



# Perspectives

## A Canadian Journal of Political Economy and Social Democracy

No. 1 — Spring 2024

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and Civil Society: An  
Intervention

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Addressing the Rise of  
Investor Ownership of  
Housing, Part 1: Assessing  
the Scale and Impacts  
across Canada





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Guided by the **Broadbent Principles for Canadian Social Democracy**, *Perspectives Journal* refines analysis and progressive inquiry of political economy, public policy, history, and social movements, to bring them into public debates and political fora.

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## Editorial – Spring 2024

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### Clement Nocos

The first issue of *Perspectives: A Canadian Journal of Political Economy and Social Democracy* arrives at a solemn time for reflection on the legacy of Ed Broadbent, who passed away during the assembly of this premier edition on January 11, 2024. Ed was one of Canada’s great public intellectuals; a politician who dedicated his career fighting for “ordinary Canadians;” and an internationalist who attempted to connect global working-class solidarity during neoliberalism’s apogee. *Perspectives Journal* was developed over the last year of Ed’s storied life, to continue building the movements and ideas on top of his foundational intellectual work for a democratic good society.

For those picking up this first issue of the “journal” you may have noticed that *Perspectives Journal* as an online publication was launched last fall in October 2023. The publication as a whole is a new space for the Canadian left-wing to share and discuss ideas of political economy, governance and working-class political strategy, while being grounded in the *Broadbent Principles for Canadian Social Democracy*. Since last October, *Perspectives Journal* has published a number of opinion articles, book reviews, and podcasts, not to mention the back-dated publication of original content from the Broadbent Institute’s blog, making available critical ideas and lessons developed by the Institute since its inception in 2011.

*Perspectives Journal* also maintains select pieces of research that has been previously produced by the Institute over the past dec-

ade and has become somewhat hidden under years of online accumulation. These pieces have been “resurrected” so to speak on *Perspectives*, such as Andrew Jackson’s 2017 *Reflections on the Social Democratic Tradition* re-published as a series of online articles, as they are certainly relevant for today’s movements and analysis, especially among younger Canadians looking to explore how social democracy fits into the 21st century Canadian context.

This journal as a hybrid publication connected to, but separate from, the opinion and podcast format content published by *Perspectives Journal*, serves the purpose of expanding on the ideas laid out in those other informal formats. Analytical thought delivered in this longer journal format is also critically reviewed, scrutinizes research more thoroughly, and gives intellectual weight to the left-wing ideas in a Canadian context while remaining applicable to movements working to win a better world. The journal will be a place for in-depth thinking on social democratic perspectives in Canada, providing an intellectual foundation for debates amongst the progressive left and with the Canadian mainstream.

The first issue maintains a number of essays that examine major issues of political economy, and the concerns of ordinary Canadians, from the broadly progressive points-of-view Canada’s leading researchers and experts. Broadbent Fellow Val Napoleon, Professor of Law at the University of Victoria, begins this inaugural issue with an intervention on Indigenous citizenship and civil society. In light of ongoing debates and high profile claims and contestations to Indigenous identity, Napoleon argues that “there is no pan-Indigenous legal order and no pan-Indigenous response to questions of Indigenous citizenship.” Laying out the contests and considerations of Indigenous citizenship, membership and law, her essay argues that there is no easy quick fix to these issues, but does conclude that the determination of membership and citizenship rests with their people and their laws.

Broadbent Fellow, University of Saskatchewan Professor of Political Science, and *Perspectives Journal* editorial committee member, David McGrane also contributes to this opening issue with an ar-

gument for democratic reform of Canada's monetary policy, and looks at the historical reasons and circumstances behind the independence of the Bank of Canada and how it has been used to undermine Canadian social democratic policy. Strict political independence of the Bank of Canada was made to insulate monetary policy from popular pressure, focused on fighting inflation without strong consideration of the real human consequences of changing interest rates, slow economic growth, and soaring mortgage rates. As Canadians feel the inflationary pressures today, after more than a decade of quantitative easing set by the Bank of Canada and coordinated with other central banks around the world, McGrane asks why shouldn't elected officials have some say in what the Bank of Canada chooses to do, especially when it's policy choices undermine social democratic policy options that rely on increased public investment.

Professor James Mulvale from the University of Manitoba looks at the history of basic income in Canada and argues for its implementation as a complement to a social democratic policy agenda. While hotly debated among the Canadian left, the most strident advocates for basic income do not typically come from the libertarian wing that see it as a replacement for the social welfare system, but rather see basic income as a necessary gap filler that leaves no one behind. Mulvale considers the hesitations and limitations of basic income from the left, and acknowledges that it is by no means a panacea, but argues that a serious social democratic program needs to make basic income a central foundation on which to build a just and equal society.

Lastly, housing policy researcher Jeremy Withers looks at the rise of investor ownership of housing across Canada, in the first of a multi-part series that looks at its impact on today's housing market. As accelerated home price increases correlate with increases in "investor" ownership, the number of owner-occupied homes has declined. While new initiatives to increase housing supply may help Canadians afford housing, these efforts may be confounded by the rapid increase in investor purchases of new homes. Taking an extensive account of the latest housing data from across Cana-

da, Withers sets the stage for further analysis and policy options in addressing this element of the country's housing affordability crisis.

This initial release of the *Perspectives Journal* sets up the arena for debate among the progressive left of ideas and their applications for a more equal and just Canada. A guiding thesis behind this new publication that's come to light since the passing of Ed Broadbent, comes from Ed's very own dissertation entitled *The Good Society of John Stuart Mill*. This journal's first release alongside the Broadbent Institute's 2024 Progress Summit, with the thematic title Making the Good Society, looks to survey this idea taken from Ed's conclusion that:

“[...] it is clear in principle that only a collectively owned economy can avoid exploitation, and thus make the good society realizable. It remains to be seen whether a nation, while rejecting Mill's normative economics, can retain his other social values, and so make the co-operative individualist life a reality.”

Ed's examination of the democratic idealism of Mill, while remaining critical of the inegalitarian capitalism that his version of liberty relied on, is the kind of deliberation we hope to replicate in *Perspectives*. We will rely on Ed's principles for social democracy to provide a non-authoritarian outlook that focuses on enhancing individual freedom through both social and economic rights. We hope to engage Ed's legacy through this journal by hosting these deliberations and facilitating lively debate, grounded on our social democratic *Broadbent Principles*, to demonstrate to Canadians the best approaches to making a good society.







# **Indigenous Citizenship and Civil Society: An Intervention**

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Val Napoleon<sup>1</sup>

Questions of Indigenous identity have increasingly gripped so much of the public imagination and discourse over the past several years.<sup>2</sup> Sadly, though, this is not a new topic in Canada or the United States. There have been ongoing issues and conflicts that correspond with the colonial classification of Indigenous peoples in both domestic and international law.<sup>3</sup>

There is a need for a broader and deeper analysis of the polarized ‘identity’ debate. What has taken place thus far in both popular and academic arenas are dichotomously framed debates that allow only a very shallow space for engagement, utterly failing to locate the issues and questions within their larger contexts. Such binary thinking flattens complexities and nuances and results in narrow and usually impoverished arguments. Recently, some of these debates have become volatile and can even be described as forms of lateral violence.

The issue is not Indigenous identity, but rather Indigenous citizenship – and citizenship is a matter of governance. Instead of asking whether one identifies as Indigenous, the questions should be along the lines of, ‘Are you an Indigenous citizen? According to which law and legal process?’ Most importantly, such an approach is premised on understanding Indigenous law as law, and further, it locates questions such as those of citizenship in their respective deliberative and reasoned authorities rather than in either faith or force.<sup>5</sup> For example, citizenship is a legal determination and its source of legitimacy in civil society derives from meeting basic

formal requirements and societal commitments (e.g., being general, transparent, inclusive, fair, etc.) albeit, in our imperfect world.<sup>6</sup> What the practice of Indigenous law requires, as do other legal orders, is the adherence to public processes and the demand that practitioners seek common judgment despite disagreement and dispute.

It is the shared common knowledge, as is evidenced in Indigenous oral histories and precedential memory commons, that are the resources for legal reasoning. According to Gerald Postema:

The use and acceptance of the law rested on a shared sense of its reasonableness and historical appropriateness. It was thought insufficient that each member of the law community believes the rules reasonable, or wise; they acted from the conviction that this sense was shared, a *sensus communis*. This learned capacity for reflective judgment – jurisprudence, we might call it – is a social capacity: the ability to reason from a body of shared experiences with normative significance to solutions for new practical problems.<sup>7</sup>

Law is contested, it can fail, and is always being constituted and is being constituted within the maelstrom of the political and economic dynamics of the day. But the point is, law can be contested. In contrast, the sources of legitimacy for faith or force in governance vary widely and are usually in non-democratic and authoritarian forms. Most importantly, governance by either faith and force are usually more concerned with behaviour and the following of rules rather than reason and argumentation of citizens.

I argue that there is no pan-Indigenous legal order and no pan-Indigenous response to questions of Indigenous citizenship.<sup>8</sup> The determination of these questions must always be according to a specific legal order, laws, and legal process. Claims about “membership traditions and customs of Indigenous peoples” without engaged Indigenous legal determinations is an instrumental approach to Indigenous law that only serve to undermine Indigenous legal orders.<sup>9</sup> In other words, simply saying what the law is

and what it will do without application or collectively reasoning through a legitimate response, is instrumentalism that stunts and paralyzes Indigenous law.

## **Citizenship, Membership, and Law**

Societies can either define themselves inclusively with a civic model of citizenship, or exclusively, with an ethnic model of citizenship. These are distinctions made by Michael Ignatieff among others.<sup>10</sup> The civic model of citizenship enables societies to build and maintain their political strength and sense of collectivity. The theory of the civic approach is the inclusion of all those – regardless of gender, language, or ethnicity – who subscribe to a set of political beliefs and ideals. Here, ideology, commitments, and law binds society together, rather than common genetic roots. The society is envisioned as communities of equal, rights-holding citizens, united in an attachment to law and a shared set of political practices and ideologies.<sup>11</sup>

The ethnic model of citizenship focuses on maintaining a group's external boundaries and its internal identities are comprised of an ethnicity and abstractions of 'blood'. In this approach, what creates unity is not shared rights or commitments, but people's pre-existing ethnic characteristics – their language, religion, customs, and traditions. From this perspective, what comprises an individual – their beliefs, attachments, etc. – is understood as inherited, as opposed to being chosen or deliberated.<sup>12</sup> When ethnic nationalism cannot create social cohesion or community, and when it fails to create unity, ethnic nationalistic regimes turn to force.<sup>13</sup>

Historically, Indigenous peoples' citizenship laws were inclusive, based on a civic approach, as this was in the best interest of the group's strength and their intersocietal relationships with others.<sup>14</sup> State colonial processes of categorizing Indigenous peoples into First Nations<sup>15</sup> bands as members (not citizens) has meant that membership became an exclusionary practice, based on an ethnic approach, with the primary goal of limiting the number of members to control the allocation of resources and benefits (including

the ability to reside on reserve land). By and large, Indigenous groups and communities have adopted and internalized these exclusive models through their membership codes and practices. Arguably the overriding motivation for restricting numbers and correlating benefits is a poverty mentality. In other words, as Indigenous peoples, we believe that we will always be poor and there will never be enough for everyone.

The Indigenous identity discourse in Canada and the United States is founded on and continues to reflect an ethnic model of citizenship, and this has and continues to generate much social conflict and case law.<sup>16</sup> One way to shift perspectives on the identity question is to separate identity from benefits – at least conceptually to begin undoing the regressive and conflicted political quagmire that has developed. This is a future challenge for Indigenous peoples to take up as part of their ongoing citizenship and governance responsibilities.

Indigenous legal scholars Naomi Metallic and Cheryl Simon made the following observation:

While the assumption that Indian Status is an appropriate proxy for Indigenous identity is flawed, it is sadly predictable. Over 155 years of imposed colonial definitions will have such effects on people. Debates on the issue are further complicated by communities feeling pitted against each other in fights over limited funding, land and other resources. We see these issues materialize both in discussions around First Nations membership codes as well as land claims. Such debates often tend to be political rather than principled and Dalhousie should not take sides in such matters.<sup>17</sup>

It is important to note that both Metallic and Simon have been at that receiving end of angry reactions due to their thoughtful report, and from my perspective, they deserve the highest commendation for their courage in weighing into the fray.

## Indigenous Citizenship Law

Oral histories demonstrate that Indigenous people were never culturally homogenous, but rather incorporated other peoples over time. For example, Gitksan peoples (Tsimshian linguistic group) incorporated the Tsetsaut (Athapaskan linguistic group).<sup>18</sup> These interactions and negotiations were guided by law. Where political and economic relationships broke down, there was war which required relationships to be lawfully rebuilt. In more recent times, the mobility and movement of Indigenous peoples has accelerated while the ability of Indigenous peoples to lawfully manage their intersocietal relationships has been undermined.

In Canada, Indigenous peoples are divided into eleven major linguistic groups, each with regional dialects. Within these larger linguistic groups, there are sixty plus Indigenous societies in Canada, each with its own legal, economic, social, and political ordering. Within the Indigenous societies, there are about 600 small communities or *Indian Act* bands.<sup>19</sup> Additionally, there are numerous Métis and Inuit communities that are outside the *Indian Act*.<sup>20</sup> The Royal Commission on Aboriginal Peoples commented on the importance of comprehending Indigenous polities at this larger societal scale rather than at the ahistoric, but nonetheless prevailing notion of Indigenous peoples as being solely organized in small separate, independent communities or bands. Generally, the linguistic divisions reflect larger collectives with common sets of recognised legal principles that enabled the groups to interact intersocietally for resource sharing, trade, marriage and so on. For example, the Nisga'a, Tsimshian, and Gitksan are all part of the Tsimshian linguistic group.<sup>21</sup>

Issues of societal scale and territories meant that Indigenous peoples, at a minimum, had to govern on the following constitutional questions. Who is included in the legal order? What land does the legal order extend over? How does their law relate to other people's laws at the farthest reaches of their lands? The answers to these questions reach far beyond the current band structures as established under the *Indian Act*.<sup>22</sup> The full scope of the legal order

must be comprehended and factored into the governance of all aspects of Indigenous social life to facilitate the balancing of the public good, accountability and legitimacy, the full extent of legal obligations and processes, and legal efficacy. For Indigenous societies as with all other societies, law is a distinct mode of governance and is essential to social ordering.<sup>23</sup>

The acceleration of movement and the relocation of Indigenous peoples has meant that many communities have more than one people residing in them today. For instance, many Dunne'za and Dene (Athabaskan linguistic group) communities now have Cree (Algonquin linguistic group) peoples as part of their populations, and intersocietal relationships are continually worked out, to varying degrees of success, in families and in communities, and between communities.<sup>24</sup>

A society cannot govern without law, and all Indigenous peoples had a legal order complete with laws; institutions through which law operates, legal authorities, substantive and procedural rights, legal obligations, and guiding legal principles. These legal orders have been undermined but they have not disappeared, and across the country, Indigenous peoples are rebuilding their laws sector by sector – lands and resources, child welfare, governance, citizenship, water, dispute resolution, family, and so on.<sup>25</sup>

Several examples are illustrative of inclusive Indigenous citizenship practices:

For the Gitxsan, one is born into their mother's kinship group, and no one has the authority to limit or take this belonging away. The Gitxsan also have distinct laws of citizenship that enable them to manage their kinship system, territories, and governing structure. These citizenship legal practices include a range of processes for bringing in people from other Indigenous and non-Indigenous societies for varying purposes. These are public, witnessed, and formal legal processes.

