



HAVES AND HAVE-NOTS

*Deep and persistent
wealth inequality in Canada*



INSTITUT
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September 2014

INTRODUCTION

The growing income share of the richest 1% is top of mind for many academics and public policymakers.¹ Looking at wealth as a measure of inequality, however, provides a view of the broad economic resources beyond income available to an individual or family.²

Income is the amount of money an individual or family earns each year, whereas wealth represents net worth: the total value of assets minus debts.

Looking at this broad picture of wealth using new Statistics Canada data released to the Broadbent Institute, this report shows deep and persistent inequality.³ This unequal distribution – particularly for the wealthiest and poorest 10% segments of the population – challenges the narrative that suggests Canadians are getting wealthier across the board.⁴

KEY FINDINGS

The new Statistics Canada data show a deeply unequal Canada in which wealth is concentrated heavily in the top 10% while the bottom 10% hold more debts than assets.⁵ The majority of Canadians, meanwhile, own almost no financial assets besides their pensions.

- The top 10% of Canadians accounted for almost half (47.9%) of all wealth in 2012.
- In 2012, the bottom 30% of Canadians accounted for less than 1% of all wealth; the bottom 50% combined controlled less than 6%.
- The median net worth of the top 10% was \$2,103,200 in 2012. It rose by \$620,600 (41.9%) since 2005. In contrast, the median net worth of the bottom 10% was negative \$5,100 in 2012, dropping more than 150% from negative \$2,000 in 2005.
- The top 10% held almost \$6 in every \$10 (59.6%) of financial assets, excluding pensions – more than the bottom 90% combined. The bottom half of the population held less than 6% of financial assets and the bottom 70% of the population only 16%.
- The concentration of wealth for the top 10% is highest in British Columbia at 56.2% and lowest in Atlantic Canada (31.7%) and Quebec (43.4%). Wealth inequality is also, on the whole, least pronounced in Atlantic Canada and Quebec.

NEW DATA ON THE DISTRIBUTION OF WEALTH

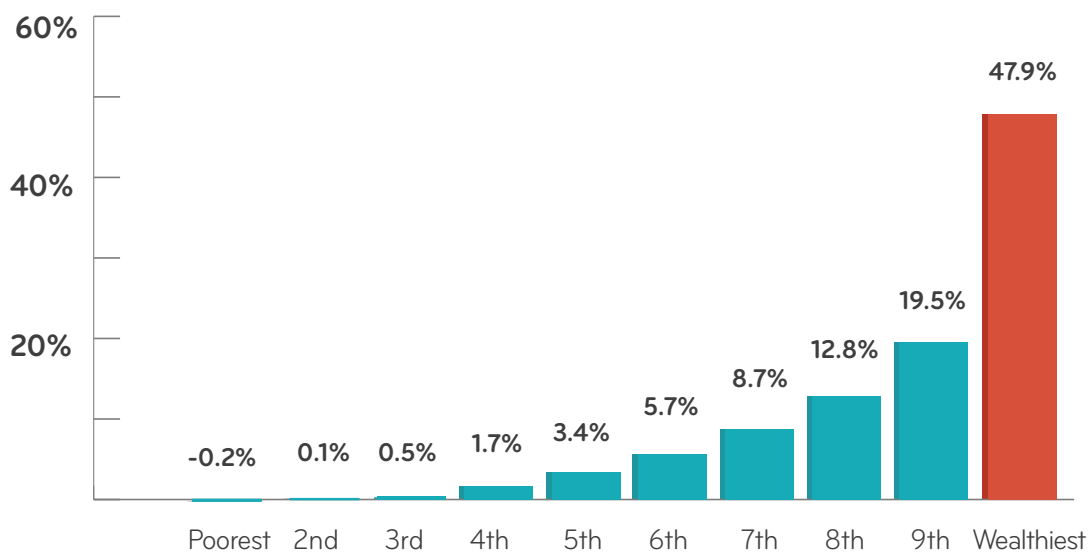
Statistics Canada released the Survey of Financial Security (SFS) in February 2014, which reviewed the assets (such as housing and financial assets), debts and net worth of family units.⁶ The survey confirmed that wealth, defined as net worth, is very unequally distributed in Canada.⁷

The report, however, only provided detail for 20% segments of the population called quintiles. The Broadbent Institute obtained new data from the agency that provides more detail on the distribution of wealth. This report reveals a picture of wealth distribution by 10% population segments (known as deciles).⁸

These new data shed more light on the dynamics of wealth concentration and distribution, particularly the gap between the wealthiest and poorest 10% of Canadian family units.

