes that housing as essential to the inherent dignity and well-being of the person, and that access to housing is necessary for building sustainable and inclusive communities.

Housing commitments have also been made at the provincial level in Canada. The Government of Ontario has committed to increasing housing supply, with a goal of building 1.5 million homes by 2030. The Ontario Government has taken a different approach to this issue, using tax incentives and deregulation measures to streamline development and planning processes in Ontario. Overall, the Ontario Government's policy is guided by the belief that market-based incentives to increase supply are key in solving the housing crisis. In November 2022, Bill 23, More Homes Built Faster, was passed, significantly reforming parts of Ontario's Planning Act, the Municipal Act, and the City of Toronto Act. The municipal and provincial policies for housing are fundamentally at odds with one another, and as such legislative reforms caused by Bill 23 have reduced zoning by-law authority creating significant barriers to developing affordable housing units.

Impacts on Inclusionary Zoning

The City of Toronto derives its authority to implement inclusionary zoning (IZ) from the Ontario Planning Act. However, the passage of Bill 23, which amended the Act and reshaped the framework governing inclusionary zoning, has significantly curtailed municipalities' capacity to enforce affordability initiatives. Municipalities in Ontario, typically have the authority to create their own mandates on affordable housing in new development areas. However, now that Bill 23 has passed, there are new regulatory changes that have altered the standardized rules for IZ. The maximum affordability period has decreased from 99 years to only 25, and the proportion of affordable units is capped at 5%. Municipalities often conduct feasibility studies and stakeholder consultations to create policies that reflect the community's local needs and economic conditions, this is hindered by the passing of Bill 23. Now, IZ frameworks are no longer relevant to the affordability contexts of communities.

Impacts on Municipal Revenue Streams

Bill 23 restricts municipalities' ability to charge developers, resulting in reduced municipal revenues and limiting cities' ability to finance infrastructure and other supports necessary to meet housing targets. Bill 23 reformed the Development Charges Act, and the Conservation Authorities Act which outline the cities ability to impose exemptions or reductions to development charges and other fees associated with rental housing construction. For example, developers of affordable, IZ, and non-profit housing units are now exempt from housing services and cost of land fees. It is estimated that these chargers are costing municipalities approximately $4 billion over a 10-year period, reducing municipal investment in community housing. In the long-term, Bill 23 contradicts the original policy goal of increasing housing supply. For example, the City of Toronto anticipated an estimated $130 million per year in lost revenues, which would impact the City's ability to meet the 40,000 affordable rental approval target outlined in the HousingTO Action Plan. Municipalities already have limited funding capacity and resources to create affordable rental housing; Bill 23 further reduces their fiscal capacity.

Coordinating a Government Response

While the goal of the Ontario government's Bill 23 was to lower development-related costs in order to encourage new construction, the bill's actual outcome has been a reduction in municipal inclusionary zoning authority and revenue streams, both of which are essential tools for meeting supportive housing targets.With a policy area as complex as housing and homelessness, orders of government need to be coordinated in their responses to avoid unintended consequences or contradictory policy. Municipalities across Ontario fund over $1 billion in social housing per year, but the need far exceeds the financial capacity of municipalities. Right now, an estimated 140,000 new units of community housing are needed in Ontario to meet the OECD average. The OECD metric is used by countries as a knowledge base for policy evaluation, and based on this goal all levels of government must coordinate a response. Without significant intervention, homelessness in Ontario is projected to more than triple by 2035, leaving up to 294,266 people without stable housing. These figures highlight the severity of the issue and demonstrate the critical importance of a coordinated, multi-level government response.

Prevention Rather than Treatment

Bill 23 demonstrates the need for a new approach to building supportive housing in response to the crisis of homelessness in Ontario. The Association of Municipalities of Ontario (AMO) have stressed the importance of prevention-focused interventions which could provide low-cost and low-barrier options for municipalities. The AMO represents municipalities across Ontario and plays an important role in provincial–municipal coordination. Government funding should be redirected toward upstream and prevention-focused approaches to homelessness which are culturally relevant and prioritize housing stabilization. Action includes; financial assistance, access to affordable housing, case management and connection to community resources. The goal of this method is to create resilience and self-sufficiency for individuals and families at risk of homelessness.

Findings from the AMO indicate that Ontario would require $11 billion over 10 years to end chronic homelessness. The goal is to reduce functional homelessness in Ontario to zero through an optimized and scaled homelessness-serving system which requires significant and targeted investments in operation and capital expenses. Functional zero homelessness is an indicator for homelessness reduction, it has been achieved when the number of people experiencing chronic homelessness within the municipality is less than 0.1%. The model aims to address current and future chronic homelessness by providing affordable housing and prevention while amending the need to support the outflow from homelessness. This large funding goal requires coordinated support from the federal and provincial governments.

