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THE RICH AND THE REST OF US

The changing face
of Canada's growing gap

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Growing Gap  **.ca**

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Any errors or omissions are the responsibility of the author.

Introduction

IN THE FALL OF 2006 the Canadian Centre for Policy Alternatives released a poll conducted by Environics Research that showed 76% of Canadians believe the gap between the rich and the poor is growing.

The poll also showed 67% of Canadians believe the majority are not benefiting from the nation's hot streak of economic growth.

This study confirms Canadians' perception is reality: Canada is performing better economically than it has in decades, but the income gap between the rich and the rest of Canadian families is growing at a faster rate than ever. The rewards of Canada's booming economy have been going disproportionately to a select few.

What's more, this study finds the growing gap is not just a problem for "the poor", who are taking advantage of Canada's strong economy and working more hours than the generation that preceded it — only to find themselves stuck in poverty. This study finds the majority of Canadian families are falling behind compared to a generation ago.

They are falling behind in the best of economic times, under conditions that would typically yield a reduced income gap: low unemployment rates, more Canadians working, and more Canadians putting in longer hours in the workplace.

This study finds Canada's growing gap was impervious to these factors, due to several new and extreme trends:

Income gap at 30-year high Canada's gap between rich and poor is growing, and this is during the best of economic conditions. In 2004, the average earnings of the richest 10% of Canada's families raising children was 82 times that earned by the poorest 10% of Canada's families. That is approaching triple the ratio of 1976, which was around 31 times. The after-tax income gap has never been this high in at least 30 years, and it has been growing faster than ever since the late 1990s.

Greater polarization This study reveals Canadian families are experiencing greater inequality and greater polarization of incomes compared to families raising children a generation ago. Only the richest 20% are experiencing gains

from Canada's economic growth, and most of those gains are concentrated in the top 10%. The share of income going to the bottom 80% of Canadian families is smaller today than it was a generation ago, in both earnings and after-tax terms.

The rich are getting richer The richest 10% of Canadian families are getting richer. They enjoyed a 30% earnings increase compared to a generation ago, the only group to experience such gains. This is creating a new phenomenon in income distribution in Canada: the rich are breaking away from the rest of society, in a way we have not seen since these data began to be collected, in 1976.

Bottom half shut out of economic gains The differences become stark when we compare the top half of families with the bottom half: Between 1976–79, the bottom half of Canada's families earned 27% of total earnings. Between 2001–04, their share dropped to 20.5% of total earnings, even though they were working more.

Contrasting fortunes The poorest 20% of Canadian families saw their share of the earnings pie drop from 4.5% from the late 1970s, to 2.6% in the early 2000s. In sharp contrast, the top half of Canadian families saw their share of total earnings grow, from 73% to 79.5% during that same time period. Most of the increase went to the very richest 10% of families. Their share of earnings grew from 23% to 29.5% of all earnings by Canadian families.

Work is not enough Everybody but the richest 10% of families are working more weeks and hours in the paid workforce. The average Canadian household with children is clocking in almost 200 hours more compared to just nine years ago. Only one group of families didn't clock in more hours: the richest 10%, on average, didn't increase their work hours between 1996 and 2004. Yet only the richest 10% saw major increases in their earnings.

Government makes a difference While the rich still got richer in after-tax terms, Canada's tax and transfer system made an important difference. If they had to rely solely on market earnings, 40% of Canadian families would have experienced significant losses in incomes compared to a generation ago — even though they are working more. Canada's tax and transfer system stopped the freefall of incomes for almost half of the population raising children.

It's About Family

THIS STUDY FOCUSES ON the fortunes of Canadian families raising children under the age of 18.

When we talk about how economic growth pays off, we tend to think of personal stories, individual economic fortunes. But everyone's formative years begin in some type of a family, and the vast majority of Canadians lives with at least one other person.

Almost half of Canadians (46.3%) live in households that are raising children under the age of 18.¹ They represent a big chunk of Canadian society. So looking at what's happening to Canadian families during the best of economic times tells us about how our economy is performing for adults trying to keep families healthy and happy, and growing in every sense of personal development.

What happens to these families is important in another sense too: we are pinning our future and our hopes on them, both personally and socially. They are the next generation of contributors to the nation's economy. The opportunities available to this generation of children by virtue of market dynamics or social provisions will, in turn, shape the Canada of tomorrow.

This study looks at how dramatically economic fortunes have changed over the course of the past 30 years (1976–2004) for that building block of society — the place where people learn how to be people — families raising children. It looks at income distribution by examining what happened to this population by deciles — 10 equivalently sized slices of the population, ranked by income that is adjusted for inflation. That permits us to look at where real change is occurring — at the bottom, top, or middle of the distribution of incomes.

This study reveals Canadian families are experiencing greater inequality and greater polarization of incomes compared to families raising children a generation ago. The share of income going to the bottom 80% of Canadian families is smaller today than it was a generation ago, whether measured by earnings or after-tax incomes.²

This story is troubling for a number of reasons, including: who it is happening to, when it is happening, how we measure its scale, and what may be driving it.

This particular group of Canadian households — families raising children — traditionally display the most stable income trends and lower disparities across the income spectrum than, for example, people living on their own, couples without children, or the elderly. For 20 of the past 30 years, after-tax incomes of families raising children tended to go through similar changes, through recessions and recoveries, over the decades. The breaking point in this pattern seems to be exactly when economic conditions became the best they've been in decades — beginning in the late 1990s and continuing today.

Given the strength of Canada's economy, it would be natural to assume that things are finally better for most Canadians, after decades of turbulence in the labour market. Not so. While there have been gains in earnings for most income classes in the past eight years, many families have barely recaptured the income levels of a generation ago (and this with more time spent in the labour market). Even more problematic is the fact that income inequality is growing rapidly at a time when it should be shrinking, as it did during previous periods of strong economic growth.

How do we know the gap is growing? There are three data sources we can look at to understand patterns of income distribution — Statistics Canada's SCF/SLID survey (see note 2 for explanation of the acronym and Appendix One for a description of the data source and methodology), the Census, and tax data. Of these, the SCF/SLID is annual; it provides consistent data going back to 1976; it is able to document what is happening to different family types; it captures the work time required to generate earned incomes; and it provides information about both income transfers and taxes. It is also the source of choice for talking about low-income cut-offs (the "poverty line").

Solid as this data source is, we know it underestimates what is happening at both the "rich" and "poor" ends of the income spectrum.³ As a result, the findings in this study likely understate the degree to which the distribution of incomes in Canada is growing more unequal. They represent a conservative estimate of the scale of the problem, partly because of the time frame we have chosen (particularly when we compare economic peak with economic peak), partly because of the sample size of the data source, and partly because it tells the story of families raising children rather than all Canadians as individuals.

Who's Rich? Who's Poor? Getting The Definitions Clear

WHAT DOES IT MEAN to be among the richest or poorest families raising children in Canada today?

There are important differences in dollar values, depending on whether you are referring to earnings (what families can do for themselves) or after-tax incomes (which includes government provided income supports and income taxes). Both are provided here.⁴

If a family's earnings exceeded \$131,000, they were among the elite in 2004, the richest 10% of households raising children under 18 in Canada. Families earning more than \$166,000 made more than 95% of families raising children.

The poorest 10% of families earned less than \$9,400. Five percent of families

CHART 1 Where Do You Belong?

Distribution of earned incomes for 3.8 million families raising children under 18, 2004

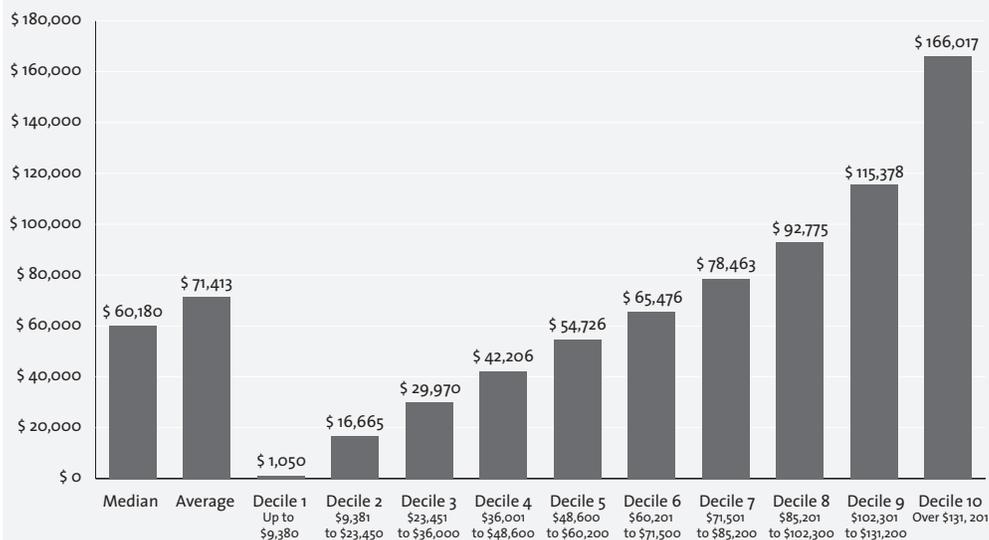
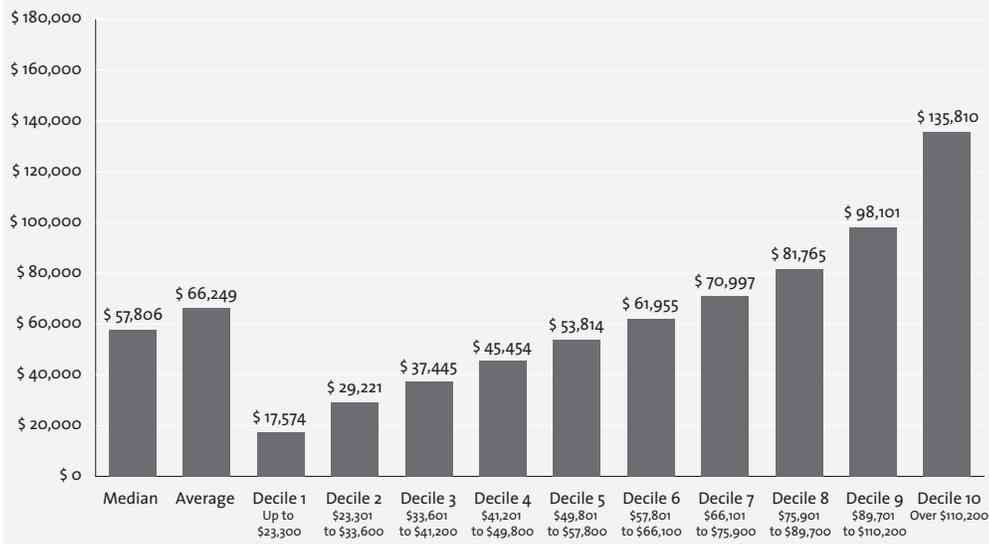


CHART 2 Where Do You Belong? Distribution of after-tax incomes for 3.8 million families raising children under 18, 2004



earned less than \$1,050 that year.

The definition of the middle can mean the middle 40% or the middle 60%, the average or the median.

The average (at over \$71,000) has been rising much faster than the median since 1997. The median is the mark at which half the families earn more, and half earn less. In 2004, median family earnings were \$60,000 in Canada.

The middle 40% earned between \$36,000 and \$85,000. The middle 60% earned between \$23,500 and \$102,000 — a span that renders “middle class” almost meaningless, since the spread between upper and lower middle class is so great.

In after-tax terms, the distributions are more concentrated, and the definitions of rich and poor may be surprising.

In 2004, a family with after-tax income of above \$110,000 in Canada was rich. If that doesn't sound rich to you, 90% of families raising children lived on less. Ninety-five percent of Canadian families with children lived on after-tax incomes of less than \$136,000 — a figure that many believe is middle class.

The poorest 10% of families raising children — more than 376,000 households in Canada — lived on less than \$23,300, after taxes, in 2004. Half of these families lived on less than \$17,500 a year.

The middle class as defined by the middle 40% of the distribution fell into an after-tax income bracket of between \$41,200 and \$75,900. Defined by the middle 60%, the middle class saw after-tax incomes ranging between \$33,600 and \$89,700 in 2004, a tighter span than in earnings, but clearly not a solid block of households with similar experiences.

Average after-tax incomes were just over \$66,200 in 2004, but rising much more rapidly than the median over the past few years.

The dead centre of the after-tax income distribution for families raising children in 2004 was \$57,800. Median incomes have been hovering around \$50,000 for most of the period between 1976 and 1997. It has only been since 1998 that they started to rise.

Canada's Economy in Context

WE HAVE BEEN TOLD FOR DECADES that a rising tide will lift all boats — that economic growth will pave the way for greater equality.

In Canada, this is the best of economic times. Over the past decade, Canada's economy has consistently been firing on all cylinders.

Canadians are producing about \$1 trillion more in goods and services *a year* than they did in 1981. To put this feat in context, a trillion dollars is roughly equivalent to the combined economies of all low-income nations in the world, which represent a total population of about 2.5 billion people.⁵ Comparatively, Canada is doing remarkably well.

