

# New report exposes staggering level of social inequality in Canada

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**30 June 2020**

A report released on June 17 by the Parliamentary Budget Officer (PBO) reveals staggering levels of social inequality in Canada. Often portrayed in the corporate media and official politics as a “kinder,” more “progressive” society than the United States, Canadian capitalism is exposed in the study as an oligarchic social order.

According to the PBO, the share of wealth held by the top one percent of Canadians is 25.6 percent. This is almost double the estimate of 13.7 percent given by Statistics Canada.

The following table from the PBO report shows the distribution of total wealth—the sum of financial, real estate and other assets, minus all liabilities—for 2016.

The first column in the table shows slices of the population in the wealth pyramid, from the wealthiest fraction of the top 1 percent to the poorest 40 percent; the second column shows the share of total wealth held by that slice according to Statistics Canada; and the third column the same slice's share according to the PBO study.

According to the new PBO estimates, the top one percent in Canada owns about as much as the poorest 80 percent. The upper middle class and petty bourgeoisie, the 9 per cent immediately following the top one per cent, own 30.8 per cent of the wealth.

The millionaires and billionaires in the richest 10 per cent of the population own a staggering \$5.829 trillion.

Beyond this top 10 per cent, which requires a net family fortune of \$1.4 million to be part of, the share of wealth drops drastically.

The remaining 90 per cent of the population, the vast majority, owns a mere 43.6 per cent of the total wealth, down sharply from Statistics Canada's estimate of 52.4 percent. The poorest 40 percent have almost nothing (1.2 percent).

These new figures give the lie to the ongoing efforts of Canada's ruling class to project the image of a “fairer” society than the “rapacious dollar republic.”

While in the United States, the world's most unequal advanced capitalist country, the three richest people own as much as the poorest half of the population, in Canada, 44 billionaires held in 2019 a combined fortune of \$141 billion, slightly more than the poorest 40 percent of Canada's population.

The difference in wealth inequality between the two countries is purely relative. On both sides of the border, the fundamental trend is towards an ever-widening wealth gap between the working class, on the one hand, and the capitalist oligarchy and the most privileged sections of the middle class, on the other. This is a global process. According to international charity Oxfam, the richest one percent of the globe's population possesses twice as much wealth as the poorest 6.9 billion.

The closer one gets to the extremes, the wider the wealth gap becomes. The richest 0.01 per cent, just 1,500 Canadian families, hold a combined \$574 billion, compared to \$128 billion for the poorest 40 per cent—more than 6 million families.

The vast wealth gap has immediate and devastating consequences for people's lives. The poorest sections of society are more likely to suffer from health problems, receive a substandard education, and die many years earlier than their ultra-wealthy counterparts.

The more accurate, and damning, picture of the profound social inequalities generated by Canadian capitalism emerges from a closer analysis of the available data on wealth distribution.

The PBO explained its methodology by comparing it to that used by Statistics Canada in its 2016 Survey of

Wealth Distribution, where the wealth of Canada's richest family was estimated at "only" \$27 million—this in a country known for its many billionaires.

Statistics Canada's gross "error," according to the PBO, stemmed from the fact that its survey was based on a questionnaire. Knowing that the wealthy generally shun such questionnaires, Statistics Canada sought to compensate by overrepresenting the regions where rich families are known to reside, but this manifestly proved to be insufficient.

The PBO adopted a more objective approach for its own study, based on the work of economists Gabriel Zucman and Emmanuel Saez, who deservedly have an international reputation as researchers on social inequality. The model developed by the PBO cross-references figures from Statistics Canada's latest survey with the National Balance Sheet Accounts (household financial statements) and *Canadian Business* magazine's list of the 100 "Richest People" (where the lowest entry had wealth of \$875 million). This data is all publicly available.

According to the PBO, its study was motivated by the need to determine the financial impact of various proposals made during the 2019 federal election. One of these was an election promise of the social-democratic NDP to impose a one percent tax on the fortunes of families worth more than \$20 million. In fact, it is the derisory nature of such a measure—which the pro-business, pro-austerity NDP had no real intention of implementing anyway—that emerges from the study.

The accumulation of wealth in very few hands at the top of society and widespread poverty and misery among the general population are products of the capitalist profit system. But it would be wrong merely to see objective and impersonal economic processes at work. The dramatic acceleration of social inequality over the past four decades, which is not captured by the snapshot provided by the PBO report, is the result of the brutal austerity agenda imposed by the ruling class and all of its political parties. The immense social wealth generated by the labor of working people is channelled to the top of the social pyramid through a combination of tax cuts for big business and the rich, privatization and deregulation, the gutting of public services, and constant attacks on wages, benefits and pensions.

This process has accelerated with the coronavirus crisis, which was used as a pretext for a massive bailout of big business and the financial aristocracy by the Trudeau Liberal government at a cost of over \$650 billion. Between March 16 and May 16, the first two official months of the COVID-19 pandemic that claimed thousands of lives and plunged millions into unemployment, Canada's top 5 billionaires saw their fortunes increase by nine percent, according to *Forbes* magazine.

Underscoring the unanimity within the ruling elite on this policy, the Trudeau government received the crucial support of the trade unions and NDP as it carried out this unprecedented transfer of wealth, which will sooner rather than later lead to a new round of savage attacks on the working class. This renewed onslaught on working people will be justified by repeating the false refrain, fully contradicted by the PBO figures, that "there is no money" for critical social services and wage increases.

The widening wealth gap in Canada as well as in the US and elsewhere points to an increasingly oligarchic society. The relentless attacks on the living standards of workers are accompanied by an assault on democratic rights at home, and a turn to militarism and imperialist aggression abroad.

To oppose this, the working class must mobilize as an independent political force in the struggle for social equality and for a workers' government that will reorganize the economy along socialist lines to meet the social needs of all.



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