Perspectives

A Canadian Journal of Political Economy and Social Democracy

No. 4 — Summer 2025

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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 – Summer 2025

Clement Nocos

The 2025 Canadian federal election could be described as something of a "Monkey's Paw" election; referring to the 1902 short story by W. W. Jacobs (my own original encounter with this parable is from The Simpsons, Treehouse of Horror II) wherein a decapitated, mummified primatial hand grants cursed wishes, because of the requester's interference with fate. Each federal political party could be said to have made an election wish that came back cursed. For the Liberal Party of Canada, they may have wished to hold on to government and so won this Spring election but found themselves with a minority Parliament and now a right-ward movement of its governing agenda under the leadership of Prime Minister Mark Carney. For the Conservatives, they wished for more seats in this election, and won more seats in this election than even Stephen Harper's 2006 and 2008 minority governments but still found themselves stuck as the official opposition and, at the time of writing, now without a leader in the House of Commons.

For the New Democratic Party, they may have wished to have continued to hold on to the balance of power, once formalized through the 2022 Parliamentary Confidence and Supply Agreement. While winning some government concessions in exchange for Parliamentary support in the previous session, the NDP by mid-election thought it could do so again despite a diminished seat count. The federal party appeared to have gotten what it wanted with the election outcome—holding on to enough seats that could give the Liberals the necessary votes to continue in exchange for more social democratic policy concessions.

However, with this wish also being cursed, the NDP found itself without "party status" in the House of Commons, meaning the loss of legislative resources, and with the right-ward swing of the Liberals, have found the Carney government securing its Parliamentary majority with an agenda that aligns with the Conservative Party's votes.

The federal New Democrats now find themselves with several existential questions – some that will be questioned and debated in a special edition of *Perspectives Journal no. 5*, to be published later this autumn 2025, co-edited by Professor Simon Black of Brock University. But before those debates take place, as the federal NDP leadership race gets underway, this issue of *Perspectives Journal no. 4* takes stock of what the left can expect from the new Carney government.

Within the first six months of Carney's Prime Ministership, Canadians have faced another summer of wildfires and smoke blanketing the country, whiplash from Trump's erratic trade policies, and genocide in Gaza with the day that "everyone will have always been against this" seemingly arrived. Though still enjoying relative popularity to the Conservatives and NDP, Canadians are still waiting for answers to inflation, housing, and whether gains made on expanding healthcare will be kept. Carney's Bill C-5 *One Canadian Economy Act* looks to speed up infrastructure projects deemed in the "national interest" while Indigenous Peoples worry about the respect to their rights. Meanwhile, the unemployment rate ticks upward, public service jobs are on the chopping block, and other recession indicators blink on dashboards; both proverbial and real.

Luke Savage, in an op-ed for the *Toronto Star* published on August 8th,[1] puts it succinctly: "Carney in practice seems to quite simply be a banker: a technocrat unable or perhaps unwilling to look beyond the discredited market dogmas of the past forty years or envision any proactive

role for the federal government in the economy beyond making life easier for large companies and the people who own them (be they Canadian or otherwise)." *Perspectives Journal no. 4* looks at some of the philosophical and historical ideas behind Carney's early decision making, as well as the economic dogmas those decisions adhere to.

The ideas and political economy behind Carney's governance are also reflected in the **2025 Ellen Meiksins Wood Lecture**, delivered last May by UK economics writer **Grace Blakeley**, entitled "Genuine Democracy in an Age of Hyper-Individualism" illustrating how the neoliberal capitalist template adhered to by the new Prime Minister has come to overrule democracy. To inform the vision of any democratic socialist movement to oppose this regime of austerity, Blakeley argues that we must organize to take back democratic power for the working-class. This edition also brings nuanced attention to the democratic deficits behind Canada's continued housing insecurity.

Mack Penner begins this interrogation of Carney's approach to governance with a brief unravelling of the historical threads behind the so-called "Calgary School" of conservative intellectuals that informed much of Canada's mainstream political thought and decision-making from the 1990s onward.

Professor **Gregg Olsen** evaluates the US Trump administration's attacks on the "Third Pillar" foundation of the modern capitalist welfare state. Olsen's contribution alludes to what this could mean for Canada's welfare state with Carney moving in a softer, but similar direction on social program retrenchment. Carney's right-ward appeals to conservatives makes Olsen's piece poignant as they, "look enviously at how Elon Musk's Department of Government Efficiency (DOGE) is slashing some government programs in the United States."[2]

Simone Mao provides an in-depth analysis of the "secular stagnation" identified by many Canadian economists over the last few years as a productivity issue. Rather than pointing to supply-side policy measures that policymakers like Mark Carney would advocate for, which have been proven ineffectual or blunted in their effects, structural demand-side transformations, such as income redistribution, are necessary to overcome this stagnation trap.

To complement, **Michael Leger** examines episodes of Canadian industrial policy and the democratic issues associated with its depoliticization over infrastructure projects of "national interest." This is particularly valuable insight in the face of the US "Abundance" debate, which economist Isabella Weber has argued, "risks playing into the hands of DOGE-style deregulation," in *Foreign Policy* last May.[3]

Not to overlook the ongoing housing insecurity experienced all across Canada, corresponding author Professor **Abe Oudshoorn** and several contributors describe the methods and behaviours by which policymakers avoid addressing homelessness. When there is denial, there is no democratic accountability for the inadequacy of programs in the face of structurally induced homelessness.

Lastly, **Brousseau, Kadhem, Kaur**, and **Legado** of Wilfred Laurier University highlight policy research on empowering unhoused voters in the context of the 2025 Ontario General Election. Housing insecurity lends to a democratic deficit that enables further housing insecurity as those most affected by policymaking do not have a say in decisions. Their study looks at what can be done to better represent housing insecure citizens in Canadian electoral processes.

As this latest edition of the *Perspectives Journal* closes out summer 2025, the Canadian left should stand wary against the Carney governments agenda, currently obscured by contrast with Pierre Poilievere's Conservatives and the US Trump administration's lash out against the world. Using this as cover for cuts, progressives need to hold fast against this regime still propped up by approval ratings that reflect the public sentiment that "things could be worse" as they become increasingly worse. To bring clarity amid this obscurity, perhaps Naomi Klein's conversations with US progressives that volunteered for the Zohran Mamdani New York City Mayoral Democratic Primary campaign, presented at the 2025 Panamerican Congress in Mexico City, points to the clear vision Canadian progressives ought to see for their country: "We will make it better; we will make it fairer; we will make it more alive; and we will not let them burn it."[4]

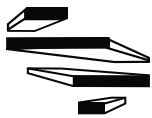
Notes

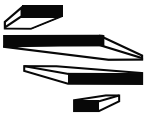
1. L. Savage (8 August 2025) 'Mark Carney won on a promise of strong but fair Canada. This is how he is betraying that vision,' Toronto Star. Available: https://www.thestar.com/opinion/contributors/mark-carney-won-on-a-promise-of-strong-but-fair-canada-this-is-how-he/article_4d53c228-bf60-411d-b6e3-be93669eba8e.html

2. P. Cross (8 April 2025) 'Does Canada Need a DOGE?' Financial Post. Available: https://financialpost.com/opinion/does-canada-need-doge

3. I. Weber (9 May 2025) 'What Abundance Lacks,' Foreign Policy. Available: https://foreignpolicy.com/2025/05/09/abundance-review-klein-thompson-progressive-policy/

4. N. Klein (5 August 2025) 'The Rise of End-of-the-World Fascism and Resistance from the Global South,' Lecture, delivered August 1, 2025, at the Panamerican Congress in Mexico City. Available: https://perspectivesjournal.ca/end-times-naomi-klein/





Carney and the Calgary School: or, Passive Revolution and Canada's Social State in the Neoliberal Era

Mack Penner

Introduction: Passive Revolution in 2025

In the spring of 2025, when Canada narrowly avoided being swept up in a global wave of electoral successes for the (far) right, it was a puzzling moment. After years in which it appeared to be all but inevitable that Pierre Poilievre's federal Conservative Party of Canada would form the first government of the post-Justin Trudeau era, the election of another minority Liberal Party government, led by Prime Minister Mark Carney, could seem an occasion for relief. An apparently ascendant right-wing in Canada was not so ascendant after all. However, notwithstanding the contingency of the minority Parliament and the initiation of US trade war upon the inauguration of the second Trump administration, it may be wrong to think that Canada has rejected or been spared the rise of the right. For the time being, at least, Canada's Liberals have succeeded in a classic passive-revolutionary exercise: metabolizing and re-presenting elements of a threatening movement to ensure political survival and, as much as possible, re-establish electoral and policy dominance.

This latest passive revolutionary episode was classic in the sense that, as historian Ian McKay has described, passive revolution was arguably the defining dynamic in the historical formation and development of the Canadian state. (McKay, 2010) The concept is Gramscian in origin,

and in McKay's reading (which applies to the period from 1840-1950) it indicates the contradictions inherent in the development of capitalist liberal order in Canada, where, "although immensely active in achieving certain political and economic objectives, [the Canadian state] was in another sense merely a passive reflection of global patterns." Canada continues to be a peripheral player in the global capitalist system, and in that sense only "semi-autonomous." Recent experience demonstrates just how vulnerable Canada is to global trends that induce a particularly limited, reactive mode of governance that is familiar to the federal Liberal Party. As McKay argues, passive revolutionary development has influenced Canadian political life through, "an unwritten but effective philosophy of rule: if you wish to govern Canada, identify the opposing poles on any question and triangulate them." This triangulation then proceeds, "through the highly selective conscription of [adversarial] themes and arguments, which are then, in their edited form, made over to be those which all sane and sensible people believed all along." Repeat over centuries, *et voila*: Canada.

McKay cautions that, applied recklessly to quotidian instances of, "a ruling group buttering up opponents and recruiting former oppositionists into its ranks," passive revolution can lose analytical utility and specificity. Prime Minister Carney's early overtures to capital and appeals to moderate conservatives, for example, do not themselves constitute passive revolution, but a far more ordinary kind of politics all-but-permanently integral to Liberal methodology. Zoomed out and historicized, however, Carney's initial policy agenda indicated a broader passive revolutionary process, which should demonstrate "hegemony in a different key," to use McKay's phrasing. From such a vantage, the 2025 federal election marks an occasion to consider how an alert ruling class has managed to confront a moment of crisis in the "international regime" of neoliberalism and to make the domestic containment of

that crisis its foremost prerogative (Anderson, 2025). In other words, with the far-right ascendant or triumphant both nationally and internationally, Canada's ruling Liberals have managed to forge a path for a politics of containment that fends off the right by incorporating some of its demands and making those demands more widely palatable.

Carney, a lifelong banker (in the financial investment sector, then the monetary central banking sector), thus stands quite appropriately as an heir to North American neoliberalism. But to secure his troubled inheritance with impressive stealth, he has become the new political face of an ideological orientation that shares his western-Canadian background, but none of his partisan identifications. Strange and contradictory as it seems, Carney arguably represents the "common-sensification" of a conservative tradition identified with the Calgary School, a now multi-generational group of conservative intellectuals of which none would appreciate the association with a Liberal government. But such is the nature of passive revolutionary Canada, "a country whose underlying political and cultural contradictions remain explosively unresolved." (McKay, 2010)

Origins: The Antisocial Statism of the Calgary School

The Calgary School was an informal grouping of conservative academics that played an active and significant role in Canadian politics during the 1990s and 2000s. The core group of five consisted of four political scientists — Barry Cooper, Tom Flanagan, Rainer Knopff, and Ted Morton — along with the historian David Bercuson. The work of the members of this group centred around the University of Calgary.

The Calgary Schoolers did not all emerge from the same intellectual tradition; they studied at different universities, in different fields, and with different teachers. They claimed, as intellectual identification and inspiration, a diverse set of thinkers and philosophical lodestars. This has troubled accounts of the Calgary School, even imperiling the notion that such a school properly existed, and opening up the question that it may have been a mere creation, propagated by critics and followers alike. Was the Calgary School a neoliberal formation, as some suggest, or a neoconservative formation, as it has been more often described? Was it, perhaps, a thinly veiled political school, in the sense that its existence was owed mainly to shared policy views and party affiliations among its members? The openness of these questions is testament to an uncertainty regarding Calgarian ideology: beyond the contending labels, what, exactly, was it?

Underlying their various intellectual approaches and political sensibilities, thus uniting the Calgary School at a fundamental ideological level, was a skeptical orientation towards the intentional state. The intentional state, broadly, is the state that believes it can purposely direct civil society towards acknowledged goals and outcomes. Intentional states are, of course, not identical, and so criticisms of them can vary to a degree. However, the crucial argument is that when states permit themselves the hubris to believe that they can direct civil society towards (particularly ambitious) ends, disaster awaits.

In 1992 when the journalist Jeffrey Simpson observed in *The Globe & Mail* that, "What links the members of the 'Calgary mafia' is their fiscal conservatism, their annoyance at the West's bad treatment in Confederation, their belief that Quebec receives disproportionate attention in Ottawa and, in a few cases, their questioning of feminism, pay equity and the use made by interest groups of the Charter of Rights and Freedoms," what he failed to note was that

this was no coincidence. (Simpson, 1992) The Calgary Schoolers were not a group of right-wing academics who came together because they happened to agree on these things. Instead, they generally agreed on these things because they shared in a fundamental view of the state and its appropriate role.

The intentional state has been referred to variously, especially since the mid-twentieth century, by a range of thinkers. Among the direct influences of the Calgary School, Friedrich Hayek railed against the "constructivist" state, Eric Voegelin criticized the ideology of "gnosticism," and Leo Strauss lamented the quest to implement a "simply rational society." Hayek made the best-known version of this critique in the twentieth century thanks to the popularity of his 1944 book, *The Road to Serfdom*. (Hayek, 1944) Writing amid the horrors of the Second World War, Hayek worried that there was "more than a superficial similarity between the trend of thought in Germany during and after the last war and the present current of ideas in the democracies." He connected the rise of socialism to the eventual rise of Nazism, worrying that socialism had become a kind of "common sense" even in Britain and the United States. According to Hayek, "if it is no longer fashionable to emphasize that 'we are all socialists now,' this is so merely because the fact is too obvious." Hayek suggested that contemporary democracies were perhaps fifteen to twenty-five years behind Germany, on the way to tyranny. With a particular focus on economic planning, he warned of an imminent descent into totalitarianism. Instead, he insisted, it was imperative to promote the virtues of the market and attending "traditional values." Then, Hayek thought, people could live in the necessary freedom to make "their own little worlds."

Beyond Hayek's critique of economic planning, there have been related critiques of utopianism, idealism, and voluntarism. Maybe the best-known among these, published a year after *The Road to Serfdom*, was Karl Popper's 1945 book, *The Open Society and Its Enemies*. (Popper, 1945) Originally published in two volumes, the book was addressed most of all to a study of "historicism" which, for Popper, was a malign intellectual tradition that stretched from Plato to Marx and beyond, engaging erroneously in "historical prophecy." Popper associated historicism with utopianism and totalitarianism, arguing that attempts to take control of history were bound to be anathematic to the open society that he valued. At the helm of state power, historicists were inclined, Popper thought, to a particular kind of "social engineering;" a term of which the Calgary Schoolers themselves would make frequent use. Popper was permissive of some social engineering, so long as it was "piecemeal" rather than utopian. The key distinction between the two was that piecemeal engineering was negative, undertaken against "suffering and injustice and war," rather than in positive search "for the establishment of some ideal" on which people were unlikely to agree.

Unlike Hayek, Popper was not claimed as a lodestar by the Calgary Schoolers, even if traces of his influence might be found in Calgary School critiques of social engineering. Still, his version of the critique of the intentional state is instructive regarding the Calgary School for the purposes of contextualization and for its broad negativity. Like Popper, the Calgary Schoolers took their view principally, if not wholly, in terms of critique. To describe their outlook as a critique of the intentional state is to consciously avoid an alternative, positive framing, that might invoke a defense of "liberal neutrality" or a related cognate. While the Calgary Schoolers could indeed operate as "defenders," they were clearest about what they opposed and about who their enemies were. It was apt for Jeffrey

Simpson to notice that the Calgary School seemed to share enemies, including feminists, Quebec nationalists, and "special interest groups." He might have added Marxists, and leftists of any stripe, to the list. Ultimately, while they came to their positions in distinct ways, the Calgary School held together because its members shared a critique of the intentional state and, accordingly, they shared enemies too.

Those enemies, in the broadest sense, were those who would defend and/or benefit from what could be called the social state. Describing a different mode of antisocial statism in the present-day United States, the historical sociologist Melinda Cooper has described an attempt to "incapacitate the redistributive and social protective arms of the state." (M. Cooper, 2025) The Calgary Schoolers perhaps never sought total incapacitation, but the thrust of their ideology was similar: any state committed to seeking pre-conceived outcomes—economic, social, or otherwise—was out of bounds. Any effort to increase economic equality and to promote gender parity, for example, or policies of race-based affirmative action, would be anathema on this view. Generally, the state's role should be limited to rulemaking and enforcement, principally to develop and protect a well-functioning market. The market, not the state, would then be the arbiter of outcomes in civil society. The Calgary School's critique of the intentional state was an antisocial statism in this sense.

Point of Entry: The Conservative Crack-Up

The late-1980s and early-1990s provided an opportune moment for the Calgary School to begin pushing this ideology into Canadian politics. Whereas conservatives in the United States and Britain were distinguished by the abandon with which they greeted and shaped the neoliberal era in the 1980s, during which the governments of Ronald Reagan and Margaret Thatcher engaged in

capacious programs of social state retrenchment, Canada's conservatives at the same time were distinguished contrarily by their reticence. When Prime Minister Brian Mulroney was elected in 1984, despite rhetoric that suggested he might govern as a keen neoliberal, his government was, "slow to act on policy initiatives that appealed to those with strong neoliberal ideological orientations," as the political scientist Steve Patten puts it. (Patten, 2013)

The Progressive Conservative government under Prime Minister Brian Mulroney instead linked their political fate to the "sacred trust" – a commitment to cautiously maintaining the universality of existing social programs. Most tellingly, when Finance Minister Michael Wilson came out in 1985 in favour of a program of deficit reduction, privatization, and deregulation, Mulroney balked at public pressure and doubled down on the sacred trust. The political results were existentially poor. Not only were the PCs outflanked on the right by Liberal governments of the 1990s, keen as those governments were to practice an intense form of austerity politics, but they also prompted a conservative crack-up that realigned the Canadian right. (Patten, 2013) Thanks most of all to the rise of the Reform Party in the late-1980s, Canadian conservatism was cast into disarray for more than a decade as factions and parties struggled for control of a movement that seemed to have lost its way. Importantly, such confusion and chaos presented opportunities to the right of the PC Party, and the Calgary Schoolers were leaders among those who sought to take those opportunities.

The most acute crisis moment of the crack-up came with the federal election of 1993. The Progressive Conservatives, who had been in power for almost a decade, saw their numbers in Parliament obliterated in the electoral aftermath with just two seats in the House of Commons. The rise of the Reform Party to the right of the Tories had

now effectively split Canada's conservatives. Reform, for its part, won 52 seats in 1993, while ensuring that "neither Canadian party of the right could realistically challenge the federal Liberals," due to the disunity. (Farney, 2013) For Canadian conservatives this was disastrous, and over the following decade the schism was gradually repaired. In 2000, Reform became the Canadian Alliance, and in 2003 a "united right" re-emerged after the Alliance and the federal Progressive Conservatives merged to become the contemporary Conservative Party of Canada under the leadership of Stephen Harper. The fingerprints of the Calgary School were all over this process.

The Reform Party stepped into the political vacuum that had appeared on the right. Founded in 1987, almost immediately during the 1988 federal election the party managed a significant fifteen percent share of the popular vote in Alberta, and seven percent in British Columbia. Though failing to win a single seat during that election, the Reform Party was well-established in the western Canadian right-wing movement from the beginning. From that base, Reform began to expand in the early-1990s, polling ahead of the Progressive Conservatives by 1991. Again, by the election of 1993 Reform had become the conservative voice in parliament. However, as Trevor Harrison has pointed out, the political consequence of Reform's rise cannot be reduced to numbers. As he puts it, "By 1993 the Reform party had already had a major influence on Canadian politics, altering the terms of discourse and shifting the ideological terrain on which Canada's political battles are fought." Harrison notes immigration policy and multiculturalism, austerity, rights, and welfare politics, along with the public rejection of the constitutional accords, as the key areas in which the rise of Reform was most consequential. (Harrison, 1995) In other words, Reform marked the appearance of a Canadian conservatism that was unambiguously against the social state.

But with the Progressive Conservatives and Reform both continuing to take up space on the right-wing of the political spectrum, there were too many cooks in the proverbial kitchen for Canada's Westminster-style Parliamentary system where coalition governance is rare and the electoral system favours hegemonic dominance. In May 1996 the Canadian-American conservative columnist David Frum and Calgary School protégé Ezra Levant had convened a conference of about 100 pundits, writers, and activists to discuss the possibility that Reform and the Progressive Conservatives might settle their differences cooperatively and move forward as a united front. They called it the "Winds of Change" conference, hosted in Calgary and the Calgary School was represented by Bercuson, Cooper, and Flanagan. The conference's draft manifesto showed strong Calgary School influence. The manifesto described Canada in Calgarian terms: "crushed under debt and taxes, demoralized by perverse social policies, its very existence in question." The conference manifesto demanded a united right to un-make what it saw as Canada's intentional social state, which took, "convictions as superstitions to be remodelled by Ottawa social engineers." (Winds of Change, 1996)

The efforts of the "Winds of Change" conference were "doomed," as Flanagan put it, because the federal Progressive Conservatives had boycotted the meeting (Flanagan, 2007). However, the 1997 election proved to conservatives that something had to change. In October, a few months after the election, Flanagan argued in a column that one change option was for Reform to enter provincial politics, which would have the effect of subordinating federal Reform Party leader Preston Manning's method, usually described as "populism," to his ideology. "Crossing this Rubicon will be a huge step for Reform," Flanagan wrote, "signalling the final transition from a temporary populist movement guided by a single, indispensable leader to a mature political party capable

of reconciling disparate forces across the country." (Flanagan, 1997) Reconciliation of that sort was increasingly the order of the day and, naturally enough, a party merger was one route towards such a goal, even as efforts toward that end were thwarted.

Following the "Winds of Change" conference in 1996, Flanagan and Stephen Harper launched an extended analysis of the prospects for unity. First, assessing that the conference "had no impact whatsoever" on the prospects for reconciliation between the PC Party and Reform Party, they published a relatively brief article shortly before the election of 1997 in which they argued that the disarray among conservatives meant that the governing Liberals helmed something of a "benign dictatorship" or a "one-party-plus system," where across, "a hundred years since 1896, Liberal government has been the rule, their opposition habitually weak, and alternative governments short-lived." (Harper and Flanagan, 1997) A more united and organized Canadian conservatism could challenge the established pattern.