According to the World Bank, Canada's GDP was the 9th largest economy of 183 nations in the world by 2005, generated by a population that is a fraction the size of the other eight nations.⁶

Canada's real economy doubled (93% growth) between 1981 and 2005 (adjusting for inflation). Much of that growth (39%) has occurred in the past decade. According to the World Bank, Canada is the fourth best place in the world to do business, just behind Singapore, New Zealand and the United States.⁷

Canada's current economic conditions are similar to conditions almost four decades ago (low inflation, low interest rates, relatively low unemployment, sustained

TABLE 1 Trillion Dollar Baby

Canada's economic growth over a generation and the last decade

	Nominal Growth (millions)	Real Growth (millions of constant dollars, 1997)	Unemployment Rate
1981	\$360,471	\$600,253	7.6%
1995	\$810,426	\$833,456	9.6%
2005	\$1,371,425	\$1,157,705	6.8%

and robust economic growth). The coffers of the nation's federal and provincial governments are all in surplus mode, an achievement that no other G7 nation (the world's most established, richest market systems) can boast.

Unemployment is at a 30-year low. More Canadians are working and they're working harder. Productivity rates keep improving.

This is exactly the kind of situation that has, in our economic past, created the conditions for the gap between rich and poor to get smaller.

There is more economic and fiscal capacity to address just about any social, economic or environmental ill we could name than at any point in our history.

Yet the income gap between Canada's rich and poor families grew. It grew faster than at any point since we have been measuring it. And it grew for categorically different reasons.

The gap used to be driven by more people falling into the bottom ranks of the poor. Since 1997 the gap has grown because of two new trends: The extraordinary income rise of the richest 10% of families, who are earning more than ever and literally breaking away from the pack; and the fact that there are more rich families compared to a generation ago (using the top 10% of 1980 as the reference point). That should be good news, but it comes with a twist.

Canada very much sees itself as a middle class nation, but the share of income going to the middle class has been shrinking — slowly and steadily. As we shall see, it's not just the middle that is getting less out of Canada's growing economy. A fortunate few are indeed rising up, but in the absence of widespread gains from prosperity, there is greater polarity in Canadian society than there was a generation ago.

Canadians sense that economic prosperity is largely accruing to the rich⁸, leaving the rest behind. That perception is borne out by these statistics. Though the pie is much bigger, it is not even getting divided into the same (unequal) pieces as a generation ago. The pieces are getting *more* unequal, with those at the top getting an ever-bigger share of the pie — at the expense of those at the bottom, but, more surprisingly, also at the expense of the majority of Canadian families.

Most Canadian Families Get Smaller Share of Income Pie

CANADA'S ECONOMY GREW twice in size (in inflation-adjusted terms) over the past 25 years. It grew because millions of workers helped contribute to its growth.

In 1981, the Canadian labour force was 12.2 million people strong. By 2005 there were 17.3 million people in the labour force; 42% more than in 1981.⁹ The vast majority of parents raising children are in the labour market, ever more so over time.

Comparing this generation of families raising children to their predecessors in the late 1970s, the majority of families is getting a smaller share of the pie, even though the economy is stronger and, overall, incomes have started to rise.

CHART 3 Top Getting Bigger Share of Earnings; Bottom Half Share is Shrinking
Families with Children in Canada (1976–79 compared to 2001–04, averages)

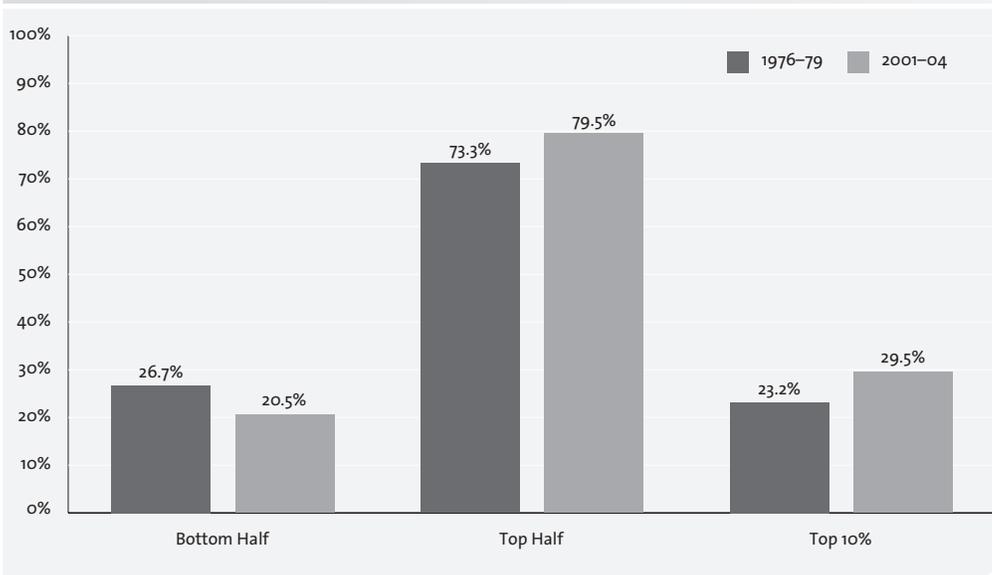
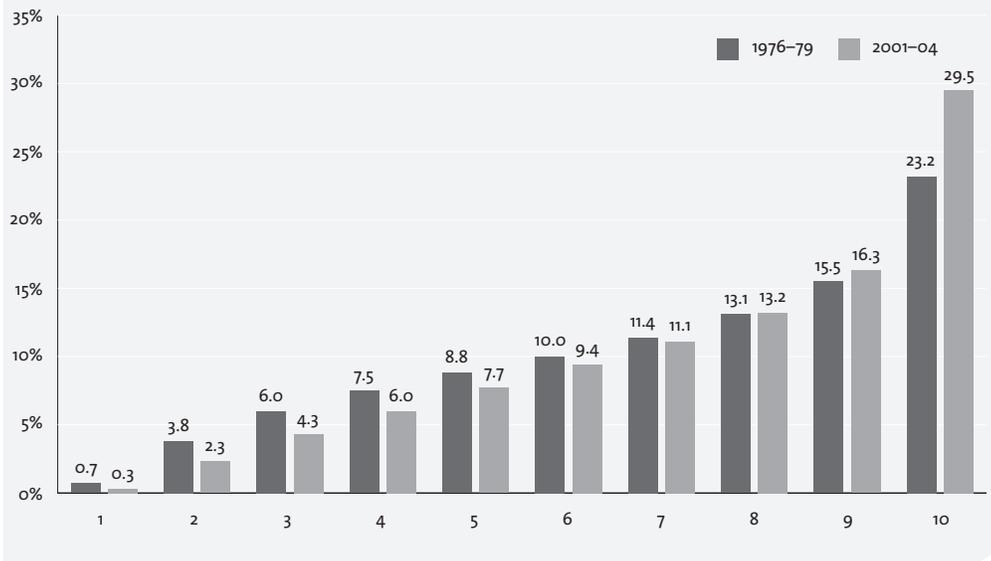


CHART 4 Rising Share of Earnings Concentrated at Top
 Families with Children in Canada (1976–79 compared to 2001–04, averages)



Average earnings of families raising children were about \$60,000 in the late 1970s (in inflation adjusted terms). By the early 2000s average earnings had risen to about \$70,000. But averages are not what happen to everyone; in fact, they can mask what’s really going on.

Here’s what’s going on: Between 1976–79, the bottom half of Canada’s families earned 27% of total earnings. Between 2001–04, the bottom half’s share dropped to 20.5% of total earnings, even though they were working more.

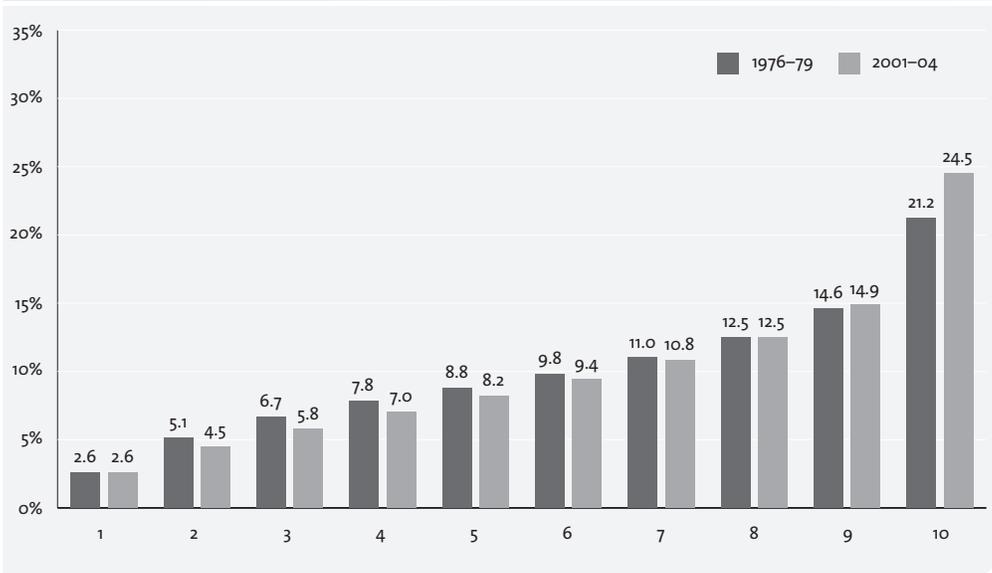
The poorest 20% of Canadian families saw their share of the earnings pie drop from 4.5% from the late 1970s, to 2.6% in the early 2000s. In sharp contrast, the top half of Canadian families saw their share of total earnings grow, from 73% to 79.5% during that same time period.

On the surface, it looks like half of Canadian families are doing better and half are doing worse. Not so. Only the richest 20% of Canadian families saw their share of the economic pie increase. In fact, it was the richest 10% of these families who drove all the change. The richest 10% of Canadian families saw their share of total earnings rise from less than a quarter of the earnings pie (23%) in the late 1970s to almost 30% (29.5%), on average, between 2001–04.

Over the course of almost three decades, the bottom 80% of Canadian families raising children lost ground.¹⁰ They had a smaller share of the economy they helped generate — the gains went to the richest 20% of families, mostly to the richest 10%. (See Table 5 in Appendix Two). Are the majority shareholders of the economy getting short-changed?

It is often argued that the inequalities occurring naturally in the labour market are offset by Canada’s system of transfers and taxes. They may be offset, but the tax and transfer system did not significantly reverse the trend in reduced shares of income for the majority of families. Astoundingly, 80% of Canadian families raising children are taking in a smaller share of the total after-tax income generated by all

CHART 5 Top 10% Only Ones To Increase After-tax Income Share
 Families with Children, Canada (1976–79 compared to 2001–04, averages)



Canadian families raising children in the past few years, compared to their predecessors of the late 1970s.

In after-tax terms, average incomes rose for families raising children, from \$56,700 in the late 1970s to \$ 64,500 between 2001–04.

Against this backdrop, the bottom half of families raising children saw their share of after-tax income fall from 31% to 28%. The top half went from 69% to 72%, but, again, the story is really driven by what happened at the top.

Families in the poorest decile and the eighth decile (almost the top) saw virtually no change in their share of the pie. Families from the second to the seventh decile got a smaller share, in after-tax terms, compared to their predecessors in the late 1970s. The ninth decile saw only a slightly larger share (from 14.5% to 14.9%).

In after-tax terms, only the richest 10% of families saw any significant gain in their share of total after-tax income — their piece of the action going from just over a fifth (21%) to almost a quarter (24.5%) of the pie.

Though the economy is larger than ever before, and strong economic growth has been more sustained than it has been in decades, the middle class complaint of getting squeezed is more than “just their perception”, and more than just a middle class phenomenon. It is reality for 80% of the population of families raising children. Their piece of the pie is smaller than it was in the late 1970s, though the pie to be divvied up is twice as large.

Growing Gap At a 30-Year High

THERE ARE MANY WAYS to measure inequality, but the chart below — tracking the ratio of average incomes of the top and bottom 10% of families raising children — is one of the most common and straightforward measures. It shows that the after-tax income gap has never before been this high during the 30 years during which these data have been collected.

The gap between rich and poor families is larger today, under robust economic conditions, than it has been during recessionary periods. The gap between rich and poor families has risen in recent years at a rate not previously recorded; and this is occurring during a period of unprecedented economic prosperity, a time when the gap should be shrinking, not growing.