In 2012, the top 10% of Canadians owned almost half (47.9%) of all wealth (See Table 1).

TABLE 1 – DISTRIBUTION OF WEALTH IN CANADA BY DECILE, 2012



The next wealthiest decile owned 19.5% of all wealth. This fact is significant as it shows that wealth is quite concentrated even at the top. The wealthiest 10% of Canadians control almost \$7 of every \$10 owned by the wealthiest 20%.

It is important to note that economists such as Broadbent Policy Fellow Lars Osberg have long noted that data from sample household surveys such as the Survey of Financial Security understate the degree of concentration of wealth at the top because the very small number of families that hold very large quantities of wealth do not generally participate in such surveys. Based on previous studies, Osberg estimates that the wealth share of the top 1% may be as high as 20%.⁹

“The bottom 30% together own less than 1% of all wealth, while the bottom 50% together own less than 6%.”

Even more striking than the picture at the top, however, is the revelation that the bottom 30% together own less than 1% of all wealth, while the bottom 50% together own less than 6%.

Meanwhile, changes in the share of wealth over time vary depending on the decile (See Table 2). Since 1999, the bottom four deciles have all seen their share of wealth go down. The top 10%'s wealth share fell slightly too, from 49.6% in 1999 to 47.9% in 2012.

TABLE 2 – SHARE OF WEALTH (TOTAL NET WORTH) BY DECILE

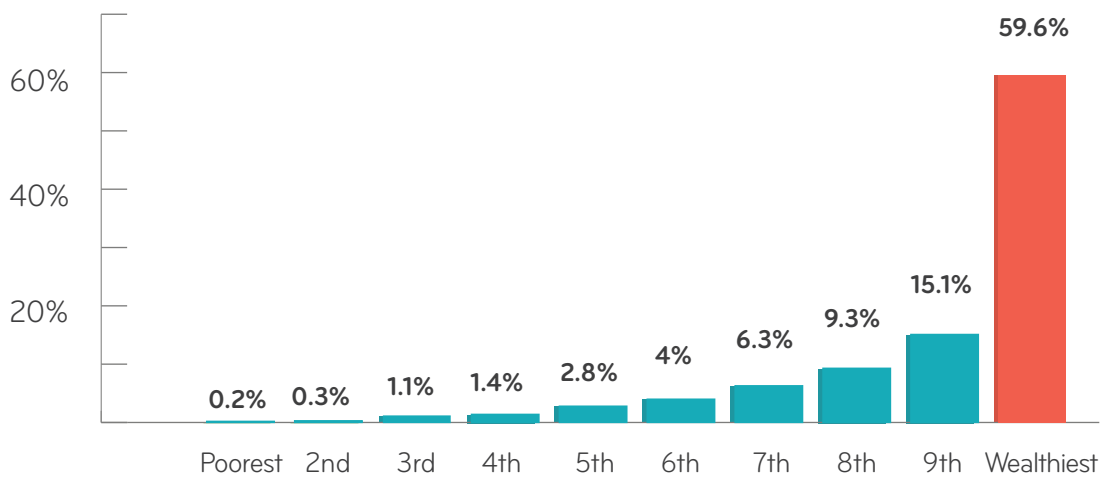
Decile	1999	2005	2012
Poorest Decile	-0.3%	-0.3%	-0.2%
Second Decile	0.2%	0.1%	0.1%
Third Decile	0.7%	0.6%	0.5%
Fourth Decile	1.9%	1.6%	1.7%
Fifth Decile	3.3%	3.2%	3.4%
Sixth Decile	5.5%	5.2%	5.7%
Seventh Decile	8.1%	8.1%	8.7%
Eighth Decile	12.0%	12.2%	12.8%
Ninth Decile	18.9%	18.3%	19.5%
Wealthiest Decile	49.6%	50.9%	47.9%

The share of wealth grew modestly amongst the 5th to 9th deciles, but each of these groups saw their share increase by less than 1%.