Given the results of 1997, Preston Manning reconsidered things alongside Flanagan and Harper. In May 1998, Manning came out with a plan to upend the existing structure of the Reform Party and assembled a committee comprised of Reform representatives and representatives from other conservative parties to consider the idea. These efforts led to the convening of a "United Alternative" assembly in February 1999, where delegates voted to establish an entirely new party and, perhaps most importantly, to hold a leadership race that would elect a new leader. In January 2000, a second United Alternative assembly voted to form a new party that would be called the Canadian Reform Conservative Alliance and Stockwell Day was elected as the nascent party's first leader. The Progressive Conservatives, for their part, were not enthused, and early relations between the Alliance

and PCs were rocky. (Flanagan, 2001) If there was now a party called "The Alliance," there was still not a genuine alliance among Canadian conservatives.

Shortly after the federal election in November 2000, a mutiny against Day's leadership emerged and, from this point, the Calgary School jumped unambiguously into the unity camp. Both Bercuson and Cooper, who in the late-1990s had insisted on the near-impossibility of a merger between Reform and the PCs, were now advocating that the Alliance join forces with those same Tories. (Duffy, 2001; B. Cooper, 2002) For Flangan, who had worked for Manning and the Reform Party in the early-1990s before his termination as an advisor, it was a return to politics from the academic world of the Calgary School. From November 2001, Flanagan worked alongside Stephen Harper to make him Alliance leader by 2002. (Flanagan, 2007)

With Harper at the helm of the Alliance, merger momentum increased, and in 2003 Harper and the new PC leader, Peter MacKay, at last negotiated a merger of the Alliance with the Progressive Conservatives, effectively stitching Canadian conservatism back together again after a decade in the electoral wilderness. The same period of turmoil that launched the Calgary School into the public and political spotlight had, for the Tories, been an existential crisis. Failing to meet the crisis by failing to sufficiently embrace the antisocial statism that the neoliberal era demanded, the PCs had suffered a slow and agonizing demise, but it was not merely a matter of institutional shuffling. Within a decade, antisocial statism had become the operative ideology of the Canadian right, and the Calgary School had led its proliferation. Under Stephen Harper's Conservative governments from 2006 to 2015, its status was further cemented. As Donald Gutstein writes, the Calgary School "dominated the thinking of Stephen Harper." (Gutstein, 2014) For more than two

decades, the social functions of the Canadian state have been up not just for questioning but, at turns, for dismantling.

Commonsense? Carney and the Social State

The crisis of the social state cannot be demonstrated by a quick glance at the ideological orientation of the party in power due to the nature of passive revolutionary governance. In the 1990s, one outcome of the broad conservative disarray was that it fell first to the Liberal Party of Canada to properly embrace neoliberalism. After the Liberals were elected in 1993, on a platform that promised a repudiation of trends toward free trade, fiscal austerity, and welfare reform, Finance Minister Paul Martin promulgated a 1995 budget that embraced such policies instead. In the name of balanced budgets and debt reduction, subsequent Liberal governments cut spending on healthcare, education, welfare, and social services. It was, as Steve Patten has written, "a defining moment in the process of neoliberalization." (Patten, 2013)

Thirty years later, the Liberal grip on power is not as firm as it was in the mid-1990s, and the global neoliberal regime is in tatters, having been radicalized from within thanks to the "new fusionism" of radical neoliberals from the United States and all over the world. (Slobodian, 2025) Meanwhile in Canada, the Liberal Party under Prime Minister Mark Carney has again sought to derive political legitimacy from its ability to govern by triangulation, taking up the ideological mantle of apparent conversative enemies to undercut their appeal. As of late 2025, it is far too soon to pronounce an absolute ruling on the Carney government, but early policy moves suggest that the plan is to find a path between the Trump administration on the one hand, and the Poilievre Conservatives on the other, by presenting capitulation as pragmatism. Early indicators demonstrating capitulation to conservative ideals have included the abandonment of the Digital Services Tax

and the billions in revenue that it would have generated annually from US tech companies, a move undertaken to appease Trump and his Big Tech allies; increased defense spending in response to Trump administration demands; and the introduction of Bill C-5, the One Canadian Economy Act, to speed along infrastructure projects in the "national interest," criticized for its alignment with fossil fuel interests against the rights of Indigenous Peoples. The Conservatives, without a leader in the House of Commons during the early agenda of the Carney government, voted unanimously with the minority Liberal government on their common policy program.

In the era of the social state's retrenchment, the ideological direction of Canadian passive revolution has changed. In Ian McKay's account of the passive revolution from 1840 to 1950, governments consistently moved to undermine movements of the radical democratic left, which was testament to the reach and power of those movements. (McKay, 2010) Despite the setbacks for left-wing social movements throughout that century, the struggle still led to some real gains. At the end of McKay's passive revolutionary period in 1950, Canada was far from a social democratic paradise, but at minimum the Canadian state took an active social role. In ensuing decades since the 1950s, as the Canadian left became increasingly marginalized, it ceased to be a source of threatening pressure. Why make even self-interested overtures to no longer threatening movements?

Since the 1980s, the most successful protest movements in Canadian politics have been right-wing movements. Accordingly, the ruling elite, often if not always based in the Liberal Party, has targeted those movements for passive revolutionary pillaging. With some exceptions, the political-economic trend in Canada has shifted toward the further hollowing of the social state. While the likes of the Calgary School enjoyed direct political influence

among conservatives, the logic of passive revolution indirectly brought their outlook into mainstream Canadian policymaking, even among superficially progressive administrators. To borrow further from Ian McKay, the Canadian state still "lacks both the structural and ideological resources of many of its bourgeois counterparts in the world." (McKay, 2010) Limited and reactive governance remains the norm. Understanding these weaknesses is a prerequisite to exploiting them in the broad social interest, which has too long been denounced, attacked, and undermined.

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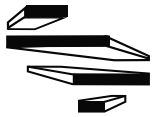

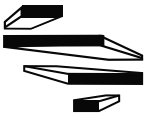

Back to the Future: Razing the Welfare State's Third Pillar in the United States

Gregg Olsen

Cross-national research on social policy and welfare states over the past five decades has proven invaluable in helping us to understand why some nations have been more successful than others in reducing social inequality and promoting the well-being of their populations. To date, this research has largely focused on the character and impact of two central pillars of social support: income transfers and social services.

The networks of transfer payments that constitute the welfare state's first pillar, including unemployment insurance, accident insurance, pensions, child allowances and social assistance, provide income to people who have temporarily or permanently left the paid labour force, or otherwise require economic assistance. The welfare state's second pillar is made up of various forms of social services, such as the care economy services of healthcare, childcare and elderly care, as well as decommodified provisions such as education, social housing and public transportation.

But there is a third central, and largely unacknowledged, welfare state pillar: *protective legislation*. Its criticality has been recently underscored in the United States, where the second Trump administration has activated an aggressive and encompassing strategy of deregulation. Under his auspices, it has attacked the country's entire system of laws and regulatory agencies, as well as the networks of research institutes and services that inform,

support and animate them. Major cuts to crucial income programs, such as the *Supplemental Nutrition Assistance Program* (SNAP) and *Temporary Assistance for Needy Families* (TANF) and social services, such as Medicaid, were widely anticipated as a means to offset the proposed extension of massive tax cuts for corporations and wealthy Americans introduced in 2017. However, the breadth, magnitude, and speed of the Trump administration's dismantling of the third welfare state pillar were largely unforeseen and, when recognized by academics and the media, has been largely addressed in episodic fits and starts that centre specific agencies, rather than on the systemic erosion of the third pillar which has long been a target of corporate capital and conservative think tanks. This article provides an overview of the role and history of protective legislation as a critical 'third' welfare state pillar. It then turns to an examination of the unprecedented offensive currently well underway in the US to obliterate it.

The Critical Role of the Welfare State's Third Pillar

The complex systems of protective legislation and acts, legal rights, and regulatory laws that comprise the third pillar exist in every social policy area and across all developed welfare states. As with income programs and social services, there can be striking cross-national variation in their design, goals, prosecution and impact, but they can be as central to securing our well-being and promoting greater equality as the benefits and provisions that constitute the first and second pillars.

In the labour market and workplace policy domains, for example, the third pillar includes minimum wage laws, workplace health and safety laws, child labour laws, rights to paid vacations and holidays, legislation outlawing discriminatory hiring practices, fair labour standards acts and 'right to disconnect' laws. In the housing policy domain, the third pillar encompasses building codes, zoning by-laws, rent control, eviction protection

legislation and national and subnational laws recently introduced in several countries to impede the rampant financialization of housing. In the health policy area, it includes networks of laws that set health standards, monitor and uphold the quality of our air and water, and regulate the production, packaging, labelling, distribution, marketing and sale of innumerable commodities and household goods, from food, to cosmetics, to clothing.

The third pillar also embraces broad constellations of legal interventions to redress the complex composite challenges that confront structurally-disadvantaged groups with protracted and sustained histories of legal and extralegal forms of abuse, discrimination and exclusion. Third pillar protections for children, for example – including suites of laws addressing child neglect, abandonment, exploitation, sexual abuse, corporal punishment, child labour and looming online harms – are as critical to child well-being as income and care programs such as child allowances and high-quality childcare and education. For people with disabilities, third pillar legislation addresses various forms of discrimination and exclusion such as laws that promote inclusion by mandating the provision of elevators, accessible parking for public accommodations and commercial facilities, and requiring or encouraging access to Braille, sign language interpreters and assistive technologies. The resolution of the interrelated risks, barriers and issues that these groups encounter daily requires robust and binding legislation, in addition to close policy coordination across all welfare state pillars and multiple policy domains.

The protective laws and measures that constitute the third pillar are closely related to, but notably distinct from, those that establish and shape the policy frameworks in the first and second pillars because their ability to promote greater equality and safeguard our well-being is not primarily achieved through enabling and determining

the conditions and terms for the provision of income transfers or social services. Within the labour market policy domain, for example, Canada's first pillar *Employment Insurance Act*, with its attendant sets of rules specifying eligibility and qualifying conditions, benefit levels, and the length of waiting and compensation periods for receipt of Employment Insurance (EI) transfer payments, is clearly different from the third pillar's *Canada Labour Code*; an act of parliament that sets labor standards, promotes safe working conditions and protects workers from unjust dismissal. Within the health policy domain, the *Canada Health Act* sets out the foundation and guiding principles for the provision of healthcare (comprehensiveness, universality, public provision, portability and accessibility), a second pillar social service. This is decidedly distinct from third pillar protective legislation such as the Food and *Drug Act*, which regulates the production and sale of food, drugs and a wide range of other commodities.

Despite their centrality to our wellbeing, third pillar measures are rarely addressed in comparative welfare state research. Among the innumerable studies of the character and consequences of specific laws, rights and measures, few attend to them as key components of welfare states or investigate how they may mutually reinforce and augment first and second pillars provisions or even serve to undermine them. Weak eviction laws, for example, provide few protections for tenants, allowing landlords to more easily evict them and increase rental rates for new tenants. Without legislation that effectively forestalls the financialization of housing, large institutional investors, corporate landlords and real estate investment trusts (REITs) can readily buy up large stocks of residential housing and raise rents.

These laws have resulted in a depletion in the stock of affordable housing and a decrease in the real value of housing allowances, social assistance and other first pillar

income supports, contributing to the ongoing housing crisis in Canada and many other wealthy nations. (August, 2022; Farha, 2017; Hartman and Robinson, 2003) In contrast, strong 'just cause' eviction laws can restrict a landlord's ability to evict people without valid reason, protecting tenants from arbitrary, discriminatory, and retaliatory evictions, and help prevent rising rates of homelessness. Third pillar measures are also rarely invoked in the development of welfare state typologies, or the conception of welfare state models or 'families,' which are still largely defined by the essence and impact of their income supports and social services. Few studies closely contrast the divergent character, adherence to, and impact of the systems of protective laws across nations and welfare state families in any single policy area, much less across entire welfare states. (Olsen, 2019b, 2024a, 2024b)

While closely related to the policy measures in the first and second pillars, third pillar laws are typically more proactive and preventive, engaging with emerging or potential problems and issues further upstream. They can, for example, greatly reduce the possibility of people becoming seriously ill; getting injured in the workplace; or being evicted, unhoused and exposed to new and compounding risks that undermine physical and mental well-being. Consequently, they are more cost-effective than long-term disability benefits for injured workers, complex courses of prescription medications and protracted periods in hospitals to address chronic illnesses, or the extensive range of expenses associated with evictions and homelessness (e.g., shelters, storage facilities, food banks, healthcare, and court costs).

The most effective way of addressing complex policy issues such as homelessness is through coordinated policies across the three pillars. These include first pillar policies such as housing allowances and utility payment assistance; second pillar policies such as affordable social

housing and mental health support; and third pillar policies such as rent control laws and eviction protection measures, along with the cross-pillar promotion of "housing first" as a welfare state priority. (Olsen and Benjaminsen, 2019, Olsen, 2021) Even in nations with residual/liberal-type welfare states, such as Canada and the US, subnational jurisdictions have repeatedly demonstrated the positive impact of preventive laws and other measures. (cf., BC Rent Bank, 2024; Gibbs et al., 2021; Love and Loh, 2023; Phillips and Sullivan, 2023; Troisi and Rausch, 2022; United States Interagency Council on Homelessness, 2024) However, as one of the most definitive 'composite' or 'fusion' policy issues, homelessness is most effectively addressed through networks of measures across the three pillars of several policy domains, including housing, health, labour market, family, education and transportation policy, (Olsen 2019a, 2019b; Olsen and Benjaminsen 2019; Oudshoorn 2020) Nations with more developed welfare states that address homelessness via congruent and coordinated measures within and across policy domains have been the most strikingly successful. Finland, for example, reduced homelessness by 80 percent between 1986 and 2023. Congruently, the integrated web of measures introduced in the US for veterans resulted in a 50 percent decline in homelessness in that population between 2007 and 2020. (Ara, 2025; Homeless Programs Office/Veterans Health Administration, 2022)

Historical Roots and Impact of Early Third Pillar Laws: Limited Protection and Social Control

Late 16th and 17th century poor laws were among the earliest forms of social support in Europe during the prehistory of the welfare state. England's 1601 Elizabethan Poor Law constituted a rudimentary, composite amalgamation of all three welfare state pillars, furnishing minimal amounts of cash and in-kind goods (such as food and fuel), activating poor houses and workhouses, and

enacting laws that both mandated the provision of support by local parishes and imposed stringent rules and conditions for its receipt. However, after a major overhaul in 1834, the 'new poor law' more clearly reflected the 'doctrine of capitalist accumulation,' further increasing workers' dependence on employers and markets, with greater emphasis on social control than on social protection. (Tilton and Furniss, 1979:97) British Fabian Society socialist reformers, Sydney and Beatrice Webb (1927), aptly characterized it as a system of relief within a larger system of repression.

Children have always been among the most vulnerable and exploited groups in capitalist societies. Among the first protective laws in the early industrial era in England were those introduced to address the burgeoning numbers of child chimney sweeps. This work was carried out by children as young as four years of age, often forced to climb naked through the dark, hot networks of chimneys of buildings, breathing in soot, smoke and dust. They suffered mass injuries and fatalities from suffocation, respiratory illnesses, burns, lacerations, abrasions, falls, and carcinoma, as well as beatings, abuse, and neglect by their 'sweep masters' who crammed them in poor living conditions. In 1788, the first of a series of laws were introduced to raise the legal age for this work (to eight or ten years of age), but they were all largely unenforced. It would take over eight decades to finally end this form of child labour.

The first laws introduced to protect children in factories, workshops, mines, mills and fields were also easily evaded, or overlooked entirely by official inspectors who might also be their employers. The deplorable and dangerous working conditions for these young 'pauper apprentices' is well documented in Britain, Canada, the US, and across Europe. (Bartrip 1985; de Coninck-Smith et al, 1997; Hindman, 2004; Humphries, 2011; Kealey, 1973) However,

the incremental accumulation of a series of protective factory worker laws throughout the 19th century saw the gradual emergence of the third pillar as states began to regulate the welfare of workers such as the length of the workday, the age of workers, and compensation for injuries sustained at work. The introduction of the third pillar would also serve to promote the introduction of first and second pillar workplace policies, such as workers' compensation insurance, disability allowances, rehabilitation programs and healthcare for all workers. Later laws enforcing time off work for children to attend school would be superseded by education laws making school compulsory, in response to both the needs of capital for an educated, socialized labour force in a competitive global economy and the demands of labour and social reform groups. (Bowles and Gintis, 1976; Olsen 2024b; Soysal and Strang, 1989)

In the housing policy area, Canadian government reports in the late 19th century acknowledged appalling housing conditions, inspector apathy and the undue influence of landlords, but critical building codes, regulations, and sanitation laws would not be enacted until the middle of the next century. In the US, fear of the spread of disease, working-class unrest and the concerns of local elites prompted earlier policy interventions in larger cities. (Madden and Marcuse 2016:121; Guest, 1985) In the densely populated city of New York, a *Tenement House Act* was introduced in 1867 to protect tenants, requiring fire escapes, windows in every bedroom and a minimum of one toilet per every 20 inhabitants. In the health policy domain, first steps were taken to regulate the use of harmful chemical preservatives and other toxic adulterants in food, as well as fraudulent remedies and 'quack cures' routinely peddled in the late 19th century, leading to the 1906 *Pure Food and Drugs Act* and the creation of one of the most pivotal regulatory bodies in the US, the federal Food and Drug Administration (FDA). Like most other early protective

policy initiatives, they were strongly resisted by industry and underfunded and underenforced by the state, but they were landmark developments, and a critical foundation wall of all modern welfare states emplaced to protect the working-class. (Hilts, 2004; Light et al., 2013)

Most of the protective measures introduced in the 19th century were limited in their scope and poorly enforced. They did not address the root causes of ongoing problems and could be deployed to monitor, discipline and punish people. This helps to explain why they are often viewed as the very opposite of 'social protection' and overlooked in welfare state research today. But some first pillar social supports in liberal welfare states like the United States and Canada, such as social assistance ('welfare') have also been stingy, stigmatising, conditional, punitive, narrowly targeted, and closely policed. (Gavigan and Chunn, 2004; Olsen, 2021; Piven and Cloward 1972; Wacquant, 2009; Wright et al., 2020). And few policy interventions are as wholly pernicious as some second pillar measures, such as those associated with eugenics and sterilisation, or the callous compulsory removal of Indigenous children from their families and communities, confinement to residential schools, or involuntary placement in non-Indigenous foster homes for assimilation in Australia, Canada, the United States and other settler-colonial entities. (Adams, 1995; Broberg and Roll-Hansen, 2005; Independent Special Interlocutor, 2024; Lindmark and Olle Sundström, 2018; Minton, 2020; Stote, 2015; Truth and Reconciliation Commission of Canada, 2015)

Like the other welfare state pillars, the third pillar also includes networks of critical constitutional and legal rights, protections, and regulatory measures that, to varying degrees, have greatly improved and secured well-being in all social policy domains. The history of capitalism has been an unremitting class struggle, with workers and social reformers attempting to protect people from the excesses of unbridled capitalism by

forming labour organizations and political parties. Most of these groups do not call for complete societal transformation, but for the introduction or improvement of social supports and regulations that comprise the three pillars of the modern welfare state. Employers, capitalists and capital, in turn, have undermined these efforts to maximize profits. The character and efficacy of the measures that comprise the three pillars, over time and across the capitalist world, reflect ongoing shifts in the relative strength of these forces in this ongoing struggle and their ability to shape the goals and contours of welfare states.

Well-Being and the Welfare State in the US

Although the United States is one of the richest nations, its relatively anemic welfare state is among the least effective in the wealthy capitalist world. Its first pillar income transfers are relatively stingy and difficult to access; its second pillar provides few public social services, and fewer still universally; and its network of third pillar measures is less developed, less rigorously enforced, and more directly and conspicuously shaped by powerful lobby groups and 'dark money' representing corporate interests. (Brady, 2009; Olsen, 2002, 2021) In the health policy domain, for example, the medical and health insurance industries have played a central role in thwarting any impulses for the development of a universal healthcare system like those of other wealthy capitalist nations with a stronger organized working-class. (e.g., Navarro, 1989; Olsen, 2002, 2011; Quadagno 2005) By spending millions of dollars lobbying the government, and making substantial contributions to political campaigns, the powerful multinational pharmaceutical companies ('Big Pharma') have profoundly shaped the regulatory landscape in the US – gaining approval from the FDA for drugs that have not been rigorously tested, repeatedly extending patents for 'new' drugs that are marginally

different from earlier forms, and sustaining excessively high prices.

The FDA approves new drugs significantly faster than regulatory agencies in Europe, Canada, and Japan but "unsafe drugs were prescribed more than one hundred million times in the United States before being recalled". (Saluja et. al., 2016:523; Lenzer and Brownlee, 2025; Light et al., 2013) The regulation of food in the US is also generally less meticulous. Many ingredients and additives that are banned or must carry a health warning in the European Union, including certain food colouring, dyes and many chemicals used in cosmetics, skin and hair care products, have been approved by the FDA. The markedly quicker, but more risk-based, US regulatory framework is less proactive and transparent than the extensive pre-market and post-market assessment processes used by the EU (Geyman, 2018; Gøtzsche, 2013; Meller and Ahmed, 2019; Milman, 2019; Patients for Affordable Drugs, 2025). It includes a unique alternative option for approval – a pathway known as GRAS ('generally recognized as safe') – that puts greater responsibility on manufacturers to determine the safety of some additives and ingredients and renders them exempt from the FDA's more stringent pre-market approval process.

The absence of a universal healthcare system in the United States leaves 26 million people without coverage. Inadequate attention to prevention of health problems, lax regulations, and higher inequality all contribute to poor American health outcomes in comparative health studies across wealthy countries. Americans experience lower life expectancies, higher infant mortality rates and higher rates of diseases and injuries. They are more likely to die from avoidable causes than residents in most other high-income nations despite higher levels of US healthcare spending. (Gunja et al., 2023; OECD, 2023, 2024; Wilkinson, 2005; Woolf and Aron, 2013) Yet the three

pillars comprising the US welfare state have still played a central role in protecting Americans and promoting their well-being despite their deficiencies. Income programs, such as SNAP, TANF, *Social Security Income* (SSI), *Social Security Disability Insurance* (SSD) and *Unemployment Insurance* (UI) have significantly reduced poverty levels among low-income families and other vulnerable groups. *Medicare* (for people over 65 years of age and others with long-term disability) and *Medicaid* (for low-income people) provide healthcare for about 37 percent of the US population. Laws such as the Occupational Health and Safety Act (OSHA) and Fair Labor Standards Act (FLSA) have long safeguarded the rights of American workers. (e.g., Boone, 2015; Keith-Jennings et al., 2019; US Census Bureau, 2022) This is about to change.