For the Secwépemc, citizenship is based on the foundational construct of belonging, and communities begin with the question of how a person belongs. It is in the interest of the health of the people to make sure everyone has a place, a way to situate themselves and their relationships with others. This is the basis of law, responsibilities, and governance, and ultimately, a way to be productive and manage conflicts. A recently completed report on Secwépemc law governing citizenship or belonging set the research questions as:

1. How does one become kin?
2. What are the obligations of kin?
3. What is the legal response to a failure to fulfil the obligations of kin when that failure harms others?<sup>26</sup>

For the Cree, families are central to citizenship, and there are clear legal processes for adoption and inclusion into family, and for establishing relationships between families and among extended families. One can be born into a Cree family, or one can be taken in, and in either case, the community has continuing public responsibilities of inclusion and fairness.

Dunne'za people's oral histories provide accounts of families and communities bringing in other peoples and actively ensuring that children of mixed heritages are included as family members. Indeed, this was and is a priority for community intersocietal relations, and it was and is understood as a critical aspect of safety and well-being of families and larger communities. In a recent report on Dunne'za law concerning how to live together across difference, two principled propositions became clear:

When there is incompatibility with another people but no continuing danger to the people, there is a responsibility to negotiate living separately.

When there is incompatibility with another people, combined with a continuing danger, that one must act to protect the families and group.<sup>27</sup>

Present day *Indian Act* practices have not displaced these historic legal obligations, rather they have been layered over top Indigenous citizenship practices, often causing disruption and confusion internally within Indigenous communities, and externally with non-Indigenous peoples, and with the state.

## **Indigenous Citizenship Law**

It is critical to avoid idealizing either Indigenous societies or Indigenous law now or retroactively. Law has always had to do the hard work of dealing with perplexing questions of identity and belonging. Yet there are Indigenous legal resources and precedents that may be drawn upon to help resolve today's difficult identity disputes, beginning with the first step of articulating the relevant legal issues within specific legal orders. If we are unable to complete this essential step, then we need to determine what we have to learn and research, first, so that we *can* articulate this legal issue, and secondly, to draw on precedent and legal processes to reason through and develop a collaborative, legitimate legal response.

Every Indigenous legal order across Canada has, now and always, had clear obligations to make sure that people can access the right information about a problem, a harm or injury to make responsible, reasoned, and fair decisions. Leaders and decision-makers involved in solving and managing problems were obligated to make sure that they had the necessary evidence which often meant that they had to conduct investigations. With injuries and harms, this was and is important for those who have been harmed, as well as those who have caused the harm. For example:

The Gitksan oral histories provided substantive articulations of legal obligations to tell people what happened, while other people had a corresponding legal obligation to investigate. Legal decisions were deliberated and formally witnessed in the feast hall, thereby adding to the body of precedent for future deliberations.<sup>28</sup>



In Cree law, there are procedural rights requiring decisions to be made through open collective deliberation guided by appropriate consultation. In these deliberations, there are clear rights for observation and for corroborating evidence, as well as the right to be heard (whether one is harmed or one who has caused harm).<sup>29</sup>

## Indigenous Legal Responses to Identity Fraud

Well known Métis lawyer and powerful Indigenous rights advocate, Jean Teillet, has written a report for the University of Saskatchewan on the issue of Indigenous identity fraud.<sup>30</sup> Teillet provides a description of several high-profile identity frauds that have taken place in Canadian universities, and she outlines the benefits gained by the fraudsters at the expense of Indigenous scholars and peoples. She provides a historical account of the lengthy and complex machinations of the *Indian Act* membership regime, and she explains how the *Indian Act* regime has inadvertently impacted the Métis and the Inuit. There is no question that identity fraud is a very real problem with very real material consequences for Indigenous peoples.

My purpose here is not to deny or diminish the seriousness of identity fraud nor its harmful consequences,<sup>31</sup> but rather to express caution as to how and who determines such frauds, and to advocate for the contextualization of the identity discussion within the larger frameworks of citizenship and Indigenous law. My initial concern is to strongly encourage specificity in the development of any Indigenous legal analysis, with specific legal orders, and to support the engagement of specific Indigenous legal processes.

This means determining the precise legal issue or question being posed to a specific Indigenous legal order. For example, from a Gitksan legal perspective, who is a Gitksan citizen according to Gitksan law? To develop a legitimate legal response, one must then turn to and draw on Gitksan precedent, authoritative decision-makers, legal processes, substantive and procedural rights,

legal obligations, and guiding legal principles. These Gitxsan legal processes and resources must inform a reasoned and deliberative legal response to the originating question or issue. Further to this, the Gitxsan legal process, as with others, must be public, inclusive, and collaborative to produce a valid legal decision.

Legitimate Gitxsan legal responses to this issue will differ from Cree, Tsilhqot'in, Dunne'za, etc., though there will likely be shared approaches and political contexts. What is important here is that simply saying what the law is, or declaring a law broken because of the interaction of varied legal practices, is a deeply and entirely inadequate action that will fail to resolve any problem in any system of law; Canadian law or in Gitxsan law (or other Indigenous law).

## **Circulating Responses to Identity Fraud**

There are several problematic views and assumptions that circulate in legal and mainstream discourse about identity fraud. I set out a few of these issues for discussion here, using the Gitxsan nation's laws as an example:

1. The proposition that membership/citizenship is a political identification, while 'being Indigenous' is an ethnic/cultural identification, and therefore unquestionable.<sup>32</sup> The first problem here is that any form of ethnic/cultural identification is a political determination as opposed to simply being inherited.<sup>33</sup> This is an ethnic approach to citizenship, and it is fraught with new and continued problems about policing who is in the group and who is out. Interestingly, we seldom draw lines to exclude ourselves in these situations.<sup>34</sup>

2. The proposition that the fraud issue is about turning a non-Indigenous person into an Indigenous person.<sup>35</sup> This creates a false binary that disregards the possibility of legitimate civic inclusion, through Indigenous legal processes, to Indigenous citizenries and as Indigenous citizens. There are many forms of adoption which, when properly examined, are actually laws of citizenship, rather than being laws of adoption.

For the Gitxsan, there are a range of reasons for adopting people into different matrilineal kinship units, including the (1) lack of women and low population numbers, (2) a Gitxsan man's marriage to a non-Gitxsan woman (because the society is matrilineal), (3) internal and external political alliances, and sometimes, (4) straight up advantageous political and economic strategies. The extent to which these adoptees participate in the political, legal, economic, and social life of the community is determined by the purpose of the adoption, but over the years many adoptees have become high chiefs within Gitxsan governance so that, in effect, these adoptees are full Gitxsan citizens.

3. At the local community level, the marrying out rate is generally at least 25 percent.<sup>36</sup> This means that if there is no way to include those who marry into the community as citizens, then a local community will end up with a number of disassociated and disconnected people within the population. This kind of internal exclusion or class system only generates political instability and conflicts.

For the Gitxsan, failure to adopt the women who marry-in results in not just the women being disassociated, but their children will also be both clanless and landless in this matrilineal society.<sup>37</sup> Again, this is a recipe for political instability, dissatisfaction, and general dysfunction.

4. Different kinds of legal adoptions call for different legal processes. For the Gitxsan, formal adoption into a matrilineal kinship unit (House/Wilp) requires a public legal process

that is witnessed. While there are many informal personal family level ‘adoptions’ of individuals across the country, these are not legal unless the legal requirements of the requisite legal order are followed.

5. It is important not to impose a system of hierarchy or the concept of nation onto Indigenous peoples. Historically, Indigenous peoples were non-state and for the most part, decentralized and non-hierarchical.

For the Gitxsan, there is no higher authority than the House/Wilp and to impose the requirement of a nation agreement<sup>38</sup> undermines the governing structure and fails to recognize that the legal processes of adoption are inclusive and include broad societal involvement.

## Conclusion

The future work of universities, governments, law societies, and other entities, must necessarily remain complicated as there is no easy quick fix to this thorny issue of identity fraud. The first step is to inquire as to whether a person’s Indigenous citizenship is lawful according to a specific legal order. Were the duly constituted collective legal processes followed? Is this a citizen that is recognized by law and not by whether a person is popular or not popular? If these questions cannot be answered, what else must one learn and what research must take place?

There are two important recent resources to inform the discussions in universities, government, and Indigenous communities. Metallic and Simon, set out a careful analysis of university Canadian legal obligations (and potential liabilities) to all Indigenous peoples, including those excluded in many of the ‘identity’ discussions which remain tethered to federal government recognition as opposed to constitutional law, domestic and international human rights, and the *United Nations Declaration on the Rights of Indigenous Peoples*.<sup>39</sup> Specifically responding to the University of Dalhousie’s 2023 released report, *Understanding Our Roots – Nstikuk*

*tan wtapeksikw Report*,<sup>40</sup> Metallic and Simon list the Indigenous peoples who would be excluded by the Dalhousie's proposed verification process:

1. Persons who are not registered under the Indian Act but entitled to be registered.
2. A large and growing number of Non-Status First Nations people who are not members of their First Nation because:
  - a. Their First Nations (e.g., Indian Act band) have not taken control over membership (in other words, the Indian Act dictates both registration and Band memberships). The majority of First Nations in Canada are in this position. This is in large part due to the fact that First Nation funding agreements are formulated based on the number of registered status individuals, preventing many First Nations from creating expansive membership criteria.
  - b. Their First Nation has adopted membership rules that excludes them on discriminatory grounds, including women who 'married out' and their children.
  - c. They descend from someone who was assigned to the 'General' registration list who have no associated band in which they can be members.
  - d. In the case of some Mi'kmaq people from Newfoundland, their Indian status was revoked on grounds contested as arbitrary after the number of registrants for the Qualipu First Nation exceeded predicted figures.<sup>41</sup>

Furthermore, Metallic and Simon effectively argue that Indigenous self-determination is paramount and must take precedence over the narrow, harmful identity focus which problematically conflate self-identification and uncertainty with Indigenous identity and academic frauds.

A second resource is the Tri-Council report, *What We Heard: A report from the Three Federal Research Funding Agencies' Ad Hoc Working Group on Indigenous Citizenship and Membership*.<sup>42</sup> This report, which is public, but not yet policy, recognizes the importance of moving beyond self-identification to recognizing self-determination, and it address on avoiding additional harms and barriers. It provides a solid basis from which to begin articulating appropriate governing policies for universities and other agencies.

To conclude, the determination of whether someone is a Cree or Gitxsan or any other Indigenous citizen rests with their people and their laws. According to Cree law or Gitxsan law, no one has the authority to take the responsibility to make their own legal decisions away from Cree people. The extent and scope of someone's citizenship must also be necessarily lawfully determined by Indigenous peoples. On a positive note, this provides an opportunity for Indigenous peoples to take up the conversations about political and legal commitments to citizenship. Ideally, this would also be an opportunity to explore the fears, angers (and accompanying vitriol), and hopes that are at the core of the negative and sometimes destructive responses to date.

## Notes

1. I am Cree and Dunne-za from Saultheau First Nation which is in northeast British Columbia in Treaty 8. I am also an adopted member of the House of Luuxhon, Frog Clan from Gitanyow [Gitxsan] where I hold the name Gyooksgan. I am a professor (and former acting dean) and I hold the Law Foundation Chair in Indigenous Justice and Governance at the Faculty of Law, University of Victoria. I am also the Director of the Indigenous Law Research Unit and the Director of Next Steps: Indigenous Legal Orders.
2. See for example, Val Napoleon, 'Extinction by Number: Colonialism Made Easy' 2001 16:1 *Canadian Journal of Law and Society* 111-45 [Napoleon, Extinction]; and Val Napoleon, 'Aboriginal Self Determination: Individual Self and Collective Selves' 2005 29:2 *Atlantis: A Women's Studies Journal*, 31-46 [Napoleon, Self-Determination].
3. For example, see Jean Teillet, *Indigenous Identity Fraud: A Report for the University of Saskatchewan* [October 2022] [Unpublished] [Teillet].

4. For a thoughtful and interesting article on this topic, see Darcy Lindberg, 'Imaginary passports or the wealth of obligations: seeking the limits of adoption into indigenous societies' (2018) *AlterNative* 14:4 at 326-332 [Lindberg, Imaginary Passports].
5. For a discussion on this distinction, see David Beatty, *Faith, Force, and Reason: An Armchair History of the Rule of Law* (Toronto: University of Toronto Press) [Beatty, Faith Force and Reason].
6. *Ibid.* at 4 and 262..
7. Gerald J. Postema, Classical Common Law Jurisprudence (Part II) (2003) 3:1 *Oxford University Commonwealth Law Journal* 1 at 9 [Postema, Classical Common Law].
8. For a critical discussion about dividing the world into Indigenous and non-Indigenous, see Wade Davis, The term 'Indigenous,' in its current use, might be doing us all a disservice, Opinion Special to the Globe and Mail, March 25, 2023.
9. Teillet, *supra* note 3 at 60.
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11. *Ibid.* at 7.
12. *Ibid.* at 7-8.
13. Ignatieff, *supra* note 10 at 8.
14. Napoleon, Extinction, *supra* note 2 at 128.
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# Bank of Canada Independence Vs. Accountability

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David McGrane

After years of reporting on the activities of central bankers being confined to the business section in the back pages of most newspapers, things have appeared to have recently changed.