Case for Prevention

There is both an ethical and financial argument for providing stable housing. First and foremost, secure housing is a requirement of a dignified life, and residents of Ontario deserve a place to call home. Especially in Canada, people are unable to survive the winter without some form of shelter, emphasizing the importance of secure, year-round housing. When basic needs like housing are met, individuals are better positioned to move beyond survival mode and become more active members of their community. Functional zero homelessness supports broader societal outcomes, which incentivize governments to invest directly in community and supportive housing. Stable housing reduces costs on other systems, including the justice sector, healthcare services, and police services. Stable housing provides a return on investment as the approach also improves economic productivity and GDP.

Toward Coordinated Governance

Municipalities and local groups have a deep understanding of the needs and solutions of their community. However, they do not have the resources or authority to develop long-term solutions. On the other hand, senior governments have the capacity through jurisdiction and financial resources, but lack the place-based knowledge. If provinces and municipalities can directly communicate and coordinate responses, then municipal services will better support the community's economic and social needs.

Premiers and Power: The Tragedy of Calgary's Green Line

BY LIAM COADY

Premiers and Power: The Tragedy of Calgary's Green Line

Calgary, Alberta has a problem: too many cars on the road and not enough decision-makers making the right calls to get them off it.

Specifically, these decision-makers are often getting in their own or each other's way. High-power individuals like mayors and provincial premiers tend to prefer domination over collaboration, and traffic-reducing policies often suffer as a result. Alberta has no shortage of political will for transit developments; a 2020 poll shows that over 70% of Calgarians polled supported an extension to Calgary's light rail transit (LRT). So far, the strategy of throwing important people at the project has churned through two premiers and three mayors, without a single kilometre of track to show for it.

The moment you go beyond the surface, the problem becomes far more complicated. Cars are hard to get off the road, and solutions like public transit are expensive, and their implementation is easier said than done. There is a saying that goes "perfect is the enemy of good"– in other words, congestion-reducing policies are hard and costly, but it is often better to do something rather than nothing.

Researchers Hildreth and Anderson's work on the dynamics of power and group collaboration offers an insight that is deeply (and unfortunately) applicable to the Green Line extension. Their research shows that groups of high-power individuals, think premiers, cabinet ministers and mayors, have a harder time producing effective collaborations. Their attempts at creative problem-solving and collaboration are dragged down by status conflicts and miscommunications. This is all too reminiscent of the Green Line's challenging development.

Unfortunately for Calgary's public transit, those in power who strive for perfection end up doing nothing at all. Calgary's C-Train light rail transit system has been a success since its conception, but Calgarians have been calling for a new extension for over a decade. Much of the city's southeastern quadrant remains unserved by train. The proposed Green Line extension would address this issue – if the political leadership can get out of their own way.

The Green Line project already has an estimated cost of $6 billion, with more funding on the way, and an expensive undertaking brings with it the involvement of high-power individuals. Decision-makers like Alberta's Premier Smith and the Mayor of Calgary write the guiding policies on projects like these and, more importantly, hold the purse strings.

But, the issue with getting power to make changes is that it can often cloud your vision. The Green Line's implementation has become an intergovernmental battleground at every stage, with multiple premiers and mayors exchanging barbs at the expense of Calgary's beleaguered commuters, who remain bumper-to-bumper on congested roadways, crying out for the relief that the LRT would bring.

Former Calgary mayor Jyoti Gondek was critical of the vision for the extension, saying she had "no idea" how the province planned to implement it. Another former mayor, Naheed Nenshi, described provincial conduct as "foot-dragging," with the province firing back that the city hadn't presented a "credible plan" on how to move forward. On the provincial side, intergovernmental salvos have been fired in response, coming in the form of budget cuts; in 2019, provincial funding was cut by 84 percent. Funding was restored eventually, but this kind of intergovernmental back-and-forth does not inspire confidence.

Much of the news cycle about the LRT extension in recent years has been dominated by reports of intergovernmental disputes. When the public starts to question why the needle hasn't moved, like those at the LRT On The Green advocacy group, Albertan ministers point the finger at Calgary city officials, and city officials point right back. This is Hildreth and Anderson's findings in real time. Groups of high-power collaborators have their efforts nullified, not improved, by intergovernmental posturing.

It is time for our leaders to take a more hands-off approach. High-power individuals still must be involved, but the dynamics of having so many important figures in close collaboration has only slowed progress, not expedited it.

There is more than the 6-billion-dollar price tag on the line. A Green Line extension would be a major boon for local communities' economies along the prospective line, opening a plethora of new opportunities for residents of the entire city to explore the southeastern portion of Calgary. Congestion would be significantly reduced on roadways like Deerfoot Trail that connect the city's southeast to the rest of Calgary, and transit access would encourage more of what the urban planners call "transit-oriented development," densifying zoning around Green Line train stations.

Despite progress, it is imperative that governance methods on this project must change. Green Line construction is underway, but there is very little in place to stop these high-power status conflicts from continuing to trouble the project. Legislation should ensure that no funding actor, be it the federal, provincial or municipal government, can bail on the construction. Calgarians want this done, and it is the responsibility of decision-makers to see it through, not use it as ammunition in a status spat.

