

THE WEALTH GAP

PERCEPTIONS AND MISCONCEPTIONS IN CANADA



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BROADBENT
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EXECUTIVE SUMMARY

In a new nationwide survey among 3,000 Canadians conducted by Greenberg Quinlan Rosner Canada for the Broadbent Institute, Canadians were asked about their perceptions of inequality and the distribution of wealth in Canada. The findings demonstrate that Canadians vastly underestimate how skewed the distribution of wealth actually is and think there should be a much more equitable distribution.

Meanwhile, a large majority of Canadians believe income inequality has worsened in the last decade, and believe the government can – and should – do something to reduce the gap between rich and poor.

KEY FINDINGS

According to the nationwide survey, conducted online from September 10 to 23, 2014:

- Canadians think the wealthiest fifth – or top 20% – of Canadians hold more than half of the wealth in the country (55.5%) and that the poorest fifth – or bottom 20% – hold less than 6%. In actuality, the wealthiest hold more than two-thirds (67.4%) of the wealth, while the poorest fifth of Canadians own no share at all.¹
- Canadians think that the wealthiest 20% should hold only 30.3% of all the wealth and that the poorest fifth should hold 11.5%.
- Canadians think the ideal would be if the middle fifth held 23.7% of wealth, a very different picture than the 9% the middle currently holds.
- The desire for a more equitable distribution of wealth holds regardless of demographics or past political preferences, including those who voted for the Conservative Party in 2011.
- A large majority – four out of five Canadians or 80% – believe the gap between the rich and everyone else has widened over the last decade. Yet large majorities, regardless of demographics or political preference, believe the federal government can and should do something to reduce inequality.
- Canadians across demographics and political preference expressed their support for a range of progressive policies in order to achieve greater economic equality.

INTRODUCTION

The issue of inequality in Canada is becoming a more salient political topic. But do Canadians know and understand the extent of the problem in this country?

While most public opinion research on inequality has focused on attitudes towards income inequality,² this new nationwide survey of 3,000 Canadians looked at both wealth and income inequality, focusing primarily on perceptions of the wealth distribution.

This is the first survey to ask Canadians what they think the wealth distribution in Canada is and what they think the ideal should be. This allows for comparisons between their answers and the actual wealth distribution.

The findings are illuminating. Canadians hold clear misconceptions about how deep inequality is in the country, and have a clear desire for a more equitable distribution. The distribution of wealth in Canada is different from what Canadians think it is, and a far cry from what they think it should be.

The survey findings also show Canadians believe government can and ought to do something about inequality, and support a range of policies to that end. With the upcoming 2015 federal election approaching, the findings demonstrate that Canadians are engaged in this issue, signaling to political parties an opportunity to discuss policies to combat inequality.

PERCEPTIONS OF THE WEALTH GAP

Canadians underestimate the breadth and depth of wealth inequality.

Canadians think the wealthiest 20% holds just over half (55.5%) of all the wealth in the country, with the second wealthiest 20% holding 17.4% and the middle holding 13.5%. The poorest 20% is thought to control 5.8% of all the wealth in the country, the second poorest fifth only 7.8%, as shown in Table 1.

TABLE 1: WHAT PERCENT OF CANADA'S WEALTH DO YOU THINK EACH GROUP CONTROLS?

	Wealthiest 20%	2nd Wealthiest 20%	Middle 20%	2nd Poorest 20%	Poorest 20%
National Average	55.5	17.4	13.5	7.8	5.8
BC	56.9	17.3	13.2	7.2	5.4
Prairies	56.7	17.7	12.9	7.3	5.3
Ontario	56.4	17.0	12.9	7.8	5.9
Quebec	52.3	17.6	15.1	8.7	6.3
Maritimes	55.7	18.3	13.5	7.4	5.1
Men	58.2	16.5	12.7	7.3	5.3
Women	53.0	18.2	14.3	8.3	6.2
Under \$50K Household (HH) Income	51.2	18.6	13.8	9.2	7.2
\$50K - \$100K HH Income	54.9	17.1	14.1	7.8	6.0
Over \$100K HH Income	61.0	16.5	12.4	6.3	3.9
2011 Conservative Voters	54.7	18.1	14.5	7.7	5.0
2011 NDP Voters	59.5	16.2	12.0	7.0	5.3
2011 Liberal Voters	57.9	16.2	12.7	7.8	5.4

* Table reads as rows across.