CHART 6 After-Tax Income Gap Bigger than Ever
Ratio of Richest and Poorest Deciles, Families Raising Children, Canada, 1976–2004

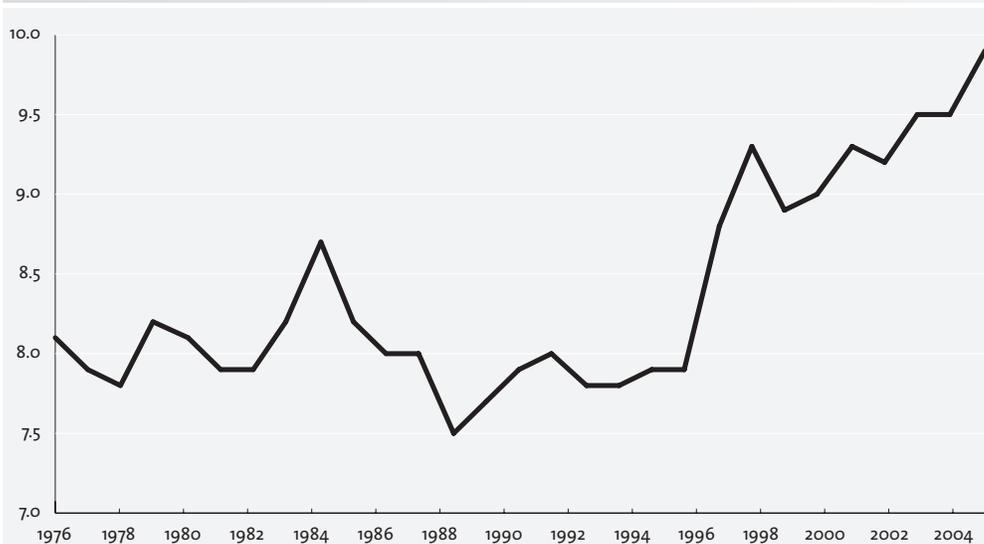
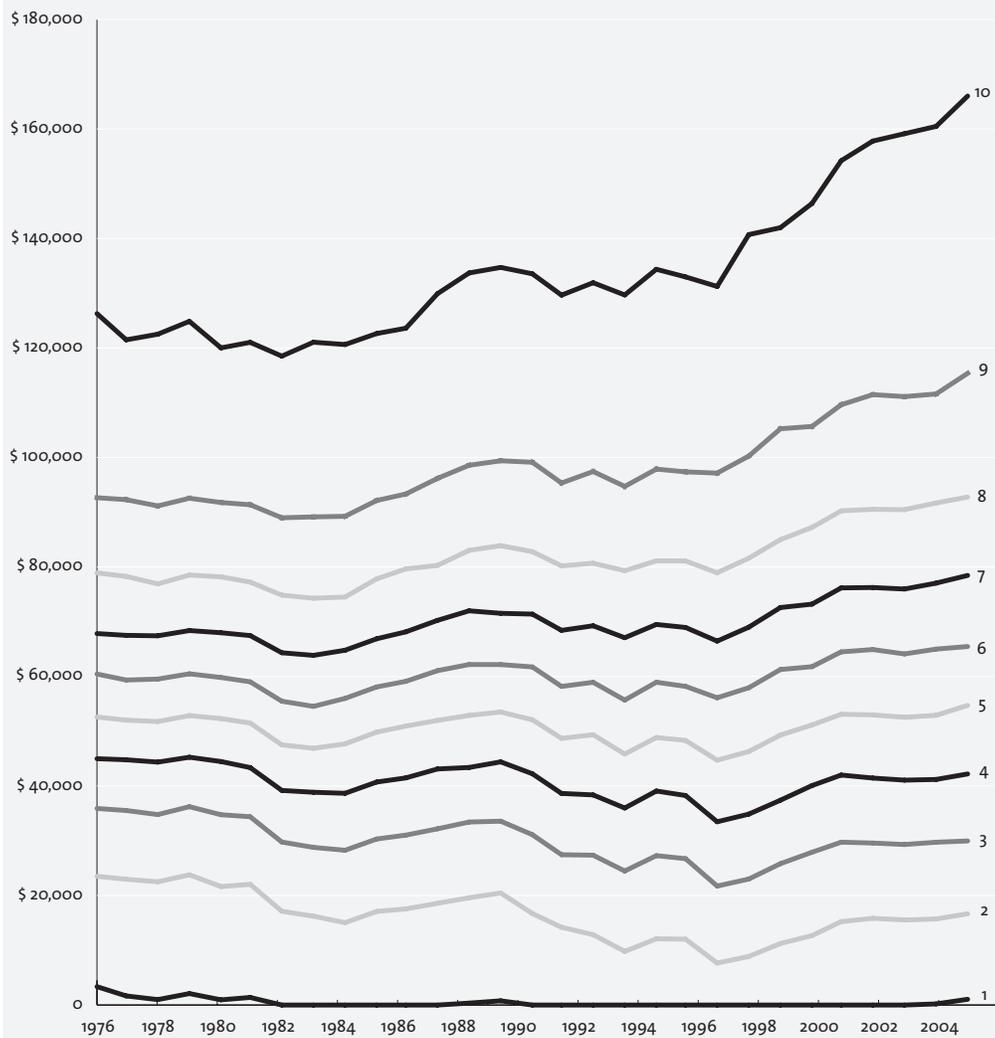


CHART 7 Richest 10% Breaking Away From the Pack
 Median Earnings by Decile, Families Raising Children, Canada, 1976–2004



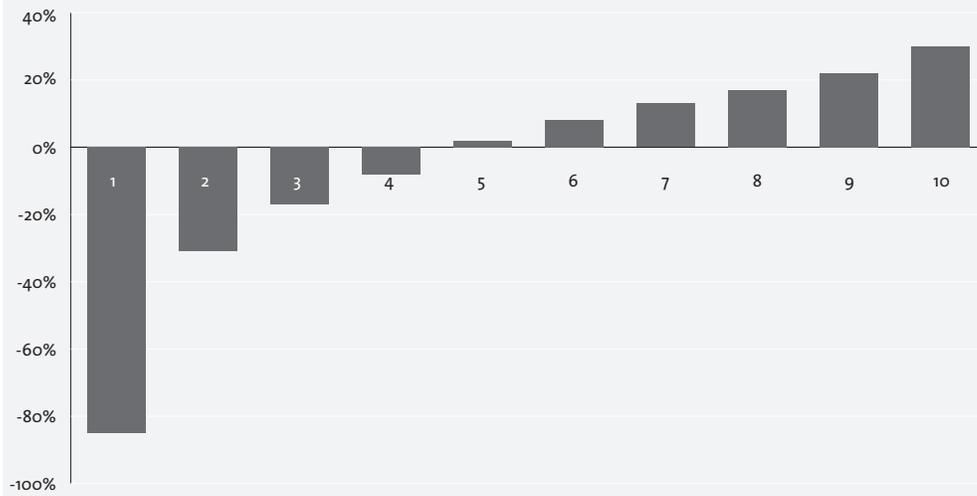
The fact that the after-tax income gap is growing should be of concern. Strong economic conditions and rising employment rates of the working-age population should be pointing to more opportunities for those at the bottom. Government measures to redistribute incomes through taxes and transfers should be further closing the gap. Clearly something is going on.

Is it the tax and transfer system that is failing, or is it the market? This section looks at what we rely on the labour market to provide — earnings.

As Chart 7 shows, changes in the distribution of earnings for Canada’s families raising children have been transformed since 1997, and those changes are transforming Canada’s social makeup.

The strength of the economy in the last decade has disproportionately benefited those at the top of the income distribution, though families in every income group are working harder.

CHART 8 Earnings Falling for Bottom Half Percent Change in Median Annual Earnings, comparing 1976–79 to 2001–04, by Decile, Families Raising Children, Canada



The gains in earned incomes experienced by the richest 10% of families raising children have created a breakout phenomenon in income distribution in Canada: the rich are breaking away from the rest of society, in a way we have not seen since these data began to be collected in 1976.

In 2004, the average earnings of the richest 10% of Canada’s families raising children was 82 times that earned by the poorest 10% of Canada’s families. That is approaching triple the ratio of 1976, around 31 times. Both years were characterized by strong economic conditions.

The majority in the poorest decile (the poorest 10% of families) was locked out of the labour market for most of the 1980s and 1990s. They bounced back since the late 1990s and their earnings are on the rise but those earnings are far lower for Canada’s poorest families than they were in the late 1970s. (See Tables in Appendix Two.)

In inflation-adjusted terms, the bottom half of Canadian families raising children either earned less or just the same as their predecessors almost 30 years ago. As we shall see in the next section, they are working more — but that is not translating to higher incomes compared to a generation ago.

Families in the top part of the income scale are more likely to have benefited from Canada’s expanding economy. The richest 10% — the group already most buoyed by the phase of economic recovery in the 1980s — have seen a dramatic rise in incomes since 1998.

Chart 8 compares the earnings of this generation of families raising children (all deciles) to the earnings of those in the late 1970s, a period when the economy was similarly strong. The relative change by income class is striking.

Those already at the top saw the biggest gain — a 30% increase for those in the richest decile today, compared to the earnings of the richest group in the late 1970s.

In terms of sheer scope of impact, the surprising finding is that families in the bottom half of the income scale are not back to where they were during a similarly

strong labour market. In fact they are worse off than their predecessors were a generation ago.

Despite massive changes in the labour market in the intervening period, both the late 1970s and the early years of the new millennium are marked by low unemployment rates. More people are working — and they're working more — now than in the 1980s and 1990s. But, as the next section shows, working harder isn't enough for the bottom half of Canadian families.

Working More Isn't Enough

FOR MOST OF THE LAST 30 YEARS income inequality trends have been driven primarily by what is happening at the bottom of the income spectrum.

While recessions affect most people in an economy, a downturn typically hits those in the bottom half of an income distribution harder than those at the top.

So it follows that the rich/poor gap grows during a recession because there are more people thrown out of work or more people losing hours of work. When good economic times return, and more opportunities to work are available, more people in the poorest 10% find work and, typically, the gap narrows.

This pattern changed dramatically after the mid-1990s.

These days, during the best of economic times, the gap is being driven by the extreme gains the market is delivering to the richest 10% in what appears to be a self-perpetuating cycle. The richer the family, the richer that family is becoming.

It is tempting to think they are doing something different — working harder, doing more to earn more. Indeed, traditionally the richest 10% of Canadian families with children have put in the highest number of work weeks. Not so today. As Chart 9 shows, while everyone else is pouring more of their time into the labour market, the richest 10% of Canadian families are actually contributing less time in the labour market than they were a generation ago. And families in the ninth and eighth deciles are converging with the tenth decile with respect to how much time the average family in these income groupings are putting into the labour market.¹¹

It could be argued that more weeks worked does not necessarily mean more *hours* worked, given the rise in part-time and contingent work in the past three decades.

The data source for hours of work only goes back to 1996, but the trend lines are similar: people are spending more time at their paid jobs, including families raising children. The average Canadian household with children is clocking in almost 200 hours more compared to just nine years ago.¹²

The overall trend is that most families are putting in more work weeks, and most families are putting in longer hours. Almost all Canadian families are putting more time into the labour market than they did in 1996, with one notable exception: the richest 10% of families.

CHART 9 All But Richest 10% Working More Average Annual Weeks Worked, Families Raising Children, by Decile, Canada, 1976–2004

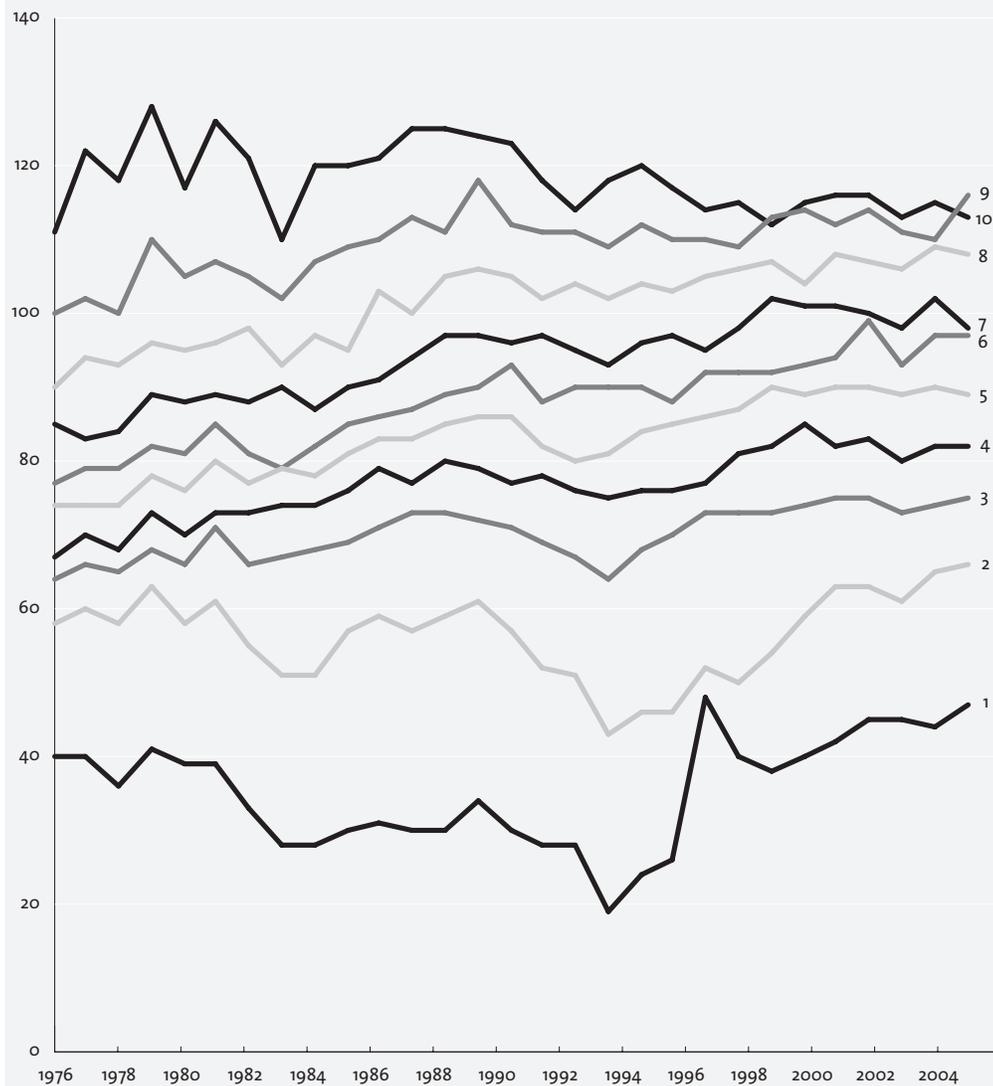


Chart 10 shows that the average annual hours worked for those in the poorest 10% of families has risen to about 1,500 hours a year, higher in 2004 than in any other year in the time period. These data are only available since 1996. Families in the second to poorest decile have added a staggering 800 hours a year, on average, since 1996 — from about 1,500 hours to about 2,300 hours a year. By 2004 families in the middle of the spectrum, deciles 4 to 8, were putting in roughly 200–250 more hours than in 1996, the equivalent of between five and six additional weeks of full-time work per household. The richest 10% of families, on average, put in 10 more hours in 2004 than 1996, but 110 hours less than in 2001. Year by year variation makes it hard to say whether they unequivocally worked fewer or the same number of hours over this nine-year period; but it is clear that they are not working more over time.