Calgary's transit scene has been stagnant for far too long. If they want to be considered one of Canada's most important cities, it's high time that Calgarian transit policy reflects that.

Opinion: AI Scams are Getting Smarter. Banking Policy Isn't.

BY DIANE GORUN, NAOMI PAPAVERO, MARLO SCHARF, & PARNA ZAREI

AI Scams are Getting Smarter. Banking Policy Isn't.

It used to feel like scams were only out to get the gullible. A sketchy email with an empty subject line asking for $50,000 to help out the King of Nigeria was something only your great aunt might fall for. But that era is over. Classic scams are now being enabled by AI, which supercharges schemes with voice cloning, synthetic identities, and deepfakes. All of a sudden, even the savviest tech millennial is likely to be fooled out of their hard-earned cash.

Nearly a quarter of fraud attempts now involve deepfakes. In Canada, 27% of people have received deepfake scam calls, losing an average of $1,479 each. In 2024 alone, $638 million was lost to fraudulent schemes, but experts warn that the true figure is closer to $2 billion once unreported cases are accounted for. Contrary to popular belief, younger, more tech savvy demographics are most likely to fall victim – a staggering 63% of young adults aged 18-34 have reported at least one instance of monetary fraud. In other words, this is a threat of equal magnitude for all demographics, regardless of digital literacy. It is a systemic threat that is reshaping the landscape of individual financial risk.

Canada has attempted to address this issue. The Anti-Fraud Centre allows people to report scams, which are then visible in a database such that the government understands the landscape of current fraud attempts and so the public understands what to look out for. Moreover, the anti-fraud agenda of Budget 2025 aims to collect fraud data more frequently, acquire proactive scam identification systems, and enhance customer consent procedures for money movement. Still, current policy efforts are inadequate. The Anti-Fraud Centre relies on people coming forward and admitting they fell for a scam – an unreliable tactic. This anti-fraud strategy is merely a regurgitation of existing government efforts around this issue, that lack actionable steps towards fraud prevention. These solutions are simply not innovative enough, and leave the general public with the most to lose.

This issue demands intervention now. When scams were obvious, it was reasonable to blame victims for their own blunders. Personal responsibility acted as a shield that excused institutions from doing more. But now, in a time when AI can fabricate identities and voices in a matter of seconds, the burden can't reasonably fall on ordinary people. People can't be expected to bear the costs of a threat that is outpacing human judgement. The core issue here is the lack of regulation that protects users from the disruptive force of AI fraud. Scams must be stopped and institutions are the ones that need to do it.

Canada's current governance structure is only worsening the problem. Fraud oversight is divided across a number of federal regulators, including the Competition Bureau, Innovation, Science and Economic Development Canada (ISED), RCMP cyber units, and provincial consumer-protection authorities, each operating with different mandates and few meaningful mechanisms for coordination. Meanwhile, private-sector actors, such as the Big Five banks, encounter fraud risks largely in isolation. Without shared standards or consistent expectations across jurisdictions, we're left with a fragmented system. Inside such a vacuum, institutions respond unevenly to scams, leaving Canadians exposed to this new generation of AI-enabled fraud.

There are clear implications for banks here: their financial services are being exploited by malicious third parties to perpetuate the scamming epidemic affecting Canadians. Increasing instances of publicly targeted fraud will lead to long-term civil dissatisfaction in core financial institutions, and this will have lasting implications for individual Canadians' financial stability.

What Canada needs now is an expanded version of the Budget 2025's National Anti-Fraud Strategy, one that goes beyond its current proposals and makes a real impact. Banks must have policies and procedures in place to prevent fraud, implement safeguards around money transfers, increase account holders' ability to adjust transaction limits, and collect data on financial fraud to report to the Financial Consumer Agency of Canada. It's the government's job to push them to do it.

The government must assign legal responsibility on banks to implement these protections proactively. This means establishing clear liability rules: a firm threshold on how much victims can be held responsible for unauthorized transactions, and the explicit circumstances under which the consumer should be held liable, regardless of the way the account was accessed. In short, the burden should be removed from the individuals and instead placed on the institutions that are equipped to prevent fraud in the first place.

Canada's major political parties will be quick to get behind this sort of plan. Liberals are already floating these types of measures, and the Conservatives have

signaled that they intend to lobby banks to implement fraud-prevention measures. We can also be sure that public sentiment is aligned: 88% of Canadians believe that the public and private sectors must work together to combat financial crime, and 61% think banks should have stronger security protocols.

At first glance, it may seem that financial institutions will resist this plan, given the burden of investing in fraud management and assuming primary liability for scams. But, with scams so steeply on the rise, banks are losing money too, and now have incentives to get on board. Bringing banks closer to the front line of scamming means they will cut their reimbursement costs, strengthen customer trust, and gain a competitive advantage in attracting security-conscious consumers. Ultimately, these savings and advantages will offset the upfront investment in fraud technology. And, any residual industry pushback can be solved by sweetening the deal for the banks. Offering tax incentives for investments in fraud protections against unauthorized transactions would get the ball rolling in the financial sector, ultimately aligning public interests with institutional priorities.

