



Fact Sheet #6

Wealth in Canada: Concentrated in the hands of a few

There is a clear relationship between income and wealth. Quite simply, the lower the level of family income, the lower a family's capacity to accumulate assets. Buying a house, saving for school, investing in a car to get to a job, saving for retirement, putting away the cash needed to weather unexpected expenses – savings and wealth provide the financial security and, as importantly, the opportunity to plan for the future with confidence.

But increasingly, the control of wealth in Canada is being concentrated in the hands of a few. The inequitable distribution of wealth has proceeded in lockstep with the growing gap in incomes. Even as levels of wealth have increased over the last three decades, the poorest families in Canada have fallen further into debt.

The level of wealth in Canada has risen since the 1970s

- Median wealth has increased in Canada since the 1970s, notably in the last decade. Between 1999 and 2005, for example, the median level of wealth among all households (including families and unattached individuals) increased by 23.2% to \$148,400.¹
- More recent data based on the National Accounts show that average household wealth has continued to grow, driven largely by rising real estate values. Real estate now comprises more than 50% of the net worth of all Canadian households, up from just over a third in 2000.² This growth is consistent with census data that show a rise in home ownership, from 62.1% of all households in 1981 to 68.4% in 2006.³

Like income, however, the largest gains have been at the top of the income ladder

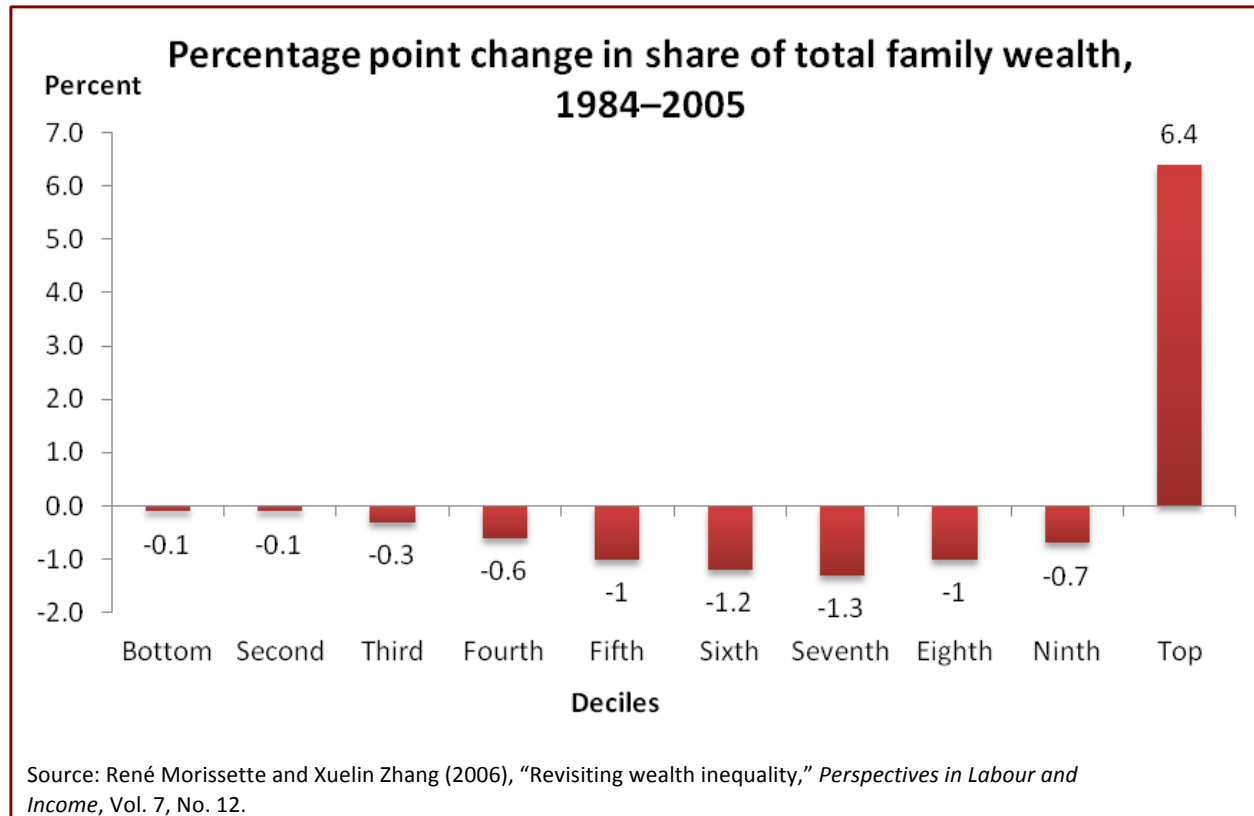
- Over the 1984 to 2005 period, the richest 10% of families saw their wealth increase by \$659,020, or 123%.⁴ The dollar gain in wealth of the richest 10% was more than two times larger than the sum of the gains for the other 90% combined.
- Meanwhile, the net worth stagnated or declined for households in the bottom 40%. The poorest 10% of families actually fell further into debt between 1984 and 2005. Median net worth decreased by roughly \$7,500, from -\$2,100 to -\$9,600.
- Overall, there was an increase in the proportion of families with zero or "negative net worth" – a situation when a family's debts exceed the value

of their assets. In 2005, almost one in six families (14.1%) had greater debts than assets, up from just over one in ten (10.8%) in 1984. There was also an increase in the proportion of families with no financial wealth or assets at all, from 17.7% in 1984 to 24.0% in 2005.

Top 10% increase their share of total wealth

- Families at the top of the wealth ladder increased their share of total household wealth between 1984 and 2005 by 6.4 percentage points, from 51.8% to 58.2%, at the expense of families in the bottom nine deciles. The wealth share of each of these income groups declined over this period.
- But carving the population into quintiles or deciles masks the true nature of what is going on. Over the past few decades, virtually all of the increase in wealth has gone to a relatively small handful of individuals in the top 1% of the income distribution.
- In the United States, that 1% of the population wields about 35% of the nation's wealth. In Canada, the situation is similar if slightly less compressed: the top 1% of the population possesses 14% of total wealth.⁵
- Looking at a different measure, the number of billionaires in Canada increased from 23 to 69 between 1999 and 2012, according to *Canadian Business*. The total wealth of the 100 richest Canadians surged past \$200 billion in 2012 – up over 75% since 1999.⁶

Gains in wealth concentrated at the top



Median Family Wealth, Constant \$2005, 1984–2005					
All families	1984	1999	2005	1984–2005	
				\$ change	% change
Bottom decile	-2,100	-6,570	-9,600	-7,500	-357.1
Second	780	120	10	-770	-98.7
Third	7,770	6,820	6,000	-1,770	-22.8
Fourth	24,630	26,150	25,500	870	3.5
Fifth	52,260	57,120	63,250	10,990	21.0
Sixth	83,130	93,850	109,050	25,920	31.2
Seventh	120,690	148,610	173,590	52,900	43.8
Eighth	170,210	221,770	263,000	92,790	54.5
Ninth	256,740	344,890	413,750	157,010	61.2
Top decile	534,980	723,590	1,194,000	659,020	123.2

Sources: Statistics Canada, Assets and Debts Survey, 1984; Survey of Financial Security, 1999 and 2005.

René Morissette and Xuelin Zhang (2006), "Revisiting wealth inequality," *Perspectives in Labour and Income*, Vol. 7, No. 12.