CHART 10 Canadian Families Working Longer Since 1996
Average Annual Hours Worked, Families Raising Children, Canada, 1996–2004

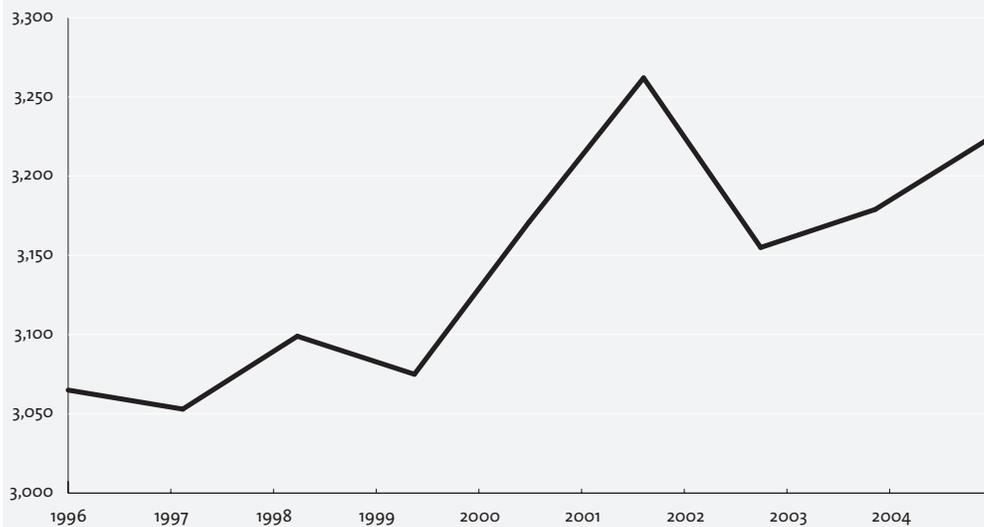


TABLE 2 Canadian Families Working Longer Since 1996 Average Annual Hours Worked, Families Raising Children, by Decile, Canada, 1996–2004

Decile	1996	1997	1998	1999	2000	2001	2002	2003	2004
1	1,439	948	1,075	996	1,121	1,365	1,315	1,265	1,529
2	1,478	1,470	1,725	1,820	2,106	2,151	1,981	2,119	2,322
3	2,522	2,445	2,398	2,468	2,629	2,678	2,610	2,532	2,535
4	2,732	2,833	2,862	2,897	2,915	2,951	2,842	2,902	2,941
5	2,955	2,946	3,118	2,998	3,175	3,229	3,192	3,133	3,162
6	3,158	3,166	3,216	3,241	3,230	3,535	3,266	3,370	3,400
7	3,298	3,467	3,494	3,459	3,569	3,605	3,534	3,568	3,548
8	3,580	3,642	3,676	3,562	3,804	3,829	3,748	3,809	3,782
9	3,896	3,786	3,946	3,898	3,883	4,032	3,908	3,911	4,049
10	4,063	4,107	3,984	3,974	4,093	4,184	4,058	4,119	4,074
Average	3,065	3,053	3,099	3,075	3,171	3,262	3,155	3,179	3,225

ARE FAMILIES ECONOMICALLY BETTER OFF FOR WORKING MORE?

Despite the fact that families in every income category but the richest 10% are putting more time into the labour market than a generation before — more than even a decade ago — the only real income gains have accrued to those who have *not* worked more: the richest 10% of Canadian families.

TABLE 3 Working Harder is Not Paying Off For Most Families With Kids Percentage change in average annual weeks worked and earnings comparing 1976–79 and 2001–04

Decile	Average Annual Weeks Worked*				% Change in Annual Earnings
	1976–1979	2001–2004	Average Difference	% Change	
1	39	45	6	15%	-85%
2	60	64	4	7%	-31%
3	66	74	9	14%	-17%
4	69	82	12	18%	-8%
5	75	90	15	20%	2%
6	79	96	17	21%	8%
7	85	100	14	17%	13%
8	94	108	14	15%	17%
9	103	113	9	9%	22%
10	120	114	-6	-5%	30%
Average	81	91	11	13%	5%

Median earnings for the richest 10% of families raising children averaged around \$122,000 between 1976 and 1986. Between 1987 and 1997 they averaged \$133,000. Since 1998, median incomes for the richest 10% have grown much more rapidly, averaging \$161,000 between 2001–04, but showing no signs of slowing down in the rate of increase. Meanwhile their average weeks of work have held steady at around 114 weeks a year per household, about six weeks a year less compared to a generation ago.

Though they are working slightly less, the richest 10% of families are earning \$40,000 more compared to a generation ago (in inflation-adjusted terms). That’s a 30% increase, in real terms, since the late 1970s. No other category of families has seen gains even remotely similar to the top. And though they are clearly putting a lot of time into their jobs, they are not working more compared to a generation ago. In fact they are working less.

Meanwhile, the rest of Canadian families are increasing their paid work time. For hundreds of thousands of households raising children, they are more “attached” to the workforce than their predecessors were in the late 1970s, but their incomes are lower today than they were a generation ago.

Even in the late 1970s, most families raising children had more than one worker in the labour market. But only the top two deciles clearly had two full-year workers in the 1970s. Today, about half of Canadian families depend on two full-year workers, and the bottom half of families is catching up rapidly to the top half in terms of work effort. Yet the bottom half is putting more time in the labour market and getting less out.

The data in the above chart suggest rates of pay may play an important role in this story but the SCF/SLID data source does not provide that kind of detail. It could be that the work of some occupations simply commands higher wages today than a generation ago, while other work has been devalued. It could also be a shift in the way the labour market values younger workers (and older) workers, with younger workers being offered lower rates of pay than their counterparts in the late 1970s, in inflation adjusted terms.

Whatever the case, the majority of Canadian families raising children have had to invest more of their most precious resource — time — into the labour market simply to stay afloat, if not get ahead.

While at any point in time the key to greater income is more work, over time it appears that families raising children are faced with a predicament. The data show that if they work more, their incomes may not necessarily grow. If they don't work more, their incomes will likely fall even further behind. But there is a limit to how much more they can work. Families in the bottom of the income scale are putting more time into the labour market, with more families dependent on two full-year workers. At some point there is no more "reserve" time to throw at the problem. How will family incomes be kept afloat then? And what happens if there is a downturn in the economy and unemployment rates go up?

What Can Government Do?

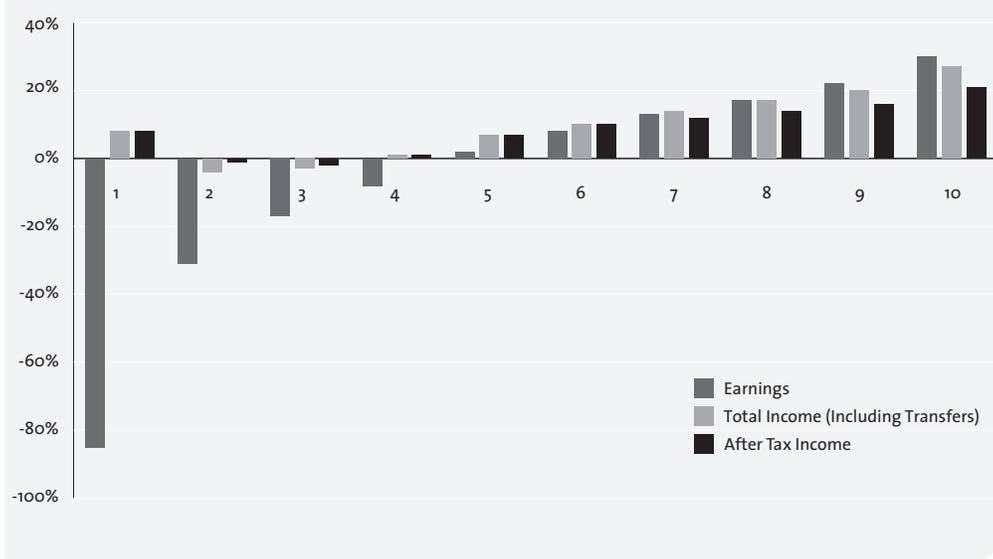
ANY EXAMINATION OF income distribution cannot end with a look at earnings alone. The role of government taxes and transfers has traditionally made a difference in narrowing Canada's gap between the rich and the rest of us. This section examines the impact of taxes and transfers on income inequality over the past 30 years.

One of the key roles of government is its redistributive function. Taxes collected by governments raise the resources to guide defence and trade strategies, and provide systems of justice, infrastructure and social supports. Taxes are also typically used to finance income supports to those who find themselves outside the labour market for reasons of unemployment, illness, injury, or retirement. Most nations

TABLE 4 Bottom Half Losing Ground Percent Change in Median After-Tax Incomes, comparing 1976–79 to 2001–04, by Decile, Families Raising Children, Canada

Decile	Average 1976–1979	Average 2001–2004	Dollar change from boom to boom	% Change from boom to boom
1	\$15,979	\$17,222	\$1,244	8%
2	\$29,289	\$29,095	\$(194)	-1%
3	\$37,973	\$37,275	\$(698)	-2%
4	\$44,272	\$44,927	\$655	1%
5	\$49,665	\$53,006	\$3,340	7%
6	\$55,529	\$60,921	\$5,392	10%
7	\$62,082	\$69,390	\$7,308	12%
8	\$70,496	\$80,179	\$9,683	14%
9	\$82,114	\$95,456	\$13,342	16%
10	\$108,446	\$131,082	\$22,636	21%
Median	\$52,554	\$56,976	\$4,422	8%

CHART 11 Government Transfers, Not Tax Cuts, Made the Difference for the Bottom Half Percent Change in Earned, Total and After-Tax Incomes, comparing 1976–79 to 2001–04, by Decile, Families Raising Children, Canada



also help support families with the costs of raising children, to ensure all children can put their best foot forward.

It could easily be argued that the various income elements of Canada’s redistributive function have been weakened in the past decade, resulting in an after-tax income gap that looks a lot like the earnings gap.

The weakening of Canada’s redistributive function has occurred through cuts to transfers which used to primarily benefit the poor, and cuts to taxes, a policy whose benefits primarily benefit the rich.

In fact, the system may be weakened, but this study finds Canada’s system of taxes and transfers made a positive difference in the incomes of families raising children over the past three decades, including the most recent 10 years.

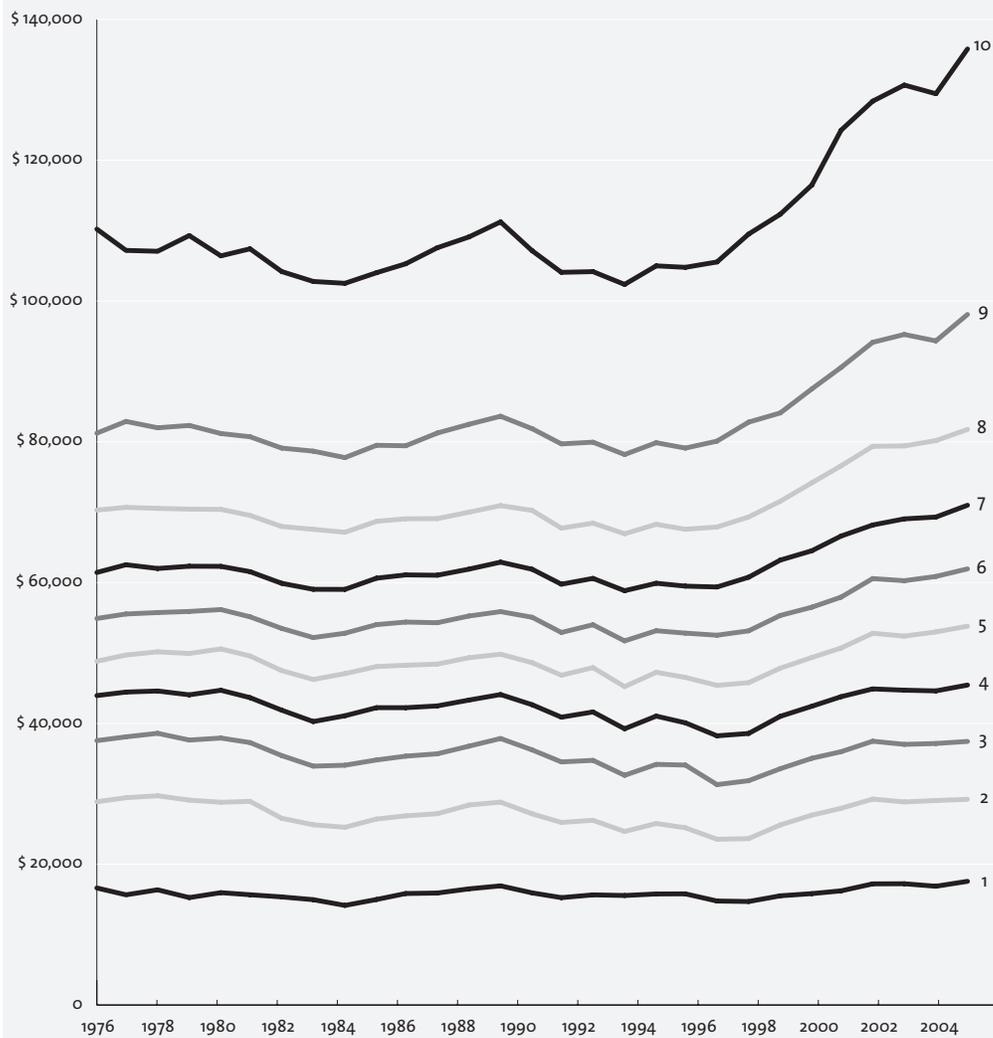
In after-tax income terms, the poorest 10% of Canadian families raising children are doing better compared to a generation ago — but not by much. The improvement hardly amounts to another \$100 a month, in inflation-adjusted terms. That extra \$100 is stretched beyond limits by the increased costs of rent and housing, which have risen far more rapidly than inflation in all Canadian cities.

