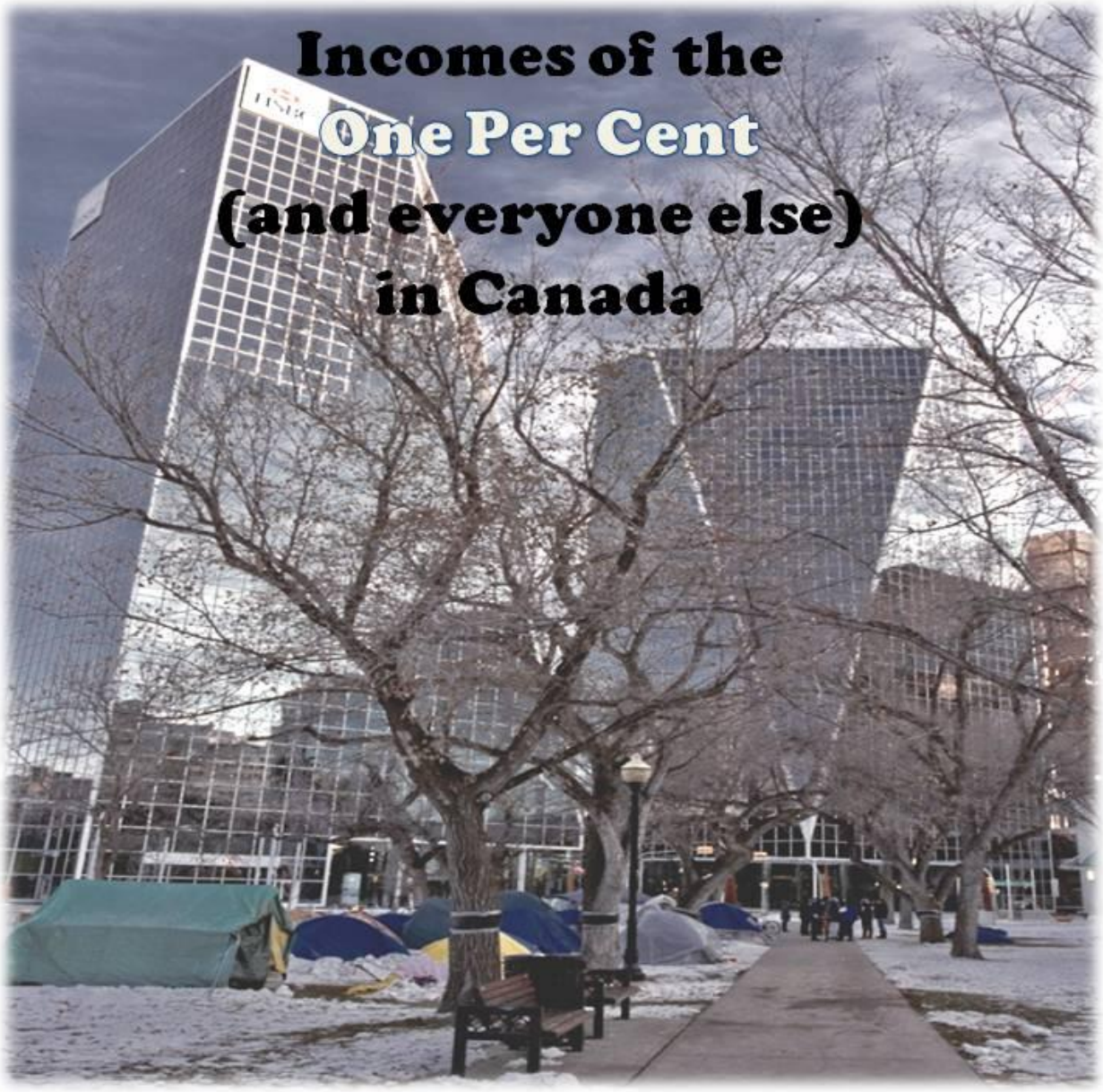
POVERTY PAPERS 5
March 2012




Garson Hunter
Miguel Sanchez
Fiona Douglas
University of Regina

**Hunter, G., M. Sanchez and F. Douglas**. *Incomes of the One Per Cent (and everyone else) in Canada***.** Poverty Papers 5, 2012. Regina, Saskatchewan: Social Policy Research Unit (SPR), University of Regina. Regina, Saskatchewan.