This new policy would not give citizens carte blanche to be careless with their financial resources. They would still need to exercise caution, as they would still bear responsibility in situations where they acted with gross negligence or voluntarily participated in suspicious transactions.

Canada would not be a trail blazer here. Other countries have shown us what this could look like. In 2024, the United Kingdom imposed its Authorized Push Payment (APP) Fraud Reimbursement Framework, which makes payment service providers (PSPs), including banks, entirely liable for APP fraud. This has a clear goal of shifting focus from rectifying loss after the fact to detecting scams before the money moves. In Singapore, a 2024 Shared Responsibility Framework required banks (as well as PSPs) to implement a variety of fraud controls, from cooling periods to real-time fraud surveillance. The effect here is greater institutional accountability and enhanced customer security. It is clear: when the government demands meaningful action, banks have no choice but to rise to the challenge.

This issue is no longer confined to a small subset of Canadians; it's a universal nuisance that is costing us millions. The most pragmatic way forward is to shift responsibility onto the institutions that can stop these schemes. Only the banks can reasonably be held liable for providing a safety net against the scamming epidemic. A liability-focused policy would develop a self-reinforcing system of protection here in Canada. By making banks legally responsible, we give them both the incentive and capacity to continuously invest in fraud prevention infrastructure, making the policy resilient across changing political and technological conditions. If Canada is serious about stopping AI-enabled scamming, it must put liability where it belongs: on the financial institutions that have the power to pull the plug on them.

Opinion: Canada is Handing Over its Technological Sovereignty on a Silver Platter

BY NISHKA JAYASURIYA

Canada is Handing Over its Technological Sovereignty on a Silver Platter

Amid geopolitical threats on trade and defense, Canada is keeping its 'gloves up' to defend its sovereignty. Yet, when it comes to protecting its own tech space, it's unknowingly leaving its chin wide open.

Virtually every sector of Canada's economy has adopted some form of emerging technology such as artificial intelligence (AI), 3D printing, augmented reality, 5G mobile, and blockchain. This is no surprise. Integrating these elements keeps firm costs lower, boosts productivity and output, and supports Canadian companies to maintain a competitive edge in global markets. Leveraging this rapidly growing demand, domestic emerging technology firms themselves are incentivized to innovate for the masses. Not only appealing to domestic markets, but beyond, as they intend to seek international recognition and build their ideas with a wider, more specialized audience.

However, unlike traditional business structures, emerging technology firms operate with lower enterprise values, overhead costs, and physical assets. Their competitive advantage lies almost entirely in intangible capital, their intellectual property (IP). According to this model, Canada believes it has engineered a win-win system, as the Investment Canada Act's 'net benefit' analysis determines where a foreign firm is barred from acquiring a Canadian business that is of significant benefit to Canadian revenue. So, when smaller tech firms fail to meet these thresholds, Canada embraces the foreign acquisition of small firms, framing it as a beneficial transaction to deepen its global ties and in parallel, boost its short-term GDP.

So, when foreign buyers come knocking, Canada makes sure it's not just 'giving away' its innovative IP, right? Wrong, it is and doing so willingly.

Canada is self-sabotaging its technological sovereignty, as it incorrectly frames the foreign acquisition of its smaller emerging tech firms as economic gains rather than strategic losses. In doing so, it trades its long-term control over its homegrown innovation for the short-term gain of foreign cash-outs. Instead of investing in the next generation of Canadian-tech innovators, this misdirected prospect theory celebrates the premature exit of small tech firms, considering them as 'economic wins,' while overlooking their value and potential cost of giving them up in the long-run.

Prospect theory helps explain this miscalculation. It uncovers the dilemma of the decision-making process and how it addresses attention to threats, risk framing and each decision's value assessment. In Canada's case, policymakers appear highly sensitive to the perceived losses associated with deterring foreign investment, which are influenced by a loss of capital, strained trade relationships, or political backlash. As the economic potential for smaller tech firms are undervalued in practice, so are the risks of handing off Canadian IP to global markets. Without a full understanding of the risks and opportunity costs under this context, Canada's policy choices reflect a prospect theory gap, as it downplays dangers simply because they are not obvious enough. Unless a 'gain' is at least twice as large as the loss, it lacks appeal.

Therefore, as Canada sees no gain in protecting "hypothetically successful" IP generated from smaller firms, as it is satisfied with the short-term monetary gain, purely because it is tangible. Policymakers are loss-averse about deterring foreign investment, so they choose an immediate "sure gain," instead of a hypothetical win in the long-term.

To be fair, this preference for a sense of certainty is not irrational. Political and fiscal cycles reward measurable short-term outcomes, as uncertain future gains are harder to justify. However, this logic collapses when applied to technological sovereignty. Once Canada's IP is transferred abroad, so too is the control over its future use and development, which can be catastrophic for sectors tied to national security and data governance.