It started off in May of 2022 when Pierre Poilievre, then a Conservative leadership candidate, said he would fire the Governor of the Bank of Canada if he became Prime Minister because he believed that the Governor was not doing enough to reduce inflation and boost the purchasing power of the Canadian dollar.<sup>1</sup> But, the criticism of Canada's central bank by politicians didn't just come from the right of the political spectrum. Soon after Poilievre made his comments, NDP Leader Jagmeet Singh criticized the Bank of Canada for concentrating too heavily on fighting inflation and ignoring how its steep and rapid interest rate hikes were creating unemployment and possibly pushing Canada into a recession.<sup>2</sup> Then, in September of 2023, politicians in government got into the act. The Conservative Premier of Ontario, the NDP Premier of British Columbia, and the Liberal Premier of Newfoundland and Labrador separately sent letters to the Bank of Canada outlining their concerns about the negative effects of high interest rates on their provinces' economies and asking the central bank not to raise rates any further.<sup>3</sup>

By this time, the Bank of Canada had enough. Tiff Macklem, the Governor of the Bank of Canada, chastised the Premiers for their letters saying that they were putting the "operational independence" of the central bank at risk.<sup>4</sup> Subsequently, when Finance

Minister Chrystia Freeland meekly suggested that the Bank of Canada deciding to hold interest rates at 5% at the beginning of October 2023 was “a welcome relief for Canadians,” she was roundly criticized by mainstream economists and business journalists for meddling with the Bank’s cherished independence.<sup>5</sup>

When it comes to Canadian politicians commenting on the Bank of Canada’s actions, the institution appears inoculated from all criticism concerning its policy choices by asserting the sacrosanct nature of its “independence.” But, it doesn’t have to be this way.

In this piece, I will argue that the doctrine of what I call “absolute central bank independence from politics” goes too far. Indeed, this doctrine was the invention of monetarist economists as a reaction against the way that social democrats had traditionally understood the role of government in the economy. Social democrats should want to subject the decisions of central banks to strenuous democratic oversight and criticism by the elected politicians who are accountable to voters in order to ensure that our economy is controlled in the interest of the common good. Without completely taking away the independence of the Bank of Canada, it is my view that some modest reforms to the Bank’s mandate and internal governance should be made. The result of these reforms would be to increase the likelihood that political pressure can push the Bank of Canada away from its current singular obsession with inflation targeting to a broader view of how monetary policy can be used to achieve social democratic aims related to higher economic growth, a fair distribution of wealth, environmental sustainability, and social justice.

## **Central Bank Independency, Social Democracy, and Monetarism**

The recent comments by Singh, Poilievre, Freeland, and the three Premiers need to be put into the historical context of the evolution of social democracy as an ideology in the early 20th century and the emergence of monetarist economics near the end of the 20th century.

With the onset of the Great Depression in the late 1920s, reform of the banking system became a major talking point for social democrats in all English-speaking countries, including Canada. They blamed private banks and ineffectual government-controlled central banks for causing the depression since these banks often made credit easy to get during good economic times, and restricted access to credit in times of economic downturn, thereby unnecessarily prolonging sluggish economic growth. As such, the traditional social democratic view of banking never included the idea of central banks being “independent” from politics. In the decades following the Great Depression, social democrats wanted the government to step in and ensure easy access to credit to prevent another depression from taking place, even if that meant ordering central banks to lower their lending rates or creating government-owned commercial banks that would compete with private banks by providing the very low interest rates needed to boost economic growth.

The doctrine of what I call “absolute central bank independence from politics” is simply the assertion that a country’s central bank should not be controlled in any way by its politicians- beyond the government periodically giving the central bank a very general set of goals and appointing central bankers for several years at a time. According to this doctrine, politicians should even go as far as refraining from commenting on the actions of the central bank to ensure that it maintains a reputation for acting completely outside of the realm of political influence and so that it is not seen as taking political factors into account when it makes decisions.

It is important to note that this doctrine has its roots in monetarism, not social democracy. In fact, the doctrine of “absolute central bank independence from politics” appears to have originated in a 1962 essay by Milton Friedman, who is generally considered the father of monetarist economics.<sup>6</sup> He critiques what he calls the “irresponsible government tinkering” with monetary policy that was advocated by social democrats during the postwar era.<sup>7</sup> In this sense, the origin of the concept of central bank independence is a critique of social democratic ideas prevalent during the middle

part of Friedman's career.

However, the emphasis on central banks needing absolute independence from politics did not gain popularity around the globe until it became part of the trend toward monetarist economics in the 1980s and 1990s embraced by neo-conservative politicians like Ronald Reagan and Margaret Thatcher. Though, it should be noted that Third Way social democrats like Roger Douglas in New Zealand, Paul Keating in Australia, and Tony Blair in the United Kingdom also were in favour of central bank independence and made reforms to move their countries' central banks in that direction.

The principal reason given by the monetarists for central bank independence was that central banks would never make the tough decisions needed to bring down inflation if they were subject to political pressures and hyperinflation would ensue. A lot of weight was also placed by monetarists on central bank creditability- insulating central banks from political pressure would enhance the level of trust of businesses and customers that the bank will do all that it takes to maintain price stability and lower inflation. This reduced uncertainty around inflationary pressures supposedly would encourage investment and consumption, contributing to higher economic growth.

However, the evidence that central bank independence is the magical bullet for creating economic growth and keeping inflation down is inconclusive. A 2016 study by Garriga that measured the independence of central banks in 182 countries from 1970 to 2012 and found that the positive association between central bank independence and high economic growth is "very sensitive to sample selection."<sup>8</sup> Furthermore, a 2021 study by Baumann, Schomaker, and Rossi argues that there is only a weak causal link between reduced inflation and central bank independence and that "a strong inflation-boosting impact from introducing central bank independence cannot be ruled out."<sup>9</sup> So, the positive attributes of central bank independence heralded by the monetarists seem to be drastically over-estimated.

## Central Bank Independence and the Undermining of Social Democracy

There are definitely downsides to central bank independence from a social democratic point-of-view.

A key part of social democratic ideology is control of the economy by the community through the actions of its democratically elected representatives. Social democrats want to place the economy and the free market under democratic control so that pressure from the average people, who are voters in a democracy, ensures that governments regulate the economy in a way that creates prosperity for all, not just the very rich. For this reason, social democrats, prior to the ascendance of monetarism, spent little time worrying about so-called political interference on the actions of their countries' central bank. For them, direct government instructions to the central bank were a good thing because they were a way of ensuring the democratic control over capitalism that would promote the common good.

In terms of social democracy, the principal downside of central bank independence in the 21st century is that it prevents community control of the economy through the democratic oversight of a key economic institution in our society. In the Canadian case, the Bank of Canada's governance structure is purposefully set up to shield it from popular pressure. The Board of Directors is appointed by the federal cabinet to three-year renewable terms, and in turn, the Board of Directors appoints the Governor and the Senior Deputy Governor of the Bank of Canada for seven-year terms (though, both appointments need formal approval by the federal cabinet). The high level of security of tenure of the Bank of Canada's senior management and the convention that Canadian politicians refrain from publicly criticizing the Bank's actions means that Canada's central bank is democratically unaccountable. It undoubtedly considers how financial markets, investors, and customers will react to its decisions, but there are very few mechanisms to ensure that it considers what political representatives, and the citizens that elect them, think of its actions.

What is the consequence of this absolute central bank independence for the average Canadian? In my opinion, the consequence has been that the Bank of Canada generally concentrates too much on fighting inflation and has not focused enough on the real human consequences of high interest rates in terms of unemployment, slow economic growth, and soaring mortgage rates. Surveying 121 countries during from 1971 to 2015, Altunbas and Thornton illustrate that central banks focusing all of their activities exclusively on fighting inflation was “associated with a worsening of income distribution measured by the Gini coefficient and a decline in the labor share of national income relative to the profits share.”<sup>10</sup> Basically, the authors are saying that the level of interest rates set by a country’s central bank matters a lot. When central banks raise interest rates because they are solely concentrated on reducing inflation above all else, the gap between rich and poor widens. If the actions of our central bank have such important consequences on the daily lives of all Canadians, shouldn’t there be some democratic control over the Bank of Canada? Shouldn’t the democratically elected representatives of the Canadian people have some say in what the Bank of Canada does?

Overall, the evidence points to central bank independence undermining, as opposed to promoting, the aims of social democracy. This is unsurprising given that central bank independence is a concept that originates from monetarist economic thought and its general critique of postwar social democracy.

## **A Social Democratic Re-evaluation of Central Bank Independence in the 21st century**

Third Way social democrats in the 1980s and 1990s in several western countries simply accepted the “absolute central bank independence from politics” doctrine without much reflection. It was a way to signal their ideological moderation and show that they had turned away from the overbearing statism of social democrats in their countries during the postwar era. So far, in early 21st century, social democrats have neglected to elaborate on their thoughts on central bank independence. This lack of reflection may be under-

standable given two decades of historically low inflation while central banks pursued rock-bottom interest rates and a regime of quantitative easing.

However, as COVID-19 pandemic induced inflation upends this situation and greater economic pressures is brought to bear on ordinary Canadians, now is the time to re-evaluate social democracy's views on central bank independence. This re-evaluation needs to start off by exploring how to create stronger political influence on the Bank of Canada, even if that influence would contradict monetarism's fetish with absolute central bank independence.

We do need to consider the importance of intense competition for foreign direct investment as a source of jobs and economic growth for Canada. The 2023 announcement by BHP in expanding potash production in Saskatchewan is an example of this type of beneficial foreign direct investment. Such positive foreign direct investment is difficult to attract in a country where politicians are constantly over-ruling the central bank to promote excessive credit expansion or to print too much of their own currency, thereby destabilizing Canada's international exchange rates. Furthermore, if only politicians were in control of monetary policy, there may be tendency to delay tough decisions around increasing interest rates that could nip inflation in the bud and avoid tougher actions later down the road when inflation has got more out of control. With the absolute power to produce inflation, or even deflation, to suit electoral prospects politicians could induce damaging long-term economic adjustments on ordinary Canadians for short-term political gains.

For the above reasons, some independence for the Bank of Canada is certainly needed. However, what is not needed is the absolute independence of central banks advocated by monetarism. There are ways to assert more democratic and political control over the interest rate policy of Bank of Canada that fall well short of nationalizing all private banks or making the Prime Minister or another cabinet minister the Governor of the Bank of Canada. With a



little ingenuity, we can find ways to reduce the independence of the Canada's central bank without excessive political interference, much like the accountability mechanisms imposed on other Crown Corporations of the federal government like Via Rail or Canada Post.

Legislative changes coming out of the Coyne Affair in the late 1950s made it clear that the federal government is ultimately responsible for monetary policy,<sup>11</sup> with the Bank of Canada responsible for the day-to-day conduct of policy. In the event of an irreconcilable policy disagreement between the Bank and the federal government of the day, the federal government's only recourse is to issue a public directive to the Bank, an act which would cause the Governor of the Bank to resign. This has meant that, to avoid this embarrassing outcome, the Bank and the federal government have maintained enough communication with each other to ensure that they were at least somewhat on the same page when it comes to monetary policy and no public directive would ever have to be issued. In many ways, I think that what is needed are reforms to increase and deepen the minimal collaboration and consultation between the government and the Bank of Canada that is already taking place.

Let's start with the length of the Bank of Canada's mandate. Every five years, the federal government signs an agreement with the central bank, mandating the terms of the goals that it should pursue. However, as recent experiences with multiple crises demonstrates, a lot can change in five years. Renewing and reviewing the Bank of Canada's mandate annually would permit democratically elected representatives to set out their expectations of the Bank of Canada more frequently and push for those expectations to be met in a timely manner.

The actors that review and renew the Bank of Canada's mandate should also be up for reconsideration. Currently, the Minister of Finance is the sole government official that handles this review. If the Bank of Canada's mandate is to face an annual review like the budgets and activities of other Crown Corporations do, let's have

it reviewed periodically by a committee of the federal finance minister along with a group of federal ministers with economic portfolios. For good measure, MPs in the House of Commons could be included in the review process as members of legislative committees. For instance, the House of Commons' Standing Committee on Finance could hold hearings in the lead up to the annual review of the Bank of Canada's mandate to make recommendations about what the Bank's mandate should look like for the upcoming year. Without making Parliament and the federal cabinet responsible for setting the Overnight Lending Rate and other parts of Canada's monetary policy, these reforms would give the Bank of Canada a set of annual directives from Canadian federal politicians to guide it in carrying out those duties, just as there are directives to other federal agencies and Crown Corporations.

Another way to exert more popular political pressure on the Bank of Canada is to look at its internal governance. Right now, the Deputy Minister of Finance sits as an *ex officio* non-voting member of the Board of Directors of the Bank of Canada. Additional federal cabinet ministers ought to become voting members of the Board of Directors of the Bank Canada to bring much-needed political perspective to its meetings to consider the situation of ordinary working-class Canadians, instead of the interests of business, when they make their decisions around interest rate policy.

Additional cabinet participation could serve as a critical watchdog on the Bank of Canada's Board of Directors if policy choices begin to stray from the original mandate set by the federal government. If this reform exposes disagreements within the Board of Directors over monetary policy, I don't see how this is a problem. A recent "Summary of Deliberations" of the Boards of Governors released on October 25, 2023 revealed a split among the Governors over whether further interest rate increases will be necessary.<sup>12</sup> The news of disagreement among the Board of Governors of the Bank of Canada was not a bombshell that caused our stock market to crash and our economy to tank.

Finally, I am not in favour of Poilievre's Trumpian idea of shouting "You're fired!" at the Governor of the Bank of Canada, if their actions go against the will of the Prime Minister. While it is not currently against the law for the Prime Minister to summarily dismiss the Governor of the Bank of Canada in the middle of their term,<sup>13</sup> this should be done only in the most extreme of circumstances and be considered to be a bad practice that would likely create chaos and confusion more than anything else. That being said, it would be a good idea to re-think the appointments process for the Governor, Deputy Governor, and Board of Directors of the Bank of Canada. Instead of having the Board of Directors being appointed by cabinet on three-year renewable terms, the Board of Directors could be appointed by cabinet on one-year renewable terms with a term limit of five years. Rather than the Governor and Deputy Governor being appointed for seven years by the Board of Directors and then having those appointments be rubber stamped by the federal cabinet, these two important positions could also be appointed by the federal cabinet on one-year renewable terms with a term limit of five years.