Wealthier Canadians are more aware of a wealth gap than lower-income Canadians. Canadians whose annual household income is above \$100,000 think that the wealthiest 20% controls 61% of all the wealth compared to 51.2% among those whose household income is less than \$50,000 a year.

“Canadians think wealth in the country should be divided more equitably.”

As shown in Table 2, Canadians think wealth in the country should be divided more equitably. This is true across geography, gender, age, income, and support for political parties. Canadians believe that the wealthiest 20% should control 30.3% of the wealth and that the bottom 20% should control 11.5% – almost double what they think the group currently controls.

A majority of Canadians believe they are middle class and think the middle 20% should control almost 23.7% of the wealth, even more than the second wealthiest group.

TABLE 2: WHAT PERCENT OF CANADA'S WEALTH SHOULD EACH GROUP CONTROL?

	Wealthiest 20%	2nd Wealthiest 20%	Middle 20%	2nd Poorest 20%	Poorest 20%
National Average	30.3	20.4	23.7	14.1	11.5
BC	30.5	20.4	23.8	14.4	10.8
Prairies	31.1	20.2	22.8	14.2	11.7
Ontario	30.5	20.6	23.0	14.0	11.9
Quebec	29.9	19.9	25.7	13.8	10.8
Maritimes	28.2	20.7	22.8	15.4	12.9
Men	33.2	20.9	21.9	13.2	10.8
Women	27.5	19.9	25.4	15.0	12.2
Under \$50K Household (HH) Income	26.7	19.9	23.6	15.8	14.0
\$50K - \$100K HH Income	29.9	20.3	24.5	13.9	11.4
Over \$100K HH Income	34.6	20.9	22.5	12.7	9.2
2011 Conservative Voters	33.5	20.6	22.9	13.3	9.7
2011 NDP Voters	27.8	19.9	25.3	14.6	12.4
2011 Liberal Voters	31.8	20.7	23.2	13.2	11.1

* Table reads as rows across.

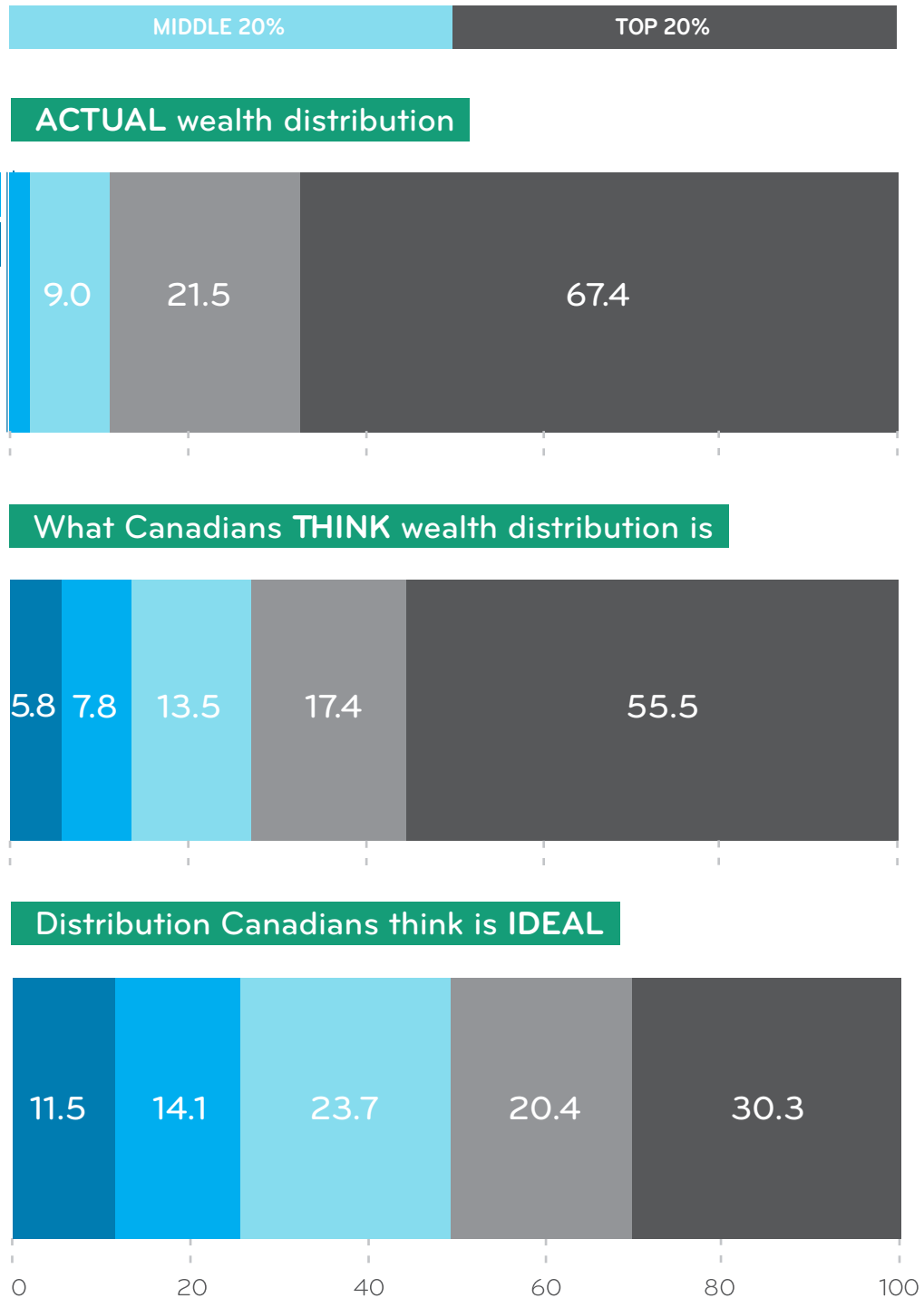
There are some subtle differences between subgroups. Women are more likely than men to think there should be a more equal division of wealth; women believe the wealthiest 20% should control 27.5% and the middle 25.4%, compared to 33.2% and 21.9% among men, respectively.