Sure, Apple too was built in a garage, but in a world of borderless capital and strategic tech competition, newer 'garage-style' innovators are being acquired by foreign firms before they ever get a chance to become Canada's version of Apple. The argument here is not that the Canadian government should become experts in predicting the next biggest tech giant, but by enforcing equitable pre-screening measures, it is taking an active step towards preventing foreign firms from doing it first.

This requires a shift in both policy and psychology. Not only should Canadian policymakers better account for intangible and strategic assets but must also begin framing the sale of domestically generated IP as a potential economic, strategic, and sovereign loss.
Canada's technological sovereignty is at stake because it continues to think about its risk in the wrong way, and until that changes, the real damage remains self-inflicted.

Interprovincial Income Inequality: Consequences of Federalism

BY FADEEL SHEIKH

Interprovincial Income Inequality: Consequences of Federalism

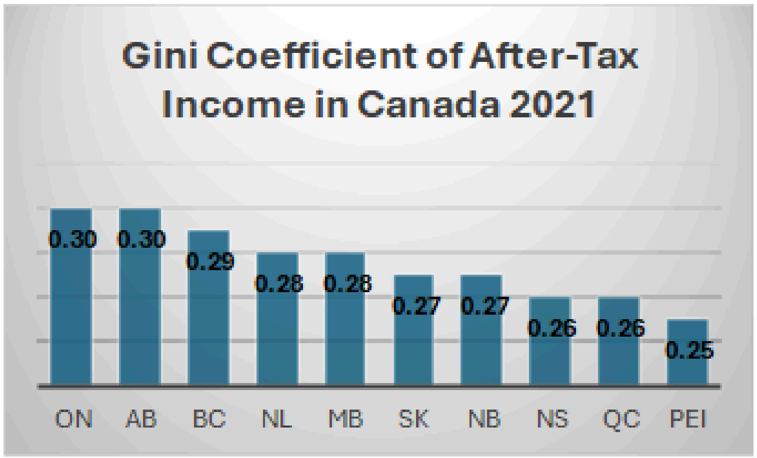

Figure 1: Provincial Gini Coefficient (Source: Statista)

In Canada, questions of national unity have long been salient, from Quebec separatism to the more recent Alberta and Western alienation; more broadly the tides of federalism seem to be seriously in jeopardy. From this discourse comes two key questions, is inequality across Canada equal across provincial borders and is federalism, at least, in part to blame?

To answer the first question, Figure 1 outlines the Gini coefficients by province. The Gini coefficient is a measure of income inequality. Provinces like Ontario, British Columbia and Alberta have the three highest levels of inequality in Canada, whereas Quebec and most of Atlantic Canada have the lowest rates. Research suggests a small change in Gini coefficient could lead to a ~3% shift in income share away from the poorest 1%. In the Canadian context, the gap between the high and low ends of Gini coefficient is close to 0.05 which is a significant difference in income inequality interprovincially.

Federalism helps explain some of the disparity across Canada through the equalization system and the division of provincial powers. Under the federal model, provinces have control over provincial income and consumption taxation, healthcare, education and program spending and minimum wages, each of which can make a large difference in explaining the sources of interprovincial income inequality.

Provincial Income Tax Effect

The effective provincial tax rate is a rate that captures the total taxes paid (capturing only the provincial basic personal credit), across every income level. Figure 2 below, allows for a comparison of each province's income tax structures based on the net taxes paid instead of the progressive tax rates at different brackets.

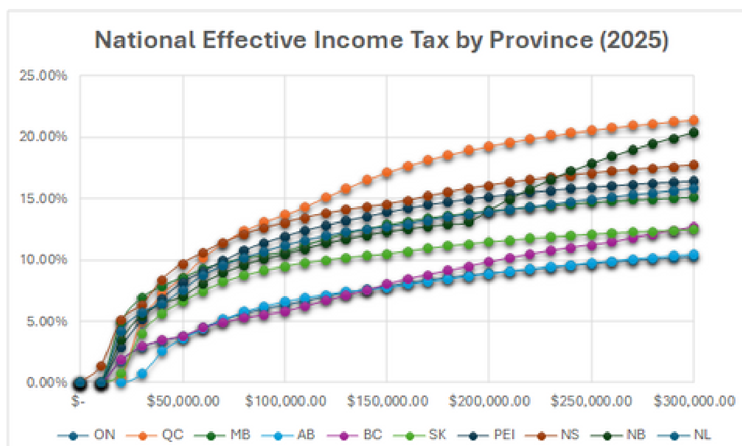

Figure 2: National Effective Income Tax by Province (2025)

Some key insights from Figure 2, are that Alberta, Ontario, British Columbia and Saskatchewan have some of the lowest income tax rates across the country. These differences often times range between 2 – 5% less than the next closest province at most income thresholds above $100,000, indicative of a far less progressive tax system. On the other side, Quebec and the Atlantic provinces have some of the highest effective tax rates in the country with Quebec leading at most income levels and New Brunswick maintaining the highest marginal tax rate of 33% above ~$190,000. Consistently, across all income groups, Ontario, British Columbia, and Alberta have a lower effective income tax rate than the next comparable, often by around 5% or more.