Further, there are possibilities to involve a committee of the House of Commons composed of representatives of all recognized parties in the appointments process. Cabinet could submit a short list of potential nominees to such a committee for public comment, while the federal cabinet retains its ultimate power of appointment. The involvement of a House of Commons committee in cabinet's appointment for the Bank of Canada is similar to what was envisioned, but never implemented, by the Paul Martin government for its appointments of Supreme Court Justices in mid-2000s.<sup>14</sup>

Overall, a shorter time period between appointment renewals could increase the accountability of the directors and governors of the Bank of Canada to the cabinet and the House of Commons. Members of the Bank of Canada's management team would surely feel more pressure to take the views of elected representatives into account if they are facing annual renewal. Lastly, term limits of only five years would give the federal cabinet and members of

the House of Commons more opportunity to change the make-up of senior management at the Bank of Canada ensuring a more regular influx of new ideas.

## **Conclusion: Moving towards Multiple Mandates?**

In my opinion, a very desirable outcome of the reforms outlined above would be to decrease likelihood of the Bank of Canada adopting a singular mandate of focusing all of its actions on achieving a target inflation rate with little regard for other considerations (what is known as “inflation targeting”). There are ongoing debates whether the “arbitrary” 2% inflation target that the Bank of Canada and other central banks have used for more than two decades is even sound, evidence-based policy.<sup>15</sup> There has been lots of discussion of a need for a dual mandate for the Bank of Canada that gives equal consideration to how its monetary policy will fight inflation and contribute to higher employment.<sup>16</sup> Indeed, sixty-one economists recently signed an open letter to the Bank of Canada urging it to consider full employment, and not only inflation, when it sets interest rate policy.<sup>17</sup>

While the move away from the Bank of Canada’s current obsession with inflation targeting towards a dual mandate would be welcome, we might even want to go further. Policies to increase financing for climate action, achieving a more equitable distribution of wealth, or improving labour market outcomes for Indigenous Canadians and racialized minorities could be included in the mandate of the Bank of Canada. The singular focus on inflation targeting could be replaced with multiple mandates for our country’s central bank.

In conclusion, I am convinced that there must be some sensible reforms that can be done to allow political pressure to be routinely placed upon the Bank of Canada. Such reforms should not completely undermine the independence of the Bank of Canada and prevent its officials from occasionally ignoring political pressure around interest rate policy in order to make tough decisions that wrestle inflation down. However, increased political pressure on

the Bank of Canada will cause it to be more aware of the social consequences of its actions. And, as a result of increased influence of democratically elected representatives, I think that the Bank would become more prone to changing its policies in response to legitimate and well-founded criticism. In short, the Bank of Canada would become more accountable to the public and more accountable to the democratic institutions of Parliament and the federal cabinet leading towards monetary policy that would genuinely pursue social democratic aims.

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# **Basic Income for a New Model of Canadian Social Democracy**

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Jim Mulvale

Basic income is a paradigm-shifting idea on how to ensure economic security for everyone. It is an idea that has been discussed and often debated by social democrats and those on the democratic left for many years. This article is a contribution to this discussion from someone who does research on and writes about basic income, but who has also played an active role in the basic income movement in Canada for fifteen years.

Canadian basic income advocates are part of a movement for basic income that is international in scope. It is a multi-faceted and ecumenical amalgam of national and sub-national advocacy groups, civil society organizations, policy experts, academics, campaigners, and research institutes. Important leadership on the global level have been provided since 1986 by the Basic Income Earth Network (BIEN). The basic income movement in Canada was launched with the 2008 founding (as a national chapter of BIEN) of the organization now called the Basic Income Canada Network. Since then many other basic income advocacy organizations have emerged at national, provincial and local levels, including (at the national level) Coalition Canada: Basic Income, UBI Works, and Revenu du base Québec. These organizations are working for an equitable and feasible version of basic income for Canada and have taken a very deliberate non-partisan approach to their work. They have received support from across the political spectrum,<sup>1</sup> including from the late Senator and prominent Conservative Hugh Segal, in convention resolutions passed by the federal Liberal Party, from current and former NDP Members of Parliament, and

from the Green Party of Canada (who have supported basic income for over twenty years).

Canadian advocates of basic income have become increasingly invested in a particular model of basic income that they want to see implemented in this country. This model would target lower income people (rather than a being a demogrant that is paid to everyone). It would complement (but not necessarily replace) elements in the broader income support architecture at the level of the federal government, leaving intact the large social insurance programs of Employment Insurance and the Canada/Quebec Pension Plans. In February 2023 three national advocacy organizations, the Basic Income Canada Network, Coalition Canada: Basic Income, and UBI Works, endorsed a *Consensus Statement on a Basic Income Guarantee* that outlines the principles and general design for a feasible basic income program for Canada.<sup>2</sup>

This essay first surveys views on basic income found on the democratic left in Canada. Consideration will be given will to how negative and sceptical views about basic income on the left are addressed by the *Consensus Statement*. Following this survey, elements in the *Consensus Statement* (as well as some key points drawn from broader basic income sources) will be considered alongside core tenets of social democracy as articulated in the *Broadbent Principles for Canadian Social Democracy*. Lastly, some suggestions will be made on how the basic income model of universal economic security could reshape our conception of social democracy as we confront the existential threats of economic and social inequality, rising right-wing authoritarianism, and the ecological emergency.

## **Critical Perspectives of Basic Income on the Left**

There has been an array of reactions to the idea of (universal) basic income among social democratic thinkers, activists, and politicians.<sup>3</sup> Outright opponents include those who object to the “universal” aspect of “universal basic income.” They see basic income as an inefficient and wasteful use of public funds in that it is



not targeted to those who need income support the most. Another general concern of these critics is that basic income will serve as a neoliberal ‘trojan horse.’ This argument assumes that while low-income people would be provided with a modest unconditional cash benefit. At the same time further cuts to public services would be justified. Further in this telling of a possible basic income world, all of us (including those whose only income is a paltry amount of basic income) will have to fend for ourselves in the profit-seeking marketplace to secure necessities such as health care, education, or affordable and decent housing.

The efficiency and trojan horse objections to basic income have been found both among neoliberals but also on the left in recent years. But there are now social democratic voices expressing more open-minded views on basic income. MacEwan et al. (2020) tentatively and conditionally endorse basic income in their 2020 report *Basic Income Guarantee: A Social Democratic Framework* from their vantage point at the Broadbent Institute.<sup>4</sup> They do fear that basic income may be seen as a “silver bullet” or a “quick fix solution” to poverty and economic insecurity. But the report’s authors do conclude in a positive vein that “there are concrete steps that we can take to make a basic income more feasible in the future and help to address poverty right now.”

On the other hand, MacEwan et al. couch their support for basic income in this way:

A host of labour market policies such as full employment, residency status for migrant workers, employment standards, training supports, and union density interact with income support programs and must be taken into consideration. In Canada, addressing these questions is the responsibility of different levels of government, making any implementation of a basic income even more complicated. Designing a program that meets the expectations of social democrats will not be simple.

This assertion that basic income “complicates” the achievement of

other social democratic goals such as lowering unemployment and decent jobs is a questionable framing. The implementation of any new social program, be it basic income or say an expansion of the public healthcare system, “complicates” the overall operation of the welfare state, so it is not clear why basic income is unique in this regard.

Additionally, basic income is *not* a complicated program in the sense that its goal is simply to ensure that people have sufficient income to live a good life. In fact, Canada already maintains an array of federal income support programs, including the Guaranteed Income Supplement for seniors, the Canada Child Benefit for families with children, and the GST refund for low-income people. A fully implemented basic income could be paid out through the existing tax-and-transfer system that these existing programs already use. In this sense, basic income is less complex than the other aspirational goals identified by MacEwan et al. (2020) such as “full employment” or “training supports.” Implementing basic income does not require social democrats to abandon these other goals, and in fact may help to achieve them. In another recent Canadian study by Dwyer et al. (2023),<sup>5</sup> it was found that simply giving homeless people money could be helpful in addressing their other difficult and complicated social needs, and in facilitating their access to in-kind supports. The potential outcomes out of an administratively simple program are far-reaching.

It may be that social democratic hesitancy or half-hearted support regarding basic income is a case of the perfect becoming an enemy of the good. Some social democrats will not give basic income their unequivocal support unless various other desirable policies are already in place and all the consequences can be foreseen. However, there are instances in Canadian social welfare history when progressive politicians, government officials, and advocates made social policy ‘leaps of faith’ that push forward on equality, even though all of the complications or consequences of a new program were not in view. This was the case when workers’ compensation was implemented in the early twentieth century, when unemployment insurance was launched in 1940, and when public

health insurance was extended across the country in the latter part of the 1960s. Progressives pushed forward nonetheless, and people benefited. Perhaps it is time for social democrats to make such a 'leap of faith' with basic income. This leap would not be made without any foresight either; there is already substantial research and policy learning on basic income to guide the design and launch of an effective and sustainable program that fits the current context in Canada.

It is still important to consider the critical research to understand where basic income's limitations can occur. A recent comprehensive and noted critique of basic income from a progressive perspective came from Green, Kesselman and Tedds (2021).<sup>6</sup> This report was commissioned by the provincial NDP government of British Columbia as part of its legislative supply and confidence agreement with the BC Green Party in 2017.<sup>7</sup>

In their final report, Green, et. al., concluded that "the needs of people in this society are too diverse to be effectively answered simply with a cheque from the government." The authors seemed to assume that a 'stand-alone' basic income was what Canadian advocates were calling for. However, prominent national organizations advocating for basic income in Canada have proposed a basic income that becomes a part of the existing social welfare system, meeting the social needs in Canada. The 2023 *Consensus Statement* of basic income advocates strongly emphasized that basic income needs to be embedded in an array of public services such as health care, social housing, food security measures, child and elder care, and other aspects of Canada's welfare state.

In particular, basic income could be a transformative alternative to the existing model of provincial social assistance, given that it is inadequate, stigmatizing, and dysfunctional.<sup>8,9</sup> Basic income advocates also hold the view that such a program would support people not assisted by federal social insurance programs such as Employment Insurance or the Canada Pension Plan. A made-in-Canada and income-tested version of basic income could in fact operate like, and be built out from, existing federal income support pro-

grams such as Old Age Security, the Guaranteed Income Supplement for seniors, the Canada Child Benefit for families with young children, and the GST Refund, and the Canada Workers Benefit for low income people.<sup>10 11 12</sup>

On a conceptual level, Green, et. al., claim that,

“A basic income emphasizes individual autonomy—an important characteristic of a just society. However, in doing so it de-emphasizes other crucial characteristics of justice that must be, in our view, balanced: community, social interactions, reciprocity, and dignity.

In fact, research on and advocacy for basic income have presented multiple rationales for basic income that are grounded in the goals of economic justice, social solidarity, freedom from domination, and environmental sustainability.<sup>13 14 15</sup> To be sure, there are certainly tensions and sometimes contradictions among these various rationales, but to portray basic income as being primarily about “individual autonomy” as Green, et. al., portend distorts Canadian and international debates about basic income that have been ongoing for many decades.

## **Advocacy for Basic Income on the Left**

The *Consensus Statement* calls for a version of basic income in Canada that is income-tested where “benefit amounts will be determined based on taxable income with provisions to rapidly accommodate significant changes in income and family composition,” and where “benefits will be reduced gradually as other taxable income increases.” This targeted model of basic income would cost much less than a universal demogrant. The income-tested model of basic income would also avoid having to tax back the benefit from high income earners (presuming that such a demogrant would in fact be taxed). Such a clawback process would result in a great deal of ‘churn’ and in the tax-and-transfer system, and in higher tax rates for high income earners that would likely provide ammunition for parties on the right that campaign against

taxation in general.

On the argument that basic income would lead to additional cuts to in-kind programs of the welfare state, neoliberals who are intent on shrinking social welfare provision have not had to wait for basic income to make their cuts. They have been eroding welfare programs for several decades now, and basic income has only received serious discussion and consideration in Canada for the last ten years or so. To make cuts to social programs, neoliberals have not had to rely on the promise of a basic income to justify austerity.

That said, it is also true that basic income advocates must be wary about basic income becoming a new rationale for cutting social programs. The *Consensus Statement* addresses this question directly by opposing the “either/or” framing of having to choose between basic income *or* basic services. These points are contained in the *Statement*:

- The basic income guarantee should be an essential component of broad publicly funded universal supports and services.
- The basic income guarantee will not replace any publicly delivered social, health or educational services.
- The basic income guarantee will not restrict access to any current or future benefits meant to meet special, exceptional, or other distinct needs and goals beyond basic needs.

Given the need for clarity and debate, advocates for basic income on the left have also engaged in critical discourse from a social democratic perspective. An important policy voice on the left in Canada is the Canadian Centre for Policy Alternatives (CCPA). One of CCPA’s early considerations of basic income was structured as an inventory of pros and cons.<sup>16</sup>

The CCPA has continued to publish constructive analysis on basic income that incorporates the views of critics and supporters of

basic income, and a collection edited by Himelfarb and Hennesey (2016) is particularly notable in this regard.<sup>17</sup> Himelfarb and Hennesey expressed a degree of openness to basic income, and in their introductory remarks, the co-editors questioned the modest incrementalist approach that has characterised Canadian progressive policy to address poverty reduction and economic precarity in recent years. Himelfarb and Hennesey see basic income as, “the kind of jolt that breaks the mould. Maybe this is a step in a new direction — and new directions are in great need right now.”

Guy Caron, a former NDP Member of Parliament from Quebec who ran unsuccessfully for the federal NDP leadership in 2017, has also been advocate for basic income among Canadian social democrats. During his leadership campaign Caron made basic income a central plank in his platform, and since leaving federal politics, in 2020 Caron produced a brief Broadbent Institute explainer to articulate on a “guaranteed minimum income.”<sup>18</sup> In this explainer, he argued that such an income-tested benefit could be implemented by the federal government based upon its experience with the COVID-19 Pandemic policy measures implementing the Canada Emergency Response Benefit (CERB). In Caron’s view, Ottawa should take the initiative with this program, and then seek to engage provincial governments to coordinate their programs with guaranteed minimum income. In the social democratic spirit, Caron presents his basic income proposal as complementary to job creation, progressive labour market policies, and improvement in public services; not as a substitute for such measures.

Labour movement leaders and progressive economists have also expressed their supportive views for basic income in Canada. Canadian economist Jim Stanford for instance sees basic income as a program that will strengthen workers, including unionized ones.<sup>19</sup> Responding to the COVID-19 Pandemic income support programs such as CERB, Stanford (2022) views that:

“The core principles that no-one should live in poverty, that we can afford a decent living standard for everyone, that protecting the poor strengthens the well-being of us all, are

more within our reach than for many decades. ... [T]hinking big about universal income security is appropriate and inspiring. And done right, it can both strengthen and unify the struggles of trade unionists and anti-poverty advocates.”