Compared to a generation ago, after-tax incomes of families in the next three poorest groups barely stayed in the place. Though they are working more than their predecessors, they are earning less, even in after-tax terms. The only thing that prevented their fortunes from falling even further was government transfers.

Families in the middle saw modest progress, primarily driven by earnings, which in turn was primarily driven by putting more time into the labour market than a generation before. They worked more so they earned more. But only a small amount more. Nothing compared to what is happening at the top.

Towards the top of the distribution, the powerful earnings increases are tempered in after-tax terms, but taxation did not change the fact that those already the best off experienced the biggest gains.

CHART 12 Richest 10% Breaking Away From the Pack
 Median After-Tax Incomes by Decile, Families Raising Children, Canada, 1976–2004



The richest 10% of families saw an improvement in after-tax income of more than \$20,000, compared to a generation ago.

While the rich still got richer in after-tax terms, Canada's tax and transfer system helped to mitigate the earnings gap.

Fully half of Canadian families raising children would be dramatically worse off, compared to a generation ago, if it weren't for government supports. Canada's after-tax income gap is smaller than its earnings gap. But the trend we saw with the earnings gap — the richest 10% breaking away from the pack — is mirrored in the after-tax gap too.

The following chart shows the majority of Canadian families raising children (at least up to the 75th percentile) benefited from the transfers that were in place for such households. At least 65% of families raising children were net beneficiaries of the tax and transfer system.

Despite a decade of emphasis on how much Canadian governments can do for working families by cutting taxes, the bigger benefit to families came through income supports (transfers). That finding begs the question — which transfers?

Since the late 1970s, unemployment insurance and social assistance have been scaled back. Workers' compensation has not substantially increased. There are new transfers for families at the very bottom of the income spectrum in the form of refundable GST tax credits. But the impact of the GST credit does not reach very high up in the income spectrum.

The biggest change that has taken place over the course of the generation has been the conversion of universal family allowances to a targeted Canada Child Tax Benefit. The CCTB started in 1993, but has been enhanced regularly since 1998. In 2005 it was about a \$9 billion a year program.¹³

So the thing that has made the biggest difference for families at the bottom end of the income spectrum — the thing that prevented the free fall of half of Canadian families — has been a federal transfer payment in support of families raising children.

Even so, governments only offset — they did not reverse — the phenomenon where rich families raising children are breaking away from the pack.

The breaking away of Canada's richest 10% of families represents a new phenomenon at play, not seen in this generation. From 1976 to 1996 the fortunes of families raising children rose and fell during recessions and recoveries, roughly in step with one another. No single income group broke away from the rest.

But after the mid-1990s, while most families experienced some improvement after the prolonged impact of the 1991–92 recession, only the richer half of families saw any clear advance compared to the previous 20 years. Of these, families at the very top saw the greatest gains, at a rate of increase not witnessed before in these data. It has been suggested that the trends are being driven by not just the top 5%, but the top 1% in the income distribution; that the action is happening at the extreme top; that this era mirrors the excesses of the 1920s.¹⁴ The SCF/SLID data cannot provide that level of detail. But examples of extreme contrasts in how the market values workers abound in Canada.

The story of Canada's top CEOs and the average worker provides an illustration. Since 1998 Canada's top 100 CEOs saw a 262% increase in compensation, pocketing an average of \$9.1 million in 2005 compared to \$3.5 million in 1998. Meanwhile, the average Canadian worker made just over \$38,000 in a year, a 15% increase over the average earnings of 1998 (just over \$33,000). CPI increased by 17.85% in that same period meaning that, after adjusting earnings for inflation, the average worker actually lost purchasing power.¹⁵

Those changes suggest another problem. In 1998, the country's top executives were worth, on average, 106 times the average worker. By 2005 — only seven years later — they were worth 240 times as much. The payoff from this period of sustained prosperity has accrued mostly to those already most affluent. Hardly a sustainable trajectory, economically or socially.

Conclusion

OVER THE PAST TWO DECADES a social experiment has unfolded in Canada: governments have actively pursued policies that support market dynamics and willingly decreased their role as a buffer against markets, particularly for the economically vulnerable.

These data underscore how critical the buffer role of governments has remained in ensuring the well-being of all Canadian families.

At a time when some prefer to cast doubt about the role of the federal government in binding the destinies of our many diverse parts together, these data also underscore the importance of the existence of a strong federal program that supports families raising children — all families, throughout the income spectrum.

Some claim that insufficiency, not inequality, is the real issue to be confronted. Persistent poverty next to seemingly endless abundance is an affront, to be sure. But we learn something from looking at the trends in income distribution that we cannot perceive by focusing on solely poverty (insufficiency) as though it has no context.

When we look at the whole continuum of Canadian family incomes, we see a dynamic that is bigger than individual luck or success, lack of training, or effort, or motivation. We see how Canadian families are all engaged and interrelated in an economic system that is failing the majority while disproportionately benefiting a select few.

Canadian families are playing by the rules, getting better educated, delaying or dismissing the demands of family formation, working harder. And the best the majority gets out of the deal is to stay in place, economically?

At any given point in time, working more should yield more income. Over time we see that families raising children did exactly that, worked more than ever before. But the additional weeks and hours put into the labour market by today's families raising children are not paying off in terms of increased (inflation-adjusted) household earnings for at least the bottom half of these families compared to the generation of families raising children in the late 1970s.

A smaller share going to the majority of families raises questions about the direction in which the country is headed, and whether this trend is sustainable, let alone desirable.

Again, these are the best of economic times, not a recessionary period. This raises a red flag: there are only 24 hours in every day, 7 days in every week, no matter how rich or poor we are. The very real and finite limitation faced by every family and individual is time. Working more is literally a time-limited option for getting ahead. It is not a sustainable response to falling real incomes.

Rates of pay, not amounts of work, are driving two very troublesome new trends in Canada: Greater inequality (the growing gap) and greater polarization (the growing distance between minority haves vs. the majority have nots) are being driven by one phenomenon: the economic gains of this period are accruing disproportionately to the richest 10% of Canadian families. Their incomes gains are disproportionate to their share of the population. And their income gains are also disproportionate to their work effort.

No matter how it is measured, by earnings or by after-tax dollars, the gap between Canada's richest families and its poorest families is growing — though we were told the economic conditions we are currently enjoying would help close the gap.

The numbers in this report — the definition of the richest 10% of families raising children being those earning \$131,200 or more in 2004 — don't sound like we are talking about the rarified world of the super-rich, as seen on TV. And they are not. This is not the story of the Donald Trumps of this world.

This study lays out a portrait of what is going on in our midst, among us — not out there, happening to someone else. And it unearths a disturbing trend of increasing inequality and polarization in the midst of tremendous affluence.

This study also shows these trends affect us all, no matter where we sit on the income spectrum. It's not just that the rich are getting richer and there are more of them. It's not just that the middle class is getting a smaller share of a bigger economic pie. It's not just that Canada's bottom half of families have been shut out of most of the economic gains. It's not just that Canada's poorest families appear to be stuck in time, regardless of their increased work effort. It's not just that every category of Canadian family — except the richest 10% — is working harder for their money. It's that all of this is changing the nature of Canadian society in new and unforeseen ways.

In every respect the story reported in this study is based on the most conservative estimates of a growing gap. And yet Canada's gap is growing and it is growing quickly, at a time when it should be getting smaller.

In the dawning days of the new century it is a story about the rise of the affluent and the stagnation of the poor. Almost two million Canadian families (1.9 million) raising children would be worse off than their counterparts in the late 1970s without government intervention — despite the fact that they are working more than their predecessors. Three quarters of a million families are *still* worse off compared to families in the late 1970s, even with more targeted income support and more time in the labour market.

Greater inequality isn't just a statistic or a fact.

The rich are getting richer, the poor aren't going anywhere and there are fewer people in the middle to mediate the two extremes. We ignore these trends at our collective peril.

When you see that pattern repeat itself between neighbourhoods, regions, and nations, you know that inequality has become to social and economic life what climate change has become to our physical world. The trendlines in both cases are unsustainable.

An intractable growing gap between rich and poor, in good times and bad, oblivious to work effort, is akin to the slowly building impact of climate change — a clarion call for action which, ultimately, cannot be ignored.

And, like climate change, we will continue to see rising inequality until we understand our connectivity to each other and to our environment.

Appendix One

THIS STUDY EXAMINES incomes for families raising children under 18 in Canada, and the work required to generate those incomes.

It looks at the differences between two periods of strong economic growth, (1976–1979 and 2001–2004) and what happened in between.

Families with children under 18 have consistently displayed the most stable and least unequal distribution of incomes over time among all Canadian households.

This work examines trends in incomes, by decile, which slices any given population into ten equally sized segments, ranked by income in order from poorest (1) to richest (10).

We examine data from 1976 to 2004, the longest available period with comparable annual microdata files, using both the Survey of Consumer Finance (SCF) and Survey of Labour Income Dynamics (SLID) data.

SCF was Statistics Canada survey tool for collecting cross-sectional data on income from 1976 to 1996. In 1996 SCF was replaced by the SLID survey, which collects longitudinal data on panels of respondents over a course of years. SLID data is used in this analysis from 1996 to the most recently available year, 2004.

These two different household surveys have methodological differences which can result in discrepancies between estimates obtained for the two series, for sub-national populations or variables with lower sample reporting (like deciles in smaller provinces). Some charts show a spike upwards in 1996, which could be driven by the change to the underlying survey as well as the particular economic conditions of 1996.

Care has been taken to ensure that variability in levels between the two series do not affect the interpretation of trends. That said, wherever numbers (not trends) are compared before and after 1996 for individual deciles, there may be some slight variability.

This analysis focuses on median incomes in each decile. Medians are the half-way point of any group of observations, a measure which shows less variability than average incomes over time because average incomes are so influenced by what is happening at the top and bottom ends of a distribution. Medians rather than aver-

ages were used throughout, since they tend to be less variable than averages, and can help establish more solid trends.

The only use of average data is to measure the gap between rich and poor, since median data in the 1st and 10th decile are, effectively, comparing the fifth and 95th percentiles. The average is a more appropriate measure to speak of differences between the two most extreme groups in society, the richest and the poorest 10% of the population under study — in this case, families raising children under 18.

The data set permits us to look at five different definitions of income — earnings (from wages and salaries, plus self-employment), returns on investment, market income (all forms of income that do not flow from government transfers), total income (market plus government transfers, like unemployment insurance benefits, social assistance, workers' compensation, GST tax credit, child benefits and pensions), and after-tax income (which subtracts federal and provincial income taxes).

The purchased data set also permits us to examine working time, through weeks of work (since 1976) and hours of work (since 1996). Working time data is self-reported and generally incorporates vacation time.

Earnings data typically includes incomes that are negative due to investment losses and losses in one's self-employed business. It is important that these records be kept in the analysis because of the increasing role of self-employment in the Canadian labour market. All negative values for these records have been set to zero to avoid skewing the results in the bottom decile and make the gap and other measures of inequality further pronounced.

All income and work time data are from unpublished custom tabulations from Statistics Canada, based on the SCF/SLID surveys. All income figures cited in this document are inflation adjusted to 2004.