Provincial Consumption Tax

Consumption taxes are another form of income redistribution that has an abnormal relationship with income. In Canada, produce is one of the only forms of groceries that are not charged any GST/PST/HST which makes the overall financial impact minimal. At the same time, practically everything else is taxable which includes processed foods to luxury items. Importantly this analysis needs to be broken down into two key competing relationships. In economics, inferior goods are defined as any grouping of goods where the demand falls as disposable income increases and normal goods are defined as goods that increase demand as income increases. Logically, this implies that as you earn more income you prefer more fresh food over instant cup noodles, because it's easier to afford.

Low-Income and Middle-Income

Studies by the National Institutes of Health in the United States have shown that lower-income groups often cannot afford fresh produce and healthy foods, and instead purchase more processed foods that are cheaper, since the choice is between hunger and sustenance. Economically, this is a problem. All provinces have consumption taxes at varying rates, but this underlying fact means lower-income people pay more in consumption taxes due to the fact they cannot afford many of the zero-tax produce, whereas middle-income people can afford more of the zero-tax produce. This is an instance where the consumption tax actually takes away income from lower-income groups and saves income from the middle class by taxing inferior goods.

Middle and High Income

Pivoting to the other end of the scale, as income continues to rise from middle-income to higher-income, higher-income groups have more income to spend on produce; however, produce requires time and effort to prepare. Instead, a key difference is that higher-income groups can afford to eat out more often at higher quality restaurants (whereas lower-income people purchase from fast food and lower quality restaurants). This does not mean that they do not consume any produce, but that a larger share of their income is spent on restaurants and other goods beyond basic necessities, so the effect shifts again. Now, the higher-income group is spending a larger portion of their income on taxable goods, creating a new cost for them that the middle-income group can avoid. This creates a positive redistributive effect by taxing the higher-income group more than the middle-income.

Put together, it creates a strange consequence where the stagnant consumption tax supports middle-income groups while taking away from lower-income and higher-income groups, closing the gap at the top and widening it at the bottom.

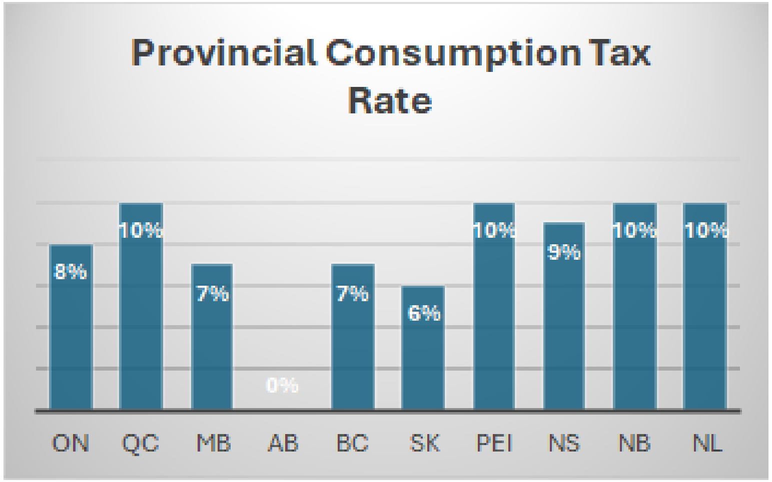

Figure 3: Provincial Consumption Tax Rates (2025)

Observing Figure 3, Quebec and the Atlantic provinces have some of the highest consumption tax rates across Canada while Alberta, British Columbia and Saskatchewan have some of the lowest. Of note, provinces with the highest consumption tax also have the lowest Gini coefficients, and the reverse is true with Alberta, British Columbia and Ontario. While not causal, this is another indication that higher consumption taxes appear to be closing some income inequality gaps, however it's not clear if the gaps are for all income levels or localized around the middle class.

Health, Education and Program Spending

Taxation revenues don't tell the whole story, however. Health, education and program spending are all major elements of the welfare state that are primarily designed to support redistributive support. Figure 4 highlights the 2022 spending data per capita outlining a similar trend. Across all three categories, Quebec has some of the highest social spending in Canada followed closely by New Brunswick and Prince Edward Island. On the low end, Ontario, Alberta and Manitoba tend to be some of the lowest spenders in healthcare, education and programs more generally. While spending is not the best metric of success in developing a welfare system, spending is a good indicator government priorities and serves as a modest indicator of the welfare regime.