In a similar vein, researchers associated with the Labour Studies Department at McMaster University have focused on basic income as a measure to address labour market precarity and economic insecurity of working people.<sup>20 21</sup> Building on a multi-year research project on *Poverty and Employment Precarity in Southern Ontario*, they also studied the Ontario Basic Income Pilot Project, implemented in select Ontario communities in 2018, and subsequently cancelled by the then incoming Progressive Conservative provincial government. From this brief but substantial study, Ferdosi et al. (2020) concluded that, “the stability basic income provides can help recipients move to better paying employment and to play a fuller role as citizens in society,” and that basic income “has the potential to improve the physical and mental health of participants and reduce their demands on public health resources.”<sup>22</sup>

## **Canadian Political Developments on a Social Democratic Basic Income**

As outlined above, basic income has received a substantial defence on the Canadian left among the ranks of labour, politics, and academia. An overarching question, however, is whether or not Canada’s social democratic party—The New Democratic Party of Canada and its provincial wings—will make basic income a policy priority and a central plank in their election campaign platforms. In the 2021 federal election, the federal NDP platform made the policy commitment to enact:

*“A livable income when you need it*

With the Canada Emergency Response Benefit, we have seen what’s possible when governments mobilize to make a livable income a priority.

[...] we'll get to work right away building towards a guaranteed livable income for all Canadians.

In time, New Democrats will work to expand all income security programs to ensure everyone in Canada has access to a guaranteed livable basic income.”

In this framing, the federal NDP appeared to offer only vague, rhetorical support for basic income. Following the 2021 election, the NDP caucus forged a Parliamentary supply and confidence agreement in March 2022 to prop up the minority Liberal government in exchange for NDP legislative priorities. In this agreement public programs for dental care and prescription drugs were at the top of the priority list; however, improved income security programs were not part of the agreement.

There are, still, federal NDP caucus members that have pushed the basic income agenda forward. In December 2021, NDP MP Leah Gazan introduced a private member's Bill (C-223 - *An Act to develop a national framework for a guaranteed livable basic income*) in the House of Commons. This bill directs the Minister of Finance to take one year to “develop a national framework for the implementation of a guaranteed livable basic income program throughout Canada for any person over the age of 17, including temporary workers, permanent residents and refugee claimants.” An identical Bill (S-233) was introduced in the Upper Chamber by Senator Kim Pate, where it received second reading and was sent to Committee for further study in April 2023.

Over the last several years social democrats in Canada have warmed to the idea of basic income as a new approach to ensuring economic security for all, despite the continued hesitancy of centering such a program as a foundational plank of a progressive policy platform.

Canadian social democrats can move beyond basic income as just an ‘add on’ policy to their many existing political objectives and build on principles of unconditional economic security for all to



Canadian social democrats can move beyond basic income as just an ‘add on’ policy to their many existing political objectives and build on principles of unconditional economic security for all to reshape our model of social democracy. To build a Canada that is just and equitable, outlined as the central objective of the *Broad-bent Principles for Canadian Social Democracy*, basic income holds the potential to addressing the gaps in economic and social rights.

There are various (but often generally similar) definitions of “social democracy.” One that is helpful for this discussion is offered by Ben Jackson (2013) is that of:

“An ideology which prescribes the use of democratic political action to extend the principles of freedom and equality valued by democrats in the political sphere to the organization of the economy and society, chiefly by opposing the inequality and oppression created by laissez-faire capitalism.”<sup>23</sup>

Basic income advocates in Canada take a rigorously non-partisan approach that embraces no political ideology, be it social democracy, liberalism, conservatism, or whatever. Nonetheless, a case can be made that the current preferred model of Canadian basic income advocates, as articulated in the 2023 *Consensus Statement*, is one that aligns closely with social democratic principles and as a complement to its strong systems of social welfare.

Given this convergence with basic income advocates, there is an opportunity for Canadian social democrats, including the New Democratic Party, labour unions, and social movements of the broad democratic left, to focus on a made-in-Canada model of a basic income guarantee in their social advocacy and political campaigning.

## **Basic Income and the Reformulation of Social Democracy**

There are certainly opportunities for basic income and its convergence with social democratic principles, and so Canadian social democrats must go beyond supporting it as a worthwhile policy idea and make basic income implementation a key plank in election platforms.

Fundamentally, social democrats should embrace the basic income model of economic security as one aspect of a broader project of rethinking the tenets of social democracy. Engaging in such a radical re-think gives social democrats an opportunity to develop effective responses to existential and global crises faced by society such as economic inequality and precarity, the rise of right-wing authoritarian populism, and the ecological emergency.

This is no small task, to be sure, but there are several pivotal issues around which we can begin to construct a new model of social democracy that incorporates, and complements, a basic income.

### **i) Basic Income and Social Reproduction**

Some feminist theorists are concerned that basic income could trap women in unwaged reproductive labour roles,<sup>24</sup> but others take a more positive position. Kathi Weeks (2020) discusses how basic income can address the failure of heteropatriarchal family in late capitalism to properly count economic contributions, especially the unpaid reproductive labour of women, and to distribute income in a more fair and efficient way.<sup>25</sup> In a similar vein, Nancy Fraser (2016) links the struggle for a basic income with other progressive causes, including campaigns for a shorter work week, public childcare, housing, rights of migrant domestic workers, and environmental protection, and sees the programmatic change sought by social movements as a “new way of organizing social reproduction.”<sup>26</sup> Nedelsky and Malleson (2023) argue that basic income merits consideration as part of a suite of policy measures

that could enable a transition to a society in which all of us work part-time so that we can fully engage in care work within the family and community.<sup>27</sup>

Social reproduction and care work are matters on which social democrats have had much to say. Social democrats have fought for, and frequently achieved, programs that provide public, accessible childcare, as well as financial and practical support for family caregivers. Building on this historic struggle, a social democratic version of basic income could better support family care work regardless of gendered roles. Such a program could also help lower the number of hours in the standard work week; could enable easier transitions between unpaid and paid work; and could ensure better access to good jobs for women and other groups who have been historically disadvantaged in the labour market.

For the purposes of election campaigning, social democrats could present clear and comprehensive family policies grounded in basic income principles that would address the crisis in social reproduction. Such a package of policies could conceivably gain broad public support. Most people in Canada can relate directly and powerfully with the challenges of family care, economic survival in a precarious labour market, and the time poverty that results from the demands of both paid labour and unpaid care work. Social democrats should develop flexible and nuanced responses to these challenges using the basic income approach.

## **ii) Basic Income and Political Participation**

Canadian social democratic political parties campaign in elections to win seats and form governments, but they also connect with Canadians to form durable social alliances that achieve progressive political goals and go beyond election campaigns. Social democrats themselves are found in the ranks of unions, women's organizations, coalitions fighting racism and trans- and queerphobia, and many other civil society groups.

Unfortunately, it is not apparent that these coalitions and alliances

have formed a resilient and sustained political movement for re-shaping Canada along social democratic and left-progressive lines. On the other hand, in recent years we have seen in Canada the remarkable growth of authoritarian, right-wing populism that has been aided immensely by echo chambers of social media on the internet. Right-wing populism gained significant momentum during the COVID-19 pandemic, with its opposition to public health measures such as vaccination mandates. How can the democratic left build a populism of its own to counter the rise of these right-wing forces that are racist, xenophobic, antipathetic towards democratically elected political leaders, contemptuous of scientific research, and sometimes neo-fascistic?

This is a complex question that cannot be fully addressed here, but it plausible to suggest that one driver of right-wing extremism is a deep and abiding economic anxiety about the future. This anxiety is an outgrowth of precarious employment, rising costs for necessities such as groceries and housing, and attenuated access to public goods such as health care. There are other sinister forces at play, for sure, such as white supremacist groups spreading their propaganda, and libertarian politicians undermining the very legitimacy of governments and public policy. Still, economic insecurity and uncertainty surely plays a role in fuelling right-wing populism.

Senator Kim Pate and MP Leah Gazan have argued that this economic insecurity and anxiety could be addressed in part by setting in place a basic income guarantee for all.<sup>28</sup> This would not be a panacea—in fact, basic income is derided and opposed by right-wing populists who are deeply suspicious of public policy measures that redistribute wealth. Nonetheless, basic income, along with other policy innovations and moral clarion calls from the left, may help to restore the faith of Canadians in collective and perhaps universal measures to look after one another through public programs, and the various levers of government power under democratic control.

### **iii) Basic Income and Social–Ecological Transition**

An increasingly prominent understanding of today’s ecological imperative points towards a steady-state economy and a post-growth society in which basic income plays a central role, when the limits of growth encroach on the present environmental emergency. Social democrats must consider social welfare beyond its dependence on economic growth in the current capitalist mode of production—a different political economy in which scarcity is overcome through radical redistribution within and between countries, to avoid the worst consequences of the environmental emergency.

Basic income ought to be a necessary policy choice in this scenario, in place of the notion of “full employment” construed as all working-age adults being continually employed in full-time paid work. Social democrats must search for policies that support full social engagement in socially necessary and useful (paid and unpaid) work, bearing in mind the need for gender justice as discussed in the section on social reproduction immediately above.

Basic income, once again, would be part of a mix of policies in a social-ecological transition guided by social democratic principles. Such a transition would lead us to more modest and local ways of life, but also to greater economic security and personal fulfillment in a political-economic order that is equitable, just, inclusive, and sustainable.

### **Basic Income for Canadian Social Democracy**

Even during the ‘Golden Age’ of the western social democratic welfare program, thoughtful and influential social democrats have endorsed basic income. In September 1968, Ed Broadbent gave his inaugural speech as a newly elected Member of Parliament, where he identified “the absence of a guaranteed annual income” as one of the “serious deficiencies that still remain” in the “structural components of the modern welfare state.”

Now is the time for the democratic left in Canada to develop a workable and comprehensive version of basic income as a key policy instrument, and not a sideline consideration. Canadian social democrats should incorporate the principle of guaranteed, unconditional and universal economic security as a fundamental program for its vision a better society. Such a commitment could reshape and renew our understanding of social democracy and move us forward in our continuing quest to build a better Canada.

## Notes

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# **Addressing the Rise of Investor Ownership of Housing, Part 1: Assessing the Scale and Impacts across Canada**

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Jeremy Withers

Over the past decade, home prices have surged out of reach of a growing majority of Canadians. Home ownership rates have begun a historic decline as housing investors bid up and buy out a fast-growing share of the country's condo apartments and houses. Crowded out of homeownership, upper income residents are being flooded into a tight rental system where lower income communities face declining affordability and security of tenure. Meanwhile, institutional investors and large corporate landlords are on a "buying spree," acquiring a rising share of Canada's aging purpose-built rental stock, often to 'reposition' them, i.e. displace their lower-income tenants (August et al, 2023: 8; August, 2020).

Ownership of housing is becoming increasingly concentrated in the hands of wealthy Canadians, fostering a worsening status quo for everyone else.

Canada is not alone in facing these trends. Scholars focused on the political economy of housing have identified the rise of investor ownership of housing as a major driver of home price escalation and the "retreat of homeownership" (Smith et al, 2022) over the past two decades in the United States (Christophers, 2023; Fields, 2022), the United Kingdom (Ronald & Kadi, 2018; Bangham, 2019), Ireland (Byrne 2020); Australia (Ryan-Collins & Murray, 2021), Eu-

rope (Wind et al, 2020; Aalbers et al, 2021; Hochstenbach & Aalbers, 2023; Torrado et al, 2020), and beyond (Kadi et al 2020; Doling & Ronald, 2012).

These trends are often described in epochal terms, ushering a shift towards “late homeownership” (Forrest & Hirayama, 2018) or “post-homeownership” societies (Ronald & Kadi, 2018; Arundel & Ronald, 2021) in which housing rentiers claim a growing share of national income and wealth. “As housing wealth slips from the hands of home-occupiers into the portfolios of individual and institutional rentiers,” the 21st century appears set to return to levels of inequality reminiscent of those of the nineteenth century, “wherein most households rented their homes and owned (nearly) nothing else.” (Smith et al, 2022: 170, 180)

In the absence of strong government interventions these trends are expected to intensify.

This is the first in a three-part series analyzing the rise of investor ownership of housing across Canada, its impacts on the present housing crisis, and what can be done to reverse its inequitable consequences through public policy.

This first part assesses the growing role of housing investors in driving home price escalation, declining access to homeownership, and increased risks of economic instability. Building on newly released datasets from Statistics Canada (StatCan), the analysis fills an important research gap documenting the fast-growing scale of investor ownership of condo apartments and houses across Canada. Investors are found to be acquiring especially large shares of recently built housing (in some cities the majority) and the most affordable housing for sale (i.e. condo apartments). These findings raise serious doubts about the extent to which policies aimed at spurring market-rate housing supply can be expected to expand access to “attainable” housing.

The second part analyzes how the rising concentration of investor ownership is transforming Canada’s housing system. Building on

recently released mortgage and housing transactions data, investors are found to be increasingly crowding out prospective first-time buyers. Province-by-province, the analysis documents the close relationship that has developed over the past decade between: (1) rising rates of investor ownership; (2) declining rates of home ownership, and (3) the rising share of tenants housed in condo apartments and houses on the secondary rental market. These trends are shown to be contributing to surging demand from upper income renters locked out of homeownership, and declining security of tenure, especially for lower income tenants. Province-by-province, the analysis also identifies who investment properties are owned by, revealing the vast majority are owned by wealthy older Canadians, while many are also held opaquely through corporations. Only a small minority are owned by non-Canadians.

The third part of this analysis assesses the outcomes of policies recently implemented in countries seeking to reduce speculative demand (such as the United Kingdom, New Zealand, and the Netherlands), and the outcomes of those implemented in Canada thus far (such as restrictions on foreign buyers, home flipping, and empty homes). It recommends a range of public policy interventions different orders of government could take now.

Altogether, this series seeks to advance a democratic socialist agenda for transforming our current housing system, which is unsustainably financializing and concentrating control over basic human rights.

## **Investor Ownership: A Growing Concern**

Over the past two decades, the average cost of owning a home has risen far faster than the incomes of ordinary Canadians. Yet even as demand from prospective first-time buyers has been suppressed, overall demand has continued to heat up throughout much of the 2010's and the pandemic, escalating home prices further. Indeed, according to the Organization for Economic Cooperation and Development (OECD), Canada's home price-to-

-income ratio increased at a greater rate than any other country in the G7 since 2009. Today, unaffordability remains suspended at record highs. How have prices become so decoupled from local incomes?

