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Mind The Gap

Chronicling Canada's Growing Rich-Poor Divide



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Income Inequality Study Shatters Some Stereotypes Of The One Per Cent

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In the months since the Occupy movement first popularized the rallying cry of the "99 per cent," top income earners have often been characterized as a men's club of greedy bankers and out-of-touch millionaires, who bask in their riches as the lowly masses toil for pennies.

A [new study on income inequality in Canada](#) challenges some of those stereotypes, and leaves others intact. While members of the one per cent are overwhelmingly male, they are almost as likely to be doctors as bankers. And though they have indeed been taking a greater slice of the income pie, the majority are hardly layabouts, putting in more hours on the job than the average worker.

Authored by a group of University of British Columbia economists and slated for publication in the June issue of the journal [Canadian Public Policy](#), the paper paints a diverse picture of the one per cent -- a segment of the population you may not know as well as you think.

PHOTOS: 8 THINGS YOU MAY NOT KNOW ABOUT THE ONE PER CENT

It's no surprise that those in the finance and insurance industry, who make up three per cent of all individuals, are overrepresented among Canada's top income earners, where they constitute 10 per cent of the total. But that's only a slightly larger proportion than doctors, dentists and veterinarians, who as a group make up more than eight per cent of Canada's highest income earners, despite representing an even smaller proportion of the general population.

There's also a disproportionate number of CEOs in the one-per-cent club, but they constitute a smaller proportion of the group than might be expected. Senior managers represent about one per cent of the general population, and 14 per cent -- a small minority -- of top earners.

And while some of those in the top income group have no doubt accumulated enough wealth to wile away their days on personal yachts and fancy golf courses, more than 52 per cent work more than 50 hours per week -- compared to just 19 per cent of the general population.

VIDEO: WHAT IS INCOME INEQUALITY?

Yet the study also reaffirms some commonly held notions about top income earners, beginning with the fact that their share of overall income has been growing.

Based on 2006 census data, Canadians must earn a minimum of \$230,000 to be counted among the one per cent, whose average income is just shy of \$453,000. And their share of the total income pie has almost doubled since the 1970s, from eight to 14 per cent -- a proportion that approaches the Great Depression, when it reached a high of 18 per cent.

Meanwhile, this segment of the income spread is overwhelmingly made up of men, who represent a staggering 83 per cent of the one per cent, prompting the authors to describe this group as the "brotherhood of top incomes."

"[Despite] the significant gains realized by women over the last few decades, they remain dramatically underrepresented at the very top of the income distribution," the study notes.

Young people, too, are underrepresented, with those under 35 accounting for less than five per cent of the total, despite making up nearly 30 per cent of the general population.

But as the authors explain, "this may just be a transitory phenomena linked to the fact that they haven't yet reached their peak life-cycle earnings."

Looking at the rich-poor divide overall, however, the researchers conclude that "the ratcheting up of inequality in Canada is real," pointing as evidence to the decline in the earnings of men at the lower end of the income distribution and the fact that breaking into the top income group has become more difficult.

The paper also pinpoints some of the forces driving income inequality in Canada, including but not limited to: the hollowing out of middle-class, predominantly male jobs; changes to the minimum wage; the widening of the wage gap between different age groups;

globalization; computerization; and the decline of unions.

But according to study co-author Craig Riddell, "There's no one, single contributing factor."

"We've got a reasonably good picture of the factors that have contributed, but there's still quite a bit more to be done on the question of how much has each of these factors contributed," he said.

Riddell says the paper grew out of a series of opinion pieces that the economists wrote for The Vancouver Sun last year on income inequality.

As he told The Huffington Post, it is an attempt to "lay out what we know about what's been happening in Canada, and what we know about why it's been happening, in part because there's not as much known in Canada [...] as in the U.S. or the U.K."

As for possible solutions, the researchers touch on a number of different options, including raising taxes on the rich, increasing transfers to the poor and curbing inequality before it starts by changing the minimum wage structure and lowering Canada's high-school drop out rate.

The paper does not advocate for any one of these ideas, and Riddell says the authors agree that reversing the current trend toward deeper inequality would likely involve a multi-pronged approach, something he says they are hoping to devote more time to investigating.

But he says he suspects that more attention should be paid to fixes that aim to stop inequality at the outset.

"Probably we need to put more emphasis on the policies that would alter the distribution of market wages," he said. "That's kind of the fundamental cause of this."

[8 THINGS YOU MAY NOT KNOW ABOUT THE ONE PER CENT](#)

[Text version below slideshow.]



They're Not All Bankers

Only 10 percent of people in the top 1 per cent work in the finance and insurance industry. Senior managers and CEOs are also over-represented in the top group, but only account for 14 percent of top earners.

Many Are Doctors

The only other large group of top income earners besides financial professionals and executives are physicians (and dentists and veterinarians) who account for close to 10 percent of top earners, despite representing less than 1 percent of the workforce. A new tax on "the rich" would mostly target people who are neither top executives nor financial professionals

Their Income Share Has Nearly Doubled

In the late 1970s, about 8 percent of total income in Canada was concentrated in the hands of only 1 percent of the population. In other words, those in the top 1 percent had incomes that were 8 times larger than the average income of (all) Canadians. Things have changed dramatically since then. The top income share almost doubled to reach 14 percent in recent years. Such an uneven distribution

of income has not been seen since the dark days of the Great Depression when it reached an all time high of 18 percent.

You Need \$230K To Join The Club

One needs an annual income of at least \$230,000 to be part of the top 1 per cent.

\$450K Per Year, On Average

The average income for people in the top 1 per cent is \$450,000, compared to only \$36,000 for the whole Canadian population.

Men Dominate The Ranks

A staggering 83 percent of individuals in this top income group are men.

Education Not An Absolute Must - But It Helps

Fifty-eight percent of individuals in the top 1 percent do have at least a bachelors' degree, despite the fact university graduates only represent 19 percent of the adult population.

Yes, They Work More

Fifty-two percent of individuals in the top 1 percent work at least 50 hours a week, compared to less than 20 percent for the overall population.

Source: [Canadian Public Policy](#)

[WHAT IS INCOME INEQUALITY?](#)

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vanille123
0 Fans

1

If being a doctor or dentist pays so well, why are there not more of them. How is it that I can't find a family doctor and there are only 2 dentists in town that charge the same outrageous prices ???

Also, why is wealth not being discussed? Someone can have a once in a lifetime year, make \$250,000 and be in the one percent while a multi millionaire has a bad year and makes only \$200,000 and is not in the 1 %. If redistribution is the afterthought. I think that wealth and income should both be on the table when discussing growing inequality.

30 MAY 2012 6:26 AM

REPLY FAVE SHARE MORE



Arthur C. (artbbcramer)
401 Fans

1

The reason why you can't find a doctor or dentist is first, their supply is controlled, and second, we educate them and then they screw off, primarily to the US, to make millions. They are ungrateful SOBS who owe allegiance to no one but themselves and the mighty dollar.

30 MAY 2012 6:37 AM

REPLY FAVE SHARE MORE

7 PEOPLE IN THE CONVERSATION

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valar84
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9

The "1 percent" thing was marketing, the reality is that the amount of people denounced by the movement is less than 1% of the population and more around 0,1%.

As to the amount of time worked, as someone who has done manual labor and office jobs, I can tell you that hours at work aren't always equivalent. A manual laborer who moves heavy boxes all day is going to make a lot more effort and be much more tired after an 8-hour day (plus driving 1-2 hours of driving in traffic) than a CEO who spends 10 hours in a air-conditioned office with a