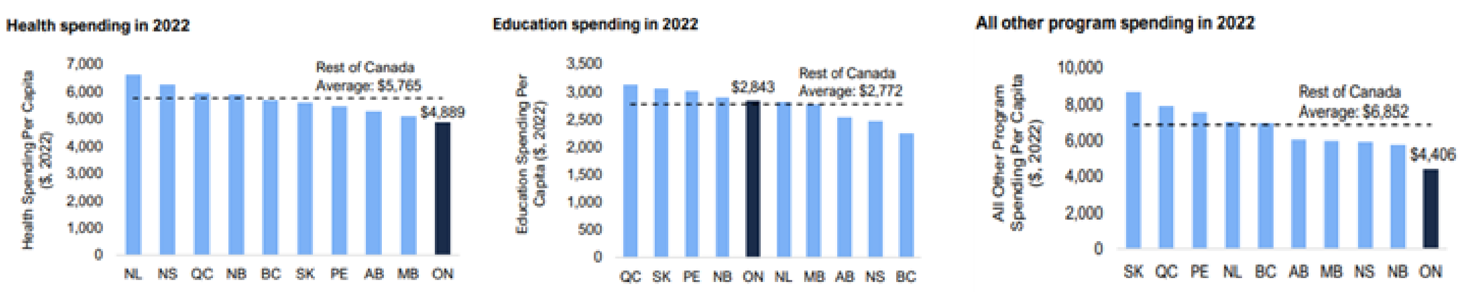

Figure 4: Health, Education and Program Spending per capita (Source: FAO)

These findings are consistent with the Gini coefficient values as well as the finding that provinces with the highest per capita social spending are also those with the lowest Gini coefficient, highlighting its importance in understanding income inequality across provinces.

Minimum Wages and Estimated Living Wages

Empirically, minimum wage is an important policy mechanism in supporting lower income groups especially when there is no nationally guaranteed income supplement or universal basic income for all eligible Canadians. The end result is that provinces can determine the minimum wage in their jurisdictions based on the needs and job markets of the province. This is a logical approach to ensuring a more targeted solution to each region's needs; however, it creates an opportunity for interprovincial income inequality by offering above standard or below standard minimum wages.

Figure 5, below, compares the minimum wages in each province with an estimated living wage to control for the different affordability of basic living across provinces. Comparing the percentage of living wage coverage can highlight, which provinces have a more supportive minimum wage rate, and which are lagging behind.

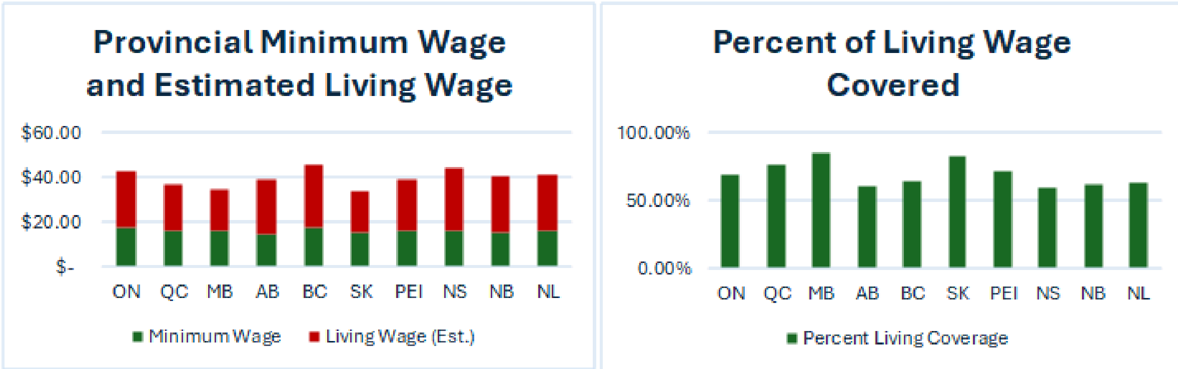

Figure 5: Minimum wage and estimated living wage comparison

Comparing across provinces, Saskatchewan, Manitoba and Quebec have some of the highest coverage in Canada, which, while far behind the needed living wage, heavily signals a push towards redistributive fairness. Alberta and British Columbia on the other hand have some of the worst coverages in Canada, continuing the theme of weaker welfare and supports for lower income groups. While each province's affordability and contexts differ, the coverage percentage showcases how inadequate Alberta's and British Columbia's minimum wage is in supporting low-income groups, making upwards social mobility harder.

Equalization

In Canada, equalization payments are based on a provinces potential revenue, which is calculated by applying national average tax rates to the provinces current tax base, regardless of the true taxation regime. Figure 6 shows how Quebec and the Atlantic provinces received equalization despite some of the highest tax rates in Canada, adding to their fiscal capacity, while Alberta receives nothing despite lower tax rates. This creates a federally mandated structural interprovincial inequality as funding is being heavily skewed to provinces with more generous welfare regimes, and taking away from others.

In the case of Quebec, you have a province that receives a lot of income and consumption tax revenue (the highest income tax per capita in Canada) relative to other provinces and then receives additional federal funding. That additional funding helps provinces spend more on health, education and other programs, which could be one of the key explanations for the large disparity in income inequality across Canada.