One prominent explanation is that Canada suffers from a “chronic insufficiency” of housing development. Advocates of this perspective attribute surging home prices to shortages in the number of homes available per person, often arguing that planning regulations and taxes are impeding market-rate developers from building fast enough to satisfy demand.

In recent years this explanation has proven highly influential, rallying decision-makers to initiate long-overdue planning reforms, such as increasing the allowable density of housing developments in neighborhoods zoned exclusively for single-family houses. However, many analysts suggest this supply shortage explanation seriously underestimates the role of other factors in driving the escalation of home prices.

Analyzing housing supply-responses across Canada between 2002 and 2022, Pomeroy compares the available data on rates of population and household growth, new home construction, and price escalation. He finds “little evidence of a chronic undersupply” Canada-wide, or in Canada’s eight largest metropolitan areas, except for an “anomalous” shortfall in the Greater Toronto Area (2023: 36, 33).

Others have reached similar conclusions. A study by the International Monetary Fund (IMF) in 2018 compared the responsiveness of housing supply to rises in demand in 20 “advanced economy” countries between 1989 and 2016 (Geng, 2018). They found Canada’s planning and development institutions to be the second most responsive (in their words, “elastic”) after the United States. Researchers at the Bank of Montreal (BMO) suggest supply remains responsive, finding that between 2017 and 2022, Canada’s ratio of new housing starts to population growth is “not out of kilter with long-run averages...[and is] even a bit above the long-run norm” (Barlow, 2023). Another 2022 analysis by BMO highlighted

that over the past two decades, Canada’s housing stock has grown at a faster rate than new households formed. It concludes that “the country doesn’t have a supply problem so much as an affordability problem due to recurring waves of excess demand pressure” (Better Dwelling, 2022).

Chart 1 compares changes in home prices to changes in the number of occupied homes per person. Canada-wide, there appears to be no connection over the past two decades between the escalation of home prices and declines in the availability of housing. During periods in which home prices escalated (2009-2017 and 2020-2022) the housing stock grew faster than the overall population. And during periods in which prices plateaued or declined (Q3-2017 to Q4-2019 and Q3-2022 to Q3-2023) the population grew faster than the housing stock. Indeed, in the two-year period in which prices shot up the most (Q1-2020 to Q2-2022), Canada achieved the highest number of homes per person.

**Chart 1 - Changes in Home Prices & Number of Homes per 1,000 people, Canada**

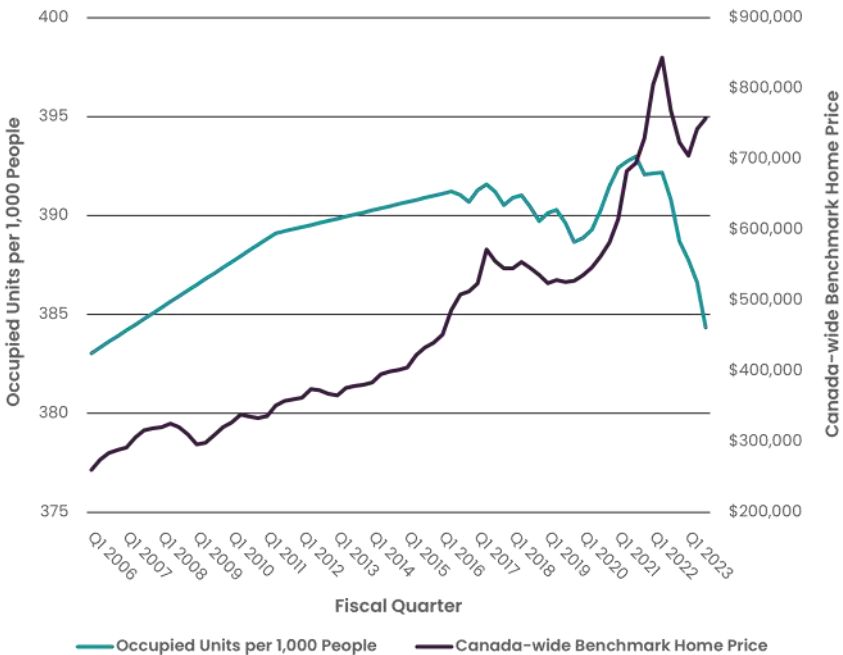


Chart data source references can be found at the end of this article.

Factors over and above changes in the number of homes per person appear to be playing a major role in driving surges in the price of owning a home.

Nonetheless, chart 1 does indicate that Canada-wide supply shortages have developed quite recently. Since mid-2022, population growth has notably outpaced housing supply. Indeed, between Q3-2022 and Q3-2023, population grew at close to double the post-1945 average (3.2%); far faster than housing can feasibly be built at present. The spike is largely due to an unprecedented and apparently unanticipated rise in temporary residents (such as students and workers), permitted to stay for up to three years. (Al Mallees, 2023) This is now the subject of intense public scrutiny to which the federal government is beginning to respond, passing policies aimed at bringing population growth closer to pre-2022 averages. Whether this will occur in the near-term is unclear.

What is clear, however, is that far more needs to be done than simply slowing population growth and building market-rate housing faster, if Canadians want to see housing affordability return to levels enjoyed by earlier generations.

Policies aimed at increasing the number of market-rate homes per person alone cannot be trusted to address Canada's growing array of unmet housing needs. A more targeted approach is required; identifying and supplying the types of housing we need, and restricting the speculative demand we do not need.

There is of course a harrowing deficit of certain types of housing across Canada, above all housing affordable to lower income communities. As Whitzman's 2023 report for the Federal Housing Advocate emphasizes, "the fact that the vacancy rate for low-cost rentals is 0-1% in most major Canadian cities suggests...a focus on supply (either new build or acquisition to maintain affordability) will be necessary to address homelessness and core housing need."

Supply-side interventions to speed up development and increase allowable densities can and should play an important role in ad-

addressing these unmet needs. However, as Whitzman's report rightly stresses, it's imperative these interventions are firmly grounded by supply targets, specifying: the type and depth of affordability actually needed, and the policies and partnerships required to build or acquire them. As data will show, a major share of newly built housing will likely be bid up and bought out by wealthy investors in the absence of more targeted government interventions.

## **What is Super-Charging Demand?**

Shifting attention to demand-side factors, the analysis focuses on basic questions: How have buyers been able to bid up and buy homes at prices increasingly decoupled from local incomes? What transformations have occurred in recent decades to raise their bidding power?

Scholarship on the financialization of housing has long highlighted the close relationship that can develop between rising access to mortgage debt, rising home prices, and rising demand from housing investors. (Aalbers, 2016; Ryan-Collins et al, 2017; Aalbers et al, 2021)

In countries where finance and housing are predominantly provisioned through liberalized market-based systems, research has documented a tendency for the growth of debt and home prices to become mutually reinforcing (Fernandez & Aalbers, 2016; Ryan-Collins, 2021). As mortgage interest rates decline and regulations such as down payment requirements or amortization periods are loosened, those competing to buy market-rate homes typically respond by borrowing more and bidding higher for the same product. Furthermore, as prices escalate, those supplying mortgages typically respond by lending more, as the loans are perceived to be backed by high quality collateral. Buyers then develop extrapolative expectations of further price increases and fears of missing out; demand is further stoked. Thereby a "housing-finance feedback cycle" can develop, "with ever rising house prices and ever increasing household debt making our economy highly vulnerable to economic shocks." (Ryan-Collins et al, 2017: 112)

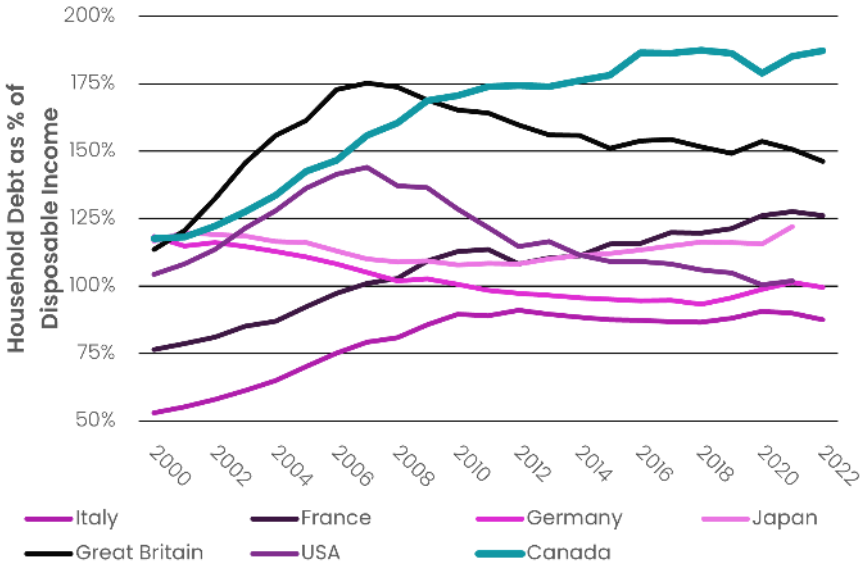


As the 2007/9 Global Financial Crisis (GFC) painfully clarified, these debt-driven booms are inherently unsustainable, as “[h]ouse prices and debt service costs cannot fully and indefinitely decouple from income levels.” (Fernandez & Aalbers, 2016: 12) However, as the years that followed have also painfully clarified, the decoupling of prices and incomes can be further extended by another factor: rising demand from rich housing investors. (Hochstenbach & Aalbers, 2023) Leveraging their higher incomes and increasingly valuable properties to further bid up prices and expand their portfolios, housing investors can further amplify the housing-finance feedback cycle.

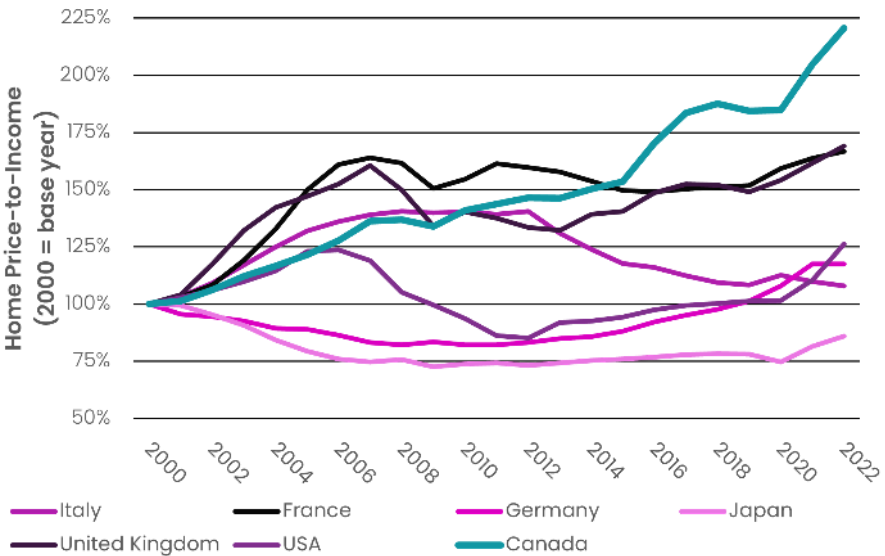
The role of mortgage debt and investor demand in contributing to housing affordability crises is widely acknowledged in recent research by mainstream economic policy-making organizations such as the US Federal Reserve (Anenberg & Ringo, 2022), the OECD (2022) and the Bank of International Settlements (BIS) (Kohlscheen et al., 2022). For example, a major study by the OECD in 2022 concluded: “[a] key driver of stark house price increases in the past two decades has been the historical decline in real interest rates, which has been reinforced by expansionary monetary policies [...and] encouraged real estate investments by institutional investors and high-net-worth individuals.” Recent research by the BIS concurs, diagnosing the surge in home prices during the pandemic as driven, “[a]bove all [by] exceptionally easy financing conditions,” which, “boosted demand for housing [...] turning dwellings into attractive assets, including in the buy-to-let segment.” (Kohlscheen et al, 2022: 2)

These trends can quickly become destabilizing. Surges in mortgage debt relative to income (Wood & Stockhammer, 2023; Mian & Sufi, 2015) and surges in demand from housing investors (Lee et al, 2011; Allen et al, 2018; Garriga et al, 2023; Albanesi et al, 2022) have been found to be associated with boom and bust cycles in various countries. This is especially concerning in Canada, where over the past decade investor demand has surged, and (as charts 2 and 3 portray starkly) rates of household indebtedness and housing unaffordability have risen at rates surpassing other peer-countries in the G7. The following data documents the growing role of both factors in supercharging housing demand in Canada.

### Chart 2 - Household Debt as a % of Disposable Income



### Chart 3 - Change in the Home Price-to-Income Ratio



## Explosive Growth in Mortgage Debt

In the 1980's and 90's neoliberal governments in Anglo-American countries rolled back investment in non-market housing and re-regulated their financial sectors to facilitate an explosion in leverage and indebtedness. Between 1980 and 2010, bank credit grew at almost double the rate of national income (GDP) on average among most rich countries. (Jorda et al, 2016)

At the time, neoclassical economists and industry lobbyists confidently asserted that giving financial markets freer reign to originate and distribute credit would strongly benefit national economies. Profit-oriented actors were perceived as best placed to determine the optimal allocation of credit. Promoting an expansion of private financial activities, neoliberals hoped to usher in surges in productivity-enhancing investments, reducing the cost of living. Instead, they initiated a mounting credit glut that has mostly been channeled toward bidding up the prices of pre-existing assets, fostering de-stabilizing “ponzi-dynamics,” (Walks, 2010: 54) increasingly top-heavy distributions of wealth, and housing affordability crises in many countries. Between 1990 and 2010 mortgage debt accounted for close to 90% of the “unprecedented increase” in bank credit. (Jorda et al, 2016: 127) As Adair Turner, former chairman of Britain's Financial Service Authority, laments, “[t]he vast majority of bank lending” is being used to fund, “the purchase of already existing assets, in particular real estate and the urban land on which it sits [...] the result is not new investment but asset prices increases, which induce yet more credit.” (2016: 6)

In Canada, successive federal governments have developed a distinctively deep level of state involvement in underwriting and channeling funding into the country's mortgage market. Since the early 2000's, the role of the federal government's housing agency, the Canada Mortgage and Housing Corporation (CMHC) in, “insuring, guaranteeing, and purchasing [...] mortgages that have been bundled into [mortgage-backed securities],” has contributed to an unprecedented increase in mortgage lending. (Walks & Clifford, 2015: 1627) Financial institutions have eagerly originated

mortgages, confidently raking in revenue “risk free” from increasingly indebted Canadians. (Walks & Clifford, 2015: 1628; Walks & Simone, 2016) During the GFC and the COVID-19 Pandemic, their confidence was reaffirmed as the CMHC and Bank of Canada (BoC) were marshaled to acquire massive portfolios of mortgage loans from lenders. (Walks, 2014; August et al 2022) Injecting them with capital and reducing their balance sheets, these federal agencies spurred lenders to originate still more mortgages.