There is also a difference depending on household income. Canadians whose household income is less than \$50,000 a year are more likely to believe wealth should be more equally divided compared to those whose income is more than \$100,000 a year.

“In actuality, the distribution of wealth in Canada is different from what Canadians think it is, and a far cry from what they think it should be.”

As shown in Figure 1, in actuality, the distribution of wealth in Canada is different from what Canadians think it is, and a far cry from what they think it should be. The wealthiest 20% of Canadians actually control 67.4% of the wealth. The poorest 20% do not control any wealth, and are in fact in debt (-0.1%).³

FIGURE 1: WHAT PERCENT OF CANADA'S WEALTH DO YOU THINK EACH GROUP CONTROLS? WHAT PERCENT SHOULD EACH GROUP CONTROL? WHAT EACH GROUP ACTUALLY CONTROLS.



VIEWS ON INCOME INEQUALITY

In addition to questions about wealth, this study also asked about income inequality. An overwhelming number of Canadians (91%) believe income inequality exists in Canada. Income inequality, defined as uneven distribution of income, is referred to as the gap between the rich and everyone else.

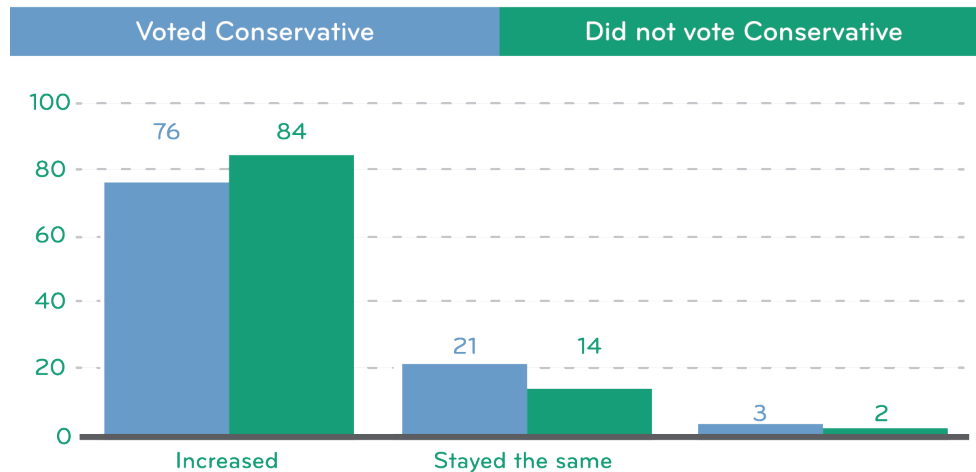
A substantial majority (80%) say that the gap has increased over the last 10 years compared to 18% who believe it has stayed the same and 2% who say it has decreased.

“While all Canadians, regardless of demographics and geography, strongly believe the gap has increased, some are more likely than others to feel this way.”

While most Canadians, regardless of demographics and geography, believe the gap has increased, some are more likely than others to feel this way. Canadians 50 years of age and over are more likely (82%) than those who are younger (77%) to feel the gap has increased.