The data also show that the top 10% of Canadians own an even larger share of financial assets when pensions are excluded from the analysis. These assets include, but are not limited to, stocks, bonds, mutual funds, investment funds, income trusts and tax-free savings accounts. The top 10% controlled almost \$6 of every \$10 (59.6%) of such assets in 2012, more than the bottom 90% combined (See Table 3).

In addition, the bottom half of the population combined held less than 6% of financial assets and the bottom 70% of the population only 16%. This unequal distribution of financial assets challenges the rosy reports of post-recession financial wealth recovery for Canadians.

TABLE 3 – DISTRIBUTION OF FINANCIAL ASSETS (EXCLUDING PENSIONS) BY DECILE, 2012



In 2012, the median net worth of family units (meaning half own more and half own less) in the top 10% was \$2,103,200. It rose by \$620,600 or 41.9%, from \$1,482,600 in 2005. Their median net worth was only \$1,158,800 back in 1999 (all estimates in 2012 constant dollars).

Statistics Canada's February release of the SFS showed that the poorest 20% had a median net worth of \$1,100 in 2012. Though small, it is still a positive amount. The new data show that the poorest 10% had median net worth of -\$5,100, meaning that they owed more in debt than they owned in assets.

Median net worth for this poorest group has worsened, falling by over 150% from -\$2,000 in 2005 and by 200% from -\$1700 in 1999.

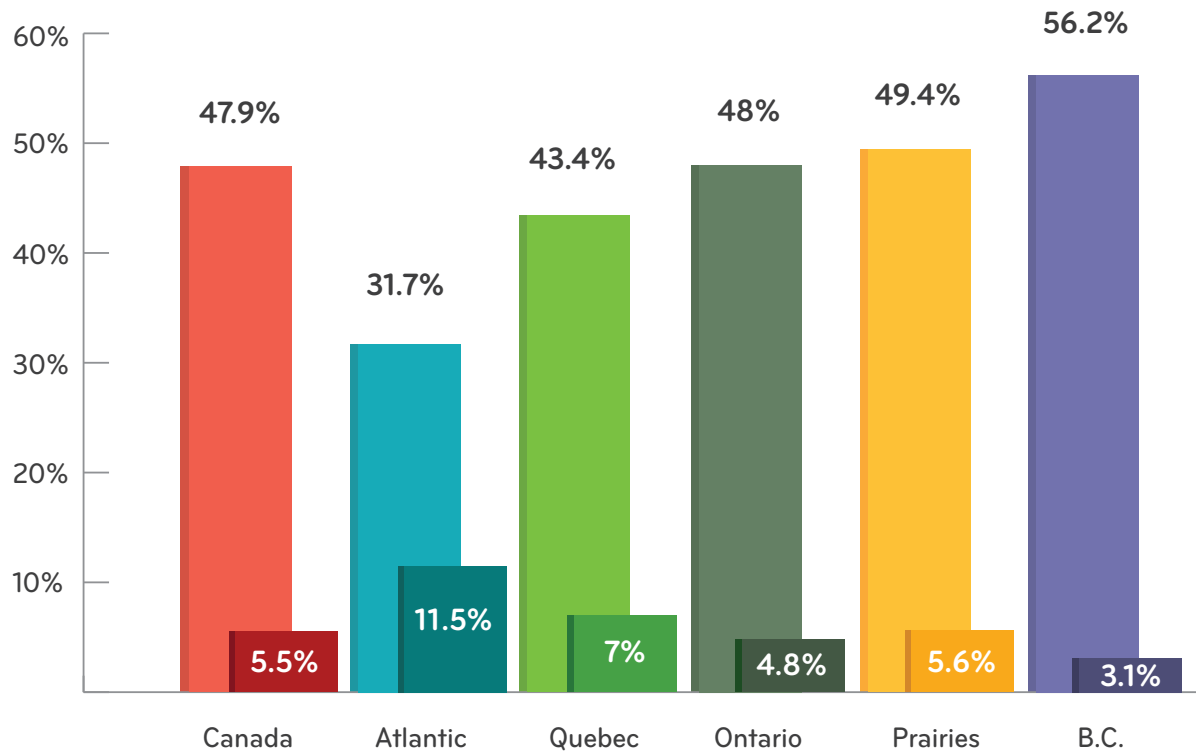
SIGNIFICANT REGIONAL VARIATIONS

The concentration and distribution of wealth varies significantly across regions of the country. The concentration of wealth for the top decile is highest in British Columbia at 56.2% and lowest in Atlantic Canada (31.7%) and Quebec (43.4%).