**Poverty Papers**

This paper is the fifth in a series of papers that examines an aspect of poverty in our society. The papers are not formally peer reviewed and the views expressed herein are those of the authors and not necessarily those of the University of Regina.

**Editorial and Distribution Office**


Faculty of Social Work
Education Building Room 464
University of Regina
Regina, Saskatchewan, Canada
S4S 0A2
Phone: (306) 585-4117
Fax: (306) 585-5408
E-mail: social.policy@uregina.ca
http://www.uregina.ca/spr

**Cover page, photo**: Occupy Regina (Victoria Park, downtown), November 2011.

*Affluence as well as poverty are central features of an analysis of inequality of incomes. Endless discussions exist about poverty measures (e.g., Low Income Cut-off Before Tax, After Tax, Low Income Measure at 40, 50 and 60 per cent, the Market Basket Measure), but there is no single wealth line measure. When is there too much disparity? Perhaps as a society we are ready to consider a rich income cut-off line.*

Occupy movements challenging the privileged position of the top one per cent over the rest of society were a central focus of a great number of social movements during 2011. It is hoped that this movement continues to strengthen during 2012 and beyond. To facilitate an analysis of the one percent, this report examines incomes in Canada for 1990 and 2009.[1] The study looks specifically at income inequality as it exists within the Canadian neoliberal economic system and seeks to answer the question**:** What is the income position of the top one per cent in Canada in relation to the rest of Canadian society?

There is, however, a limitation to using income alone to measure inequality: income variables only capture one aspect of wealth. If the ownership/possession of securities, savings, property holdings and vehicles, etc., is included in the analysis, then the inequality gap would be massive. While there is much to say about wealth inequality in Canada, that data is more difficult to access. The rich are not eager to divulge their holdings. This report examining income inequality comes with the caveat that the disparity in Canadian society between the top one per cent and the rest of Canadians is in reality much greater than that captured in the paper.

We begin the paper with a definition of neoliberalism. We then look at income distribution using Statistics Canada data on *Wages and Salaries*; that is, income derived from employment. A central question we seek to answer is how the income from wages and salaries is distributed within the population and what share goes to the top one percent. In addition to wages and salaries, we use the Gini[2] coefficient. The Gini coefficient is commonly used to measure the degree of inequality existing in a society and to show changes over time. The second variable we use to gauge the level of income disparity in Canada is Statistics Canada's *Total income.* By using the Total income variable, we can examine the income received from all sources, including government payments like social security. We can also compare the effects of market income and total income on inequality. A question here is whether the markets or government transfers, or both, reduce inequality; do they reduce the discrepancy in economic resources available to the privileged one percent and those available to the rest of the people? At the end of the paper we show readers how to do their own analysis of inequality using a small software file to calculate Gini coefficients.

1.These years were chosen to illustrate the growing disparity in income over time. The year 2009 is the latest income micro data set available from Statistics Canada (2010 micro data tapes should be available October 2012). Statistics Canada *Survey of Consumer Finances 1997* micro data tape and the *Survey of Labour and Income Dynamics 2009* micro data tape are used for the income inequality analysis.