As shown in Figure 2, there are also some subtle differences among Canadians based on past political party support. Canadians who did not support the Conservatives in the 2011 federal election are more likely (84%) than those who did support the Conservatives (76%) to feel the gap has increased. However, at three-quarters, the perception of worsening inequality is still high among Conservative voters.

FIGURE 2: OVER THE LAST TEN YEARS, DO YOU THINK THE GAP BETWEEN THE RICH AND EVERYONE ELSE IN CANADA HAS INCREASED, DECREASED OR STAYED THE SAME?



Meanwhile, 86% of Canadians view the gap as a very big or somewhat of a problem, regardless of geography, gender, income, age or support of political party. Canadians whose household income is less than \$50,000 a year are more likely than Canadians with a higher household income to feel the gap is a problem (91% versus 80%, respectively).

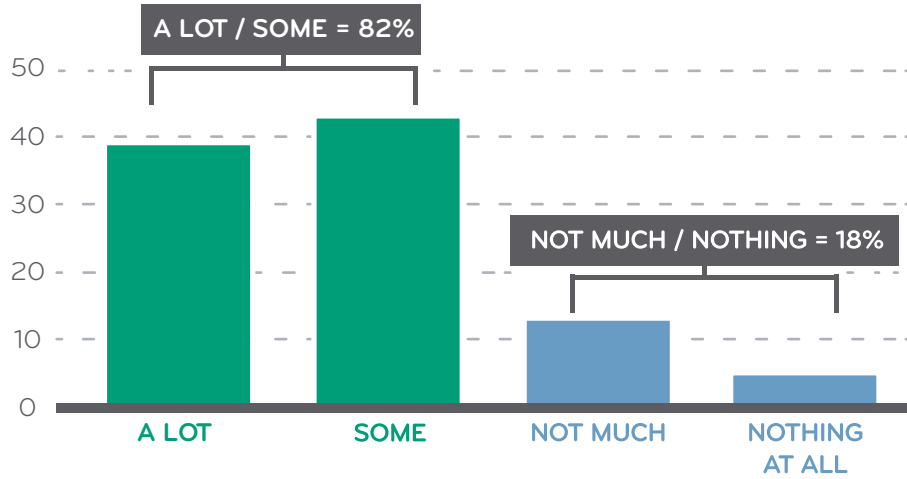
While supporters of all political parties feel the gap is a problem, Conservative supporters are the least likely to feel this way (74%) compared to Liberal supporters (90%) and NDP supporters (93%).

TAKING ACTION

As shown in Figure 3, Canadians not only want the federal government to do something to reduce the gap between the rich and everyone else (82%), three in four Canadians (73%) believe the government can do something to reduce it. Even Canadians with a high household income want action taken by the federal government, albeit slightly less than those with a lower income.

Three in four Canadians (74%) who have a household income over \$100,000 want the government to take action, while 88% of those whose household income is less than \$50,000 support government action.

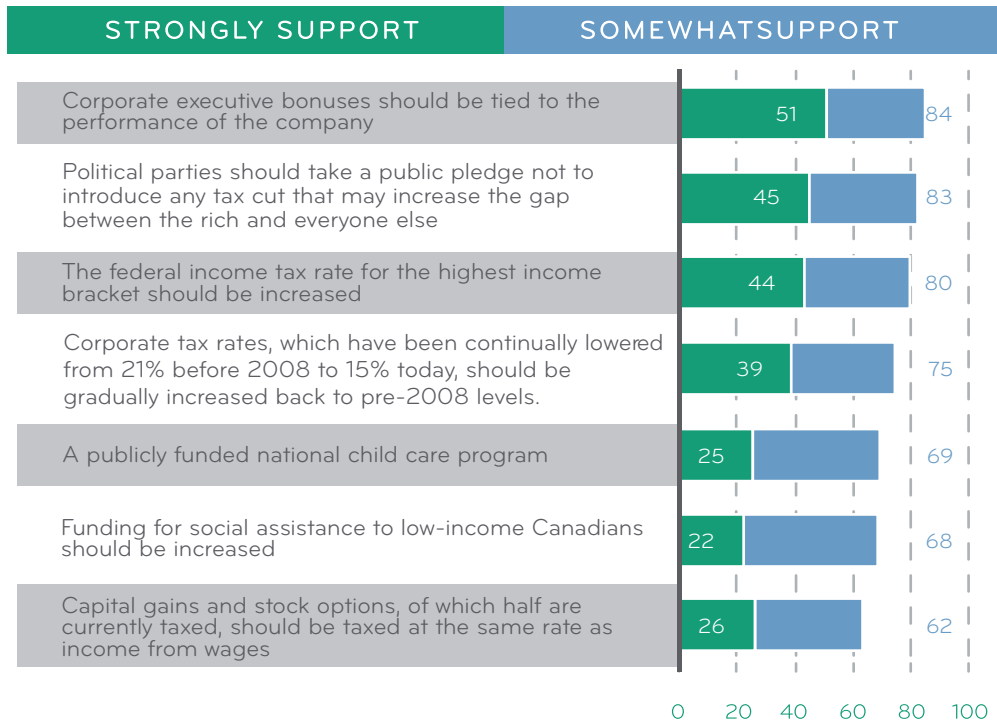
FIGURE 3: HOW MUCH, IF ANYTHING, SHOULD THE FEDERAL GOVERNMENT DO TO REDUCE THE GAP BETWEEN THE RICH AND EVERYONE ELSE?