Virtually every component of the US welfare state is being retrenched and reoriented now. While the welfare states in all rich capitalist nations have undergone significant rollback over the past few decades of neoliberalism, this has been especially true in the United States. The second Trump administration has magnified and fast-tracked this global trend with an unprecedented full-scale attack on the entire system of legal protections, regulatory agencies, and related research institutes that constitute its third pillar.

Undermining the Third Pillar in the US: A System Offensive

On January 20, 2025, day one of his second term, President Trump signed a barrage of impactful executive orders (EOs). [1] EO 14158 Establishing and Implementing the President's 'Department of Government Efficiency' (DOGE) declared a retrenchment of the US state in the interests of corporate capital, in particular those of US Silicon Valley tech billionaires and fossil fuel executives. Not an official federal 'department' per se, which would require approval of an Act of Congress, the Trump administration indicated that DOGE would work from 'outside' the government

"to drive large scale structural reform and create an entrepreneurial approach to government never seen before." (Wen, 2024) Prepared well in advance, these EOs dismantling the frameworks of equity and equality in the welfare state clearly reflected the goals of conservative think tanks such as the Heritage Foundation (set out in Project 2025) and Claremont Institute. In early 2025, DOGE was unleashed to attack the foundational pillars of US social policy.

DOGE's short-lived leadership under tech billionaire Elon Musk was tasked with shrinking the size, scope, and expenditures of the administrative state apparatus to eliminate "waste, fraud and abuse." This alleged 'public service' focus concealed DOGE's two core objectives. First, deep cuts to first and second pillar social programs proposed in Trump's 'One Big Beautiful Bill' (now law) would help to finance an extension of the massive tax cuts for corporations and the wealthiest Americans introduced in the first Trump administration's 2018 Tax Cuts and Jobs Act that were set to expire in 2025.[2] The highly regressive combination of tax breaks for the rich and program cuts for the rest has been called the largest upward transfer of wealth in US history (Badger et al., 2025; Center on Budget and Policy Priorities, 2025; Chait, 2025).[3]

DOGE's second objective has received less concentrated attention in the media: obliteration of the third pillar. Musk, who was long one of the most outspoken members of the corporate world calling for the creation of a precision weapon like DOGE to execute the 'wholesale removal' of federal regulations, was well-suited to lead this effort. (McLaughlin, 2025) The absurdity of Musk's guiding principle, that 'regulations should be default gone, not default there,' is evident: regulations do not exist by 'default,' but in response to the demands of organized workers and social movements that were often forged in struggle against corporate indifference in the pursuit of profit.

The agencies DOGE targeted include central components of the Department of Health and Human Services, a body explicitly charged with "improving the health, safety and well-being of America," such as the FDA and critical support and research institutes, such as the Centers for Disease Control (CDC) and National Institutes of Health (NIH). Other domestic targets included: the Department of Agriculture, responsible for research and education programs addressing nutrition; the Occupational Safety and Health Administration (OSHA), responsible for workplace safety; the Bureau of Consumer Protection (BCP), charged with preventing fraudulent and deceptive business practices; the Consumer Product Safety Commission (CPSC), which enforces safety standards, conducts recalls, and educates consumers about product safety; the National Oceanic and Atmospheric Association (NOAA), the nation's premier institute for weather and climate science; and the Environmental Protection Agency (EPA), which monitors the air, water and hazardous waste.[4] While crucial to the health and well-being of Americans, it is the compliance barriers and financial costs that third pillar policies impose on corporations that are the primary targets for the Trump administration.

Central to hollowing out the third pillar is the dismissal of the regulatory agencies' top officers; deputies, inspectors general, and career civil servants who previously maintained their positions when new governments assumed power. The third pillar evisceration has also included the en masse firing of thousands of employees, including innumerable scientists, academics and researchers at these agencies and institutes, which have also had their budgets slashed or frozen, and mandates realigned to further the Trump administration's vision. The government has also identified hundreds of federal buildings, facilities and properties that it may sell off, and others whose leases may be terminated.

Despite Musk's departure from DOGE only a few months after his appointment, his extensive overhaul of the central public regulatory agencies has been institutionalized. The US welfare state has been reformed to operate like a business, following the same format of change that Musk used when he took over the Twitter social media platform; eliminating programming and policies in the name of eliminating 'waste, fraud, and abuse' is now part of the welfare state's DNA.[5]

Conclusion: Revisiting State Theory

Slashing spending on social programs for poor and working families while delivering hefty tax breaks to the wealthy and undermining protective legislation is neither novel nor limited to incumbent Republican governments in the United States.[6] It was the Democratic Clinton administration that cynically replaced the New Deal entitlement program, *Aid to Families with Dependent Children* (AFDC) with the less inclusive, less effective TANF program, to give people a "hand up, not a hand out." Like the previous Trump administration, the current government is determined to revise, repeal, and replace existing grids of laws, statutes and regulations across policy domains, further incentivized by an irrational but resolute ambition to erase all traces of the policy legacies of former Democratic presidents Obama and Biden.[7] (Brooking Institution, 2025; Eilperin and Cameron, 2017) Furthermore, it has harnessed another more intense and far-reaching strategy on an unprecedented scale, fomenting profound damage that will be considerably more difficult to undo than purely legislative changes: the dismantling of key US regulatory agencies and their related programs, services, and supports – the very foundation and infrastructure of the US welfare state's third pillar.

It should come as no surprise that an unprecedented, all-out third pillar blitz would emerge in the US at this juncture, with a billionaire president flanked by an equally unprecedented number of billionaire cabinet secretaries, administrators, and ambassadors, as well as wealthy US legislative members. Trump's supporters also include prolific tech and media CEOs, such as Mark Zuckerberg (Meta), Sundar Pichai (Google), Peter Thiel (Palantir Technologies) and Jeff Bezos (Amazon), as well as Vivek Ramaswamy (Strive Asset Management, Roivant Sciences), who played a critical role in the creation of DOGE.

Marxist theories of the state help in analysis of what has been going on in the US. 'Instrumentalist' state theorists have long argued for the close tracking of the social backgrounds of state elites and their close connections to powerful economic elites in order to understand why the 'state in capitalist society' largely serves them, highlighting their shared interests and worldviews. There is little need for such an investigation today when the key members of the US executive branch are concurrently the wealthiest billionaires and most powerful CEOs committed to unregulated capitalism and market-based social support. Focusing on power from below, power resources theorists (PRT) have repeatedly demonstrated that in nations with less organized labour and social movements, such as the US, welfare states are less developed and easier to retrench.

'Structuralists', in turn, argue that 'capitalist states' are structurally obliged to serve the long-term interests of capitalism. Whichever of the two US political parties is in power, the government will always be compelled to create the conditions for a profitable market economy, including the introduction of social supports and other economic policies that will sometimes contradict the immediate demands of some capitalists in order to overcome ongoing economic and social crises. But when the Executive

positions and highest-level bureaucratic posts are directly held and dominated by the corporate elite, its immediate short-term concerns will supersede and undermine long-term interests – a development clearly well underway in the US. Taken together, these three theories help to explain the rapid dissolution of the third pillar in the US, providing an ominous warning for the rest of the world.[8]

Notes

1. Among the most emblematic and egregious of the 26 executive orders that Trump signed that day were EO 14151: Ending Radical and Wasteful DEI Programs and Preferencing, EO 14164: Restoring the Death Penalty and Protecting Public Safety, and EO 14168: Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government.

2. The cuts to SNAP (which supports 42 million people) and Medicaid (covering 70 million people and 41 percent of all US births) are the largest in US history. Other income programs identified for cuts include *Supplemental Security Income* benefits (SSI), *Head Start, Housing Choice Vouchers*, and *Housing Assistance* and *Meals on Wheels*. The changes to the *Medicaid* programs will lead to the closure of hundreds of rural hospitals across the US.

3. *Social Security* benefit levels and *Social Security Disability Insurance* (SSDI) for people with disabilities) have not been directly targeted yet. But thousands of workers at the *Social Security Agency* (SSA) that administers them have been laid off and dozens of social security offices have already been closed, making it more difficult for the 69 million recipients to access their benefits. (Sainato 2025)

4. Embodying Trump's 'drill, baby, drill' agenda, executive orders EO 14154: Unleashing American Energy and EO 14156: Declaring Energy a National Emergency undo long-standing science-based regulations on clear air, pollution and climate change endorsed by most of the world's nations and shift the EPA's mandate from protection to fossil fuels advocacy – a development enthusiastically celebrated by EPA Administrator Lee Zeldin as 'the greatest day of deregulation our nation has ever seen'. (EPA 2025; Noor and Milman 2025) Similarly, Robert F. Kennedy, Secretary of Health and Human Services is upending healthcare in the US terminating scientists and research grants addressing cancer, HIV and other life-saving research across several NIH agencies. A longstanding vaccine skeptic, he recently cancelled nearly 500 million dollars in mRNA vaccine research. While redirecting the development of vaccines and other medicines away from Big Pharma and the current business model and toward the not-for-profit production of global public goods that are available and accessible to everyone would be a positive first step, simply

cancelling research grants and ongoing projects will expose everyone to much greater risk. (Moon et al., 2022; Sullivan 2025; Tyler 2025)

5. Musk's highly publicized rift with Trump reflects some of the central differences among the key groups supporting the Trump regime. For example, while Trump's dominant multinational corporate capitalist backers are happy to exploit workers in their factories abroad and low-paid migrant workers within the US, a large portion of his political base has called to bring industry home and keep immigrants out. (Foster, 2025)

6. Similar, if less extreme developments have occurred in most other nations, including some with social democratic and labour governments in power. (Clayton and Pontusson, 1998; Olsen, 2002, 2013)

7. The Brookings Institution provides a useful online tracker that follows significant ongoing changes to the regulatory legal frameworks in the US (The Brookings Center on Regulation and Markets Regulatory Tracker). Available: https://www.brookings.edu/articles/tracking-regulatory-changes-in-the-second-trump-administration/

8. For overviews of these three theoretical traditions (among others) see: Barrow 1993, Carnoy 1984 and Olsen 2002.

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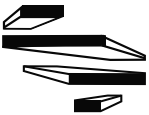
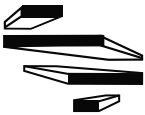




From Stagnation to Inclusive Growth: How Income Inequality and Distributional Imbalances Stall Economic Growth in Canada

Simone Mao

Since the late 2000s, Canada's economic slowdown has been debated in terms of technological fatigue, demographic trends, monetary constraints, and global trade headwinds. This paper contends that the underlying source of stagnation fundamentally points to distributional imbalances and structural demand deficiency. Today's stagnation is not cyclical, but a symptom of a structural trap—a regime of distributional stagnation rooted in the failure of the neoliberal paradigm to reconcile economic growth with social equity.

This analysis situates Canada's stagnation within broader debates on "secular stagnation" and macroeconomic paradigm choice, drawing on leading theories that emphasize the role of demand, inequality, and institutional decline. There are three structural channels through which income inequality drives stagnation: (1) reduced household consumption due to top-heavy income distribution; (2) erosion of labour power weakening wage growth and demand; (3) a disconnect between rising profits and falling productive investment.

Tracing the evolution of Canada's macroeconomic paradigm from postwar Keynesianism to neoliberalism informs this discussion on how the latter has transformed the structure of inequality and undermined demand-driven growth. A fundamental shift in economic governance centered on structural equity and broad-based participation is essential. Escaping the trap requires a structural shift toward "inclusive growth": rebuilding labour's bargaining power, restoring the wage–productivity link, and redirecting investment toward long-term public productive goals. Canada's economic performance and the viability of a social contract grounded in equity and resilience is at stake without this paradigm shift.

The Paradigmatic Structure of Inequality

Redistributive policy touches on one of the core questions in modern society: how should members of society live together under a social contract grounded in mutual obligation, especially when the rewards of economic growth and the burdens of downturns are not automatically shared equitably. It raises essential questions about how societies allocate the gains of growth and the cost of contraction. At the heart of modern governance, this is not just a technical or economic concern but normative choices embedded in institutional frameworks, which reflect competing visions of justice, the role of the state, and the purpose of public policy. These systems reveal deeper beliefs about the nature of the market (whether it is self-correcting or structurally unjust?), the trade-off between efficiency and equity, and the political philosophy behind them—whether public institutions should focus on maximizing individual liberty or advancing collective wellbeing.

In modern capitalist economies, economic growth does not necessarily lead to inclusive prosperity. The distributive outcomes of growth are profoundly shaped by the macroeconomic paradigms that guide public policy.

These paradigms frame how governments define and pursue the goals of growth, stability, and distribution—and in doing so, they have shaped the evolution of income inequality. Since the mid-20th century, Canada's political economy has been primarily dominated by two paradigms: the Keynesian consensus and neoliberalism. The former aimed to deliver broad-based growth with stable social structure through public intervention and full employment policies. The latter, by contrast, prioritized efficiency, market liberalization, and fiscal restraint, gradually eroding labour's share in the distribution of income.

Economic paradigms are not neutral technical constructs. They are institutional expressions of underlying power relations, shaping the rules of the game in favour of some groups over others. Each paradigm encodes assumptions about what constitutes a healthy economy, what role the state should play, and how economic rewards should be allocated. When a prevailing paradigm generates problems it cannot solve—such as stagflation under Keynesianism or inequality and stagnation under neoliberalism—it loses legitimacy, giving rise to crisis, political instability, and ultimately, the search for a new paradigm.

The COVID-19 pandemic exposed the structural failures of the neoliberal model—marked by wage stagnation, weakened labour protections, and rising inequality. Built on market efficiency and fiscal restraint, neoliberalism has failed to deliver broad-based prosperity and now faces a crisis of legitimacy: the outcomes it delivers (high inequality and low growth) stand in stark contrast to its original promises of prosperity through efficiency. Much like the fall of Keynesianism in the 1970s, its promises have unraveled under economic inertia and structural imbalance. Canada stands at a crossroads: persist with an exhausted paradigm or adopt a new framework that addresses inequality and sustains long-term growth.

The Keynesian Paradigm and the Era of Stable Inequality

From the postwar era until the late 1970s, Canada and most other advanced economies operated within the Keynesian macroeconomic and social policy framework. The central tenet of this paradigm was clear: full employment was essential for balanced growth and social stability. Through active fiscal policy, counter-cyclical public spending, and the expansion of welfare state programs, governments ensured that economic growth was broadly shared. Inequality existed, but it remained stable because income growth was roughly proportionate across the income distribution.

Importantly, this consensus emerged from a historical moment. The architects of the Keynesian state had witnessed the mass unemployment of the Great Depression and the mobilization of the war economy. They were deeply skeptical of the ability of markets to self-regulate, and they saw government intervention as essential to stabilizing demand and promoting equitable growth. As a result, growth and equality became mutually reinforcing elements of the postwar economic order. This period reflected an implicit social contract: capital enjoyed growing markets and profits, while labour benefited from rising wages, job security, and a stronger social safety net. (Osberg, 2021) The tax and transfer system of this Keynesian era played a central role in moderating inequality in Canada.

The Neoliberal Paradigm and the Rise of Unequal Growth

By the late 1970s, the Keynesian framework came under strain in Canada and in capitalist countries around the world that had adopted this paradigm. Stagflation, fiscal deficits, and global capital mobility challenged the foundations of the postwar model. In its place, neoliberalism emerged as a new global economic

paradigm, prioritizing inflation control, budget balance, deregulation, and the primacy of market forces. Government was no longer viewed as the engine of growth or redistribution, but as a rules-setting entity whose role was to ensure the smooth operation of competitive markets.

This paradigmatic shift in capitalist framework since the 1970s has had profound effects on Canada's political economy:

- Erosion of worker bargaining power: Union density declined steadily, especially in the private sector. Increased minimum wages could not compensate for the loss of collective bargaining coverage.
- Regressive tax and social policy reforms: The structure of taxation and public spending was reshaped to favour high-income households, weakening the redistributive impact of the state.
- Stagnant middle incomes: Real median wage growth stalled, even as GDP and corporate profits rose. Income gains were increasingly captured by the top 1%.
- Financialization and declining public investment: Profit-seeking shifted from productive investment to financial markets. Public sector retrenchment and privatization further weakened the capacity of the state to guide economic development.

The new regime had a profound effect by increasing inequality. Unlike the postwar period, where inequality was stable, the neoliberal era normalized its increase. Disparities in income and wealth became structural features of the economy, not temporary deviations. This paradigm, far from delivering inclusive prosperity, entrenched a system in which growth was no longer shared.

This shift in paradigm laid the groundwork for Canada's current macroeconomic malaise: a stagnating middle class, underinvestment, precarious labour markets, and a polarized distribution of income. Understanding the evolution and limits of these paradigms is essential for charting a new path forward.

Revisiting Secular Stagnation

Advanced capitalist economies, including Canada, are facing long-term structural headwinds that are slowing trend growth and depressing the neutral interest rate, or r* (the level at which monetary policy neither stimulates nor restrains the economy). In Canada, demographic aging, weak productivity gains, rising precautionary savings, and lower returns on investment have reduced economic potential. Businesses typically invest less in an environment where expected returns are uncertain or diminished, and trade tensions reinforce this hesitation, leading to an economy characterized by excess saving relative to productive investment demand. (Eggertsson and Mehrotra, 2014) Canada's structural economic issues have only intensified with the instigation of the US Trump Administration's trade conflict beginning in early 2025.

Demographic trends and slower productivity growth are lowering long-term growth prospects, contributing to a lower r*. It limits central banks' ability to stimulate the economy through interest rate cuts during downturns. Economist Lawrence Summers and others describe this condition as "secular stagnation"—a state in which the economy "is not capable of achieving satisfactory growth and stable financial conditions simultaneously" and "the achievement of sufficient demand to bring about full employment" has become problematic at low interest rates (Summers, 2014). Orthodox economists identify supply-side constraints—such as diminishing returns to innovation and demographic shifts (Gordon, 2016)—or chronic demand shortfall—exacerbated by the interest

rate zero lower bound (ZLB), economic hysteresis influenced by path dependency, and declining investment—as symptomatic of secular stagnation which then limits the effectiveness of monetary policy. (Summers, 2014)

The debate on secular stagnation emerged during the 2008 Global Financial Crisis and the subsequent decade-long stagnation period, which exposed structural limits to monetary policy effectiveness at the ZLB. The neoliberal monetary policy framework—particularly dominant in capitalist economies from the 1990s to 2008—prioritized low and stable inflation as the mandate of central banks, while downplaying other goals like full employment or equitable income distribution. After a decade of stagnant growth in the aftermath of the 2008 Crisis, the COVID-19 pandemic reinforced these vulnerabilities, pushing advanced economies into a de facto liquidity trap. Prior to 2008, the ZLB was unheard of in mainstream economic and policy debates, based on the assumption that interest rate adjustments alone could effectively manage the business cycle and the idea of a lower bound, or even negative r*, was unthinkable. The crisis shattered this orthodoxy, revealing the dangers of overreliance on interest rates, resistance to countercyclical fiscal policy, and disregard for the role of income and wealth distribution that shape aggregate demand.

Canada's present economic conditions may not meet the full definition of secular stagnation, but it is not immune–signs of structural stagnation are evident. Despite avoiding full-blown deflation or a ZLB monetary trap like the Eurozone or Japan have experienced in recent decades in response to economic crises, Canada faces persistent demand weakness, underinvestment, fragile consumption, and diminishing marginal returns. These factors reduce the effectiveness of neoliberal paradigm policy tools. The decline in r* in Canada and around the world has reduced monetary policy

effectiveness, placing structural pressure on long-run growth and macroeconomic resilience, and narrowed available policy space. High household debt-fueled consumption is unsustainable, while prolonged weakness in non-residential investment reflects insufficient demand expectations and weak capital formation. The Canadian labour market appears strong, yet is increasingly characterized by low-wage, temporary, and non-standard employment. While a ZLB or a negative r* has not yet been triggered as current rates remain above neutral and some policy room has been regained by the recent cycle as of 2025, Canada could approach the ZLB more rapidly were a future downturn to occur.

Canada's experience reflects impacts shaped by a moderate form of neoliberalism that became the country's paradigmatic economic framework beginning during the tenure of Prime Minister Brian Mulroney and continuing into the Jean Chretien era of the 1990s. While the country retains elements of a social welfare state—such as public healthcare and education—that are indicative of Keynesian economic policies, Canada's economic trajectory has been shaped by liberalizing reforms since the 1980s. The new paradigm of the time encouraged trade liberalization (e.g., NAFTA), privatization, fiscal austerity, and market-oriented labour policies across the Canadian economy. In the decades since this paradigm shift, the tax system has become less progressive, and social spending has been relatively constrained. Although Canada's financial system weathered the 2008 Crisis better than that of the United States or European Union, the underlying structural imbalances deepened.

These dynamics point to a deeper structural pathology: persistent demand suppression rooted in income and wealth inequality. Understanding this pathology requires shifting focus from the mechanics of monetary policy toward analysis of the distributional foundations of macroeconomic stagnation.

The Deeper Issue: How Income Inequality Locks the Economy into Secular Stagnation

Beneath Canada's economic stagnation lies a deeper issue: how rising income inequality suppresses effective demand. In Canada, income inequality has become a central driver of stagnation, dampening consumption, weakening aggregate demand, and disincentivizing productive investment. It has reshaped the economy's distributional structure, affecting household behaviour, corporate strategy, and labour market outcomes. These dynamics have been reinforced by decades of policy choices rooted in the neoliberal paradigm, leaving Canada trapped in a stagnation equilibrium, rooted in long-standing structural imbalances of policy, institutions, and market power.