Altogether, these policy interventions have contributed to historic declines in mortgage rates, and an explosion in mortgage debt. However, far from making home ownership more affordable, they’ve ultimately driven those competing to buy market-rate homes to borrow more and bid higher for the same product. As the BoC’s Deputy Governor acknowledged in retrospect in 2021, “when interest rates fall, many households simply adjust by borrowing more.” (Beaudry, 2021)

Chart 4 demonstrates the close relationship between mortgage interest rates and home price escalation in Canada. During periods in which rates fell (2009-2017 and 2020-2022) home prices escalated substantially. During periods in which rates were raised (Q3 2017 to Q4 2019 and Q2 2022 to Q3 2023), prices plateaued or declined.

These policy interventions have facilitated explosive growth in outstanding mortgage debt.

Between 2001 and late 2023 the real (inflation-adjusted) value of all mortgage debt in Canada rose from \$600 billion to \$1.9 trillion dollars, more than tripling. At the same time, the real value of all household disposable income grew far slower, from just over \$1.0 trillion to 1.6 trillion, rising by a little over half.

This unprecedented leveraging has made Canadian households among the most indebted in the world. Over the past decade, it has provided the fuel for one of the fastest escalations in home prices relative to incomes of any country in the OECD, second only to Portugal.

## Chart 4 - Change in Home Prices and Conventional Mortgage Rates, Canada, Jan. 2006 to Dec. 2023

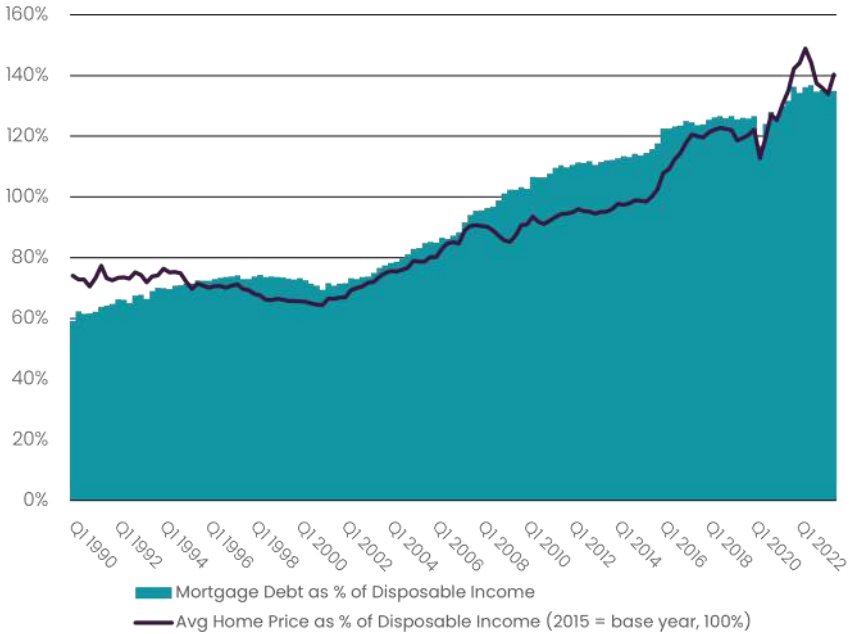


As Chart 5 indicates, between 2011 and late 2023, the sales price of an average home has increased at well over double (2.2 times) the rate of the disposable income of Canadian households.

In a system dominated by market-rate housing supply, this explosion in indebtedness has proven highly inflationary. As critical housing scholars long warned, its logical outcomes have been rising profits for private finance and real estate, and a worsening status quo for all who don't already own: "conveying windfall gains on housing market insiders, while burdening new entrants with increased debt [...] creat[ing] a massive transfer of wealth upwards in both age and income terms." (Schwartz & Seabrooke, 2008: 257)

Over the past decade, it's also contributed to a surge in demand from housing investors.

**Chart 5 - Mortgage Debt-to-Income Ratio & Price-to-Income Ratio, Canada, Q1-1990 to Q3-2023**



### Surging Demand for Housing Investors

Canada’s unusually deep level of state support in expanding access to mortgage debt goes a long way in helping to explain the country’s unusually fast-rate of decoupling of home prices and incomes. However, it fails to explain how prices have been pushed up to levels so thoroughly out of reach of most prospective homeowners.

According to the National Bank of Canada’s Housing Affordability Report, to qualify for a mortgage on a median-price home in late 2023, a household would need an annual income of at least \$261,000 in the metropolitan area of Vancouver, \$248,000 in Toronto, and \$220,000 in Hamilton and Victoria. That’s 2.5 to 3 times higher than each areas’ median household income. And in a composite of the country’s ten largest metro areas, an annual household income of at least \$190,000 is now needed to qualify for a

mortgage on a median price home; more than double the median income of these regions. How have buyers been able to continue bidding up and buying housing at these prices?

Part of the answer lies in changes in who is actually buying. Surging prices have different consequences for different types of buyers. While they've made housing decreasingly affordable for prospective first-time buyers, they've also dramatically increased the wealth of those who already own housing, "super-charging" their bidding power. (Pomeroy, 2021)

On the one hand, this has supercharged the ability of homeowners to bid up the price of their next home when moving, especially when moving away from high-price areas like Toronto or Vancouver. The cascade effect this can have was brought to national attention during the 2020 pandemic when movers seeking larger homes outside of inner-cities helped to spread price escalation across the country. But increasingly importantly, price surges have also supercharged their demand for additional homes.

As their home values skyrocketed over the past decade, wealthy Canadians became increasingly willing and able to bid up and buy investment properties. Leveraging their homes and higher incomes to outbid prospective homeowners, investors dramatically increased their share of ownership of Canada's housing stock. A wealth of recently released data sheds light on these trends.

Discussed below, census data reveals that between 2011 and 2021 the number of condo apartments and houses rented out as investment properties grew four times faster than Canada's overall housing stock. Investors almost doubled their ownership of condo apartments and increased their ownership of houses by almost a third.

To be discussed in Part 2 of this series, data from the BoC and Teranet land registry services reveals owners of multiple properties have become an increasingly dominant buyer group over the past decade. Purchasing an increasing share of all housing put up

for sale, they're increasingly crowding out those trying to buy a home to live in. These trends are particularly advanced in Ontario, where investors have displaced first-time buyers as the largest buyer group, nearly doubling their share of purchases of all homes sold between 2011 and 2023. Across Canada, the share of all home sales purchased by investors notably soared by at least 50 percent between the onset of the pandemic and the spring of 2023, acquiring upwards of 30 percent of all housing bought with a mortgage by an individual as of Spring 2023. (Younglai, 2023)

Mounting warnings from prominent financial and economic institutions are beginning to focus public attention on the negative outcomes of these trends.

In recent years, StatCan has drawn news headlines for its regular reporting of housing data documenting the large and expanding scale of investors ownership. (StatCan, 2022; StatCan, 2023; Gordon & Fontaine, 2023a; Gordon & Fontaine, 2023b) Their research finds these trends are producing "increased competition" in already tight real estate markets, making it more difficult for prospective homeowners to purchase a home. (StatCan, 2022)

The BoC is also focusing much attention on the issue through its repeated warnings that investors' growing prominence in the housing market is contributing to, "strong demand relative to supply," heightened "bidding pressures," "rapid price increases," and alarming "imbalances in prices." (BoC, 2022; Khan & Xu, 2022) In 2022, the BoC reported investors had become, "much more highly indebted than other types of homebuyers," and were, "increasingly extracting equity from their existing properties to support new purchases," adding to a "feedback loop" between rapid gains in house prices and the stronger demand for housing that investors generate. (BOC, 2022; Khan & Xu, 2022)

In addition to exacerbating housing unaffordability, the BoC worries that investors' outsized influence on the housing market could become, "a source of instability for the financial system and the economy more broadly." (Khan & Xu, 2022) Echoing the findings of



extensive international research, (Lee et al, 2011; Allen et al, 2018; Garriga et al, 2023; Albanesi et al, 2022) the BoC warns investors tend to “amplify house price cycles” and “boom-bust cycles.”

These concerns have only grown in the context of higher interest rates. Between March 2022 and July 2023, the BoC increased the inter-bank interest rate from 0.25 percent to 5 percent, where it remains today. Home prices have become more volatile. There is little confidence they will resume sustained escalation in the near-term.

So long as interest rates remain relatively elevated, Canada’s “highly indebted” investors are disproportionately likely to face difficulties servicing their debt. When price declines appear likely, investors are disproportionately likely to sell. Viewing their housing as a means to accumulate wealth, and unrestrained by the manifold reasons owner-occupiers have for not wanting to sell their home, investors are, “more sensitive to shifts in market sentiment,” and more prone to sell en masse. Indeed, their propensity to amplify downturns through fire sales proved cataclysmic in the United States where, between 2005 and 2009, “the rise in mortgage defaults [was] driven to a large extent by real estate investors.” (Albeni et al, 2022)

Will Canada’s debt-driven and investor-driven decoupling of prices from local incomes come unhinged and crash in the near-term? Will the share of housing owned by multiple-property owners continue to grow in the long-run? The answer to these questions will depend largely on how governments choose to intervene. That, in turn, will depend on the public understanding of why and how they should do so.

## **The Geography of Investor Ownership**

Until recently, it has been difficult to assess the full scale and scope of investor ownership because information on who owns Canada’s housing stock has remained fragmented and often challenging to access.

This is now changing. In 2017 StatCan was mandated to create a “comprehensive” database tracking residential property ownership through its new Canadian Housing Statistics Program (CHSP). In 2023, CHSP drew headlines when it released a dataset documenting investor ownership of housing in British Columbia (BC), Manitoba, Ontario, New Brunswick, Prince Edward Island (PEI), and Nova Scotia.

CHSP defines a housing investor as, “an owner of at least one residential property that is not used as their primary place of residence.” These investment properties are typically either rented long-term, rented short-term through platforms like Airbnb, used as vacation homes, or left vacant. Importantly, CHSP excludes units such as basement suites or laneway houses if they are part of an owner-occupied property.

As of 2021, investors were found to own between 14 percent and 26 percent of all houses (single-detached, semi-detached, and row houses) in each province, and between 30 percent and 42 percent of condo apartments in BC, Manitoba, and Ontario. In future updates, CHSP is expected to expand its coverage to further provinces.

Recently built housing is being especially targeted. In BC, 49 percent of all condo apartment units completed over the previous five years have been acquired by investors. In Ontario, investors have bought up by far the highest share, 57 percent, attracted by the fact that housing built after November 2018 is the only type in which tenants are not protected by rent controls.

**Table 1 – Investor Ownership of Housing in Select Provinces, as of 2021**

	British Columbia	Manitoba	Ontario
<b>Single-Detached Homes</b>			
% owned as investment properties	16%	14%	14%
% owned as investment properties (of units completed over the past 5 years)	18%	10%	16%
<b>Semi-Detached Homes</b>			
% owned as investment properties	20%	22%	15%
% owned as investment properties (of units completed over the past 5 years)	23%	16%	24%
<b>Row Houses</b>			
% owned as investment properties	17%	23%	21%
% owned as investment properties (of units completed over the past 5 years)	26%	25%	33%
<b>Condominium Apartment Units</b>			
% owned as investment properties	37%	30%	43%
% owned as investment properties (of units completed over the past 5 years)	49%	39%	57%

**Chart 6 – Investor Ownership of Single-Detached Houses in the Maritimes, as of 2021**



Similar patterns emerge across these provinces' largest census metropolitan areas (CMAs), where investors typically own the majority of recently built condos, and 20 to 30 percent of recently built houses.

In BC, investment properties appear to be geographically wide-spread, with the province-wide share generally around or slightly above that of BC's largest CMAs.

**Table 2 - Investor Ownership of Condo Apartments and Houses (single-detached, semi-detached and row) in BC's Largest Metropolitan Areas, as of 2021**

	British Columbia	Vancouver (CMA)	Victoria (CMA)	Kelowna (CMA)
<b>Condo Apartments</b>				
% owned as investment properties	37%	34%	33%	39%
% owned as investment properties (of units completed over the past 5 years )	49%	48%	53%	55%
<b>Houses (single-detached, semi-detached and row)</b>				
% owned as investment properties	16%	13%	12%	15%
% owned as investment properties (of units completed over the past 5 years )	22%	21%	15%	24%

In Ontario, they're similarly widespread, though the concentration of investor ownership of condo apartments is notably variable — ranging from just over one-third in Oshawa to just under two-thirds of condo apartments in Windsor, to 86% in London (where local peculiarities of the rental apartment market have been identified as contributing to its outlier status). (Lauster & Von Bergmann, 2023)

**Table 3 - Investor Ownership of Condo Apartments and Houses (single-detached, semi-detached and row) in Ontario's Largest Metropolitan Areas, as of 2021**

	Ontario	Toronto (CMA)	Ottawa (CMA)	Hamilton (CMA)	Kitchener-Cambridge-Waterloo (CMA)	London (CMA)
<b>Condo Apartments</b>						
% owned as investment properties	43%	37%	41%	43%	61%	86%
% owned as investment properties (of units completed over the past 5 years)	57%	57%	44%	56%	72%	81%
<b>Houses (single-detached, semi-detached and row)</b>						
% owned as investment properties	15%	11%	13%	11%	12%	14%
% owned as investment properties (of units completed over the past 5 years)	22%	21%	18%	26%	26%	19%

**St. Catharines -  
Niagara (CMA)**     
 **Oshawa (CMA)**     
 **Windsor (CMA)**     
 **Barrie (CMA)**     
 **Guelp (CMA)**

### Condo Apartments

% owned as investment properties	55%	34%	64%	38%	36%
% owned as investment properties (of units completed over the past 5 years )	56%	41%	62%	54%	49%

### Houses (single-detached, semi-detached and row)

% owned as investment properties	15%	10%	12%	17%	14%
% owned as investment properties (of units completed over the past 5 years )	27%	26%	8%	32%	20%

Investor ownership is also notably concentrated in the core of these provinces' largest urban areas. Whereas in the City of Vancouver 42 percent of condo apartments and 17 percent of houses are investment properties, across the suburbs making up the rest of the Vancouver CMA investors own 30 percent of condo apartments and 12 percent of houses. And whereas in the City of Toronto, the share is 39 percent and 12 percent respectively, across the Toronto CMA suburbs investor ownership is 33 percent and 10 percent respectively.