Canadians are supportive of progressive policies that could help reduce inequality. As shown in Figure 4, the strongest policy tested is tying corporate executive bonuses to the performance of the company (84%), followed by political parties pledging not to introduce any tax cuts that may increase the gap between the rich and everyone else (83%).

Canadians aren't shy on targeted tax increases. Four of the five Canadians (80%) are supportive of increasing the federal income tax rate on the highest income bracket, while three out of four (75%) support increasing corporate tax rates back to pre-2008 levels to address inequality. This includes Canadians who fall into that highest income bracket, of whom 71% support increasing federal income tax levels. Finally, 62% support taxing capital gains and stock options at the same rate as wages to address inequality.

FIGURE 4: BELOW ARE SOME PROPOSALS THAT COULD HELP THE GOVERNMENT ADDRESS INCOME INEQUALITY, OR THE GAP BETWEEN THE RICH AND EVERYONE ELSE. FOR EACH, PLEASE INDICATE WHETHER YOU SUPPORT OR OPPOSE THAT PROPOSAL.



On social policy, a publicly funded national child care program to address inequality has the support of seven out of 10 Canadians (69%), as does increasing funding for social assistance to low-income Canadians (68%). Support for child care is higher among women (73%) than among men (65%) and highest among the 18- to 29-year-old cohort (81%).

CONCLUSION

This new survey makes it clear that Canadians underestimate the extent of the wealth gap. Regardless of what Canadians think the wealth divide is, they feel wealth should be distributed in a more equitable manner.

When it comes to income, Canadians are acutely aware of the gap between the rich and everyone else, and want government to take action to reduce it. More importantly, a large majority of Canadians – regardless of their political leaning – feel the government is able to reduce the gap with progressive policies and programs. Awareness and desire for action is strong among all Canadians, regardless of geography, demographics and political preference.

“Looking forward to the 2015 federal election, addressing inequality should be a prominent part of the conversation for all political parties.”

Looking forward to the 2015 federal election, addressing inequality should be a prominent part of the conversation for all political parties. The issue presents an opportunity for them to engage with Canadians and speak about an issue that crosses all geographies and demographics. Canadians of all political stripes want a more equitable division of wealth. Political parties can take the first step in the conversation by promising to not introduce additional tax cuts that may increase the gap – a policy supported by a large majority. More broadly, the survey results show limited political risk in discussing the problem and offering progressive solutions.

METHODOLOGY

On behalf of the Broadbent Institute, Greenberg Quinlan Rosner Canada conducted a nationwide survey among 3,000 Canadians age 18 years and older. The survey was conducted online from September 10 to 23, 2014, and reflects the demographic composition of Canada’s population 18 years of age and older. If the survey had been conducted using random sample on the telephone, the margin of error would be ± 1.79 percent. The margin of error would be higher for subgroups. (Totals may not add to 100% due to rounding.)

The survey defined wealth, or net worth, as bank account savings plus the value of other things such as property, stocks, bonds, minus the value of debts like loans and mortgages.

ENDNOTES

1. Data on actual wealth comes from: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012.
2. See for example: Broadbent Institute. Equality Project. 2012. http://www.broadbentinstitute.ca/sites/default/files/documents/equality-project_O_O.pdf
3. For a more detailed breakdown of the wealth distribution data, see: Haves and Have Nots. September 2014. Broadbent Institute. <https://www.broadbentinstitute.ca/sites/default/files/documents/have-havenots.pdf>