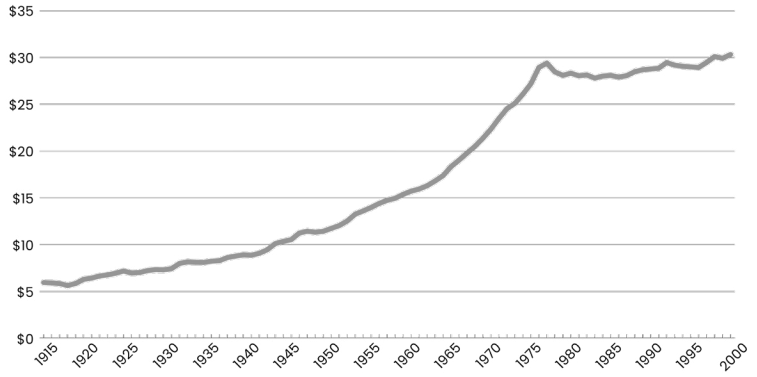
An examination of the demand side in three parts contributes to a full understanding of how inequality locks Canada's economy into stagnation. First, the weakening of household consumption—influenced by wage stagnation and weakened purchasing power as well as debt dependency in housing and consumption—has led to the erosion of aggregate demand. Second, turning to the labour market, the erosion of worker bargaining power and declining union coverage has had implications for wage dynamics and labour's share of income. Lastly, on the firm side of the equation there has been a growing profit–investment disconnect that can be traced from the effects of distributional imbalances through to their impact on capital formation. To break free from this stagnation trap, structural reforms addressing income redistribution and inclusive growth are essential.

i) Demand Weakness: Inequality and Financialization

Income Inequality and Wage Stagnation

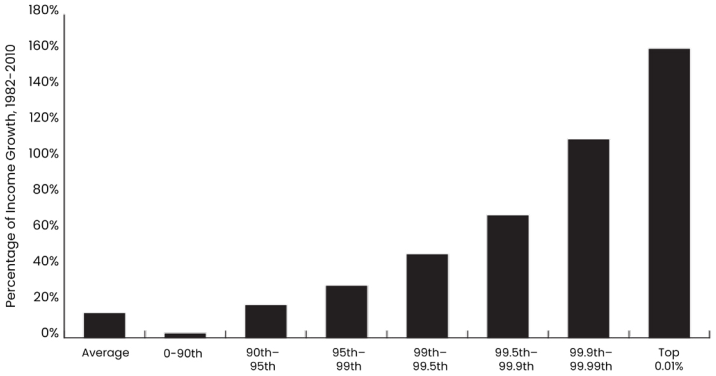
Income inequality is the primary driver of weak aggregate demand. Since the 1980s, income inequality has intensified in Canada. Real wages for the middle class have largely stagnated (Figure 1) since the turn of the century, while the income share of the top 1 percent has steadily increased (Figure 2). Nearly all income growth from 1982 to 2010 was accrued to the top income fractiles, particularly the top 0.01%. This extreme concentration of growth is consistent across peer countries like the US and Australia who have also experienced similar policy paradigms. In contrast, income gains for the bottom 90 percent were negligible. This stark polarization underscores the extent of structural inequality and the failure of growth to benefit the broad population.

Figure 1 – Real Average Hourly Wage (2019$), Canada, 1914-2000



Source: Lars Osberg, 'From Keynesian Consensus to Neo-Liberalism to the Green New Deal 75 years of income inequality in Canada,' Canadian Centre for Policy Alternatives (March 2021); CANSIM ii V I603501; Urquhart et al "Historical Statistics of Canada."

Figure 2 – Total Income Growth by Fractile, Canada, 1982-2010



Source: *Inequality: The Canadian Story*, Report, eds. David A. Green, W. Craig Riddell, and France St-Hilaire, Institute for Research on Public Policy, February 2017; calculations by authors based on F. Alvaredo, T. Atkinson, T. Piketty and E. Saez; based on market income, which includes all income except government transfers and capital gains—data based on all taxfilers, including those with zero income.

This upward distribution has direct macroeconomic consequences. As income shifts toward high earners with a lower marginal propensity to consume, household consumption weakens, thereby weakening aggregate demand. This is evident in the Canadian context: despite elevated corporate profits and modest productivity gains, real wages for most workers have failed to keep pace. Instead, gains have accumulated in dividends, retained earnings, and asset appreciation. This decoupling of wage and productivity growth leads to stagnation in workers' incomes, having broken the income-consumption channel. High-income earners who save more, spend less, and invest in financial assets, contribute less to overall consumption. As a result, household consumption has become increasingly fragile and dependent on debt and asset inflation rather than wage income.

Figure 3 illustrates a U-shaped trend in top income concentration. After declining under mid-century Keynesian policies, the share of market income held by the top 1 percent has surged since the 1980s. The US has nearly returned to Gilded Age levels of income inequality; Canada, though slower, follows a similar path reflecting the neoliberal policy shift. In Canada, progressive taxes and income-tested transfers, provincial surtaxes on high earners, and labour-market institutions such as collective bargaining have acted as institutional buffers, partially restraining—but not reversing—the rise in extreme polarization.

Figure 3 – Share of Market Income Held by the Top 1 Percent of Earners, Canada and the United States, 1913-2012

Source: *Inequality: The Canadian Story*, Report, eds. David A. Green, W. Craig Riddell, and France St-Hilaire, Institute for Research on Public Policy, February 2017; calculations by authors based on F. Alvaredo, T. Atkinson, T. Piketty and E. Saez; LAD = Longitudinal Administrative Databank.

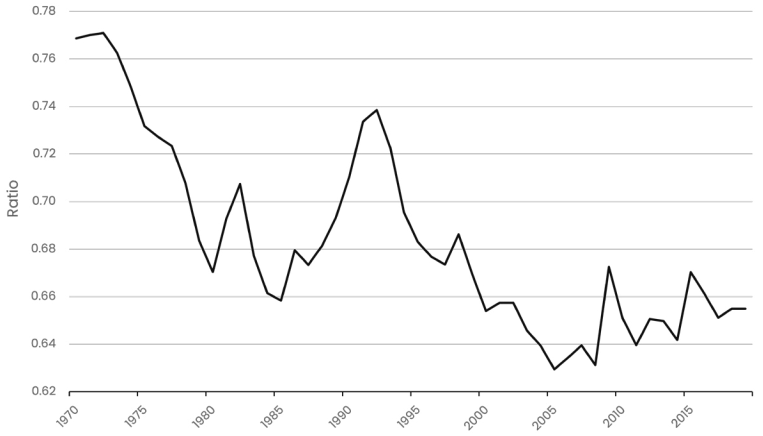
Figure 4 illustrates the masking effect of income concentration: excluding the incomes of the top 1 percent from the data reveals a significantly steeper decline in the labour share of total income. While the overall labour share appears relatively stable when the richest are included, the income share accruing to the broad workforce has fallen more sharply. This decoupling is a classic illustration of "growth without inclusion" (Rammelt 2021), whereby GDP may expand, yet gains are increasingly concentrated at the top, while labour income for middle- and lower-income households erodes, undermining consumption resilience and reinforcing chronic demand shortfalls.

Figure 4 – Labour Share of Total Income With and Without the Top 1 Percent of Earners, Canada, 1982-2008

Source: Inequality: The Canadian Story, Report, eds. David A. Green, W. Craig Riddell, and France St-Hilaire, Institute for Research on Public Policy, February 2017; calculations by authors based on Organisation for Economic Co-operation and Development, OECD Data, Productivity Unit Labour Costs.

Historical trends reinforce this structural analysis. From the postwar period until the 1970s, Canada's labour share of income peaked around 77 percent of GDP, supported by strong unions, a manufacturing base, and active state intervention. Beginning in the 1980s, however, labour's share began its declining trend—reduced to 65 percent by 2019 (Figure 5). This drop coincided with the neoliberal policy reform paradigm (1980s–2000s), which included tax cuts, reduced public spending, privatization, labour market deregulation, and restrictions on unions—all of which weakened workers' bargaining power and shifted a larger share of income toward capital. Trade liberalization, including NAFTA and China's WTO accession, along with technological change and global value chain integration, further amplified this trend.

Figure 5 – Share of Labour Compensation in GDP at Current National Prices, Canada, 1970-2019



Source: University of Groningen and University of California, Davis, Share of Labour Compensation in GDP at Current National Prices for Canada [LABSHPCAA156NRUG], retrieved from FRED, Federal Reserve Bank of St. Louis, August 16, 2025.

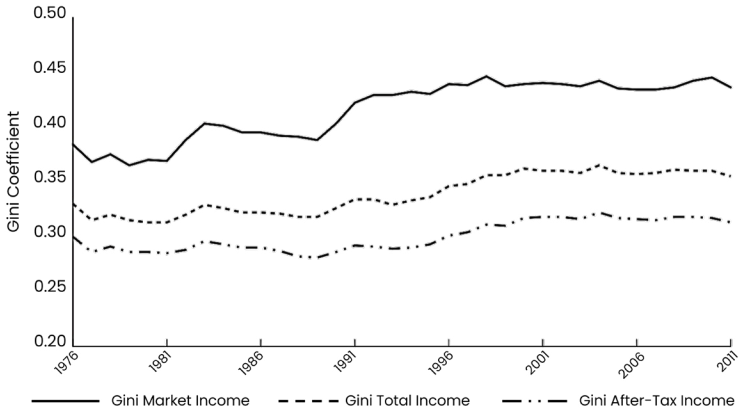
The structural implications are profound. As Eggertsson and Mehrotra (2014) demonstrate, rising inequality pushes r* lower due to reduced aggregate demand stemming from weaker workers' power. Summers' demand-side explanation of secular stagnation aligns with the neo-Keynesian model of secular stagnation by Eggertsson and Mehrotra where stagnation persists despite full employment, showing how structural shocks can maintain a persistently negative r*. Income inequality plays a central role by weakening aggregate demand in the face of full employment.

In the US since the 1970s, rising wealth concentration, and therefore increased savings behaviour by a few actors, has reduced the marginal propensity to consume, thereby depressing overall consumption. For the working-class, the pre-crisis reliance on household debt to sustain middle-class consumption collapsed after the subprime mortgage crisis (Eggertsson and Mehrotra), exacerbating this problem. Debt repayment and aging populations have further depressed consumption, leading to an excess of savings among the wealthy and insufficient investment opportunities, thus lowering the natural rate of interest. This model is also empirically supported by Rachel and Summers' (2019) analysis, which shows that a savings glut, coupled with dysfunctions in the credit mechanism, have significantly contributed to secular stagnation. They argue that the more pressing constraint arises from inadequate demand, contrary to arguments supporting supply-side issues, where interest rate adjustments fail to rebalance savings and investment.

In Canada, these dynamics are compounded by high household debt and growing reliance on housing wealth to sustain consumption while household income has weakened. This fragile, asset-dependent consumption model is unsustainable and highly sensitive to rate shocks. As many factors push r* lower, monetary tools become less effective, leaving fiscal policy as the critical tool for macroeconomic stabilization.

Through the period of the neoliberal economic paradigm, fiscal policy has still proven to be effective. As shown in Figure 6, fiscal redistribution has cushioned inequality, but market-driven disparities have continued to rise—outpacing the corrective reach of taxes and transfers. This highlights the need for stronger progressive and counter-cyclical fiscal policy to address structural inequality and reinforce inclusive growth.

Figure 6 – Income Inequality Before and After Transfers and Taxes, Canada, 1976-2011

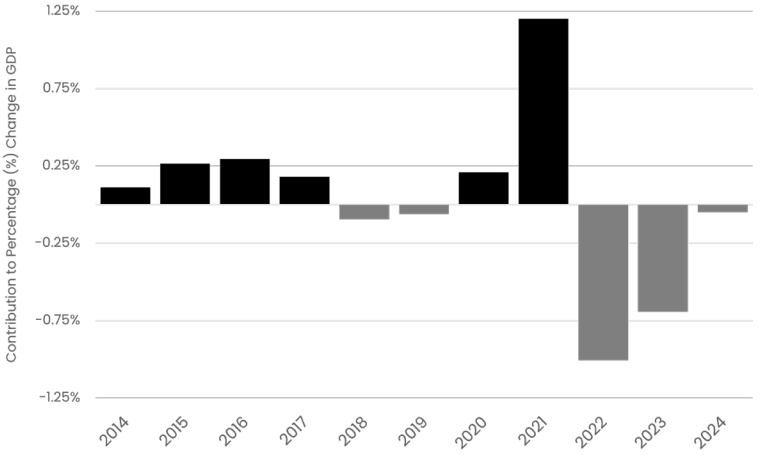


Source: *Inequality: The Canadian Story*, Report, eds. David A. Green, W. Craig Riddell, and France St-Hilaire, Institute for Research on Public Policy, February 2017; Statistics Canada, CANSIM Table 202-0709.

Housing-Led Growth and Financialization: A Distorted Investment Path

Another defining feature of Canada's stagnation is its growing reliance on real estate and consumption—particularly housing-led investment—as the core drivers of GDP growth. Since 2015, household consumption and residential investment have consistently accounted for most growth contributions. The surge in residential structure spending contributions to Canada's GDP in 2020–2021, illustrated in Figure 7, were driven by historically low interest rates, temporarily offset broader economic weakness and masked stagnation in real wage growth before crashing as quantitative tightening commenced in early 2022.

Figure 7 – Expenditure Contribution of Residential Structure to Annual Gross Domestic Product Growth, 2014–2024



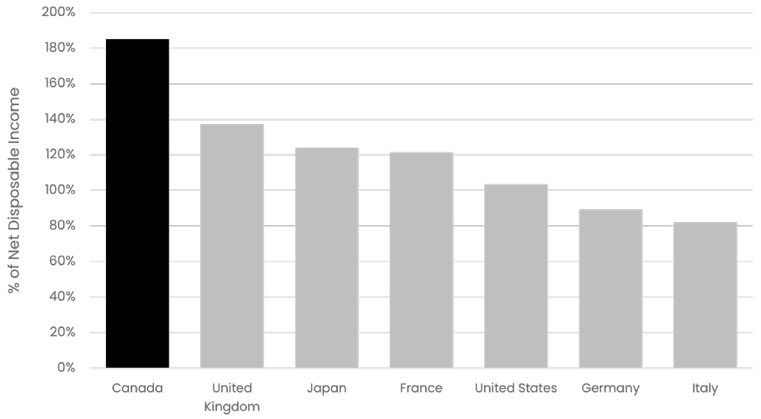
Source: Statistics Canada, Table 36-10-0128-01, Contributions to annual percent change in real expenditure-based gross domestic product, Canada, annual.

This growth pattern is structurally fragile. The 2020 downturn exposed Canada's dependence on private demand: business investment, net exports, and inventories all turned negative. In 2022, growth was driven not by productive capital formation, but by export recovery and inventory restocking—cyclical forces induced by the economic shock of the pandemic, unlikely to sustain long-term momentum. At the same time, residential investment began to decline, removing a major pillar of GDP support.

Capital formation in Canada remains skewed toward housing. While housing supported growth, enabled by periods of low interest rates until the pandemic shock, non-residential investment has remained subdued. Business investment in structures, machinery, and intellectual property has been limited in its contributions to growth over the past decade, suggesting weak foundations for future productivity gains.

This "housing-led" growth model is deeply dependent on debt-fueled consumption and asset price inflation. Household debt reached 180 percent of disposable income in 2021—the highest among G7 economies (Figure 8). Canadians now owe $1.80 for every $1 of after-tax income in household debt. Debt-service ratios have also exceeded 15 percent in 2023 (Statistic Canada, Table: 11-10-0065-01), making households highly sensitive to interest rate changes.

Figure 8 – Household Debt Among G7 Countries, 2023



Source: Organisation for Economic Co-operation and Development, National Accounts at a Glance (NAAG), OECD National Accounts Statistics.

Such high debt leverage also exposes Canada's structural vulnerabilities, lending to secular stagnation. A correction in housing prices or tighter credit conditions would likely constrain household spending, with broader macroeconomic implications. Consumption is not wage-driven, but debt-financed—increasing risks to stability and resilience. These vulnerabilities are further compounded by inequality: rising home prices have crowded out low- and middle-income households from asset ownership, pushing them further into debt dependency and eroding their real purchasing power. Post-pandemic increases in savings and net wealth have been disproportionately concentrated among high-income households and homeowners.

The result is a distorted investment path: credit and policy incentives disproportionately favour static real estate over productivity-enhancing investment. In the long-run, this crowding-out effect undermines economic resilience, amplifies inequality, and leaves the economy highly

vulnerable to financial shocks emanating from the housing sector, in addition to global financial shocks that can occur with higher frequency and uncertainty.

In Canada, these dynamics are compounded by high household debt and growing reliance on housing wealth to sustain consumption. This fragile, asset-dependent consumption model is unsustainable and highly sensitive to rate shocks. As many factors push r* lower, monetary tools become less effective, leaving fiscal policy as the critical tool for macroeconomic stabilization.

Without a concerted effort to address housing financialization and redistribute income, the economy risks settling into a stagnation trap—where weak demand perpetuates low investment, creating a self-reinforcing cycle of low growth, low inflation, and persistent output gaps. Escaping this trap requires proactive fiscal policy, including targeted transfers to low-income households, stronger labour protections, and a policy framework centered on inclusive, demand-led growth.

i) Labour, Wages, and Worker Power

The increase in income inequality in Canada is largely due to the long-run erosion of worker bargaining power. Following the frameworks of Stansbury & Summers (2020), Borsato (2021), and Storm (2023), declining labour power has contributed to weakened demand, underinvestment, and stagnation, despite low unemployment.

Workers have lost bargaining power due to lower rates of membership, and thus their share of labour income has decreased while corporate profits have increased in recent decades. These trends stem from a critical structural issue of rentier capitalism and financialization while labour is marginalized due to economic shifts from industrial manufacturing to service industries. This sectoral shift

has also exacerbated employment instability, wage stagnation, and job quality deterioration as work in these relatively newer service industries have historically lower unionization rates. Despite substantial GDP growth contributions from the service sector, the shift has had a limited effect on employment levels and wages.

Borsato (2021) and Storm (2023) provide further evidence that declining worker power and growing income inequality generate macroeconomic imbalances, hampering growth and perpetuating inequality. Borsato (2021) strengthens this demand-side interpretation by showing that a persistent shift of income to the top reduces firms' incentives to innovate. When most new income accrues to high-saving households, the returns on risky R&D investments fall, leading to reduced technological investment and stalled productivity growth. To restart growth, income redistribution and restructured incentive mechanisms are necessary.

Building on Borsato's insights, Storm (2023) challenges both Gordon's (2014) technology and demography thesis and Summers' (2014) interest-rate-driven demand gap explanations. Storm demonstrates that secular demand stagnation is the product of policy-induced macroeconomic imbalances rooted in rising income for top recipients and wealth inequality. Trends in the Eurozone and beyond demonstrate how declining share of labour income, declining corporate investment, and fiscal austerity have created a cycle of "stagnant growth, distributional imbalance, and low inflation." This cycle lends to stagnation for demand as it leads to suppressed growth and exacerbated inequality. This framework also offers valuable insights for the Canadian economy where stronger labour institutions vis-à-vis the United States have faced similar effects under the neoliberal paradigm.

Labour Institutions in Comparative Perspective

Over the past four decades, Canada and the United States have shared a high degree of cultural and policy synchronization, driven by economic spillovers and deeply integrated social and commercial ties. Although both Canada and the United States have experienced common global shocks, from technological disruption to trade liberalization, their institutional responses have diverged significantly.

In the US, a systematic assault on organized labour since the Reagan administration has driven down private-sector union density sharply—from 34 percent to 8 percent for men and from 16 percent to 6 percent for women between 1973 and 2007. During the same period, wage inequality in the private sector rose by over 40 percent. (Western and Rosenfeld, 2011) The decline in union membership is widely recognized as a key structural driver of rising wage inequality in the US and its erosion of labour's power (Van Heuvelen 2018; Mishel 2021; Fortin, Lemieux, and Lloyd 2021). Some studies estimate that declining union density alone accounted for roughly one-third of the rise in wage inequality from the 1980s to 1990s (Western and Rosenfeld, 2011; Farber, et al., 2021).

In contrast, Canada has maintained comparatively higher and more stable union coverage. As of 2023, overall collective bargaining coverage stands at approximately 30 percent, versus 11 percent in the US, with private-sector coverage at 15 percent (Statistics Canada, Catalogue no. 14-28-0001-X, ISSN: 2818-1247)—more than double the US rate. Studies (e.g., Lemieux, 2006; Card et al., 2015) demonstrate that union presence in Canada has significantly compressed wage differentials: collective bargaining explains up to 7.9 percent of the reduction in overall wage inequality, compared to 3.5 percent in the US. This compression effect is one reason why Canada has experienced a more modest rise in wage inequality

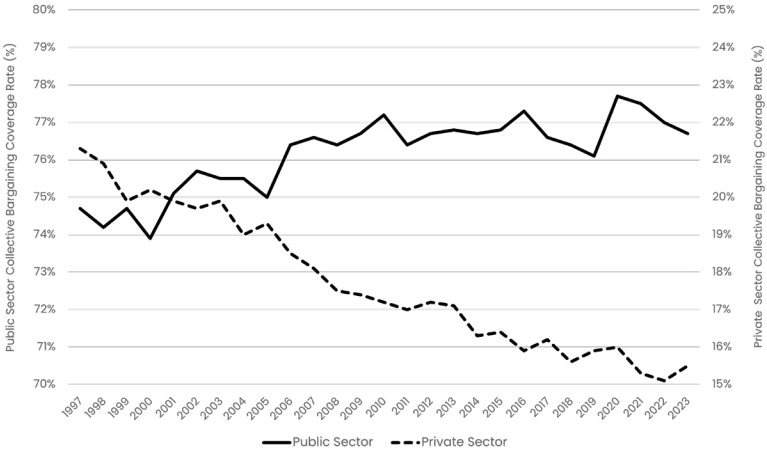
compared to the US, despite facing similar global and technological headwinds.

These institutional differences have had profound social and political consequences. In Canada, more resilient labour institutions have served as a stabilizing force, tempering populist, anti-establishment socioeconomic dislocations by preserving bargaining power for middle- and lower-income workers, influencing redistributive policy, and contributing to a more stable electoral center. The contrast between the two countries underscores the critical role of labour institutions in cushioning economic shocks, lending to comparatively more robust demand and productivity as a result of higher demand.

Declining Union Coverage and Reduced Spillover Effects

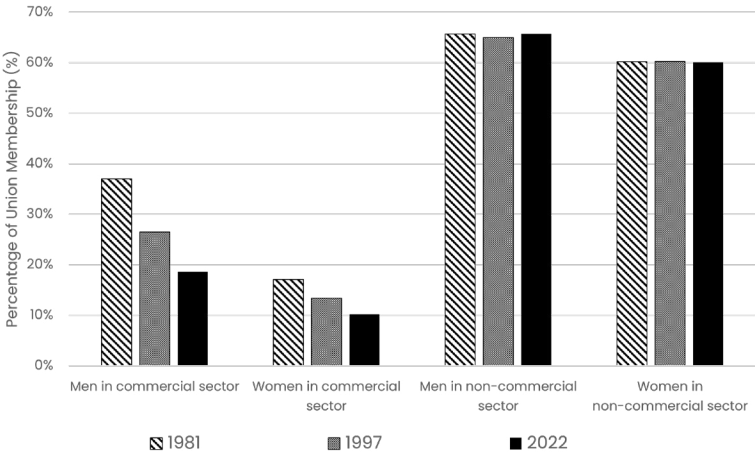
Despite their comparative strength vis-à-vis the US, Canada's labour institutions have undergone a slow erosion in bargaining strength, particularly in the private sector. Overall union membership fell from about 37.6 percent in 1981 to around 30 percent by 2023, with private-sector coverage from roughly 21.3 percent in 1997 to 15.5 percent in 2023 (Figure 9). As shown in Figure 10, by 2022 only about 25 percent of men and 20 percent of women in the commercial sector remained unionized, compared to nearly 70 percent in the non-commercial sector. This decline is most pronounced in high-productivity, capital-intensive sectors, and has been compounded by the rise of non-standard, precarious employment, especially in services. Bargaining coverage fell in every province but Prince Edward Island between 1997 and 2023.