Appendix Two

TABLE 1 Median Annual Earnings by Decile (in 2004\$) for Families With Children Under 18, Canada, 1976–2004

	1976	1977	1978	1979	1980	1981	1982	1983
Decile 1*	\$3,358	\$1,665	\$992	\$2,094	\$951	\$1,386	\$-	\$-
Decile 2	\$23,509	\$22,970	\$22,508	\$23,784	\$21,631	\$22,049	\$17,129	\$16,229
Decile 3	\$35,902	\$35,527	\$34,785	\$36,223	\$34,755	\$34,389	\$29,767	\$28,790
Decile 4	\$44,987	\$44,791	\$44,367	\$45,257	\$44,473	\$43,367	\$39,193	\$38,859
Decile 5	\$52,601	\$52,033	\$51,780	\$52,866	\$52,313	\$51,499	\$47,512	\$46,883
Decile 6	\$60,453	\$59,359	\$59,534	\$60,496	\$59,818	\$59,032	\$55,486	\$54,546
Decile 7	\$67,842	\$67,515	\$67,433	\$68,394	\$67,993	\$67,474	\$64,336	\$63,862
Decile 8	\$78,925	\$78,277	\$76,918	\$78,529	\$78,203	\$77,239	\$74,857	\$74,291
Decile 9	\$92,654	\$92,297	\$91,152	\$92,557	\$91,776	\$91,368	\$88,991	\$89,151
Decile 10	\$126,279	\$121,485	\$122,511	\$124,862	\$120,018	\$121,029	\$118,511	\$121,053
Median	\$55,845	\$55,687	\$55,727	\$56,693	\$56,455	\$55,222	\$51,485	\$50,902
Average	\$61,341	\$59,030	\$58,691	\$59,887	\$58,866	\$58,345	\$54,965	\$54,877
	1984	1985	1986	1987	1988	1989	1990	1991
Decile 1*	\$-	\$-	\$-	\$-	\$353	\$770	\$-	\$-
Decile 2	\$15,035	\$17,102	\$17,549	\$18,577	\$19,591	\$20,469	\$16,711	\$14,201
Decile 3	\$28,267	\$30,324	\$31,032	\$32,180	\$33,423	\$33,578	\$31,117	\$27,450
Decile 4	\$38,671	\$40,729	\$41,480	\$43,113	\$43,388	\$44,408	\$42,242	\$38,645
Decile 5	\$47,697	\$49,840	\$50,946	\$51,980	\$52,896	\$53,515	\$52,102	\$48,702
Decile 6	\$56,001	\$58,094	\$59,116	\$61,066	\$62,188	\$62,177	\$61,752	\$58,189
Decile 7	\$64,799	\$66,890	\$68,155	\$70,251	\$71,998	\$71,540	\$71,397	\$68,430
Decile 8	\$74,513	\$77,837	\$79,642	\$80,296	\$83,038	\$83,902	\$82,800	\$80,208
Decile 9	\$89,259	\$92,146	\$93,330	\$96,180	\$98,579	\$99,400	\$99,127	\$95,345
Decile 10	\$120,625	\$122,635	\$123,606	129,907	\$133,701	\$134,714	\$133,548	\$129,650
Median	\$51,845	\$53,669	\$55,272	\$56,604	\$57,896	\$57,684	\$57,074	\$53,395
Average	\$55,194	\$57,069	\$58,329	\$60,414	\$61,605	\$62,835	\$60,760	\$58,233

* \$- means there were no reported earnings at the median for Decile 1

TABLE 1 CONTINUED Median Annual Earnings by Decile (in 2004\$) for Families With Children Under 18, Canada, 1976–2004

	1992	1993	1994	1995	1996	1997	1998
Decile 1*	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Decile 2	\$12,848	\$9,792	\$12,094	\$12,032	\$7,664	\$8,870	\$11,238
Decile 3	\$27,368	\$24,479	\$27,286	\$26,734	\$21,729	\$23,013	\$25,815
Decile 4	\$38,376	\$35,981	\$39,090	\$38,265	\$33,470	\$34,868	\$37,406
Decile 5	\$49,368	\$45,830	\$48,863	\$48,319	\$44,710	\$46,303	\$49,300
Decile 6	\$58,942	\$55,691	\$58,955	\$58,201	\$56,112	\$57,948	\$61,275
Decile 7	\$69,263	\$67,083	\$69,507	\$68,958	\$66,465	\$69,008	\$72,596
Decile 8	\$80,681	\$79,324	\$81,122	\$81,110	\$78,949	\$81,612	\$84,995
Decile 9	\$97,437	\$94,719	\$97,877	\$97,378	\$97,148	\$100,260	\$105,246
Decile 10	\$131,918	\$129,679	\$134,373	\$132,980	\$131,236	\$140,708	\$141,965
Median	\$53,947	\$50,409	\$53,926	\$53,810	\$50,392	\$52,001	\$55,647
Average	\$58,218	\$55,833	\$58,881	\$58,608	\$56,031	\$58,405	\$62,090
	1999	2000	2001	2002	2003	2004	
Decile 1*	\$-	\$-	\$-	\$-	\$205	\$1,050	
Decile 2	\$12,680	\$15,235	\$15,842	\$15,535	\$15,718	\$16,665	
Decile 3	\$27,906	\$29,742	\$29,588	\$29,316	\$29,733	\$29,970	
Decile 4	\$40,081	\$42,003	\$41,451	\$41,074	\$41,198	\$42,206	
Decile 5	\$51,150	\$53,103	\$52,991	\$52,550	\$52,911	\$54,726	
Decile 6	\$61,793	\$64,499	\$64,923	\$64,122	\$65,005	\$65,476	
Decile 7	\$73,215	\$76,182	\$76,253	\$75,976	\$77,052	\$78,463	
Decile 8	\$87,232	\$90,255	\$90,532	\$90,468	\$91,693	\$92,775	
Decile 9	\$105,671	\$109,633	\$111,480	\$111,122	\$111,596	\$115,378	
Decile 10	\$146,398	\$154,198	\$157,791	\$159,131	\$160,462	\$166,017	
Median	\$56,380	\$58,684	\$58,747	\$57,940	\$58,842	\$60,180	
Average	\$63,803	\$67,334	\$68,354	\$68,350	\$69,246	\$71,413	

* \$- means there were no reported earnings at the median for Decile 1

**TABLE 2 Median Annual After-Tax Incomes by Decile (in 2004\$)
for Families With Children Under 18, Canada, 1976–2004**

	1976	1977	1978	1979	1980	1981	1982	1983
Decile 1	\$16,628	\$15,656	\$16,369	\$15,261	\$15,963	\$15,665	\$15,360	\$14,966
Decile 2	\$28,873	\$29,452	\$29,724	\$29,108	\$28,803	\$28,931	\$26,530	\$25,605
Decile 3	\$37,558	\$38,096	\$38,597	\$37,639	\$37,925	\$37,281	\$35,436	\$33,934
Decile 4	\$43,956	\$44,457	\$44,610	\$44,065	\$44,713	\$43,665	\$41,887	\$40,265
Decile 5	\$48,829	\$49,722	\$50,174	\$49,937	\$50,589	\$49,584	\$47,506	\$46,244
Decile 6	\$54,911	\$55,547	\$55,750	\$55,908	\$56,175	\$55,146	\$53,500	\$52,197
Decile 7	\$61,444	\$62,543	\$62,009	\$62,331	\$62,312	\$61,557	\$59,905	\$59,051
Decile 8	\$70,303	\$70,695	\$70,545	\$70,441	\$70,406	\$69,550	\$67,973	\$67,573
Decile 9	\$81,232	\$82,903	\$81,993	\$82,330	\$81,180	\$80,721	\$79,112	\$78,680
Decile 10	\$110,219	\$107,193	\$107,070	\$109,300	\$106,419	\$107,420	\$104,191	\$102,781
Median	\$51,721	\$52,746	\$52,832	\$52,916	\$53,003	\$52,273	\$50,575	\$49,066
Average	\$57,158	\$56,351	\$56,790	\$56,488	\$56,569	\$55,887	\$54,184	\$53,353
	1984	1985	1986	1987	1988	1989	1990	1991
Decile 1	\$14,150	\$14,992	\$15,841	\$15,909	\$16,502	\$16,930	\$15,930	\$15,256
Decile 2	\$25,252	\$26,424	\$26,873	\$27,174	\$28,411	\$28,825	\$27,156	\$25,938
Decile 3	\$34,064	\$34,813	\$35,352	\$35,686	\$36,770	\$37,860	\$36,238	\$34,534
Decile 4	\$41,090	\$42,241	\$42,235	\$42,489	\$43,319	\$44,106	\$42,656	\$40,888
Decile 5	\$47,078	\$48,082	\$48,269	\$48,429	\$49,337	\$49,830	\$48,629	\$46,846
Decile 6	\$52,814	\$54,038	\$54,400	\$54,307	\$55,259	\$55,882	\$55,080	\$52,921
Decile 7	\$59,041	\$60,634	\$61,100	\$61,052	\$61,915	\$62,910	\$61,898	\$59,778
Decile 8	\$67,154	\$68,708	\$69,072	\$69,090	\$70,010	\$70,945	\$70,253	\$67,742
Decile 9	\$77,760	\$79,511	\$79,439	\$81,251	\$82,490	\$83,637	\$81,863	\$79,706
Decile 10	\$102,518	\$104,026	\$105,291	\$107,569	\$109,101	\$111,241	\$107,135	\$104,080
Median	\$49,968	\$51,086	\$51,338	\$51,343	\$52,333	\$52,752	\$51,850	\$49,702
Average	\$53,441	\$54,555	\$55,049	\$55,474	\$56,217	\$57,626	\$55,657	\$53,987

**TABLE 2 CONTINUED Median Annual After-Tax Incomes by Decile (in 2004\$)
for Families With Children Under 18, Canada, 1976–2004**

	1992	1993	1994	1995	1996	1997	1998
Decile 1	\$15,650	\$15,559	\$15,779	\$15,794	\$14,774	\$14,704	\$15,516
Decile 2	\$26,241	\$24,656	\$25,785	\$25,179	\$23,547	\$23,639	\$25,582
Decile 3	\$34,756	\$32,632	\$34,186	\$34,088	\$31,309	\$31,866	\$33,567
Decile 4	\$41,631	\$39,240	\$41,043	\$40,088	\$38,240	\$38,576	\$41,012
Decile 5	\$47,931	\$45,226	\$47,266	\$46,538	\$45,405	\$45,793	\$47,847
Decile 6	\$54,018	\$51,724	\$53,169	\$52,827	\$52,532	\$53,152	\$55,338
Decile 7	\$60,604	\$58,853	\$59,915	\$59,504	\$59,380	\$60,770	\$63,202
Decile 8	\$68,449	\$66,940	\$68,287	\$67,578	\$67,901	\$69,326	\$71,554
Decile 9	\$79,952	\$78,198	\$79,875	\$79,109	\$80,102	\$82,798	\$84,104
Decile 10	\$104,177	\$102,358	\$104,997	\$104,787	\$105,550	\$109,514	\$112,326
Median	\$50,751	\$48,282	\$50,302	\$49,651	\$48,892	\$49,328	\$51,415
Average	\$54,305	\$52,720	\$54,083	\$53,745	\$53,313	\$54,558	\$56,679
	1999	2000	2001	2002	2003	2004	
Decile 1	\$15,826	\$16,220	\$17,212	\$17,231	\$16,871	\$17,574	
Decile 2	\$26,979	\$27,944	\$29,259	\$28,848	\$29,054	\$29,221	
Decile 3	\$35,052	\$35,981	\$37,476	\$37,026	\$37,151	\$37,445	
Decile 4	\$42,443	\$43,798	\$44,907	\$44,724	\$44,623	\$45,454	
Decile 5	\$49,371	\$50,715	\$52,805	\$52,403	\$53,000	\$53,814	
Decile 6	\$56,513	\$57,936	\$60,577	\$60,273	\$60,879	\$61,955	
Decile 7	\$64,529	\$66,614	\$68,187	\$69,058	\$69,317	\$70,997	
Decile 8	\$74,187	\$76,588	\$79,362	\$79,413	\$80,177	\$81,765	
Decile 9	\$87,522	\$90,568	\$94,136	\$95,252	\$94,336	\$98,101	
Decile 10	\$116,480	\$124,262	\$128,388	\$130,681	\$129,446	\$135,810	
Median	\$52,701	\$54,001	\$56,618	\$56,226	\$57,253	\$57,806	
Average	\$58,740	\$61,372	\$63,730	\$63,921	\$64,244	\$66,249	

TABLE 3 Upper Limits of Deciles (in 2004\$) for Earnings of Families with Children Under 18, Canada, 1976–2004

	1976	1977	1978	1979	1980	1981	1982	1983
Decile 1	\$14,532	\$13,460	\$12,774	\$14,672	\$13,078	\$13,141	\$7,690	\$7,213
Decile 2	\$31,059	\$29,904	\$29,341	\$30,522	\$28,874	\$29,024	\$24,059	\$22,751
Decile 3	\$40,695	\$40,495	\$40,009	\$40,707	\$39,853	\$39,149	\$34,899	\$34,174
Decile 4	\$48,796	\$48,560	\$48,220	\$49,434	\$48,525	\$47,547	\$43,272	\$42,793
Decile 5	\$55,838	\$55,684	\$55,727	\$56,690	\$56,443	\$55,217	\$51,479	\$50,900
Decile 6	\$63,912	\$63,119	\$63,409	\$64,457	\$63,812	\$63,081	\$59,697	\$59,505
Decile 7	\$72,879	\$72,713	\$71,771	\$73,407	\$73,060	\$72,226	\$69,158	\$69,121
Decile 8	\$85,349	\$84,395	\$83,805	\$84,691	\$84,271	\$83,317	\$80,597	\$80,945
Decile 9	\$103,818	\$103,368	\$102,546	\$104,470	\$102,208	\$101,965	\$99,756	\$99,716
Decile 10*	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	1984	1985	1986	1987	1988	1989	1990	1991
Decile 1	\$6,221	\$8,307	\$7,586	\$9,804	\$9,731	\$11,647	\$8,013	\$5,692
Decile 2	\$22,259	\$24,242	\$24,888	\$26,602	\$27,506	\$27,866	\$24,427	\$21,066
Decile 3	\$34,060	\$35,754	\$36,375	\$38,160	\$38,508	\$39,234	\$36,750	\$33,218
Decile 4	\$43,225	\$45,291	\$46,469	\$47,557	\$48,124	\$49,000	\$47,153	\$43,921
Decile 5	\$51,845	\$53,669	\$55,269	\$56,604	\$57,893	\$57,684	\$57,073	\$53,383
Decile 6	\$60,439	\$62,561	\$63,816	\$65,578	\$67,143	\$66,801	\$66,575	\$63,249
Decile 7	\$69,278	\$71,886	\$73,453	\$75,544	\$76,835	\$77,000	\$77,273	\$74,198
Decile 8	\$81,424	\$83,962	\$85,369	\$87,370	\$89,630	\$90,784	\$90,392	\$86,493
Decile 9	\$100,689	\$102,742	\$105,296	\$107,957	\$111,128	\$112,000	\$111,271	\$107,548
Decile 10*	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-