Overall, both Atlantic Canada and Quebec had more equitable distributions of wealth across all deciles compared to the Prairies, Ontario, and British Columbia (see the Appendix for these tables). Alberta likely dominates the Prairie numbers due to its large share of population in that region.¹⁰

In all regions except Atlantic Canada, the bottom half of the population held less than 10% of all wealth, and in most regions this group held less than 6% (See table 4).

TABLE 4 – SHARE OF WEALTH FOR WEALTHIEST 10% VERSUS BOTTOM HALF OF CANADIANS, 2012



- Canada (wealthiest decile)
- Canada (bottom 50%)
- Atlantic Canada (wealthiest decile)
- Atlantic Canada (bottom 50%)
- Quebec (wealthiest decile)
- Quebec (bottom 50%)
- Ontario (wealthiest decile)
- Ontario (bottom 50%)
- Prairies (wealthiest decile)
- Prairies (bottom 50%)
- British Columbia (wealthiest decile)
- British Columbia (bottom 50%)

CONCLUSION

The top 10% of Canadians own almost half of all wealth. And when one considers this concentration alongside the gap between the wealthiest and poorest 10%, or the gap between the wealthiest 10% and bottom 50%, it is clear that deep wealth inequality remains a marked feature of Canadian society.

As emphasized by Ed Broadbent in the Institute's 2012 report, *Towards a More Equal Canada*, "democratic politics, at its best, is about choosing what kind of society we want to live in." On inequality, politics and the political choices we make matter.¹¹

ENDNOTES

1. See: Wolfson, Michael. Veall, Mike. Brooks, Neil. "Piercing the Veil – Private Corporations and the Income of the Affluent." University of Waterloo.

https://uwaterloo.ca/school-of-accounting-and-finance/sites/ca.school-of-accounting-and-finance/files/uploads/files/wolfson-brooks-veall_-_incomes_of_affluent.pdf

2. See: Osberg, Lars. "A Quarter Century of Inequality in Canada: 1981 – 2006." Canadian Centre for Policy Alternatives. April, 2008.

http://www.policyalternatives.ca/sites/default/files/uploads/publications/national_office_pubs/2008/quarter_century_of_inequality.pdf

3. Adapted from Statistics Canada, Survey of Financial Security, 1999, 2005, 2012. This does not constitute an endorsement by Statistics Canada of this product.

4. For example, see recent press reports on the growing net worth of Canadians, based on a study from Environics Analytics:

<http://www.ottawacitizen.com/business/Canadians+worth+eight+cent+rebounding+we>
[ll+from+downturn/10108541/story.html](http://www.theglobeandmail.com/report-on-business/rise-in-asset-values-push-up-canadians-wealth/article19983236/) and <http://www.theglobeandmail.com/report-on-business/rise-in-asset-values-push-up-canadians-wealth/article19983236/>

5. All data in this report are sourced from: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012. Reproduced and distributed on an "as is" basis with the permission of Statistics Canada.

6. According to Statistics Canada, "family units are comprised of economic families (a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common law or adoption) and unattached individuals (a person living either alone or with others to whom he or she is unrelated). In addition, they specify that "the SFS provides a comprehensive picture of the net worth of Canadians. Information is collected on the value of all major financial and non-financial assets and on the money owing on mortgages, vehicles, credit cards, student loans and other debts. A family's net worth can be thought of as the amount of money they would be left with if they sold all of their assets and paid off all of their debts."

7. Statistics Canada. Government of Canada. "Survey of Financial Security, 2012."

<http://www.statcan.gc.ca/daily-quotidien/140225/dq140225b-eng.htm>

8. Although Statistics Canada used to release data involving the top 1%, the agency would not provide data on the wealth share of the top 1% in its Survey of Financial Security, citing confidentiality. For example, see: Morissette, René, Zhang, Xuelin. "Revisiting Wealth Inequality." Statistics Canada. Perspectives on Labour and Income. Vol. 7, no. 12. December 2006.