Figure 9 – Collective Bargaining Coverage Rate, Canada, 1997-2023



Source: Statistics Canada, Labour Force Survey, custom tabulation, Catalogue no. 14-28-0001-X; Due to rounding, estimates and percentages may differ slightly between different Statistics Canada products, such as analytical documents and data tables.

Figure 10 – Percentage of Employees who are Union Members, by Sex and Sector, Canada, 1981-2022



Source: Statistics Canada, Survey of Work History, 1981; Labour Force Survey, May 1997 and May 2022; Unionization in Canada, 1981 to 2022, René Morissette. DOI: 10.25318/36280001202201100001 eng.

This decline has reduced the "spillover" effect unions exerted on non-union firms to maintain wage standards across related sectors. This dynamic shifted wage-setting power from workers to firms, increasing wage dispersion and eroding labour's share of national income. Fortin, Lemieux and Lloyd (2021) and Green et al. (2023) show that union presence has historically raised wages even outside of collective bargaining, through benchmarking (employers match union-set norms to retain talent), threat effects (firms raise wages to compete with unionization), and norm diffusion (union wage norms spill across the labour market culturally and institutionally), whereby union wage standards influence broader labour market practices. The erosion of unions contributes significantly to rising inequality with the loss of this economic power. As Gunderson (2022) argues, unions remain an irreplaceable tool for shaping wage norms and supporting inclusive growth.

i) The Profit–Investment Disconnect

Lastly, income and wealth inequality do not merely skew the social pie; they break the pipeline that directs profits to productive investment, freezing innovation and locking advanced capitalist economies, including Canada into, secular stagnation. Income inequality is compounded by the antithesis of high corporate profits and declining investment, despite profitability reaching historic peaks. According to the macroeconomic accelerator effect, investment depends more on expected demand or income conditions—high demand and high GDP nominally mean high investment. However, when income shifts toward high-saving households or retained earnings, and expected demand remains weak, investment has been found to remain weak and even low interest rates fail to stimulate investment. (Borsato, 2021)

The disconnect between record-high corporate profits and weak capital investment—a defining feature of secular

stagnation—indicates that financial surpluses are not being converted into productive capacity. Despite sustained profitability, Canadian firms have reduced per-worker investment since 2015, especially in areas vital to innovation and future productivity, such as machinery and equipment (M&E), intellectual property products (IPP), as well as in traditional areas, such as non-residential and engineering structures (Robson and Bafale, 2023). As Robson and Bafale (2022) notes, "a country's stock of non-residential buildings, engineering infrastructure, M&E, and IPP is critical to its ability to generate output and incomes. But Canada's capital stock is barely growing, and not keeping pace with its workforce." In 2024, Canadian workers were projected to receive just 66 cents in new capital for every dollar invested across the OECD, and only 55 cents for every U.S. dollar. (Robson and Bafale, N. 666, 2024) This reflects a persistent profit–investment gap: Canadian firms are not translating retained earnings into productive capital formation despite abundant credit.

Stagnation Feedback Loop and Demand Leakage

The underlying cause for the profit-investment disconnect is income inequality. As wealth concentrates in high-saving households and corporations—who have a lower marginal propensity to consume than middle- and low-income households, consumption demand remains weak, dragging down overall aggregate demand. This creates a feedback loop: the declining labour share and sluggish wage growth further erode household purchasing power, while rising corporate profits are not reinvested in productive assets but instead accumulate as cash reserves, stock buybacks, or dividend payouts. The result of this feedback loop is aggregate-demand leakage: profits do not translate into broader spending that would validate new investment. Consequently, innovation investment slows, undermining long-term productivity growth and potential output, while wages remain stagnant.

Firms delay investment in innovation such as R&D and technology adoption due to weak consumption growth and risk aversion under demand constraints. Since innovation is itself a key engine of growth, Benigno and Fornaro (2022) formalize this in their stagnation trap model, where pessimistic expectations today suppress innovation and capital expenditure, which in turn validate low-growth expectations tomorrow. In this context, excess savings fail to stimulate recovery because the returns on R&D are too low to incentivize private investment. Unlike Keynesian liquidity traps where savings are preferred to investment due to the expectation of acute demand shocks, the core issue becomes worsening systemic income distribution which prevents savings from finding productive, high-return outlets. As a result, economies become trapped in a feedback loop low-growth equilibrium where insufficient aggregate demand fails to absorb potential output, weak innovation curbs productivity gains, and inequality continues to intensify—locking the economy into a stagnation trap.

Conclusion

Income inequality is an active constraint on economic dynamism and has contributed to stagnation in Canada. Wage suppression, weak social transfers, and regressive taxes have eroded household incomes, leading to a structurally demand-deficient economy in the Canadian context, but the same trends can also be found in other capitalist economies. The turn to debt and housing wealth, especially in the Canadian context, has masked this fragility, but itself has become a vulnerability and cannot sustain growth indefinitely. Exiting structural stagnation requires addressing the core contradiction between Canada's distributional regime and its growth model. This means restoring the wage–productivity link, reorienting investment toward productivity-enhancing activities, and rebuilding the social architecture that supports economic inclusion.

The effectiveness of monetary policy is diminishing but retains short-term adjustment capacity. Interest rate transmission and inflation expectations management remain effective in Canada: rate hikes have cooled the housing market, curbed overheating inflation, stabilized market expectations, and influenced the exchange rate via interest differentials, thereby affecting exports and import-driven inflation. However, long-term effects are increasingly marginal. Beyond a lower r* and reduced policy space, key constraints include weakened consumption elasticity—highly indebted households show muted response to rate changes due to low marginal propensity to consume—dampening monetary policy's ability to stimulate spending. Business investment is largely unresponsive to interest rates as investment is constrained not by financing costs but by weak demand expectations. A preference for safe assets and distorted financial markets further limit effectiveness—monetary easing may inflate asset bubbles rather than drive real investment. Monetary policy can still guide Canada's economic trajectory, but without structural reform, its impact will continue to diminish and its costs will rise.

The Pandemic as Both Crisis and Opportunity

The COVID-19 pandemic catalyzed a multi-dimensional shift in Canada's economic and political landscape. First, it reasserted the essential role of the state through unprecedented public spending and institutional intervention, shattering the triad of low taxes, small government, and the omnipotence of markets. Second, it exposed the limits of market-centric governance, revealing the failure of neoliberal policies to deliver resilience or equity. Third, it laid bare deep structural inequalities, amplifying the vulnerabilities of low-income and precarious workers. For example, low-income, precarious, and disproportionately racialized and female workers bore the brunt of the crisis, while wealthier asset-owning groups recovered quickly, resulting in a clear

"K-shaped recovery": rapid gains at the top, deepening hardship at the bottom (Osberg, 2021). Canada's social safety net, long under strain, was forced to act as a macroeconomic stabilizer. Emergency programs like the Canada Emergency Response Benefit and other wage subsidies proved essential, but also revealed the fragility and insufficiency of existing systems such as Employment Insurance and provincial welfare. Lastly, Canada's fiscal response reshaped political consciousness, fueling rising demands for stronger collective institutions and more inclusive economic governance.

The neoliberal paradigm has failed to align growth with equity, unable to resolve the very structural imbalances and demand shortfalls it has helped create. The shared fate during the pandemic has catalyzed a shift in collective consciousness is underway across Canadian society, particularly among Millennials and Gen Z. These cohorts entered adulthood in the aftermath of the 2008 Global Financial Crisis, endured a decade of job market precarity, and then bore the brunt of pandemic job losses. The contours of this evolving collective consciousness include: 1) declining faith in a "self-correcting market"; 2) rising expectations for state-led redistribution and public investment; 3) growing recognition that individual security depends on collective institutions and increasing demand for a more active role by the state in supporting growth, productivity, and economic resilience; 4) diminishing tolerance for structural inequality (Abacus Data, 2018; CanTrust Index, 2025). This awakening reflects a broader response to lived experiences of inequality, intergenerational injustice, and eroding public institutions. It signals a call for a renewed social contract and a more inclusive economic model. This is a powerful generational shift in expectations—one that demands a corresponding shift in policy thinking. To move from pandemic emergency response to long-term economic renewal, Canada must treat the crisis as a catalyst for structural reform.

Toward Inclusive Growth

The focus of policy should therefore shift from primarily relying on monetary or interest rate adjustments to addressing the fundamental distributional imbalances within the economy that have led to stagnation. To reignite growth, Canada must build a sustainable model of economic development and governance centered on "inclusive growth". Promoting economic growth while ensuring its benefits are more broadly shared—especially by low- and middle-income groups—is essential to reducing inequality, strengthening social cohesion, and advancing equal opportunity. "Inclusive growth" marks a normative shift away from the neoliberalism focused on market neutrality and procedural fairness.

Over the past decade, a range of influential reports from the OECD, World Bank, IMF, G20, UN, and other international organisations have elevated inclusive growth to a central position in global economic discourse (OECD 2017; IMF 2018; IMF G-20 SSBIG Reports 2018–2024; World Bank 2025; Ostry 2018; Johnson 2021; Davoodi et al. 2021; Agarwal 2024). Canada has been an active participant in these discussions. The concept has attracted attention not only from scholars and policy analysts but also from Canadian corporate leaders, industry associations, provincialand federal policymakers (e.g. Global Affairs Canada 2017), and trade unions. Key ideas in the inclusive growth agenda—broadening economic participation and ensuring a fairer distribution of the gains from growth—are reflected in national policy frameworks such as Growth that Works for Everyone (Global Affairs Canada 2017).

In practice, inclusive growth centers on four key priorities: (1) expanding opportunity (through better education, skills training, and access to jobs for disadvantaged groups); (2) improving distribution of economic benefits (by reducing income and wealth inequality so that the

gains from growth flow more toward lower-income households); (3) enhancing institutional fairness (via stronger social protection, progressive taxation, and fair labour markets); and (4) ensuring sustainability (by avoiding growth at the expense of environmental or social stability). This approach is grounded in both empirical evidence and normative judgment endorsed by economists such as Nobel Laureate Joseph Stiglitz (2015, 2025), Dani Rodrik (2014), and Thomas Piketty (2022): inequality and growth are deeply interconnected, and growth that is not inclusive is ultimately unsustainable.

Grounded in egalitarian liberalism and public goods theory, it emphasizes outcome-oriented structural equity, going beyond formal equality of opportunity to focus on whether outcomes meaningfully improve the conditions of the most disadvantaged.

Pandemic-era public spending reframed the state as the "protector of last resort" against market failure and structural inequality, marking a shift from neoliberal approach to neoliberal view of government's role in growth and redistribution toward a new governance framework that places greater emphasis on broader state-led policies—most notably expanded public investment—to drive inclusive growth, counter weak private demand, and strengthen long-term supply potential.

Economic institutions are not neutral or value-free; they reflect underlying political philosophies, competing views of justice, and of the common good. Specific policy goals are often shaped by utilitarian reasoning and economic efficiency; fundamentally speaking, distributional systems embody choices about justice, power structure, and social priorities. They embody the kind of society we wish to build, and ultimately, the way of life we wish to live. Rethinking distributional means shifting from "raising GDP and then redistributing it" toward structuring the economy from the outset in a way that distributes

opportunity and reward more equitably. Inclusive growth, in this sense, requires structurally embedding fairness into the foundations of growth itself.

Redistribution is the precondition for demand recovery, investment revitalization, and long-term economic stability. Canada must rebuild labour income, expand public investment, and implement aggressive fiscal policies aimed at reducing inequality and stimulating demand. Compared to the objective of prioritizing market efficiency alone, structural redistribution and investment-led resilience must be treated as macroeconomic imperatives. Policy should aim to ensure shared prosperity and reduce inequality.

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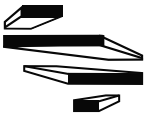

The Democratic Politics of Industrial Policy and Defining Canadian Abundance

Michael Leger

The economic headwinds facing Canada are greater than the sum of its parts. The pace and sporadic nature of the United States' trade war with Canada is unprecedented and has recently dominated headlines, but the underlying structural challenges demand careful attention. The Covid-19 Pandemic-induced economic shock can be blamed for the acute inflationary jump in the cost of housing and food, but the interlinked productivity and cost-of-living crises have been brewing for more than a decade.[1] The OECD predicts Canada's per capita GDP growth will be last amongst OECD economies in the next 40 years.[2] Nearly half of Canadians report difficulties meeting day-to-day expenses due to rising costs.[3] Recall it was these economic crises that catapulted the Conservative Party under Pierre Poilievre into dominant polling territory before Trump's victory changed the narrative.

On top of this, perhaps the most fundamental feature of the Canadian economy is that our wealth and welfare depend largely on fossil fuel commodities in a world with a highly uncertain fossil fuel future. We're at a turning point, and there is no single silver bullet except rethinking and reforming the process by which economic policy is made. The ongoing crises will only continue to test the democratic fabric of the federation, and it is high time that the government presents a long-term vision that balances ambitious and sustainable growth with equitable outcomes.

Enter industrial policy, the buzzword about strategic government interventions influencing the direction of the national economy. Suddenly from all ends of the political spectrum in Canada, the new rallying cry seems to be "build, baby, build."[4] The immediate political-economic crisis presents an opportunity to address the fact that our policy mix hasn't been set in the right direction for a long time; a multi-faceted strategy overhaul is long overdue, and in this moment all eyes are on the promise of infrastructure investment. But build and invest in what? Is this really the silver bullet its proponents want it to be? Who will decide, and how will the government avoid the pitfalls of earlier failed and delayed infrastructure projects? Does Canada have the administrative capacity to agree on a vision, to shape industries, and to build big?

Now, as Canadians are living *in media res* through a crisis where the old economic formula is broken, and historic relationships can no longer be taken for granted, the competition for successful government economic strategies beyond the tried-and-tested austerity and privatization is on at full throttle. With old commitments fraying apart, it has become much more apparent how supply chain resiliency and climate investment are tied up with sovereignty and national security. Crucially, industrial policy is not new: the state's ability to effectively steer, incentivize or establish markets is what inter-state competition has always been about. The pandemic dropped the veil on the ever-present role governments play in shaping markets, and the ongoing geopolitical and energy crises have practically guaranteed that embracing industrial policy fully is the only way to navigate the new disorder. Free market boosterism does not make for good government strategy in a world of trade wars.

Industrial policy was once taboo, but it has recently come into vogue across advanced economies. By the International Monetary Fund's count, 2023 saw more than 2500 industrial policy interventions worldwide.[5] Its return forces policy-makers to rethink not only the relationship between the state and the market, but also what democratic states owe its citizens with regards to state capacity. Governments are always shaping markets through budgets, regulation and tax policy; but the true marker of the industrial policy turn is the combination of scale, degree of intervention, and the explicit planning nature that governments have demonstrated in designing industry-stimulus programs that make straightforward claims about the intersection of domestic economic policy and international politics.

The return of industrial policy has come with a resurgence in critical attention to the meaning of state capacity, not just as a barometer of state success but even as a barometer of state legitimacy. We tend to think of democratic legitimacy as being rooted in democratic processes: free and fair elections, Parliamentary procedure, Charter rights to free expression and protest. Citizens have a *say*, and having a say is part of what makes democracy a government of, and for, the people. Consultation processes help to secure stakeholder buy-in as they also help polish the end-vision itself.

However, an equally weighty test of legitimacy Canadians should be asking, especially in a moment where housing markets keep young generations out of homeownership and basic public health services are in decay, is whether the government is able to provide services reliably and equitably. As part of our social contract, there is a reasonable expectation that government services will work, that government bureaucracy can be effectively reformed, and that government projects, in principle, will not be delayed *ad infinitum*. This is what some political theorists have called democratic state capacity.[6] It is not enough

for a government to articulate policy goals; these must be well-executed, constructed and built. It is not enough for a government to say it wants to build an economy for the middle-class and those-working-hard-to-join-it, it must be able to do it.

The passing of Carney's 2025 *One Canadian Economy Act* commits the government to fast-tracking a handful of nation-building projects. The spirit of the Act is to help bring the country together by building together, but already the process thus far has been beset by opposition by the Bloc Québécois, the New Democratic Party, and even some Liberal MPs. Enthusiasm is high in Ottawa, but the hard road lies ahead.

The government is expected to determine a list of national interest projects for expedited approval by 2027 with the criteria that each project: enhances Canadian autonomy; brings economic benefits to Canada; has a high likelihood of success; advances the interests of Indigenous people; and contributes to clean growth. The list is likely to include a mix of energy, natural resource and social infrastructure, but it is unclear which will be a priority for Carney's government. With the world's largest deposits of high-grade uranium, the largest potash reserves used for fertilizer, and plenty of other rare elements required for renewable technologies, it is an understatement to say that Canada is geographically well-endowed. The country is well positioned to develop into more of an energy superpower – if it chooses to.[7] But the current enthusiasm is at odds with the patent political challenges of building infrastructure in the last decade and, indeed, the political challenges that have defined many of Canada's greatest periods of infrastructure and industrial policy.

Key historic moments of Canadian infrastructure building and industrial policy have been "nation-building," but these moments were also wrought with bursts of heated controversy and have sown longstanding division. Almost

by definition, nation-building projects must be so sufficiently large that, from the planning stage onward, they seem nearly insurmountable. They must also be sufficiently substantive that, once established, it is just as impossible to imagine the national landscape without them.

It is now impossible, for example, to imagine Canada without the Trans-Canada Highway as the connective tissue that links the vast network of roads across the country. Nevertheless, before the 1949 *Trans-Canada Highway Act* passed by the Liberal government of Prime Minister Louis St-Laurent, roads were exclusively understood to be under the jurisdiction of the provinces, and many provinces took great offense at having the federal government try to unite them in a single project. The Premier of British Columbia at the time, W.A.C. Bennett, boycotted the federal opening ceremony at Rogers Pass, opting to hold a provincial ceremony instead, just so that he could call the road "BC Highway 1" instead of the Trans-Canada. Québec did not officially sign on to accord until a decade later than the other provinces. Provincial stunts that channel backlash have long been an anticipated and inevitable component of Canada's nation-building projects.

The impetus to build a national highway seems obvious: its construction sped up travel time from region to region, bringing commercial and social benefits. Communities that were cut off from the new highway routes faced economic and social challenges, but the communal benefits outweighed the specific disadvantages. Despite protests over the highway route and who would pay (the federal government ended up paying much more than it budgeted for) the road was built. Massive infrastructure projects put the nature of state power under a microscope: it must pick winners and losers and manage the trade-offs. It is a thankless and unenviable task, but a state that is unable to make a compelling case for these trade-offs isn't much of a state.

Prime Minister St-Laurent, in addition to the construction of the St. Lawrence seaway, also oversaw the construction of what was then the longest fossil fuel pipeline in the world. The TransCanada pipeline was completed by 1958, and it still ships natural gas from Alberta to Québec. The infamous pipeline debate surrounding the legislation that authorized the company TransCanada PipeLines Limited spent all of St-Laurent's political capital and put immense stress on Parliament. By the early 1950s, Alberta's nascent oil and gas industry began to accelerate its development with the discovery of the Leduc oilfield, just as Canada's eastern provinces needed more energy to meet industrial growth. Alberta was keen to sell its energy resources to the United States, but St-Laurent and his Minister of Trade, C.D. Howe, had another plan. The pipeline offered a way to solve two regions' needs by facilitating trade between them, to the disappointment of the Alberta government and industry.

The source of controversy had to do with its cost, who would pay, and whether it had to be built through the difficult terrain of the Canadian Shield in north Ontario instead of passing south of the Great Lakes. According to Howe: "Once again, as in the days of railway building, the difficult and sparsely populated pre-Cambrian shield appeared to present an almost insurmountable barrier to economic transportation between western and central Canada."[8]

Canadian debate on economic policy during the era of the TransCanada pipeline was inflected with a deep anxiety over American influence. Then Conservative Leader of the Opposition John Diefenbaker, claimed that if St-Laurent were re-elected in the 1957 Federal Election, Canada would become "the [next] economic state in the American union."[9] The Conservatives were concerned with excessive American financial involvement with the pipeline project, and the socialist Co-operative Commonwealth Federation,

led by James Coldwell, called for outright nationalization to redistribute the profits generated by the project across Canadian society. Both opposition parties were determined to filibuster St-Laurent's pipeline legislation from the outset, but the Liberals pushed ahead with a Parliamentary strategy that would rely on the use of "closure" – a Parliamentary tool to adjourn debate and force a vote.

What transpired was a wrenching couple of weeks in Parliament during which 3 MPs were admitted to the hospital and one MP had a heart attack in session as the opposition attempted to stall the legislation. Few moments in Canadian Parliamentary history have been as strained as the 1956 Pipeline Debate. But looking back now, despite the obstacles, wouldn't we still rather have that Canadian pipeline instead of the alternative? Wouldn't we prefer that Ontario could buy directly from Alberta instead of relying on the US as a third-party buyer and seller?

Each of St-Laurent and Howe's infrastructure projects, on highways, pipelines, and ports depended upon the decision to overcome major geographical obstacles towards the end of bringing the country together. In every case, there was a geographical struggle and a political struggle to facilitate east-west infrastructure across Canada instead of north-south infrastructure that facilitated stronger US integration. Building east-west infrastructure is much more technically challenging due to Canada's geography. Any longitudinal national project requiring the blasting of Rogers Pass or building on the Canadian Shield is, in some sense, impractical from a cost and return point-of-view. However, the logic of price-cutting and convenience are not what built Canada. These nation-building infrastructure connections are part of what physically reinforces the country's integrity as a unit.

Canada's fossil fuels, and the infrastructure and technology that drive it, have been subject to some of the best and worst of Canadian government strategy and industrial policy. The fallout of the 1956 Pipeline Debate, and the end of St-Laurent's Liberal government, motivated John Diefenbaker's Conservative government to establish a quasi-judicial regulator, the National Energy Board, to shepherd future energy infrastructure projects. Established in 1959, the NEB was developed to help insulate major energy projects from provocative national debates in the name of national interest. Rather than consume Parliament with oversight of east-west projects, the NEB enlisted a group of technocrats to judge the viability and appropriateness of energy infrastructure projects instead. But the promise of depoliticizing energy infrastructure and regulation in Canadian democracy proved to be its own pipedream.