* \$- means there is no "upper limit" for the richest decile

TABLE 3 CONTINUED Upper Limits of Deciles (in 2004\$) for Earnings of Families with Children Under 18, Canada, 1976–2004

	1992	1993	1994	1995	1996	1997	1998
Decile 1	\$4,486	\$1,836	\$2,724	\$3,587	\$588	\$1,630	\$3,293
Decile 2	\$21,009	\$17,741	\$19,863	\$20,209	\$14,711	\$16,007	\$18,846
Decile 3	\$33,263	\$30,296	\$33,398	\$33,318	\$27,520	\$28,741	\$31,690
Decile 4	\$43,799	\$40,877	\$44,072	\$43,653	\$38,827	\$40,829	\$43,928
Decile 5	\$53,929	\$50,408	\$53,905	\$53,810	\$50,387	\$51,994	\$55,645
Decile 6	\$63,691	\$61,198	\$63,722	\$63,497	\$61,182	\$63,672	\$66,519
Decile 7	\$74,715	\$72,727	\$74,519	\$74,138	\$72,275	\$75,094	\$78,421
Decile 8	\$87,711	\$86,510	\$88,319	\$88,727	\$87,509	\$90,054	\$93,964
Decile 9	\$110,711	\$106,772	\$112,384	\$109,436	\$109,589	\$113,229	\$118,206
Decile 10*	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	1999	2000	2001	2002	2003	2004	
Decile 1	\$5,659	\$7,366	\$8,113	\$7,760	\$8,377	\$9,380	
Decile 2	\$21,404	\$23,127	\$22,654	\$22,641	\$23,110	\$23,450	
Decile 3	\$33,915	\$35,924	\$35,825	\$35,709	\$35,772	\$35,988	
Decile 4	\$45,929	\$47,325	\$47,734	\$46,843	\$47,126	\$48,605	
Decile 5	\$56,380	\$58,673	\$58,730	\$57,924	\$58,837	\$60,178	
Decile 6	\$67,436	\$70,007	\$70,381	\$69,853	\$70,662	\$71,523	
Decile 7	\$79,702	\$82,752	\$83,629	\$82,663	\$83,914	\$85,161	
Decile 8	\$95,846	\$98,287	\$99,653	\$100,082	\$100,914	\$102,285	
Decile 9	\$120,198	\$125,009	\$126,330	\$127,876	\$128,863	\$131,208	
Decile 10*	\$-	\$-	\$-	\$-	\$-	\$-	

* \$- means there is no "upper limit" for the richest decile

TABLE 4 Upper Limits of Deciles (in 2004\$) for After-Tax Incomes of Families with Children Under 18, Canada, 1976–2004

	1976	1977	1978	1979	1980	1981	1982	1983
Decile 1	\$23,778	\$23,300	\$23,580	\$22,910	\$22,716	\$23,319	\$21,518	\$20,461
Decile 2	\$33,427	\$34,115	\$34,528	\$33,702	\$34,165	\$33,551	\$31,091	\$29,904
Decile 3	\$40,745	\$41,467	\$41,650	\$40,977	\$41,472	\$40,648	\$38,615	\$37,499
Decile 4	\$46,334	\$47,167	\$47,271	\$47,000	\$47,933	\$46,680	\$44,671	\$43,386
Decile 5	\$51,721	\$52,743	\$52,832	\$52,916	\$53,003	\$52,271	\$50,569	\$49,065
Decile 6	\$58,266	\$58,559	\$58,722	\$59,096	\$59,225	\$58,133	\$56,768	\$55,614
Decile 7	\$65,417	\$66,533	\$66,241	\$66,179	\$66,295	\$65,027	\$63,758	\$62,587
Decile 8	\$75,596	\$75,891	\$75,483	\$75,595	\$75,050	\$74,773	\$72,797	\$72,813
Decile 9	\$92,073	\$91,326	\$91,315	\$92,259	\$91,279	\$90,256	\$88,161	\$87,707
Decile 10*	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	1984	1985	1986	1987	1988	1989	1990	1991
Decile 1	\$19,739	\$20,943	\$21,520	\$22,012	\$23,248	\$23,272	\$21,611	\$21,006
Decile 2	\$29,945	\$30,726	\$31,450	\$31,622	\$32,722	\$34,091	\$31,807	\$30,448
Decile 3	\$37,746	\$38,729	\$39,017	\$39,257	\$40,089	\$41,080	\$39,534	\$37,777
Decile 4	\$44,203	\$45,032	\$45,220	\$45,549	\$46,103	\$47,155	\$45,879	\$43,709
Decile 5	\$49,968	\$51,076	\$51,336	\$51,343	\$52,328	\$52,744	\$51,849	\$49,701
Decile 6	\$55,895	\$57,326	\$57,464	\$57,475	\$58,768	\$59,192	\$58,308	\$56,405
Decile 7	\$62,741	\$64,216	\$64,944	\$64,569	\$65,528	\$66,555	\$65,814	\$63,862
Decile 8	\$71,966	\$73,649	\$73,607	\$73,965	\$75,174	\$76,325	\$75,631	\$73,004
Decile 9	\$87,144	\$87,835	\$88,365	\$89,993	\$91,794	\$92,617	\$90,970	\$87,594
Decile 10*	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-

* \$- means there is no "upper limit" for the richest decile

TABLE 4 CONTINUED Upper Limits of Deciles (in 2004\$) for After-Tax Incomes of Families with Children Under 18, Canada, 1976–2004

	1992	1993	1994	1995	1996	1997	1998
Decile 1	\$20,969	\$20,302	\$20,769	\$20,702	\$19,339	\$19,057	\$20,489
Decile 2	\$30,506	\$28,866	\$30,605	\$30,175	\$27,827	\$28,292	\$29,715
Decile 3	\$38,353	\$36,018	\$37,702	\$37,229	\$34,868	\$35,580	\$37,177
Decile 4	\$44,831	\$42,135	\$44,284	\$43,351	\$42,052	\$42,230	\$44,454
Decile 5	\$50,751	\$48,272	\$50,281	\$49,643	\$48,890	\$49,318	\$51,413
Decile 6	\$57,406	\$55,282	\$56,291	\$56,034	\$55,676	\$56,918	\$58,933
Decile 7	\$64,502	\$62,749	\$63,994	\$63,037	\$63,524	\$64,914	\$67,057
Decile 8	\$73,526	\$72,574	\$73,046	\$72,774	\$73,845	\$74,919	\$77,628
Decile 9	\$88,314	\$86,609	\$89,242	\$88,272	\$89,332	\$91,488	\$94,251
Decile 10*	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	1999	2000	2001	2002	2003	2004	
Decile 1	\$21,615	\$22,442	\$23,538	\$22,988	\$23,498	\$23,355	
Decile 2	\$31,466	\$32,091	\$33,473	\$33,302	\$33,542	\$33,588	
Decile 3	\$38,888	\$39,751	\$41,123	\$40,890	\$40,855	\$41,203	
Decile 4	\$45,790	\$47,367	\$48,894	\$48,618	\$48,840	\$49,818	
Decile 5	\$52,698	\$53,994	\$56,617	\$56,221	\$57,241	\$57,802	
Decile 6	\$60,140	\$62,056	\$63,944	\$64,806	\$64,929	\$66,120	
Decile 7	\$69,044	\$71,345	\$73,452	\$74,388	\$74,549	\$75,854	
Decile 8	\$80,193	\$82,734	\$85,869	\$86,449	\$86,804	\$89,671	
Decile 9	\$97,197	\$100,859	\$105,686	\$106,805	\$107,098	\$110,156	
Decile 10*	\$-	\$-	\$-	\$-	\$-	\$-	

* \$- means there is no "upper limit" for the richest decile

TABLE 5 Share of All Earnings of Families With Children Under 18, by Decile, Canada 1976–2004

	1976	1977	1978	1979	1980	1981	1982	1983
Decile 1	0.79%	0.63%	0.58%	0.75%	0.57%	0.63%	0.31%	0.26%
Decile 2	3.83%	3.80%	3.73%	3.90%	3.64%	3.74%	3.04%	2.89%
Decile 3	5.86%	6.01%	5.95%	5.99%	5.86%	5.88%	5.39%	5.20%
Decile 4	7.33%	7.58%	7.55%	7.55%	7.53%	7.43%	7.12%	7.01%
Decile 5	8.54%	8.82%	8.83%	8.85%	8.92%	8.83%	8.62%	8.53%
Decile 6	9.78%	10.05%	10.16%	10.10%	10.19%	10.12%	10.11%	10.01%
Decile 7	11.12%	11.48%	11.48%	11.47%	11.58%	11.56%	11.72%	11.68%
Decile 8	12.88%	13.29%	13.17%	13.15%	13.32%	13.28%	13.52%	13.59%
Decile 9	15.24%	15.72%	15.61%	15.58%	15.67%	15.73%	16.34%	16.24%
Decile 10	24.64%	22.62%	22.93%	22.66%	22.72%	22.80%	23.83%	24.58%
	1984	1985	1986	1987	1988	1989	1990	1991
Decile 1	0.20%	0.30%	0.27%	0.36%	0.38%	0.48%	0.31%	0.16%
Decile 2	2.66%	2.94%	2.93%	3.10%	3.15%	3.20%	2.75%	2.38%
Decile 3	5.13%	5.29%	5.29%	5.35%	5.39%	5.33%	5.08%	4.72%
Decile 4	7.01%	7.12%	7.08%	7.13%	7.04%	7.06%	6.92%	6.63%
Decile 5	8.65%	8.72%	8.73%	8.62%	8.60%	8.51%	8.58%	8.36%
Decile 6	10.14%	10.17%	10.14%	10.09%	10.13%	9.90%	10.18%	10.01%
Decile 7	11.74%	11.75%	11.74%	11.64%	11.66%	11.43%	11.76%	11.79%
Decile 8	13.58%	13.64%	13.59%	13.37%	13.46%	13.33%	13.68%	13.77%
Decile 9	16.28%	16.21%	16.11%	15.98%	16.13%	15.92%	16.41%	16.50%
Decile 10	24.59%	23.86%	24.11%	24.37%	24.07%	24.83%	24.33%	25.68%

TABLE 5 CONTINUED Share of All Earnings of Families With Children Under 18, by Decile, Canada 1976–2004

	1992	1993	1994	1995	1996	1997	1998	1999
Decile 1	0.10%	0.03%	0.04%	0.07%	0.00%	0.02%	0.07%	0.17%
Decile 2	2.22%	1.78%	2.00%	2.06%	1.35%	1.51%	1.81%	2.06%
Decile 3	4.69%	4.34%	4.60%	4.58%	3.83%	3.88%	4.12%	4.37%
Decile 4	6.61%	6.39%	6.63%	6.57%	5.92%	5.97%	6.08%	6.25%
Decile 5	8.43%	8.19%	8.34%	8.29%	8.01%	7.93%	7.95%	8.02%
Decile 6	10.11%	9.98%	10.02%	9.96%	9.99%	9.92%	9.84%	9.68%
Decile 7	11.89%	11.96%	11.78%	11.75%	11.89%	11.83%	11.68%	11.49%
Decile 8	13.87%	14.19%	13.80%	13.85%	14.14%	14.07%	13.76%	13.68%
Decile 9	16.80%	17.11%	16.83%	16.73%	17.44%	17.25%	16.99%	16.67%
Decile 10	25.27%	26.04%	25.96%	26.14%	27.44%	27.63%	27.70%	27.61%
	2000	2001	2002	2003	2004	1976–79 Average	2001–04 Average	
Decile 1	0.27%	0.29%	0.26%	0.31%	0.37%	0.7%	0.3%	
Decile 2	2.25%	2.29%	2.26%	2.29%	2.34%	3.8%	2.3%	
Decile 3	4.41%	4.33%	4.28%	4.28%	4.14%	6.0%	4.3%	
Decile 4	6.21%	6.09%	6.03%	5.99%	5.93%	7.5%	6.0%	
Decile 5	7.90%	7.77%	7.69%	7.65%	7.60%	8.8%	7.7%	
Decile 6	9.56%	9.48%	9.36%	9.35%	9.23%	10.0%	9.4%	
Decile 7	11.33%	11.17%	11.15%	11.14%	10.96%	11.4%	11.1%	
Decile 8	13.37%	13.31%	13.23%	13.28%	13.06%	13.1%	13.2%	
Decile 9	16.41%	16.40%	16.48%	16.25%	16.18%	15.5%	16.3%	
Decile 10	28.27%	28.88%	29.28%	29.47%	30.20%	23.2%	29.5%	

TABLE 6 Share of All After-Tax Incomes of Families With Children Under 18, by Decile, Canada 1976–2004