<http://www.statcan.gc.ca/pub/75-001-x/11206/9543-eng.htm>

9. See: Osberg. "A Quarter Century of Inequality in Canada: 1981 – 2006."

[https://www.policyalternatives.ca/sites/default/files/uploads/publications/national_of-
fice_pubs/2008/quarter_century_of_inequality.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/national_office_pubs/2008/quarter_century_of_inequality.pdf)

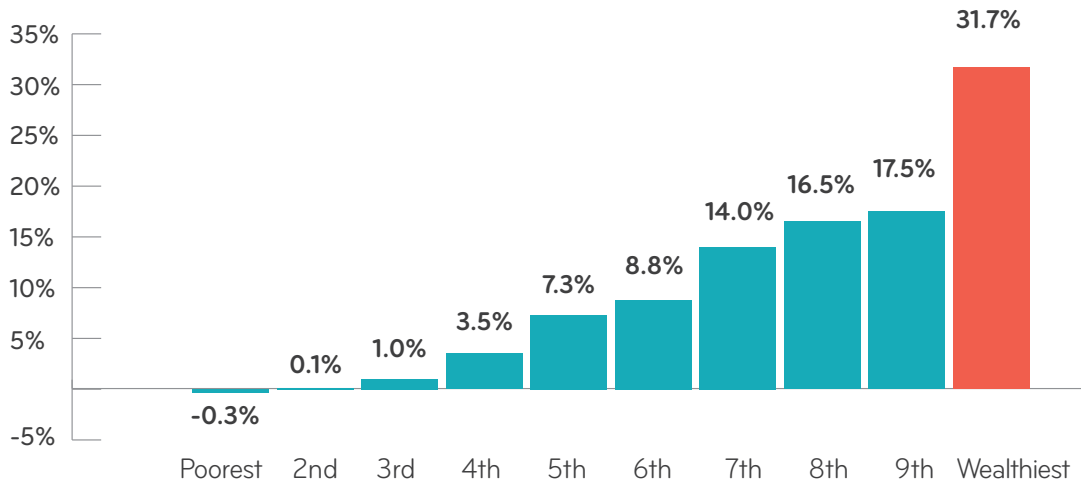
10. According to the most recent census, Alberta's population is 3,645,257. Manitoba sits at 1,208,268 and Saskatchewan at 1,033,381. See:

[http://www12.statcan.gc.ca/census-recensement/2011/dp-pd/hltfst/pd-pl/Table-
Tableau.cfm?T=101&S=50&O=A](http://www12.statcan.gc.ca/census-recensement/2011/dp-pd/hltfst/pd-pl/Table-Tableau.cfm?T=101&S=50&O=A)

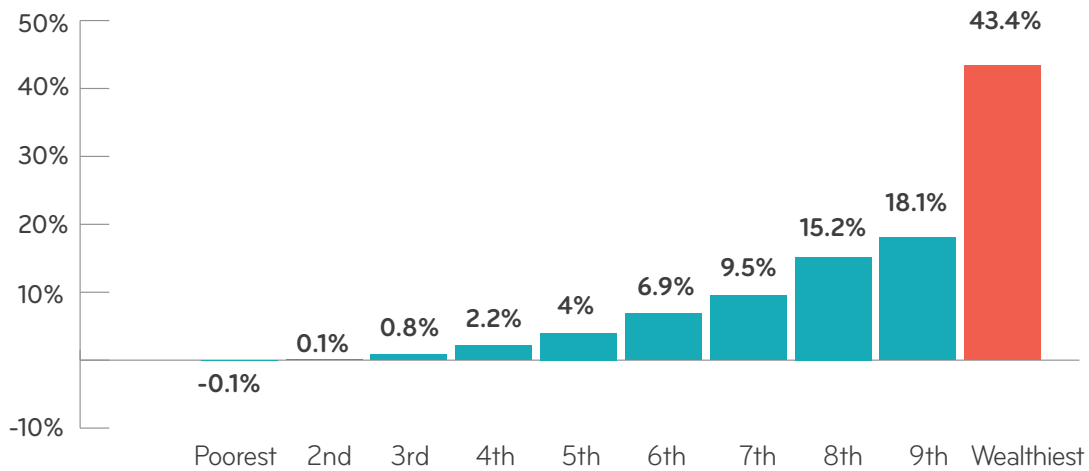
11. For a detailed discussion of how Canada's political choices have deepened inequality see: Banting, Keith. Myles, John. (Eds). (2013) "Inequality and the Fading of the Redistributive Politics." Vancouver: UBC Press.