On one hand, it was well-crafted provincial industrial policy under Alberta Premier Peter Lougheed that fostered the technology that would enable the economical extraction of oil commodities from bitumen. Lougheed's Alberta Oil Sands Technology and Research Authority, established in 1974 as a provincial crown corporation, incentivized technological innovation while keeping the intellectual property in the hands of the public. Without its institutional structure and investment, the oil sands would not have been able to develop as they have, and Canada's bitumen would not be internationally competitive.

On the other hand, it was Prime Minister's Pierre Elliott Trudeau's National Energy Program (NEP) that would sow the seeds for longstanding Western resentment of the Liberal Party of Canada. As oil prices skyrocketed globally due to the oil price shocks across the 1970s, Trudeau introduced export and price controls to counterbalance the benefits of high oil prices for the West, with the burdensome costs on non-oil producing provinces.

Crucially, the NEP did help steer investment into Canadian -owned oil sands development through grants, and away from foreign-owned conventional oil extraction. Proponents of the NEP saw it as a tool to shore up national wealth, distribute prices for all regions, and unite the country on a path to energy self-sufficiency. Critics saw it as a failed attempt of the government to overstep and intervene in the market and disrupt Alberta's industry.

What these two cases demonstrate is that industrial policy can vary with various mechanisms and goals, such as sustained government investment to establish an emerging industry or price setting to sustain equalizing outcomes from industrial capacity. But once the government puts itself in the ring making overt decisions about the direction of the economy, the immediate losers have no question of who to blame. The point is not that the government should simply stay out of the way – if that was the case, we wouldn't have an oil sands industry to speak of. Rather, as the government commits to intervene in shaping and establishing industries, it must be clear-eyed about the inevitable regional disaffection, and it must continuously offer a compelling vision for why the immediate trade-offs are in the country's long-term interest. Industrial policy cannot be relegated to technocratic processes, it must be embraced as a political project that requires constant justification and inspired debate.

By the 2010s Diefenbaker's technocratic NEB became the centre of the highest-profile infrastructure scandals of recent times: the extension of the Trans Mountain Pipeline. In 2013, US-based Kinder Morgan, one of the largest energy infrastructure companies in North America, submitted an application to the NEB to increase capacity of the Trans Mountain Pipeline, operational since 1953, that ran from Edmonton, Alberta to its terminus in Burnaby, British Columbia. The project would see the construction of an additional pipeline along the same

route to double the capacity of crude oil shipments from Alberta for export on Pacific Ocean trade routes.

After three years of review, the NEB approved the project, granting it with the judgement that it was in Canada's national interest under the auspices of Prime Minister Justin Trudeau's Liberal government. Simultaneously, protesters gathered to defend Indigenous land rights and to raise climate concerns over the narrowness of the sea-passage and the risk of oil spills. Immediately after the government approved the Board's review, several Indigenous groups challenged the NEB's environmental assessment and its failure to adequately consult and accommodate.

In the Trudeau government's attempt at compromise, it was announced in 2018 that the Trans Mountain Pipeline would be acquired by the federal government outright, with plans to share equity with Indigenous groups. This infrastructure episode would lead to the closure of the NEB in 2019 and replacement by the Canada Energy Regulator, a new agency of the Government of Canada with a broader mandate for public engagement, Indigenous Reconciliation, and environmental protections. Still, by 2020 the Supreme Court of Canada dismissed appeals by First Nations to contest, for a second time, Prime Minister Justin Trudeau's approval of the project.

Learning from Trudeau's failures, Carney has insisted on thorough consultation with Indigenous groups and a commitment to share equity from the beginning. Perhaps if he truly took note of Trudeau's experience, he would at least entertain greater government ownership at the beginning of these infrastructure projects as well. Carney hopes to achieve in 2 years what it took Trudeau more than a decade after developments were delayed by protest and legal contestation over what constituted reasonable consultation. For more development of our natural resources to be expedited, Carney will have to work hard

to show and justify how these projects will be sustainable and equitable to all parties involved – especially those that will be asked to make compromises.

The current industrial policy turn may reflect a global phenomenon, but how these policies get carried out, and how effective they are, is specific and contextual. For instance, the left-wing economic discourse in the US has been embroiled in a debate on the politics of 'Abundance.' The basic claim is not complicated: the US should overhaul its legal and environmental regulatory processes that appear to be in the way of speedier construction, and more infrastructure is needed to secure future wealth for American society. Proponents see it as a "supply-side progressivism," while critics see it as another de-regulation agenda, absent of true strategic industrial policy.

First, there is a difference between unnecessary bureaucratic overlap and well-functioning labour regulation. The difficult work for policymakers ahead is to be honest about where processes can be streamlined while not undoing labour rights that are the product of decades of work and activism. Not all regulation that slows things down is bad, but the assessments and judgements on critical infrastructure must speed up. This is where industrial policy with clear regulatory frameworks, not de-regulatory retrenchment, should come in.

Second, there is a difference between calling for bureaucratic processes to be chain-sawed and hollowed out à-la-DOGE and having well-thought-through long-term economic plans that make a clear case for why and how massive infrastructure projects can be a boon to all. Streamlining bureaucratic processes on its own is not the same thing as building out a long-term plan and having a government there to coordinate across sectors and backstop momentary failures.

Third and finally, the US regulatory and development context is not Canada's. As much as some might be inspired by the rhetoric and spirit of the so-called 'Abundance' agenda, what makes industrial policy work, and what secures buy-in, is when policy and strategy is homegrown and is the product of local discussion in response to local contexts. We would do well to protect our own development discourse from being hijacked by American interpretations of American history. For industrial policy to work well in Canada, it must be the result of sober comparative work and stubborn analysis of our own specific strengths and weaknesses.

Infrastructure building and industrial policy involves long periods of investment with no immediate payoff. The political gamble is whether the narrative of nation-building under the context of existential sovereign threats can outlast necessary interregional contestation, not to mention inevitable unforeseeable global shocks that have yet to come. While ambition and necessity of fast-tracking nation-building projects in the short and medium term should be embraced, it should not come at the cost of circumventing democratic processes. The challenge for the federal government is whether it can balance underwriting (and expediting) consultation processes while simultaneously recognizing and communicating that effective economic administration as a key tenet of democratic state capacity. The democratic fabric of the country depends upon it.

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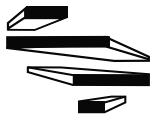

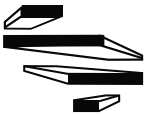

The Temptations of Trite: How Policymakers Avoid Addressing Homelessness as a Structural Challenge

Abe Oudshoorn

This article was co-written with contributions from Michelle Bilek, Jim Dunn, Jon Paul Mathias, Kateryna Metersky, Alex Nelson, Sophie O'Manique, Steven Rolfe, Colleen Van Loon, and Jeremy Wildeman.

Globally, researchers, service providers, advocates and lived experts who are trying to enact the prevention and ending of homelessness face various forms of government inertia. While United Nations member states have collectively signed onto the 'right to adequate shelter', actualizing this human right occurs in significantly varying degrees between them. While human rights are ubiquitous, there remains an underlying perception of 'deserving poor', even among adherents and advocates to those rights, whereby assistance is provided only to some and under limited criteria. The status quo, in the form of government inaction on the actualization of these human rights, resists the universalization of these rights by creating counter-narratives against those proposing policy action.

Without demonstrating accountability or adequate progress to actualize the right to housing, the Canadian federal government remains, in practice, deeply unserious about its obligations despite this right being named within the 2019 *National Housing Strategy Act*.[2] Recent national trends demonstrate this unseriousness. First, the growth of encampments in communities across the country, with 80% of communities in Canada reporting an increase[3], shows that inadequate shelter is a national problem that

the federal government has not adequately addressed. While systems transformations induced by the COVID-19 pandemic offered an opportunity to build substantial alternatives, we instead created more temporary solutions that found us in a worse homelessness situation in 2025 than in 2019.[3] Second, ongoing global political, economic, and environmental unrest have added additional stressors on the housing sectors in Canada.

Ukrainian refugees, for instance, have fled to Canada due to the Russian invasion beginning in 2022, and were fast-tracked through the Canada-Ukraine Authorization for Emergency Travel program that included a promise of accommodation.[4] Research has found the lack of stable housing offered to Ukrainian refugees led to housing crises and rational but concerning responses, including some women engaging in sex work to secure housing.[5] Countries committed to the right to adequate housing do not allow for mass homelessness, or for newcomer women to have to engage in sex work to secure accommodation. According to the *Implementation of the Right to Housing for Women, Girls, and Gender Diverse People in Canada*, "homelessness is a prima facie violation of the right to housing."

All levels of government in Canada, like their peers globally, frequently engage in similar practices and storytelling to down-play the issue of housing inadequacy, or avoid acting on homelessness. We have noted five practices and narrative formations that Canadian governments use, enabling their negligence towards homelessness. These practices are presented as an intentional chronology that demonstrates increased acknowledgement of the issue, but not necessarily increased action. We have called these five practices the *Temptations of Trite*: how policymakers find convenient way to avoid taking significant action and accountability on homelessness in Canada. The term 'trite' is chosen for its meaning of being insufficiently

thought-through and ineffective. That is, it is tempting for politicians to offer excuses or very mediocre solutions to complex social problems.

Temptation 1: Homelessness is a Choice

Governments respond to health and social problems that are of a certain degree of significance. Therefore, minimizing the significance of homelessness serves to minimize the response to it in government policies, programs, or funding. As public policy responses to issues are ideally 'data driven,' this practice to minimize homelessness helps build denial that it is present at all or exists in any solvable manner. Due to the high visibility of homelessness in most Canadian communities, however, governments cannot completely deny that homelessness exists. Instead, it has been common practice to use anecdotal evidence to suggest that homelessness is a personal choice, and therefore falls outside the realm of government responsibility. For example, in debating Premier Doug Ford's suggestion to use the notwithstanding clause to remove encampments from parks, Hamilton Councillor Matt Francis referred to people experiencing homelessness as, "drug addicts using our parks as a provincial campground."[7]

This is seen frequently in debates about supporting people residing in encampments. Courts across the country have generally ruled that removing encampments is a violation of rights unless alternative housing is offered as an option, therefore, it is in the interest of local councils to determine that encampment residents are refusing options. Anecdotes are shared of how encampment residents have been offered access to shelter but declined such offers, thus demonstrating a perceived choice to remain homeless. One London City Councillor suggested that homeless people who refuse shelter should be detained.[8] Often missing from these narratives is the availability of safe or stable housing, accommodation of choice within the

preferred area of the community, or accommodation that allows for pets or co-habitating with partners. Instead, the refusal of a particular offer, in a particular moment, without specific needs of the unhoused being met, is extrapolated by policymakers to remove government from responsibility.

The denial is the existence of homelessness that can be addressed by the provision of tailored services, not of homelessness entirely. This pathway is trite, dismissing the needs of the unhoused and of those working on the frontlines of the housing crisis.

Temptation 2: Undercounting homelessness

That governments only respond to problems that are significant, simply indicating that homelessness is present is not sufficient to garner action. While some jurisdictions will acknowledge the presence of homelessness, if the problem is perceived to be quite small then it is unlikely to warrant a policy or funding response. Therefore, governments can find ways to minimize the perceived scale of this issue. An accurate picture of homelessness requires all forms of housing insecurity and homelessness to be properly measured and accounted for. By failing to fully and properly engage with the harder-to-reach forms of homelessness, like hidden homelessness or "couch surfing," policymakers fail to understand and address the full scope and scale of homelessness.

Hidden homelessness– lacks a unified approach in how it is defined and counted, underplaying its existence and severity. Federal and provincial/territorial approaches to enumeration rely almost exclusively on street-level homelessness and people staying in shelters to estimate the prevalence of this issue. This overrepresents the experience of certain groups, like men, while making invisible the experiences of women, gender-diverse

individuals, newcomers, Indigenous people, people with disabilities, and survivors of gender-based violence (GBV).[7]

Perhaps one of the clearest examples of under-counting is how hidden homelessness is poorly captured within Point in Time (PiT) counts, one of the main sources of data Canada has on homelessness. The PiT count methodology involves surveying people experiencing homelessness over a maximum of 24 hours as a way of knowing the extent of this issue in different cities across the country, allowing for assessment of trends over time.[8] Hidden homelessness is acknowledged and those experiencing it can be enumerated if encountered by survey volunteers; however, there is no best practice for finding or reaching out to those in hidden homelessness.

While it is true that enumerating populations experiencing hidden homelessness is challenging, the limits on enumeration contribute to under-reporting homelessness in Canada, distorting our overall understanding of the scale of homelessness and housing insecurity. A methodological decision like this creates an underlying assumption that hidden homelessness is not as 'real' as other forms of homelessness. This makes it difficult to design policies and programs to support individuals in this situation. Previous research demonstrates that hidden homelessness is more prevalent amongst already marginalized populations such as Indigenous people, people with disabilities, people who use substances, and women and gender-diverse people (especially those who have experienced GBV).[9]

Considering that men are over-represented in emergency shelters and street-level homelessness; by not prioritizing outreach to those experiencing hidden homelessness, we are left with a distorted picture of the gender make-up of those facing severe housing insecurity in Canada. The

"systemic undercounting" of women and gender-diverse people in populations experiencing housing precarity has serious consequences for this group.[10]

This measure is particularly troubling when people are routinely being turned away from shelter. In a recent study: *Nowhere to go: Gender Based Violence and Housing Insecurity in Ontario*, researchers routinely heard from research participants that women and gender diverse people were staying in contexts in which they were experiencing GBV because of a lack of shelter or affordable housing options in their community.[11] If GBV shelters had more capacity, these groups would then be included in PiT counts. In a housing crisis context, where shelters are at capacity, PiT counts must be understood more as a reflection of shelter capacity and admission criteria, combined with street homelessness demographics, than the actual scale and scope of the problem. By relying on narrow PiT counts as an accurate measure of homelessness, governments are chronically minimizing the scope of the issue.

Apart from the lack of a unified definition and inclusive data collection strategies, poor institutional cooperation contributes to undercounting less visible forms of homelessness. There is a systematic lack of cooperation between jurisdictions and public institutions that impedes an accurate estimate of the scope of homelessness in Canada. Hospitals offer an example: using the code Z59.0 for patients experiencing homelessness upon admission has been mandatory since 2019 for all facilities included in the Hospital Morbidity Database.

In theory, this means that hospitals hold data that could be useful in shedding light on the scale of homelessness – this is especially relevant knowing that hospitals, as an emergency setting, represent a site of public healthcare access for those who have limited access to other modes of preventative healthcare. However, healthcare facilities

and municipal and provincial/territorial governments usually lack data-sharing agreements, limiting how this information can be used and undercounting people who are experiencing homelessness outside of the shelter system.[12] Moreover, health and housing are deeply interconnected and acknowledging this through coordinated efforts strengthens advocacy around homelessness by aligning health care practitioners and frontline housing workers alike.[13]

Temptation 3: Define and enumerate homelessness but then only present programmatic solutions

Where governments comprehensively define and enumerate homelessness, government responses may still be inadequate, insufficiently addressing the scale of the problem. Indeed, in Canada we can see a significant move to suggest that Housing First as a community-level response (micro, not macro) is the singular approach needed to "solve" homelessness.

It is noted that Housing First is the best evidence-based intervention available in the sector, but the program takes a reactive, downstream approach, often focused primarily on chronic homelessness. Also, Housing First is impeded by higher-order structural factors such as the availability of affordable housing and availability of programs and services to keep people housed.[14] Put another way, nations with stronger infrastructure, including adequate social and public housing, are better positioned to implement Housing First effectively, whereas Canada's dilapidated and insufficient housing stock compromises the aims of the model.

Homelessness is a problem of income inequality, colonization, racism, and other structural factors that are not expected to be addressed with a programmatic response. Indeed, until we 'turn off the tap' by challenging

the root causes of inequity, the scale of need will continue to expand unchecked and unaccounted for. But focusing on programs as the solution is a way for governments to shift the onus back onto the sector. There is a strong focus on achieving fidelity to a Housing First approach, which is important, but it is impossible to achieve if affordable housing or sufficient supports are not available in the sector. This focus on a programmatic approach then serves to shift blame back on the sector itself for failures to enact the right to housing, rather than allowing for an exploration of structural failures.

Narratives of the need to improve service delivery or program effectiveness are not necessarily wrong–they suggest helpful ways to look at the work from a micro-level perspective. However, service delivery improvements are not targeted sufficiently upstream. Simply shuffling service provision modalities without preventing homelessness or creating large scale truly affordable housing can, in a way, detract or distract from the policy reforms required.[15]

Temptation 4: Acknowledge homelessness as a policy problem but ignore related policy realms

From enumeration to programming and prevention, shelters have come to occupy a central role in how we understand and address homelessness. From hospitals and jails to people fleeing from GBV, youth being kicked out of their homes, and newcomers facing economic hardships, shelters have become a catch-all solution due to Canada's persistent failure to guarantee the right to adequate housing for any or all of these individuals and groups.[16] Thinking of policy and programming for people experiencing homelessness that is centred around shelters entails a problematic admission: that homelessness is a hallmark of our current housing system.

Decades of deliberate under-investment in social, affordable and deeply affordable housing have created a scenario where there is little place to go for people who cannot afford drastically unaffordable market rates.[17] People at-risk for housing often live with a disability, face discrimination due to personal identity factors, or are pushed out of their homes due to their sexual orientation, gender identity, and experiences of GBV.[18] Even though shelters prevent people from experiencing the climate-related risks of rough sleeping, they are far from a permanent or safe solution to housing insecurity. Not only are emergency shelters insufficient to qualify as permanent housing, but the housing system also itself is not up to the task of addressing an issue that is deeply linked to broader factors of poverty and exclusion. In fact, shelters can extend chronicity by meeting basic needs but without addressing underlying housing barriers or supporting preventative and long-term housing solutions.

To truly address homelessness, a comprehensive approach to social security and well-being needs to be adopted. Affordable housing programs need to exist in parallel to improved protections for tenants, robust rent regulations, enforceable housing rights, adequate income supports to meet the rising cost of living, and wrap-around services for people experiencing complex needs such as trauma, mental illness and substance use.[19] A comprehensive approach to social security is also part of the solution to address the crisis of homelessness and housing insecurity that is driven by the financialization of housing. Countless Canadians are forced to rely, often inadequately, on their housing as an asset to pay the costs of their retirement, while increasingly millions of Canadians are left in precarity, or worse.[20]

Temptation 5: Acknowledge policy needs but claim a lack of funds to address them

One of the most common government arguments when it comes to the lack of action to eliminate homelessness is resources: it is simply too expensive to solve the issue. It turns out that we have been addressing homelessness in the most expensive way possible, through the healthcare system, the shelter system and through policing, prosecuting, and incarcerating people experiencing homelessness. Research shows that homelessness drives up public costs, particularly in healthcare, where there is an increased need for emergency departments and inpatient services. Adults experiencing homelessness, especially those with mental health conditions, frequently require high-cost healthcare interventions and services.[21]

Homelessness also creates barriers to accessing primary healthcare, pushing individuals toward emergency healthcare, justice, and social services, which further strains public resources.[22] In 2020-21, the average annual cost of incarcerating an individual in a Canadian prison was $150,505.[23] (22). According to Andrew Boozary, executive director of University Health Network's Gattuso Centre for Social Medicine in Toronto, a hospital bed costs $30,000 per patient monthly, and a shelter bed $6,000 monthly. In contrast, solutions like supportive housing can be implemented for $4,000 per month.[24]

Strategies such as Housing First, transitional housing, and supportive housing have proven to reduce costs in emergency shelter use. A study across Canadian cities—including Vancouver, Winnipeg, Toronto, Montreal, and Moncton—found that Housing First interventions had an 80 percent probability of being cost-effective, indicating their potential for delivering long-term financial savings and better outcomes for individuals with complex needs if adequate housing stock is provided.[25] In Canada, affordable stock has been lacking for many decades.

Meanwhile, it is worth noting how in 2017 the federal government announced a substantial $72 billion funding package via the National Housing Strategy (NHS), aimed at restoring housing affordability and eliminating homelessness by 2030. That funding tranche had increased to $89 billion by 2023, with commitments up to $115 billion, with the timeline being extended over ten years, all while housing insecurity and homelessness reach new levels of crisis in Canada.[26]

This investment of over $100 billion demonstrates that governments do have sufficient funding to address homelessness, yet are enacting a costly, failing approach of using a significant portion of this funding for subsidizing private developers who by design are meant to focus on profit versus more non-market housing solutions. Even the non-profit housing funded by the NHS is tied to market principles that leave rents high and unapproachable to most populations facing housing risk.

The rollout of funding programs under the NHS has been widely criticized due to the lack of affordable housing it has created. An independent analysis of NHS funding programs noted that, "both the RCF and NHCF produce few units that would be affordable to people with very low incomes. This limits the extent to which these units can remove people from homelessness or prevent people from entering it."[27] Fulfilling the right to adequate housing means prioritizing deeply affordable housing options, such as expanding the capacity of rent-geared-to-income units offered via building many more units within this portfolio, as well as implementing enforceable housing rights where local authorities are legally required to provide permanent accommodations specific to their homelessness population.

To Do Better on Housing

Where governments deny homelessness exists, fail to collect data, offer only reactive short-term solutions, ignore relevant and related policy domains, or claim insufficient funding to address the issue, researchers and advocates need to play a key role in guiding the changes needed to make the right to adequate housing a reality in Canada. This means a shift from symbolic recognition to legal and constitutional reforms that explicitly define housing as a "binding" human right, protected by actionable standards and enforceable laws. In nations with decentralized housing frameworks, this means holding all orders of government legally accountable to fulfilling this commitment and ensuring that responsibility cannot be deflected from one order to the other. Achieving this requires strengthened legislation with clear metrics, allowing citizens to hold governments accountable via the judicial system, if required. Establishing such metrics would make it possible to distinguish between governments genuinely committed to housing rights and those prone to trite responses or solutions.

France's Housing Act of 2007, for example, takes one step forward in terms of government accountability through the right to appeal for housing assistance. This is similar to the *Housing Wales Act* in the UK requiring accommodation for youth leaving care, or New York City's right to emergency shelter. However, while a first step in terms of connecting rights to policy, in France the responsibility landing on under-resourced local authorities has led to a low rate of housing appeals leading to re-housing.[28] For New York City, it's not a right to permanent and safe housing, it is only a right to temporary accommodation via emergency shelter. In December 2012, Scotland, a renowned leader in establishing enforceable housing rights, reformed the Homelessness etc. (Scotland) Act 2003, which removed the fundamentally unjust perspective of providing homes

solely to those in "priority need" and replaced it with the legal right for all people considered unintentionally homeless to be offered permanent accommodation by local authorities. This also meant a shift from managing to preventing homelessness and put pressure on local authorities to build stronger partnerships across public bodies, homeless and housing agencies and, more importantly, with individuals experiencing homelessness to directly assess and adequately address their housing needs.[29]

Ultimately, our current failure to prevent and end homelessness invites two primary solutions: legislating the right to adequate housing with clear metrics and accountabilities and legislating across all domains of the public sector to address inadequacy of public services perpetuating of poverty. These are big asks, but they are commensurate with the bold action needed to move beyond the temptations of trite to fix Canada's housing crisis.