	1976	1977	1978	1979	1980	1981	1982	1983
Decile 1	2.74%	2.58%	2.68%	2.54%	2.58%	2.65%	2.67%	2.63%
Decile 2	5.06%	5.18%	5.20%	5.10%	5.08%	5.15%	4.90%	4.77%
Decile 3	6.55%	6.75%	6.77%	6.65%	6.70%	6.67%	6.49%	6.36%
Decile 4	7.65%	7.87%	7.84%	7.80%	7.90%	7.81%	7.70%	7.57%
Decile 5	8.59%	8.85%	8.83%	8.83%	8.92%	8.86%	8.79%	8.69%
Decile 6	9.63%	9.86%	9.81%	9.91%	9.93%	9.86%	9.88%	9.80%
Decile 7	10.75%	11.10%	10.96%	11.06%	11.01%	11.02%	11.10%	11.07%
Decile 8	12.32%	12.59%	12.44%	12.51%	12.46%	12.46%	12.55%	12.64%
Decile 9	14.38%	14.74%	14.53%	14.68%	14.51%	14.57%	14.68%	14.85%
Decile 10	22.34%	20.48%	20.94%	20.92%	20.90%	20.94%	21.24%	21.61%
	1984	1985	1986	1987	1988	1989	1990	1991
Decile 1	2.50%	2.60%	2.68%	2.70%	2.82%	2.82%	2.66%	2.69%
Decile 2	4.70%	4.80%	4.88%	4.88%	5.05%	4.99%	4.85%	4.78%
Decile 3	6.36%	6.37%	6.41%	6.41%	6.51%	6.56%	6.47%	6.37%
Decile 4	7.68%	7.72%	7.68%	7.65%	7.68%	7.65%	7.66%	7.57%
Decile 5	8.82%	8.81%	8.76%	8.72%	8.78%	8.64%	8.76%	8.64%
Decile 6	9.90%	9.93%	9.85%	9.81%	9.83%	9.72%	9.89%	9.80%
Decile 7	11.06%	11.12%	11.12%	11.01%	11.05%	10.89%	11.14%	11.12%
Decile 8	12.58%	12.60%	12.54%	12.45%	12.47%	12.35%	12.65%	12.56%
Decile 9	14.70%	14.68%	14.55%	14.66%	14.70%	14.59%	14.81%	14.73%
Decile 10	21.70%	21.38%	21.52%	21.68%	21.13%	21.77%	21.11%	21.74%

TABLE 6 CONTINUED Share of All After-Tax Incomes of Families With Children Under 18, by Decile, Canada 1976–2004

	1992	1993	1994	1995	1996	1997	1998	1999
Decile 1	2.69%	2.75%	2.72%	2.75%	2.56%	2.47%	2.56%	2.55%
Decile 2	4.81%	4.71%	4.76%	4.73%	4.41%	4.35%	4.50%	4.59%
Decile 3	6.38%	6.17%	6.32%	6.31%	5.87%	5.84%	5.90%	5.96%
Decile 4	7.64%	7.44%	7.59%	7.48%	7.19%	7.11%	7.22%	7.21%
Decile 5	8.84%	8.58%	8.73%	8.67%	8.52%	8.39%	8.44%	8.39%
Decile 6	9.95%	9.81%	9.85%	9.81%	9.85%	9.70%	9.76%	9.61%
Decile 7	11.19%	11.18%	11.09%	11.07%	11.11%	11.19%	11.13%	10.99%
Decile 8	12.64%	12.75%	12.63%	12.62%	12.81%	12.73%	12.69%	12.68%
Decile 9	14.73%	14.96%	14.84%	14.78%	15.17%	15.15%	14.95%	14.94%
Decile 10	21.13%	21.65%	21.46%	21.77%	22.50%	23.08%	22.84%	23.08%
	2000	2001	2002	2003	2004	1976–79 Average	2001–04 Average	
Decile 1	2.59%	2.61%	2.54%	2.54%	2.54%	2.6%	2.6%	
Decile 2	4.50%	4.54%	4.49%	4.50%	4.38%	5.1%	4.5%	
Decile 3	5.86%	5.87%	5.78%	5.78%	5.65%	6.7%	5.8%	
Decile 4	7.11%	7.05%	7.00%	6.97%	6.87%	7.8%	7.0%	
Decile 5	8.27%	8.27%	8.19%	8.25%	8.10%	8.8%	8.2%	
Decile 6	9.44%	9.49%	9.46%	9.48%	9.37%	9.8%	9.4%	
Decile 7	10.84%	10.74%	10.83%	10.83%	10.70%	11.0%	10.8%	
Decile 8	12.52%	12.43%	12.50%	12.48%	12.40%	12.5%	12.5%	
Decile 9	14.76%	14.85%	14.93%	14.90%	14.88%	14.6%	14.9%	
Decile 10	24.11%	24.15%	24.28%	24.25%	25.12%	21.2%	24.5%	

TABLE 7 Earnings* and After-Tax Gap, Ratios of Average Values for Richest and Poorest Deciles, Families With Children Under 18, Canada, 1976–2004

	1976	1977	1978	1979	1980	1981	1982	1983
Earnings Gap	31.2	35.6	39.2	30.2	39.8	36.0	76.5	95.3
After Tax Gap	8.1	7.9	7.8	8.2	8.1	7.9	7.9	8.2
	1984	1985	1986	1987	1988	1989	1990	1991
Earnings Gap	120.6	80.0	88.3	67.3	63.7	51.2	79.0	158.5
After Tax Gap	8.7	8.2	8.0	8.0	7.5	7.7	7.9	8.0
	1992	1993	1994	1995	1996	1997	1998	1999
Earnings Gap	244.6	1,027.1	643.3	380.2	11,741.7	1,215.3	404.8	165.2
After Tax Gap	7.8	7.8	7.9	7.9	8.8	9.3	8.9	9.0
	2000	2001	2002	2003	2004			
Earnings Gap	102.9	100.4	111.8	95.7	81.6			
After Tax Gap	9.3	9.2	9.5	9.5	9.9			

* Non-Negative Earnings (See Appendix One)

TABLE 8 Average Annual Weeks of Employment, Families With One or More Week of Employment, With Children Under 18, by Decile, Canada, 1976–2004

	1976	1977	1978	1979	1980	1981	1982	1983
Decile 1	40	40	36	41	39	39	33	28
Decile 2	58	60	58	63	58	61	55	51
Decile 3	64	66	65	68	66	71	66	67
Decile 4	67	70	68	73	70	73	73	74
Decile 5	74	74	74	78	76	80	77	79
Decile 6	77	79	79	82	81	85	81	79
Decile 7	85	83	84	89	88	89	88	90
Decile 8	90	94	93	96	95	96	98	93
Decile 9	100	102	100	110	105	107	105	102
Decile 10	111	122	118	128	117	126	121	110
Average	78	81	79	84	81	84	82	80
	1984	1985	1986	1987	1988	1989	1990	1991
Decile 1	28	30	31	30	30	34	30	28
Decile 2	51	57	59	57	59	61	57	52
Decile 3	68	69	71	73	73	72	71	69
Decile 4	74	76	79	77	80	79	77	78
Decile 5	78	81	83	83	85	86	86	82
Decile 6	82	85	86	87	89	90	93	88
Decile 7	87	90	91	94	97	97	96	97
Decile 8	97	95	103	100	105	106	105	102
Decile 9	107	109	110	113	111	118	112	111
Decile 10	120	120	121	125	125	124	123	118
Average	82	84	86	87	88	89	88	86

TABLE 8 CONTINUED Average Annual Weeks of Employment, Families With One or More Week of Employment, With Children Under 18, by Decile, Canada, 1976–2004

	1992	1993	1994	1995	1996	1997	1998
Decile 1	28	19	24	26	48	40	38
Decile 2	51	43	46	46	52	50	54
Decile 3	67	64	68	70	73	73	73
Decile 4	76	75	76	76	77	81	82
Decile 5	80	81	84	85	86	87	90
Decile 6	90	90	90	88	92	92	92
Decile 7	95	93	96	97	95	98	102
Decile 8	104	102	104	103	105	106	107
Decile 9	111	109	112	110	110	109	113
Decile 10	114	118	120	117	114	115	112
Average	85	85	87	86	89	89	90
	1999	2000	2001	2002	2003	2004	
Decile 1	40	42	45	45	44	47	
Decile 2	59	63	63	61	65	66	
Decile 3	74	75	75	73	74	75	
Decile 4	85	82	83	80	82	82	
Decile 5	89	90	90	89	90	89	
Decile 6	93	94	99	93	97	97	
Decile 7	101	101	100	98	102	98	
Decile 8	104	108	107	106	109	108	
Decile 9	114	112	114	111	110	116	
Decile 10	115	116	116	113	115	113	
Average	91	91	92	90	91	92	

TABLE 9 Average Annual Hours of Employment, Families With One or More Week of Employment, With Children Under 18, by Decile, Canada, 1996–2004*

	1996	1997	1998	1999	2000	2001	2002	2003	2004
Decile 1	1,439	948	1,075	996	1,121	1,365	1,315	1,265	1,529
Decile 2	1,478	1,470	1,725	1,820	2,106	2,151	1,981	2,119	2,322
Decile 3	2,522	2,444	2,398	2,468	2,629	2,678	2,609	2,532	2,535
Decile 4	2,732	2,829	2,862	2,897	2,915	2,951	2,842	2,901	2,941
Decile 5	2,955	2,946	3,118	2,998	3,175	3,227	3,192	3,133	3,162
Decile 6	3,158	3,166	3,216	3,241	3,230	3,535	3,266	3,370	3,400
Decile 7	3,298	3,467	3,494	3,459	3,569	3,605	3,534	3,568	3,548
Decile 8	3,580	3,641	3,676	3,562	3,804	3,829	3,748	3,809	3,782
Decile 9	3,896	3,786	3,946	3,898	3,883	4,032	3,908	3,910	4,049
Decile 10	4,063	4,107	3,984	3,974	4,093	4,184	4,058	4,119	4,074
Average	3,065	3,052	3,098	3,075	3,171	3,262	3,154	3,179	3,225

* Hours of Work data only available since 1996

Notes

1 The average size of the household raising children under 18 in Canada was 3.92 in 2004, according to unpublished data from Statistics Canada. There were 3.8 million households raising children under 18 in Canada in 2004, 29% of all households in Canada. That year the population estimate for Canada was 32 million people.

2 All data for this analysis are custom-tabulated by Statistics Canada, based on data from the Survey of Consumer Finances (SCF) and the Survey of Labour Income Dynamics (SLID). These data only go back to 1976 and the most recently available data refers to incomes in 2004. See Appendix One for more details about the data and the methodology.

3 Marc Frenette, David A. Green and Garnett Picot, *Rising Income Inequality in the 1990s: An Exploration of Three Data Sources*, in David A. Green and Jonathan R. Kesselman, editors, *Dimensions of Inequality in Canada*, Vancouver: UBC Press, 2006.

4 The trends since 1976 can be found in Appendix Two. The following figures are for 2004, the most recent data available through Statistics Canada. There are regional differences in the definitions of what is rich, poor and “average” in Canada, but it is important to know what the data tell us about the distribution of incomes across the country as a whole.

5 World Bank estimates the population of low-income nations to be 2.3 billion in 2003. See World Bank 2005 World Development Indicators, Table 1.1 http://devdata.worldbank.org/wdi2005/Table1_1.htm. In 2005 the combined GDP of low income nations was, according to the World Bank, \$1.4 trillion US. In that year Canada’s GDP was assessed at about \$1.2 trillion US. See World Bank 2005 World Development Indicators. <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>

6 The World Bank ranked the 2005 GDP of 183 nations in US dollars. Ahead of Canada in 2005 is, in order, the United States, Japan, Germany, China, United Kingdom, France, Italy and Spain. See <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>

7 From International Finance Corporation rankings using World Bank data based on 175 nations. See <http://www.doingbusiness.org/EconomyRankings/Default.aspx?direction=asc&sort=1>

8 Canadian Centre for Policy Alternatives (Ottawa: November 2006). *Growing Gap, Growing Concerns*.

9 This paper refers to economic growth since 1981 because that is the only consistent economic series for national accounts. Population statistics are also from the national economic accounts. The SCF/SLID data for family incomes go back consistently to 1976.

10 Families in the 8th decile barely inched ahead in terms of earnings, but the progress was mostly at the top of that particular decile.

11 The spike in 1996 in the poorest decile is a function of a small sample size in that decile in that year. Those surveyed were a group that appeared to have higher average weeks worked than the previous years. That they were not atypical shows in the higher trendline in weeks worked among families in the poorest decile over time after 1996. It should be remembered that the early to mid 1990s was devastating to many of these households, as they lost jobs, weeks and hours of work until the latter part of the 1990s.

12 According to methodologists at Statistics Canada, the apparent spike in hours in 2001 is more a result of low results in 2000 due to sampling problems than high results in 2001.

13 Based on Department of Finance Canada, Fiscal Reference Tables, Table 10. Budget 2006 introduced another \$2.5 billion under the rubric of this program for a \$100/month taxable allowance to families for each child under the age of six, called the Universal Child Care Benefit. The existing CCTB under-7 supplement will be erased by July 2007, saving most of this new expenditure. The Budget Plan 2006: Focusing on Priorities, Canada's New Government, p.100

14 Saez, Emmanuel and Veall, Michael R. (2005). The Evolution of High Incomes in North America: Lessons from Canadian Evidence, *American Economic Review*, Vol. 95, No. 3.

15 John Partridge, "Options spell pay dirt", in Report on Business, *The Globe and Mail*, April 18, 1998, pages B1 and B6. Includes executive pay of Canada's top 100 CEOs in publicly traded and privately held companies. Janet McFarland, "How Much Is Too Much", in Report on Business, *The Globe and Mail*, May 9, 2006, page B9. Executive compensation for Canada's top 100 CEOs. Average earnings calculated from Statistics Canada, Employment Earnings and Hours, Catalogue 72-002-X1B, Table 9, October 2006; CPI calculated from Bank of Canada's inflation calculator http://www.bankofcanada.ca/en/rates/inflation_calc.html