APPENDIX

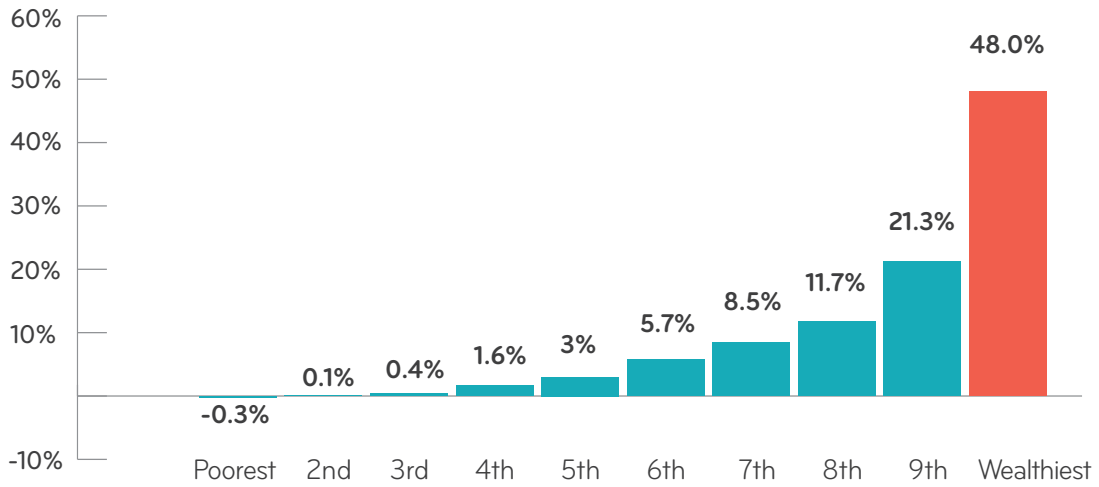
DISTRIBUTION OF WEALTH IN ATLANTIC CANADA BY DECILE, 2012



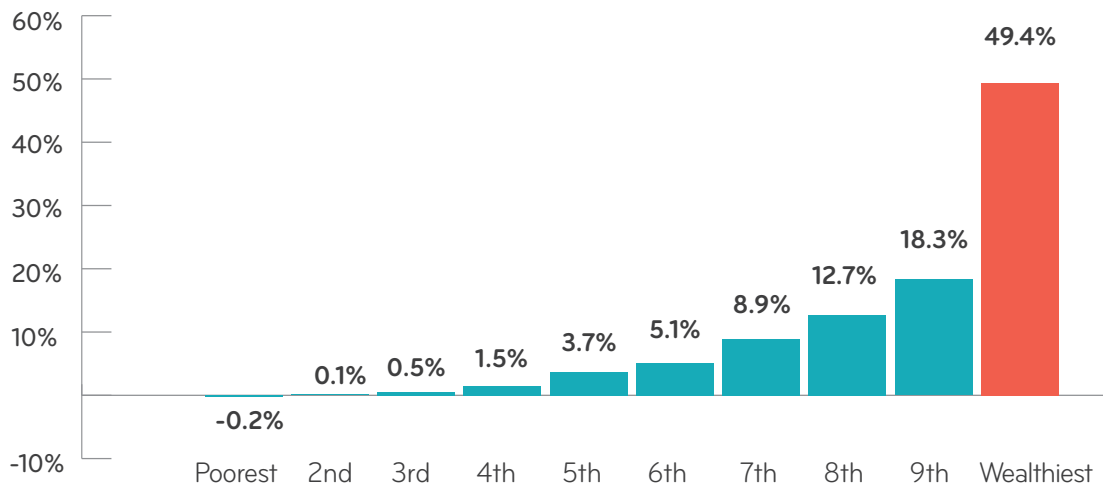
DISTRIBUTION OF WEALTH IN QUEBEC BY DECILE, 2012



DISTRIBUTION OF WEALTH IN ONTARIO BY DECILE, 2012



DISTRIBUTION OF WEALTH IN PRAIRIES BY DECILE, 2012



DISTRIBUTION OF WEALTH IN BRITISH COLUMBIA BY DECILE, 2012