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Ballots Without Barriers: Empowering Unhoused Voters during the 2025 Ontario Election

Lily Brousseau, Aya Kadhem, Romanpreet Kaur & Mary Kyle Legado

Introduction

In a democracy, the right to vote is a cornerstone of civic participation—yet for unhoused individuals across Canada, this right remains largely theoretical. Despite legislative guarantees under the Canada Elections Act, practical barriers continue to disenfranchise one of the country's most marginalized populations. This article explores the persistent challenges that individuals experiencing homelessness face in accessing the ballot, using the Waterloo Region in Southwestern Ontario during the 2025 Ontario General Election as a case study to better understand these barriers across Canada. Through an analysis of systemic, logistical, and social obstacles, including restrictive identification requirements, inconsistent policy implementation, transportation challenges, and social stigma, this study aims to identify evidence-based strategies for advocacy and outreach that increase voter participation among unhoused individuals. The study combines a thematic analysis of interviews with representatives of organizations in direct engagement with unhoused people, alongside a comprehensive literature review, and offers recommendations to bridge the gap between electoral rights and electoral access for unhoused individuals in the Waterloo Region and across Canada.

This study was conducted as a community partnership with Waterloo Region Community Legal Services (WRCLS) and completed as part of the Policy Research in Action course in the Master of Applied Politics program at Wilfrid Laurier University.

Background

Historical Background and Contemporary Context

The right to vote is foundational to democracy, yet unhoused individuals face significant obstacles in exercising this right. Historically, Canada's electoral system excluded marginalized groups, including women, Indigenous peoples, and those without property, until gradual legal reforms expanded suffrage. (Kanji et al., 2012) The Charter of Rights and Freedoms (1982) enshrined voting as a universal human right in Canada, yet structural barriers—such as residency requirements, identification rules, and logistical challenges—continue to marginalize unhoused populations. (Elections Ontario, 2025) While Elections Ontario, for instance, permits voting without a fixed address, awareness and implementation gaps persist among both unhoused individuals and election officials, undermining political inclusion. (Elections Ontario, 2025) More is required for electoral commissions at all levels of governance across Canada to ensure that these gaps that exclude unhoused individuals are filled, and to ensure compliance with this Charter right.

Legislative Framework

The Canada Elections Act allows unhoused individuals to register using temporary addresses, such as shelters or service centers. However, provincial and municipal variations in election laws create inconsistencies in access. (Kopec, 2017b) Strict identification requirements remain a major hurdle, as many unhoused individuals

lack government-issued identification or the means to obtain attestation letters. (Kopec, 2017b) Policy shifts, such as the federal government's 2014 Fair Elections Act's restrictive ID rules, and their partial reversal in 2018, further complicate access. (Kropp, 2022) These fluctuations reflect broader tensions between electoral integrity and accessibility, with some policymakers prioritizing security measures that inadvertently exclude marginalized voters. (Kropp, 2022)

Literature Review

Research demonstrates that unhoused individuals face systemic, logistical, and social barriers to voting, resulting in disproportionately low turnout. (Kennedy, 2016; Kopec, 2017b; National Low Income Housing Coalition, 2022) While Canada has expanded voting rights since the 19th century to become enshrined as a universal right under the Charter, structural inequities persist, particularly for unhoused populations. (Prince, 2007) Other studies suggest that democratic legitimacy hinges on inclusivity, yet electoral policies often fail to accommodate those without stable housing. (Coram et al., 2019; Kennedy, 2016) In the U.S. it is estimated that only 10 percent of unhoused individuals vote, compared to much higher rates among housed citizens. (Kim, 2021; National Low Income Housing Coalition, 2022, 2024; Petering et al., 2021; Pattison-Gordon, 2024a) Canadian data, though limited, suggests similar trends. (Kopec, 2017b; Mundell, 2016) In Canada, systemic, logistical, and social barriers, as well as legal struggles continue to impede the full implementation of these rights.

Systemic Barriers

Systemic barriers to electoral participation include strict ID and address requirements, which many unhoused individuals cannot meet due to lost documents or unstable living conditions. (Kennedy, 2016; Kopec, 2017b) Policy

complexity and frequent legislative changes further confuse both voters and service providers. (Kopec, 2017a; CTV News, 2019) Historical marginalization also reinforces political exclusion, as societal stigma discourages civic engagement. (Kopec & Pue, 2023)

Logistical Barriers

Practical challenges, such as obtaining ID or travelling to polling stations, disproportionately affect unhoused individuals. (Ireland, 2019; Dobkin, 2024) Mail-in voting is often impractical without a reliable address, and daily survival needs frequently take precedence over political participation. (Kennedy, 2016; National Low Income Housing Coalition, 2022)

Social Barriers

Many unhoused individuals feel politically alienated, believing their vote will not matter or that they are ineligible to participate. (Grether, 2024; Kopec, 2017a) Social isolation and stigma further deter engagement; while concurrent mental health or substance use challenges create additional obstacles to participating fully in elections. (Kopec & Smith, 2024)

Litigation and Legal Challenges

Legal cases in Canada and the United States have discussed unhoused voting rights, though such litigation remains limited. In Henry v. Canada (Attorney General), plaintiffs argued that voter ID rules disenfranchised vulnerable populations, including unhoused individuals. Similarly, Council of Canadians v. Canada (Attorney General) highlighted the impact of restrictive voting laws on marginalized groups. In the U.S., cases like Pitts v. Black and Northeast Ohio Coalition for the Homeless v. Husted have challenged residency and ID requirements

that disproportionately affect unhoused voters. These cases underscore the ongoing legal struggles to secure voting access for this marginalized population.

Methods

The methodological approach for this research involved semi-structured interviews with representatives from four organizations operating in the Waterloo Region working to address housing insecurity: YWCA Cambridge, United Way, Thresholds Homes and Support, and House of Friendship. Representatives from each organization were selected based on their direct engagement with unhoused populations, offering valuable insights into the lived realities, challenges, and systemic obstacles that affect electoral participation. These insights were gathered between March and April 2025, in the period following the most recent Ontario provincial election held in February 2025, as a reference point for electoral participation of unhoused individuals and their experiences voting in that election.

The interviews were guided by open-ended questions designed to elicit detailed reflections on barriers such as access to identification, stigma at polling stations, mental health challenges, and the impacts of intersecting identities. All interviews were transcribed and thematically analyzed for the identification of recurring patterns, subthemes, and nuanced insights that emerged across the data. The analytical framework included three main frameworks: logistical barriers, systemic barriers, and social barriers. This approach captured both common experiences and distinct perspectives for a grounded understanding of barriers to voting in elections.

An acknowledged limitation of this study is the absence of direct interviews with unhoused voters for first-hand accounts of their voting experiences. Findings from the interviewed intermediaries may not fully capture the full

extent and complexity of the social, systemic, and logistical barriers surrounding voting for unhoused individuals. Moreover, this study does not include a response from Elections Ontario who were asked to participate, limiting analysis of official government policies, strategies, outreach, and advocacy initiatives for supporting unhoused voters.

Findings & Discussion

Insights from community organizations in the Waterloo Region offer valuable perspectives on these multifaceted challenges. These interviews reveal how practical, day-to-day obstacles, alongside deeply entrenched structural issues and societal biases, collectively push civic participation far down the list of priorities for those without stable housing, often excluding them from democratic processes despite legal guarantees of voting rights. (Canada Charter of Rights and Freedoms, cited in Kropp, 2022; Kopec, 2017a, 2017b)

Logistical Barriers

Logistical barriers present practical, day-to-day challenges that severely limit the ability of unhoused individuals to engage in civic duties like voting and obtaining identification. Interviewees highlighted time constraints, transportation challenges, and limited technology and digital access as significant concerns. For many unhoused individuals, immediate survival needs such as food, shelter, and safety take precedence. (Kennedy, 2016; Kopec, 2017b, 2022; Dobkin, 2024) A senior YWCA leader explained in an interview: “Are you going to spend your day getting on the bus to go to the polls or are you going to spend your day sourcing food or somewhere to sleep?” Present literature corroborates this experience, noting that the daily demands of securing basic needs often leave little time or energy for political participation. (Kennedy, 2016; Kopec, 2017b, 2022; Dobkin, 2024)

Transportation limitations are a major hurdle, as unhoused individuals often lack access to public transit or the means to travel to voting locations. (National Low Income Housing Coalition, 2022; Dobkin, 2024; CTV News, 2019) The geographical distance of polling stations from unhoused individuals plays a critical role in accessibility, especially in rural areas.

Advanced polling options are often limited in location and duration, rarely aligning with the needs of vulnerable populations. Furthermore, specific voting location restrictions, such as polling stations located in schools, can create barriers for unhoused voters. One interviewee pointed out that some individuals are not permitted to enter schools due to past legal issues. This added complexity, requiring additional calls and alternative arrangements for someone without reliable phone or digital access, presents a nearly insurmountable challenge. Weather conditions during voting periods can also exacerbate these barriers, making participation practically unfeasible for those with mobility limitations. This limitation became apparent during the 2025 Ontario election that saw a major snowstorm in Waterloo Region limit mobility for all voters, with particularly challenging effects on many individuals needing walkers or wheelchairs who ultimately could not vote. This barrier was also highlighted by a House of Friendship representative, who described the challenges caused by the snowstorm on election day: "We have so many guys that need a walker or a wheelchair, and this happened during a snowstorm [...] we couldn't even really encourage them to go and vote."

Short voting periods and "snap elections," further strain election logistics by limiting time for unhoused individuals to get information or make necessary preparations and for organizations supporting unhoused individuals to mobilize. This highlights a broader mobility issue where simply getting to a government office or polling station

remains a challenge due to the lack of safe, affordable, or accessible transportation. The systematic delays in obtaining required identification proofs, which can take weeks, intensify these time-related barriers and reduce willingness to apply for ID. Jilian, an interviewee from the United Way who works with unhoused voters noted: "[...] it's also pretty tricky when there's a snap election to get people the information that they need in enough time [...] even doing postal voting, it was a really tight window for anyone to actually be able to do that."

Digital access remains an equally significant barrier, as tasks like registering to vote, applying for mail-in ballots, or accessing elections information are increasingly digitized. (Ireland, 2019; Dobkin, 2024) Many unhoused people lack reliable access to phones, computers, printers, and the internet. Even with physical access, digital literacy and technological failures can further complicate participation, as online forms and multi-step processes can be inaccessible to those with limited digital skills. Digital outreach efforts by organizations are also limited, as many unhoused individuals are not online or connected to social media. (CTV News, 2019; Kennedy, 2016; Kim, 2021; Pattison-Gordon, 2024b) Ultimately, everyday barriers such as time limits, access to transportation, severe weather, and digital access make it extremely difficult for unhoused individuals to engage in civic duties.

Systemic Barriers

Systemic barriers stem from structural failures embedded in policies, legal frameworks, electoral systems, and social institutions, often based on assumptions that voters have a permanent address, acceptable identification, and the means to prioritize voting. (Kennedy, 2016; Kopec, 2017a; Ireland, 2019; Kelly, 2023; Centre for Excellence in Communications & Elections Canada, 2008; Pizarro, 2025) Interviews with Waterloo region organizations highlight

systemic barriers ranging from a lack of voting awareness and the prioritization of survival needs to funding limitations for supporting organizations and issues within the electoral structure.

A significant systemic barrier uniformly reported by all organizations surveyed is the lack of awareness concerning elections. A senior leader for the YWCA noted: "If you're living unhoused and every day, you're trying to feed yourself and find somewhere warm, voting in elections [...] is probably not a high priority." Current literature similarly notes that the daily struggle to meet basic survival needs often takes precedence over political engagement, further reducing electoral involvement. (Kennedy, 2016; Kopec, 2017b) When focused on survival, individuals may be unaware of election dates, voting procedures, or alternative identification options. (Devlin, 2009; Kennedy, 2016; Kopec, 2017b; Ireland, 2019; Kelly, 2023; Centre for Excellence in Communications & Elections Canada, 2008; Pizarro, 2025) This structural failure in addressing the needs of unhoused individuals allows them to fall into systemic gaps that are difficult to fill, but organizations engaging with unhoused individuals have attempted to mitigate this failure. Organizations like the House of Friendship attempted to bridge this gap during the 2025 Ontario election through proactive outreach, advertising voting options, and spreading awareness about alternative identification methods like vouching. Another organization, Thresholds Homes and Supports, also offered a voucher from their warming centre, allowing clients who visited for three consecutive days to establish a fixed address for voting purposes.

Another critical systemic barrier identified by Waterloo region organizations is the lack of funding for non-profit organizations that are at the forefront of advocacy and voter education efforts for the unhoused population.

Representatives from the United Way and the YWCA highlighted the need for "less controlled funding" without rigid parameters, as current funding models often do not support advocacy or government relations work. This limits the capacity of organizations to effectively engage in voter education, underscoring a systemic barrier that hinders support for disenfranchised populations.

Interviewees also suggested that Canada's First Past the Post (FPTP) electoral system which selects representatives based on a mere plurality of votes in federal and provincial elections, also contributes to voter apathy and disengagement among unhoused voters. A senior leader at the YWCA expressed disillusionment: "what's the point?" if one's vote for a less popular party is unlikely to influence election outcomes in an FPTP system. This sentiment aligns with broader findings that unhoused individuals often feel politically disengaged, believing their vote will not impact policies affecting their lives. (Grether, 2024; Kennedy, 2016; Kim, 2021; Kopec, 2017a; Dobkin, 2024) Despite organizations working to raise awareness about how voting and electoral outcomes influence policies directly affecting unhoused individuals in Ontario, such as the Ontario Disability Support Program (ODSP) and Ontario Works (OW), a gap persists in connecting voting to tangible impact for their clients. The inefficacy of voting under the FPTP further discourages electoral participation among unhoused voters.

Canada's Charter of Rights and Freedoms guarantees voting rights to all citizens, including those without permanent addresses. (Canada Charter of Rights and Freedoms, cited in Kropp, 2022; Kopec, 2017b) The Canada Elections Act (2000) permits unhoused individuals to register using temporary addresses like shelters, and service provider attestation letters are accepted as proof of residence. (Kennedy, 2016; Kopec, 2017b; Kropp, 2022; Prince, 2007; Woolley, 2015) However, the interviews conducted with

these organizations reveal that despite legal accommodations, implementation gaps and low awareness persist as significant challenges to voting for unhoused individuals. (Kopec, 2017a; Centre for Excellence in Communications & Elections Canada, 2008) For many unhoused individuals who lack basic identification, complex regulations and limited awareness further hinder democratic participation. (Kennedy, 2016; Kopec, 2017a, 2017b; Kim, 2021; Centre for Excellence in Communications & Elections Canada, 2008; Ireland, 2019; Kelly, 2023) This was echoed by a respondent working with the House of Friendship noting, "it can take up to six weeks for you just to get your birth certificate," illustrating the challenging nature of meeting ID requirements in time for a snap election. Moreover, provincial and municipal election laws often vary from federal rules, such as the requirement of a fixed address, causing confusion for individuals trying to participate in voting between the various jurisdictions. (Kopec, 2017b; Pizarro, 2025; Simpson, 2025)

Social Barriers

Social barriers significantly shape the political disenfranchisement of individuals experiencing homelessness, compounding the challenges faced in democratic participation. These barriers, ranging from discrimination to inadequate access to information and civic education, further undermine the political agency of unhoused populations. Stigmatization and discrimination are critical challenges to overcome in voter participation for unhoused individuals. The fear of judgment and social exclusion based on appearance creates an unwelcoming and even hostile environment, even at polling stations. A representative from House of Friendship emphasized, "there's also a lot of stigmas that come with being homeless, and if you have an appearance that might give that away, they feel like they're being judged the whole time while waiting to vote, which is unfortunate."

Stigmatization emerged consistently across all interviews, highlighting a broader societal failure to ensure dignified access to political participation. Stigma and negative stereotypes about homelessness contribute to feelings of alienation from civic life and discourage civic participation. (Kopec & Smith, 2024; Kopec & Pue, 2023)

This social stigma is intensified when it intersects with the logistical and systemic barriers related to obtaining identification. Interview respondents noted that many individuals without ID presuppose that the process of acquiring one will be difficult or inaccessible due to past experiences of marginalization and exclusion. This apprehension is illustrated by a YWCA respondent, highlighting the emotional toll of validating identity in systems that may view them with suspicion: "I'd imagine it's a bit scary to go and feel you have to prove and say who you are." Thus, the perceived and real difficulties associated with obtaining identification serve as both practical and psychological barriers, reinforcing cycles of exclusion. Many unhoused individuals also face lost or stolen documents, and the difficulty of replacing them without financial resources or stable support. (Ireland, 2019; Kelly, 2023; Dobkin, 2024)

Furthermore, the social barriers raised due to mental health challenges significantly impact the ability of unhoused individuals to participate in elections. (Kopec, 2017b) The mental and emotional strain caused by certain voting environments can be overwhelming and distressing. As highlighted throughout all interviews, standard voting procedures such as long wait times in highly congested or crowded areas can be emotionally destabilizing for unhoused individuals with past trauma and/or mental health conditions. This combination of overstimulating environments, long waits, and unfamiliar processes can lead to heightened stress, making it difficult or impossible for some to cast their vote. Addressing logistical and

systemic barriers alone are insufficient; efforts to increase voter engagement must also confront the social and structural biases that discourage participation. Social isolation further exacerbates the issue, as unhoused individuals often lack the peer networks that encourage electoral participation. (Coram et al., 2019, 2022; Kennedy, 2016)

Intersectional Analysis

Electoral barriers faced by unhoused individuals are further compounded when intersecting with factors such as race, gender, disability, and mental health. Interview respondents highlighted that racialized individuals experiencing homelessness are more likely to encounter systemic racism within institutions responsible for providing identification or facilitating voting. A senior leader with YWCA further emphasized, "there's an expectation of it being difficult if you are a person who has a historically marginalized identity. I'd imagine it's a bit scary to go and feel you have to prove and say who you are." Gender-diverse individuals often face heightened scrutiny, misgendering, or safety concerns in public voting spaces. Additionally, individuals with physical disabilities may find polling stations physically inaccessible, as demonstrated by the challenge of navigating snowstorms with wheelchairs or walkers. Those with mental health conditions may experience heightened anxiety, confusion, or distress when navigating complex voting procedures, such as long lines in crowded environments. These intersecting difficulties reinforce exclusion from the electoral process, making it critical for democratic systems to adopt an intersectional and equity-based approach towards universal political participation.

Discussion

The disenfranchisement of unhoused individuals in the Waterloo Region stems from a complex interplay of policy gaps, inconsistent implementation, and systemic inequities. While the Canada Elections Act formally guarantees voting rights to all citizens, regardless of housing status, structural and logistical obstacles marginalize this population. Unhoused voters face further exclusion because of inconsistent election rules, inadequate outreach, and a lack of accommodations tailored to their circumstances.

One of the most significant barriers is the restrictive identification requirements imposed by current voting regulations. Although the Canada Elections Act permits alternative verification methods, such as shelter attestation letters or vouching by another voter, many unhoused individuals lack necessary documentation or encounter poll workers unfamiliar with these accommodations. Furthermore, the short writ period between when elections are announced and election day compounds the problem as required documents cannot be obtained quickly enough. Interviews revealed that unhoused voters often assume ineligibility due to past experiences of being turned away. This highlights a critical policy gap: federal law provides flexibility in an attempt to accommodate unhoused voters, but the lack of standardized, widely communicated alternatives creates confusion and inconsistency, further complicated by inconsistent provincial and municipal voter rules. Without harmonized policies and comprehensive training for election officials, even well-intentioned legal provisions fail to translate into meaningful access.

Beyond policy shortcomings, logistical barriers present equally formidable challenges. Transportation limitations, time constraints, and the physical inaccessibility of polling stations disproportionately affect unhoused individuals. Comparative case studies offer valuable insights: Kansas,

Missouri, has shelters collaborating with electoral offices to streamline ID and registration; (Mansaray, 2024) the United Kingdom uses a "declaration of local connection" system allowing registration with a frequently visited location; (Coventry City Council, 2025) and cities like Melbourne and Toronto have demonstrated the effectiveness of mobile voting units and shelter-based polling stations. (Australian Electoral Commission, 2023; Kelly, 2023) These examples underscore the importance of adaptable, locally tailored solutions that prioritize convenience and dignity for unhoused voters. Proactive outreach initiatives, such as the U.S.-based "You Don't Need a Home to Vote" campaign, which leverages trusted community organizations for voter education, are also critical. (National Coalition for the Homeless, cited in Prince, 2007)

Recommendations & Conclusion

To improve electoral participation among unhoused individuals, evidence-based strategies must address systemic, logistical, and informational barriers. Proactive outreach and education campaigns, delivered through shelters and social service agencies, can raise awareness about voting rights and procedures while ensuring materials use plain language and accessible formats. (Aleman, 2017; Kim, 2021; Kopec, 2017a; National Low Income Housing Coalition, 2022, 2024) Partnerships with homelessness service providers are essential, as integrating voter registration and education into their programs can improve access, provided staff receive training on voting regulations and documentation assistance. (Aleman, 2017; Kennedy, 2016; Kopec, 2017a, 2023) Mobile and on-site voting options, such as polling stations at shelters or extended advance voting periods, reduce transportation barriers. (CBC News, 2019; CTV News, 2019; Kopec, 2017a, 2023) Expanding accepted forms of voter identification, such as permitting shelter attestation letters as standalone proof of residency, would reduce bureaucratic barriers.

Simplifying identification requirements by expanding acceptable forms of ID—such as shelter attestation letters—can mitigate documentation challenges. (Centre for Excellence in Communications & Elections Canada, 2008; Kennedy, 2016). Enhanced equity and inclusion training for poll workers would ensure consistent and respectful treatment of unhoused voters. Additionally, logistical support, including group transportation and mail-in ballot assistance, can further facilitate participation. (CBC News, 2019; National Low Income Housing Coalition, 2022)

Long-term solutions require policy advocacy and legislative reforms, such as standardizing voter ID rules across provinces and ensuring consistent accommodations for unhoused voters through negotiated rulemaking involving stakeholders. (Devlin, 2009; Kennedy, 2016; Kropp, 2022) Engaging individuals with lived experience in outreach efforts can also build trust and encourage participation (CTV News, 2019; Kopec & Smith, 2024). However, a significant limitation of this research is the lack of institutional response from Elections Ontario and Canada, which hinders insight into existing policies and initiatives for unhoused voters. This absence reflects broader issues of transparency, accountability, and political disengagement. Without clarity and coordination between the electoral commissions of Canada's various jurisdictions, confusion persists among service providers and unhoused voters, reinforcing systemic exclusion. The inaccessibility of these institutions, as demonstrated by their non-responsiveness, exacerbates frustration and perpetuates the belief that the electoral system is not designed to include unhoused populations.