**Table 4 – Investor Ownership of Condo Apartments and Houses (single-detached, semi-detached and row) in Cities vs Suburbs of Vancouver and Toronto, as of 2021**

	City of Vancouver	Vancouver CMA (minus City)	City of Toronto	Toronto CMA (minus City)
<b>Condo Apartments</b>				
% owned as investment properties	42%	30%	39%	33%
% owned as investment properties (of units completed over the past 5 years)	52%	47%	59%	50%
<b>Houses (single-detached, semi-detached and row)</b>				
% owned as investment properties	17%	12%	12%	10%
% owned as investment properties (of units completed over the past 5 years)	25%	21%	21%	21%

### How Has Investor Ownership Evolved?

To track longer-term changes in the number of investment properties, CHSP data is unhelpful, as it goes back no more than a few years.

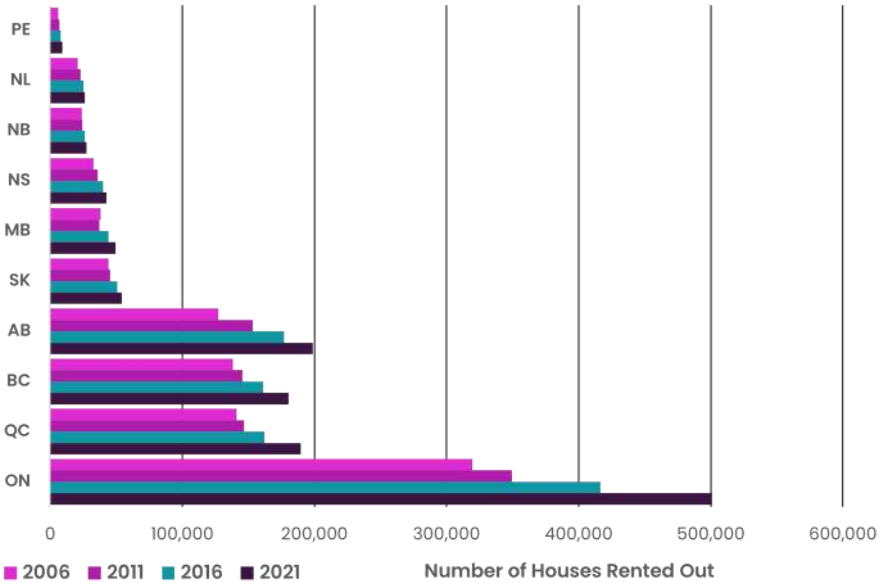
Since 2006, StatCan’s Census and National Household Survey (NHS) have tracked the tenure (i.e. rented or owner-occupied) of all single-detached, semi-detached, and row houses. In 2011, they also began tracking condo apartments.

This analysis tracks changes in the number of rented condo apart-

ments and houses as a proxy for changes in the number owned as investment properties. While the former accounts for the vast majority of the latter, it is important to recognize it does not account for investment properties left unrented (whether vacant or used as a vacation home) or rented short-term through platforms like Airbnb. In this analysis, houses with occupied secondary suites such as basement units (i.e ‘duplexes’) are excluded. Consequently all rented houses documented here are non-owner-occupied investment properties.

Between 2006 and 2011, the number of houses rented out as investment properties across Canada increased by a modest 8.5 percent, growing at roughly the same pace as the overall stock of occupied houses. Between 2011 and 2021, the number shot up by 31 percent, from 980,000 to 1.3 million, growing at a rate 3.4 times faster than the total stock of occupied houses.

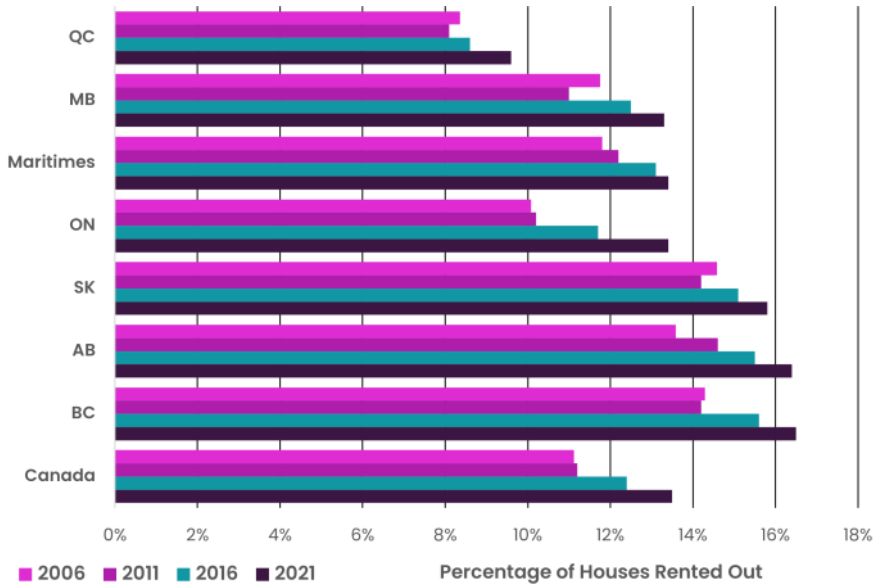
### Chart 7 – Number of Houses Rented Out by Province



Accordingly, the share of houses being rented out rose by 21 percent, from 11.2 to 13.5 percent of all occupied houses. Ontario experienced by far the fastest rate of growth (31 percent).

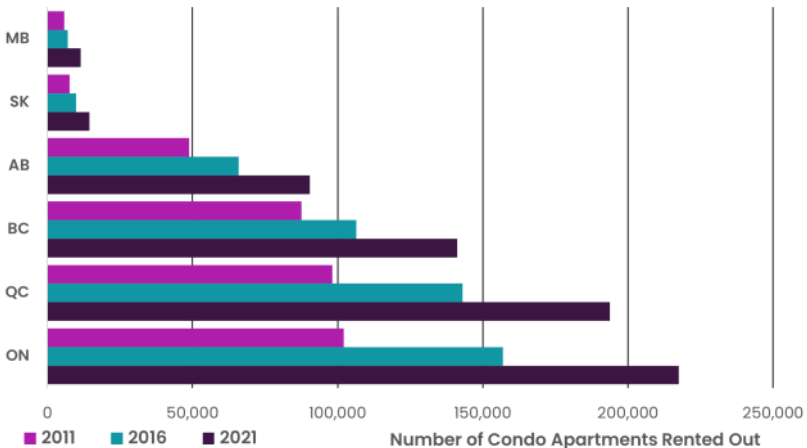


## Chart 8 – Percentage of Houses Rented Out by Province



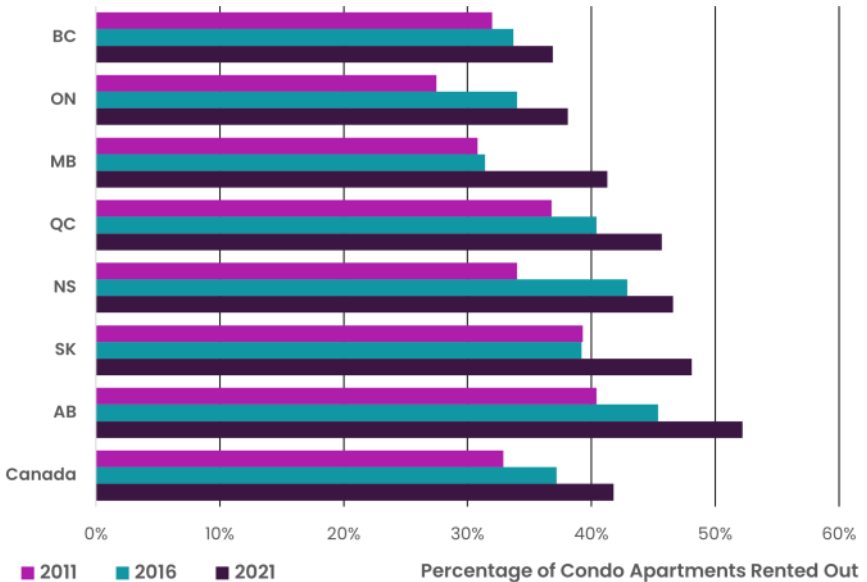
Between 2011 and 2021, the number of condo apartment units rented out as investment properties across Canada nearly doubled, from 378,000 to 681,000, growing just under twice the rate of the overall stock of occupied condo apartments.

## Chart 9 – Number of Condo Apartments Rented Out by Select Provinces



Accordingly, the share of condo apartments being rented out rose by 27 percent, from 33 to 42 percent of all occupied condo apartments. Again, Ontario experienced by far the fastest rate of growth (39 percent).

**Chart 10 – Percentage of Condo Apartments Rented Out by Select Provinces**



**What Types of Housing are Investors Buying?**

That investors have acquired especially high concentrations of newer housing and condo apartments has important implications and bears closer scrutiny.

First, it is notable that in every area studied, investors are above all targeting the most affordable type of housing for sale (condo apartments). This is especially true in Ontario, where CHSP data reveals investors’ share of condo apartments is almost three times higher than their share of houses. It is slightly over twice as high in the other provinces studied. This will be particularly concerning for those trying to buy their first home.

Second, it is notable that in every area studied, investors typically own a substantially larger share of newer housing than older housing. Using CHSP data, Table 5 reveals the percentage of housing units owned as investment properties in 2021, based on the period in which they were completed.

**Table 5 - Investor Ownership of Condo Apartments and Houses (single-detached, semi-detached and row) in Ontario, BC, Toronto CMA, and Vancouver CMA by Period Built, pre-1991 to 2021**

	Pre-1991	1991 to 2001	2001 to 2005	2006 to 2010	2011 to 2015	2016 to 2021
<b>Ontario</b>						
Condominium apartment units	39%	35%	36%	41%	47%	57%
Houses (single-detached, semi-detached, & row)	17%	10%	10%	11%	14%	22%
<b>British Columbia</b>						
Condominium apartment units	32%	28%	39%	40%	40%	49%
Houses (single-detached, semi-detached, & row)	18%	13%	13%	16%	15%	22%
<b>Toronto (CMA)</b>						
Condominium apartment units	24%	28%	36%	39%	45%	57%
Houses (single-detached, semi-detached, & row)	11%	7%	8%	9%	12%	21%
<b>Vancouver (CMA)</b>						
Condominium apartment units	28%	26%	36%	38%	39%	48%
Houses (single-detached, semi-detached, & row)	14%	7%	8%	11%	12%	21%

This raises an important question: are investors mostly buying newly built properties, but then selling them to owner-occupiers after holding them for a number of years?

As table 6 reveals, between 2011 and 2021 this is not the case. Over the past decade, investors increased their share of condo apartments and houses built in each and every period. Whether it was aging pre-First World War era stock, sprawling post-war stock, or 21st century stock, investors bought more units than they sold. Both in the sales rooms for new housing and the re-sale market, prospective homeowners are being increasingly out bid and crowded out.

**Table 6 – Percentage of Condo Apartments and Houses (single-detached, semi-detached and row) Rented Out by Period Built, Canada, 2011 vs. 2021**

	Total	Pre-1980	1981 to 1990	1991 to 1995	1996 to 2001	2001 to 2005	2006 to 2010	2011 to 2015	2016 to 2021
<b>Percentage of Condo Apartments Rented</b>									
% Rented in 2011	33%	43%	29%	24%	26%	28%	35%		
% Rented in 2021	42%	47%	32%	30%	35%	37%	37%	42%	56%
<b>Percentage of Houses (single-detached, semi-detached and row) Rented</b>									
% Rented in 2011	11%	13%	11%	9%	7%	7%	10%		
% Rented in 2021	14%	15%	12%	12%	11%	10%	11%	12%	20%

The fact that investors are buying up such a large share of recently built housing (in some cities a majority) raises serious doubts about the extent to which policies focused on spurring market-rate housing supply can be expected to make that housing “attainable.” In the absence of major policy changes, the evidence suggests much of this housing will ultimately be attained by wealthy Canadians trying to grow their portfolios, rather than ordinary Canadians trying to buy a home. These trends are not inevitable. They are a choice.

Forthcoming analysis in this series will examine how the rise of investor ownership is transforming Canada’s rental housing system, and what policy actions can be taken now to address these trends and advance the right to permanently affordable housing. To reduce price escalation, a number of demand-side policies are recommended: taxing and restricting access to finance for those buying investment properties, and extending rent control to all units; new and old, occupied and vacant. To forge longer-term solutions, a number of supply-side policies are recommended: supporting large-scale development and acquisition of non-profit housing, and requiring all new developments accommodate residents with a mix of incomes.

## Data Sources

- Chart 1** Source for Canada-wide benchmark home price is MLS Home Price Index. Source for dwelling counts and population is Statistics Canada’s Census and National Household Survey between 2006 and 2016, and between 2016 and 2022 they are based on quarterly data from Statistics Canada Table: 36-10-0688-01 and Table: 17-10-0009-01.
- Chart 2** OECD Data, National Accounts at a Glance, Household Debt, 2022 or latest data available <https://data.oecd.org/hha/household-debt.htm>
- Chart 3** OECD Data, National Accounts at a Glance, Housing Prices, nominal house prices / rent price, 2015 = 100, Q4 2023 or latest data available
- Chart 4** Source for Canada-wide benchmark home price is MLS Home Price Index. Source for mortgage lending rate is CMHC, Statistics Canada Table: 34-10

- Chart 5** Source for price-to-income ratio is OECD, and equals: (a) an index of the nominal sales price of newly built and existing dwellings, divided by; (b) the nominal disposable income per head. Mortgage debt-to-income ratio is calculated using Statistics Canada Table 38-10-0238-01
- Chart 6** Statistics Canada, Investment status of residential properties, Table: 46-10-0070-01
- Charts 7-10** For 2006 Data: Statistics Canada Catalogue no. 97-554-XCB2006021; For 2011 data: 2011 National Household Survey Table: 99-014-X2011026; For 2016 Data: Statistics Canada Catalogue no. 98-400-X2016221; For 2021 data: Table: 98-10-0234-01
- Tables 1-5** Statistics Canada, Investment status of residential properties, Table: 46-10-0070-01
- Table 6** For 2011 data: 2011 National Household Survey Table: 99-014-X2011026; For 2021 data: Table: 98-10-0234-01

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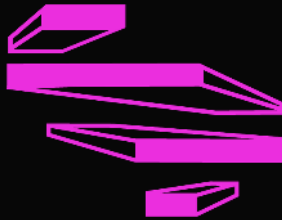
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