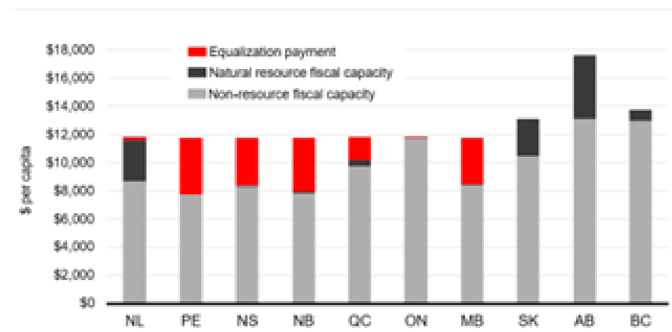

Figure 6: Equalization Payments (2025) (Source)

Conclusion

Some of the key institutions of federalism like provincial income and consumption taxes, health, social and program spending discretion, minimum wages (and living wage coverage) and the equalization system, systematically highlight the differences in income inequality between well faring provinces like Quebec and others like Alberta, which face high levels of inequality. While not causal, it illustrates how elements of federalism and the division of powers is contributing to increasing disparities and adding to income inequality across Canada. More importantly, it highlights some of the ways in which provincial fiscal policy may be a contributing factor to exacerbating funding splits between western and eastern Canada. Developing a "One Canadian Economy" can only succeed when the living experiences, income distributions, and fiscal landscapes remain comparable across provinces.

Full Hearts, Empty Stomachs: Why Canada Should Nationalize Foodbanks

BY JAMES LAUTENS

Full Hearts, Empty Stomachs: Why Canada Should Nationalize Foodbanks

Have you ever been hangry?

I mean so hangry that all you can see is red, like some sort of hell mouth opened in your stomach, threatening to consume friend and foe alike in a fiery storm of low-blood-sugar rage.

If you haven't, consider yourself lucky! Why, you might ask? Because 1 in 4 Canadians are suffering from food insecurity.

With such a shocking number, you're no doubt thinking: How did we get here? How can we fix this?

I aim to answer that second question. I believe that the only way forward is to nationalize foodbanks so that the government can provide people with a basic amount of food to live.

Canada wastes 46% of the food it produces, costing the economy $58 billion dollars a year. With grocery prices rising more and more amidst an escalating and devastating trade war with the U.S, it is important that we work to help Canadians in these troubling times.

I can already hear you thinking, James, how the hell are we going to do this? Well, the solution has a certain elegance in its simplicity: we nationalize foodbanks.

It would take the Canadian Federal Government years to establish its own infrastructure for a national food program that can reach Canadians in need. Yet, by nationalizing foodbanks, the Federal Government can co-opt an already established infrastructure for easy distribution and use these anchors of community to legitimize the project.

Canadians saw something similar occur during the Covid-19 pandemic, where Ontario schools were used as vaccination centres. The Government of Canada itself even created its own funding initiative in health matters to further help municipal and provincial organizations with immunizations. A pivot in this direction to help food security in Canada wouldn't be more difficult.

Foodbanks already take the food that large grocers throw out. However, a more centralized and coordinated federal program can make this process more efficient and ensure that food is reaching marginalized communities through proper planning.

God, I think I might be a telepath. I can hear your thoughts again: How are we going to afford this?

Academics Joshua Kertzer and Brian Rathbun, in their article "Fair is Fair," highlight that "[m]any individuals care about gain not only for themselves but also others[.]" This "prosocial" behaviour can be used to great effect in order to nationalize foodbanks so long as we make sure there is an enforcement of "fairness norms." Fairness norms can be better defined as the social rules that focus on ensuring equality and reciprocity in social interactions. Couple this with Prospect Theory, the idea that people will do everything they can to avoid losses and find gains, and then we have a normative framework to work with.

But this puts us in a tricky situation: if we raise more taxes on individuals, they get angry at their income losses. If we put the onus on businesses, a similar conundrum materializes.

So, let's use a chainsaw to cut this Gordian knot.

First, we highlight how this program helps Canadians. With the rise of national pride because of the threat of the U.S., framing it in this way will make it easier to accept, as people are more inclined to unite in the face of a common threat. By showing Canadians that the government is a good faith actor, it will lower the chance of "defection," or giving up on a venture, making it more likely that people will support the program. It can be helpful to highlight that a lot of Canada's imported food comes from the U.S. so framing in this manner not only shows Canadians the government wants to be more independent from the U.S. but also creates a conversation on how we can use every ounce of food grown in Canada to help each other.

Next, make large corporations pay their share. Instead of taxing, frame it in a different way. Give corporations the chance to opt into funding this program with the promise of tax credits as an incentive. This act of corporate citizenship would give the company in question a PR win and would give the government the additional funds needed to fund the program.

By minimizing these losses and focusing on social gains, not only do we tap into the prosocial behavior of stakeholders but we also minimize aversion to loss while highlighting the gains of the program itself

Canada has the means to end food insecurity. The question now becomes does Canada have the will?

So, are we going to sit around thinking of what to order, or are we going to start plating some solutions?