Ultimately, the disenfranchisement of unhoused voters is not merely a technical or administrative issue, but a reflection of broader societal inequities. Full participation in democracy demands a systemic commitment to removing barriers and fostering political inclusion for all people, regardless of housing status. Implementing these

recommendations can foster a more just and representative electoral system that recognizes the fundamental right of every citizen to have their voice heard, regardless of housing status. The success of these efforts hinges on sustained collaboration between policymakers, election administrators, and community advocates.

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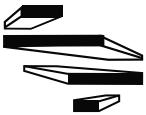

Genuine Democracy in an Age of Hyper-Individualism

Grace Blakeley

Ellen's work has had a huge impact on me. I would place my writing in the tradition of political Marxism, which is the school that Ellen helped to found. Her understanding of the relationship between capitalism, class, and democracy have deeply informed my thinking and my latest book, *Vulture Capitalism*. In fact, I quote Ellen's work at length in the introduction to that book.

I think Ellen's understanding of democracy, was a rigorously materialist understanding of democracy. Thinking about the very first emergence of democratic institutions in Athens, she insisted that it needed to be understood from a materialist perspective: we needed to be able to understand the relations of production, to be able to figure out what this Athenian system meant—and this perspective is needed all the way through to her analysis of the Industrial Revolution and the emergence of capitalism. She understood this as a historically specific social formation, not an inevitability, which helps our understanding of modern politics and the kind of crisis of democracy today.

These insights have not only informed my thinking. I think they are incredibly important in understanding what we are experiencing today, which is a profound crisis of democratic institutions across the rich world.

The most obvious case of this crisis is, of course, what we're seeing just south of Canada in the US – but we are seeing this crisis of democracy happening all over the

world. Particularly, when we look at Europe, due to the rise of the far right, which uses explicitly anti-democratic rhetoric, which is appealing to an increasing section of the electorate. Democracy is losing support across the board, particularly among young people, many of whom are likely to say that they don't believe that democracy works.

So, what's gone wrong? There was a time when liberal democracy seemed hegemonic, unchallengeable. Liberals were overjoyed at the alleged "End of History" in the 1990s. This was a moment of euphoria when history was literally seen as over. History is understood, in the liberal imaginary, as a great battle between ideas—obviously very different to the Marxist understanding of history as a battle between different classes. The 1990s meant that history was over. Capitalism had won. Capitalism and this specific form of liberal representative democracy were seen as bedfellows, and this was where the rest of the world was going.

Then, suddenly, something changed. Support for democratic institutions, and most social institutions, started to ebb after the Financial Crisis of 2008. Liberals didn't really have a convincing explanation as to why this happened. The most common thing I hear, when I'm talking to someone in the liberal tradition as to why we've seen this corrosion of support for democracy, is to blame social media; the idea being that people are being brainwashed to dislike democracy.

I think Ellen Meiksins Wood would disagree. I think she would have something to say about that, because her work focused on explaining how democratic institutions emerge from a materialist perspective: by analyzing the relations of production and how productive forces shape what is going on throughout the rest of society.

We need that perspective now more than ever to understand why democracy is under threat. And part of the issue here is, of course, that we don't have real democracy. This is a big part of my argument in *Vulture Capitalism*; a book that argues that capitalist societies are characterized by a form of oligarchic centralized planning in which public and private institutions work together to plan who gets what.

You can see that in the centralized planning that takes place within large monopolistic corporations, but also in the way powerful states work alongside those corporations to consolidate wealth and power for those at the top. This is completely contradictory to the way that Ellen Meiksins Wood understood democracy, democracy as direct popular power. Democracy as a powerful force that can be used against capitalism, rather than this limited liberal, representative democracy which too often acts as its servant.

In this lecture, I want to discuss the crisis of liberal democracy, how we might build what Ellen Meiksins Wood would have seen as a genuine democracy, and all the challenges associated with that in this age of hyper individualism.

So how can we understand the current crisis of democracy from a materialist perspective?

The first and most obvious candidate is, of course, inequality. In the UK there was a study that came out showing that the country's 50 richest families hold more wealth than 50 percent of the population. This is contrary to the narrative that we have in the UK, that inequality is stable and it is not much of a problem. This is obviously wrong. In the US, it is similar where the richest 10 percent control 60 percent of the country's wealth. Meanwhile poverty is on the rise. In the UK, we have a record 4.5

million children living in poverty. Another statistic that came about the US the other day: 60 percent of families are struggling to afford the essentials.

The reason these trends are threatening democracy is that wealth and political power are fungible, because, as Ellen Meiksins Wood would have reminded us, there is no real separation between the economic and the political under capitalism.

This is a crucial point to be able to understand the political Marxist critique of liberal democracy; that we don't live in free market democratic societies. Instead, we live in systems of centralized capitalist planning where large corporations and powerful states work together to plan who gets what.

When my book first came out, this was a more controversial point to make. Today, it seems obvious when you have Elon Musk and Donald Trump working together to plan the US empire. But it's not new. This is always the way that capitalism has worked, this form of capitalist planning. It has ebbed and flowed in different ways over the years but has been a constant feature of capitalism since its inception, all the way back to the East India Company which was a joint venture between merchants and the British state in pursuit of imperial power.

In *Vulture Capitalism*, I give examples of what this looks like today. The book opens with the example of Boeing and the 737 Max disasters that have killed nearly 350 people. It was later revealed that Boeing knew about the problems with these planes before they went to market, allowed them to go to market anyway. I also show the central role of the American state in supporting this company before this crisis, through the crisis, and then after the crisis. I show those intimate links between corporations driven by this pursuit of wealth at all costs, and capitalist states driven by a desire to shore up their

own wealth and power and doing so by cooperating with elites and vested interests.

I also use some Canadian examples in the book. Particularly, there's a very close relationship, as some of you might know, between one of the world's largest asset managers, BlackRock, and the Canadian state. Now, you have our former Governor of the Bank of England, Mark Carney, leading this country. These links between the public and private sector, mediated by institutions like central banks, are critical to the way that capitalism functions. It goes against the popular understanding of the divide between left and right, as this divide between markets and states.

This is what Marxists can bring to our politics: a recognition and understanding that these two forces are not at odds. They are, in fact, working together as part of a capitalist state system to consolidate the inequality of power that defines capitalism. What defines capitalism is not free market democracy, but a divide between the people who own all the stuff and everyone else who is forced to work for a living, as well as the organization of society in the interests of the former.

This close cooperation between corporate interests, wealthy individuals, and states shapes how liberal democracy functions. This is a big part of the crisis that we're dealing with today, but this isn't the end of the story. As I've illustrated, this cooperation has always existed and has always been the case. So, why is it becoming more of an issue now? Why is this crisis of inequality having such a deep and profound impact on our democratic institutions?

First, we're living through a period of low productivity, combined with a series of economic and political crises where there's less to go around—more at the top means less for everyone else. This includes the rise of zero-sum

politics of the kind practiced by Trump—if there's more for me, that means less for you. That's the antithesis of the 90's liberal triumphalist end of history moment of not needing to fiddle around with the balance of power between different classes because we can wait for growth and everything else will follow.

This was what collapsed during the Financial Crisis of 2008. It's what has collapsed even further during the cost-of-living crisis. You know, inflation being one of those critical trends that enforces this zero-sum mindset of more for you means less for me. Inflation is one of those things that brings out class conflict because "who pays for inflation" has historically been decided on the streets as part of the battle between workers and bosses. The rise of this zero-sum politics is undermining the foundations of that liberal democratic moment, which was based on the idea that growth would smooth over that contradiction between workers and bosses.

Second, globalization has meant that inequalities are becoming concentrated places, having an outsized impact on our politics as they can be effectively leveraged to shift political outcomes. We know what this looks like in the rise of the liberal metropolitan elite discourse that divided peripheries from the centres of our countries. For example, it gave rise to Brexit and the idea of people in "left behind communities" giving a bloody nose to the liberal establishment by voting for it. This is something that we're also seeing in the US, and in many other parts of the world.

The final reason that inequality is creating such a profound crisis for our democratic institutions, and the one that I want to focus on, is that we live in an age of individualism that makes people feel powerless to challenge those at the top.

There's a story that I want to tell you, something that I experienced a few years ago, that illustrates all these points.

Back in 2019, as some of you may know, I was integrally involved in the UK Labour Party under Jeremy Corbyn. Back in 2019 during the election, I was knocking on doors in these left behind regions of the UK. I was in a former mining town, speaking to voters, asking them how they would be voting. I knocked on one door, and the occupant opened it slightly suspiciously. I asked him how he'd be voting in the upcoming election. He said "no," he didn't know how he would vote. Many people didn't make up their minds on voting until the last possible moment in that election. I then asked him, "What are the issues that you are most concerned about?"

He said, "well, I'm particularly concerned about the economy." So, I said, "Great! I'm a policy wonk. I can answer all your questions about the economic policies in the manifesto." I then listed these policies, and he looks back at me, again very suspiciously. "How are you going to pay for all that?" I then listed all the ways in which this was a fully costed manifesto, that there would be taxes on the wealthy, and that there would be investments made that would create growth, et cetera, et cetera. His answer really stuck with me.

He said, "I've voted Labour my whole life, and they've been in power here for years." Labour had, in fact, been in local government in that area for years. "They promise the world at election time, and nothing changes."

I didn't really know how to respond because the Marxist in me was like, "You're right. That is a pretty accurate description of how liberal politics works." We know why this is so from a theoretical perspective. I write all about this in *Vulture Capitalism*. The capitalist state is, like capital, a social relation, so policy outcomes reflect the balance

of class power in society. We've seen this clearly with the most recent Labour government to be elected in the UK.

There's a great example of how vested interests shape the policy process in Rachel Reeves [Chancellor of the Exchequer], who promised to come in and deliver a big tax on private equity. This is a great populist policy. These are some of the wealthiest, most powerful institutions in the finance sector. It would have been an easy tax, that would have affected a very small number of people.

But what happened? The private equity industry successfully lobbied to water down these tax proposals beyond recognition. We know how this works, and I have written extensively about how this works, but that isn't helpful when you're on the doorstep talking to people about why they should vote for a political party, and why they should get engaged in politics at all.

Afterwards, I thought a lot about this interaction, what this man was feeling, and about what the implications were for our politics. I concluded that all his responses could be traced back to a profound sense of powerlessness, that nothing could ever change—certainly not in the way that this man wanted things to change. This came through in the question, "how are you going to pay for it?" This was less a question about the intricacies of fiscal policy, and it was more a question about credibility: "why should I believe you, that you can do anything good?" It continues all the way through to the ideas that, "politicians are all the same," and, "things for people like me don't tend to change."

You'll recognize aspects of this story because it's an experience that has been replicated all over the developed world, of places being left behind, communities being hollowed out, people feeling powerless to arrest those changes, and the horrifying rise in what some sociologists

have called the "deaths of despair;" the suicide and alcoholism that are concentrated in these communities.

This issue of powerlessness, I would say, is the defining political emotion of our age, and the far right is beating us in the response. Why? There are two ways that you can respond to powerlessness. Different sides of the political spectrum take these different responses, respectively. There's despair: "I'm powerless to change things. The world is the way it is. There's nothing I can do about it."

A lot of people on the left often end up taking this route. I see this extensively among young people today, particularly when it comes to how they take on the climate crisis. Ultimately, it can lead to conspiracism, because it is an inverted response to this feeling that those at the top are in complete control, "and there's nothing I personally can do about it. There's nothing I can really do to challenge them."

The other way to respond to feelings of powerlessness is anger. People thrash and rage against the constraints imposed upon them and desperately attempt to regain some sense of agency and power. Often, they regain this sense of political agency by projecting it onto a powerful ruler who promises to come in and bash the political elites who have crushed, ignored, and undermined them for so long.

Thinking about this response to powerlessness—this rage in response to powerlessness that the far right has capitalized on so effectively—I reflected on the emergence of fascism in Italy. The word comes from this tool that was developed by the Romans, the fasces, which is a bundle of sticks with an axe in the middle.

Mussolini picked up this symbolism. The reason that the fasces are used is because a single stick is very easy to break. But when you bind a bunch of sticks together, they

become very difficult to break. When you stick an axe in the middle, they can be used to attack your political enemies.

It's not a coincidence that this bears some similarity to the historic symbol of the trade union movement: a raised fist. You can break one finger quite easily, but you can't break a raised fist.

This is an important point to understand for the rise of fascism in the context of powerlessness, both today and historically. In an age when people recognize and realize the coordinated, pervasive power of our political economic elites, they feel isolated to do anything about it. They feel like that one stick or one finger. A message that says, "if you come together, you can be powerful," is very compelling. The tragedy is that that message, which was historically put forward by the left as part of the labor movement, has been lost.

The right-wing are doing that effectively. They're saying, "you need to come together to defend your communities against outsiders." Often there are overtones or undertones of political violence as a part of that. This is the main issue threatening democracy today. It's not just inequality. It's inequality in the context of the decline in collective power and the rise of individualism. This can again be traced back to neoliberalism—something ordinarily associated with changes in economic policy.

There was a profound and deep project at the heart of the neoliberal movement, and it comes through in the quote from Margaret Thatcher who says, "there's no such thing as society." This wasn't an observation of the society that she found in the 1970s in Britain. That was a statement of intent.

One of the most important parts of the neoliberal revolution was breaking up the collective institutions that gave people that sense of community, power, and solidarity in an

economy that was weighted against them. That allowed people to shift the balance of power within society, make politicians pay attention to them, and create those changes within the state in their favour.

This was Thatcher, taking on the miners. It was Reagan, taking on the aircraft traffic controllers. It was also globalization, leading to hollowed out places where there were once thriving communities that could allow people to engage in political projects. It was the centralization of state power, somewhat ironically, for a neoliberal movement that claimed to abhor the state. As I show in *Vulture Capitalism*, neoliberalism's claimed abhorrence of the state is very far from the truth. Neoliberals created laws diminishing protest and striking against the state.

I think Ellen Meiksins Wood captured this effectively: "For all intents and purposes, there is no politics, or at least no legitimate politics, outside of parliament. Indeed, the more inclusive 'the people' has become, the more the dominant political ideologies have insisted on depoliticizing the world outside parliament and delegitimizing extra-parliamentary politics." This neoliberal attempt to eviscerate those collective institutions that gave people a sense of belonging, solidarity, and power, was a response to a very particular political moment.

There's a French sociologist, Grégoire Chamayou, who wrote a book called The Ungovernable Society. He observed in the 1970s that, across the rich world, there was this moment of extraordinary confidence among the working classes. This was obvious in the labour movement where UK workers came together to effectively shut down production in this struggle over who was going to be made to pay for inflation. But it was also visible throughout the whole of society—in the anti-apartheid movement, in the peace movement, and in the movements of 1968 across Europe. There was this sense that those at the top were losing control.

This sense is critical to understanding how capitalism works today. The neoliberals at the time had the narrative that capitalism is a free-market system and that we need to reduce the size of the state to create more space for the market. But the way that they behaved had very little to do with creating free markets. If you look in the economic sphere, it has more to do with subsidizing vested interest to maintain control. In the realm of society, their project was to take down these forms of collective power and create an ideology of the market that encouraged us to believe that we all had to compete against one another to get to the top.

In *Vulture Capitalism*, I take down the neoliberal ideology that says we need to create free market systems by showing that most of their policy proposals did anything but. They ended up creating forms of corporate corruption and centralization that were antithetical to the original ideas of thinkers like Friedrich Hayek.

The ideology of the market became this belief that society should be made to resemble a market system in which you couldn't have forms of collective organizing that would undermine its function, requiring us to be isolated, atomized individuals competing against one another to get to the top. If you do get to the top, it's because you are a high-value individual. If you don't get to the top, it's because you are a low-value individual. Don't blame the system, blame yourself.

This was an ideology that was pushed in several different ways. There was the obvious use of force that Margaret Thatcher used, sending the police against striking miners, but there were more subtle ways in which this ideology was pushed. For instance, we stopped referring to workers as workers. Instead, workers were understood as "mini entrepreneurs." This was epitomized and reached its apogee with the rise of the gig economy, where a worker

was no longer an employee of Uber, but was seen as a little firm that could buy its own inputs and outputs.

It was also evident in the neoliberalization of education to develop your individual human capital. For neoliberals, it's okay for you to take out a loan to invest in your education because you are going to reap the long-term returns from that investment in your human capital over the long run.

You are not a worker; you are a small business. Everyone in that sense is drawn into the capitalist system because your fate as an entrepreneur is, in some sense, tied to the performance of financial markets. This is again epitomized by the creation of homeowning democracies and the privatization of pensions so that your fate, as a worker, is tied to the ups and downs of capital markets.

And you can be encouraged and convinced not to come together with other workers to demand increases in your wages, but instead to compete with those around you and to understand the performance of your portfolio as a representation of your effectiveness as a little entrepreneur.

Workers became entrepreneurs. Citizens were no longer understood as citizens participating in a public sphere. Instead, they came to be understood as consumers of public services. The median voter would attempt to maximize their utility by voting for the political party whose policy program most neatly represented their interests and preferences.

In this transformation you had the technocratization of politics and the loss of the sense of politics as a struggle between different interest groups. Instead, there was the rise of a form of politics that someone like Mark Carney really epitomizes; the idea that politics is a choice between different policies that can be assessed through the discipline of economics to determine which policy is the best. It also

just so happens that the best policies assessed tend to be the ones that work in the interests of those at the top.

Citizens become consumers of public services. Communities lose their collective representation and instead become isolated households. A whole movement within neoliberal economics was built to say that failing communities should be allowed to fail, and those resources should be more effectively redistributed to allow for the proper, efficient functioning of markets across geographical places. While we lost thriving communities, which were the foundations of the labor movement in many places, neoliberals built isolated individual households that needed to learn to compete against one another to survive.

Today, we are so busy competing with each other that we have forgotten how to work together to change the rules. That is why we all feel so powerless. This represents a real challenge because it's a shift away from how society looked when the left first emerged; workers coming together to form the first unions and fight for their right to organize and fight for democracy itself. They faced, objectively, far greater challenges than we do today, but they had a sense of their own ability to work together and change things. That's what we lost in the 1980s.

So how can we fight back?

As Ellen Meiksins Wood would have argued: we need real democracy. I would argue that you cannot have real democracy in an individualistic society where, rather than collective power, people see themselves as competing with one another to get to the top of a rigged economy. The only way to change things is to shatter individualism as an ideology, practice, and set of structures, then figure out how we can work together again.

Stop asking, "what can I do?" and start asking, "what can we do?"

Our job on the left isn't just to explain why capitalism isn't working. I can give complex theoretical explanations of the links between public and private power under capitalism. But what I found when talking about this book with normal people is that most people already know this. They know that big businesses are in bed with the government. That's what the guy was telling me on the doorstep all those years ago. They don't need us to explain why.

The issue is that they feel powerless to change things. Why? Because you can't change things on your own. That is how people feel completely on their own.

The reason that I started investigating these problems around individualism and isolation and powerlessness is because when I was going around promoting Vulture Capitalism, I spoke to a lot of young people, and they would be really enthused by the ideas that I was talking about in the book. They were excited by the final section where I discuss several examples of democratic planning at the grassroots level.

Because their worldview is so shaped by individualism, the idea of coming together to build different ways of living to challenge the power of capital is so alien to them. They're used to going to book talks about politics, and the end point is a list of policies that could be implemented or, even worse, a set of consumption decisions that you can make to be a good ethical consumer that isn't directly contributing to the issues that we've talked about.

This challenge of individualism has become so rooted particularly in the minds of young people who've never really lived without it. It's also why there is this profound sense of isolation. There are many young people, particularly the Gen Z who I've spoken to, who have begun to participate in forms of collective organizing that have brought them together with other like-minded people,

whether that's as part of a union, whether it's as part of a protest movement, a climate movement, or any collective action group. The one thing that they speak about, that they all have in common, is this sense of collective joy, and the fulfillment of this need for connection and belonging that they didn't realize they had that is now met through participation in these social institutions. That's why I think today the job of the left has to be to help us to rebuild those forms of collective power.

There was a time when these forms of collective organizing taking place at the grassroots were dismissed as "folk politics." There was then this shift on the left to refocus on institutions, and I think that was important. It was right. It laid the foundations for what we saw in the 2010s, for the rise of leftist movements in which I was involved. But those institutionalist projects all failed because they didn't have that base that could shift the balance of power in society to build power.

If the Left wants to influence political institutions, we need to be able to understand this idea of the state as a social relation. This Marxist idea that can be traced back through someone like Ellen Meiksins Wood, but also to Ralph Miliband and Gramsci, and is needed to ask: how do we build popular power to allow people to take back control over their lives so that they can become engaged in these forms of politics?

This requires a shift in our own ways of thinking about politics, because there's a sense that we have absorbed an individualistic approach to politics. I see this a lot in people on the left, seeing ourselves as heroes saving victims. I think this is what that man who I spoke to on the doorstep was cynical about, because it feeds into a lack of agency. If you approach someone and say, "I'm here to save you," that feeds into that very sense of powerlessness that is at the root of their political alienation to begin with.

This is the challenge that we face today. We need to abandon the politics of hero and victim, and start empowering working people to, in the words of the Brexiteers, "take back control" of their own lives.

If you think about it, this is the only way that the left has ever won political change in the past. Left politics did not emerge from clever leftist intellectuals, going to working-class communities and saying, "have you considered forming a union to shift the balance of power away from capital and towards labour?" No. Left politics emerged out of people's struggles for a better life.

Instead of pushing some policy agenda that can be implemented by elites, we need to empower people to take control from the bottom up. Not because we don't want to take control of political institutions, but precisely because we do. I think our understanding of our mission needs to change.

I'm entirely in favour of slogans like 'Tax the Rich' or 'Green New Deal now,' but how is someone who's hearing that message going to respond? How do I engage with a political project whose mission is a set of policies that's going to be implemented by elites?

Instead, I think we need to focus as well on empowering people to take control in their communities, in their workplaces, and on the streets. I think we need to be reminding people that political change isn't something that is going to be delivered from the outside. That's not how democracy, as people like Ellen Meiksins Wood understood it, works.

It's going to come from their efforts to change their own lives. And our slogan, I think, must change. It must look something along the lines of "organize," because nobody is coming to save us. Thank you.

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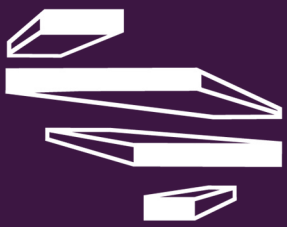

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