2. Named after its developer, Corrado Gini.

**What is Neoliberalism**?

Neoliberal monetary and fiscal policies along with trade agreements, privatization, contracting out and labour law restructuring in Canada have occurred along with the polarizing of incomes. But what is neoliberalism? Hunter (2012) offers one definition:

> Since the mid 1970s the social and economic agenda of right wing 'think tanks' advocating an agenda of neoliberalism have come to dominate discussions of economic and social policy. Adapting to the Canadian context the main features of neoliberalism identified by Wacquant (2009a) the following highlights its most salient features:
>
> - Economic deregulation – promoting 'the market' as the optimal device not only for economic transactions but for organizing a whole range of human activities, including the private provision of core public goods such as food, education, health care, housing, labour regulation, safety and environmental protections.
> - Welfare state devolution – the intensification of the recommodification of marginal workers towards desocialized labour (removal of ideas of a living wage, job security, work benefits, pensions, labour laws, full employment) with international variants of workfare within a quasi-contractual relationship between the state and lower-class recipients treated not as citizens but as clients required to display behavioural obligations as conditions for state aid. Can this be simplified: In Canada, the extension of marginal governmental aid to lower-class working families not normally receiving aid is one example of vastly extended surveillance[3] of portions of the working class that has not traditionally received welfare benefits (e.g., CCTB and the numerous provincial programs delivered in partnership with the NCB).
> - Mantra of individual responsibility (personal identity moulded upon the ideal of the private entrepreneur) in an environment of widened competition to meet basic human needs; while the same environment exhibits widespread evasion of corporate liability and lack of state accountability in its performance of social and economic obligations.
> - Expansive, intrusive and proactive penal apparatus – which contains the disorders and disarray generated by diffuse social insecurity and deepening inequality. Disciplinary supervision of the postindustrial workers, which reassert the authority of the state and dampens the questioning of the legitimacy of elected officials and the political order. (p. 307)
>
> Wacquant (2009b) argues that with the ascendency of neoliberalism from the mid 1970s on, there has occurred a growing linkage between workfare in the welfare state and prisonfare in the carceral state. This linkage fulfills three main interrelated functions:1) Incarceration serves to physically neutralize and warehouse the supernumerary fractions of the lowest rung of the working class and in particular the dispossessed members of stigmatized groups; 2) Discipline of desocialized wage work among those in the working class and the declining and insecure strata of the middle class by raising the costs of strategies of escape or resistance within the illegal sectors of the grey and street economy; and 3) For the upper class and

3. "... the punative regulation of the impoverished fractions of the new post-Fordist proletariat is effected mainly through the agency of ever-more refined and intrusive panoptic mechanisms directly integrated into programs of social protection and assistance" (Wacquant, 2009, p. 105).

> society as a whole, the penal institution serves the symbolic mission of reaffirming the authority of the state (pp. xvi-xvii). It should be no surprise that a major feature of the governing Canadian Conservative party platform for re-election in 2011 was for vastly increased expenditures on prisons, along with truth in sentencing and mandatory minimum legislation during a period of declining crime rates. Intensified Canadian carceral policy is similar to changes in carceral policies in other developed modern welfare states, including the United States which was at the forefront of the neoliberalism campaign that was subsequently adopted by the United Kingdom, France, Germany, and now Canada.)

**Economic Family Wages and Salaries and Measures of Income Inequality**

The inequality measures examined with the Economic Family[4] Wages and Salaries[5] variable in previous research included deciles or population shares, income cut-offs, income shares, Gini coefficients and cumulative shares and inequality and income gaps. The reason for selecting those measures was based on their relationship to incomes and inequality:

> Most of these measures are closely related as they consider (in somewhat different ways) the percentage of income going to different proportions (usually deciles, or 10% groupings) of the population. In addition, many of these indices arrive at a measure of inequality by comparing the *actual distribution* of income with a *hypothetical distribution* based on an ideal of equality. Ideal equality occurs, in terms of these measures, when each proportion of the population receives an equivalent share of the income (i.e., each decile receives 10% of the total income). The difference between this ideal and the actual distribution of incomes represents the level of inequality. (Ternowetsky & Thorn, 1991, p. 115; italics in the original)

This study employs the same measures of inequality as those used within previous poverty and income disparity studies produced through the Social Policy Research Unit (SPR) at the University of Regina.[6]

The Wages and Salaries variable collected by Statistics Canada in its annual Survey of Labour and Income Dynamics (SLID) surveys can be thought of as income derived from the labour market. It is an indication of the level of income inequality that results from differences in labour remuneration, or the level of income inequality that derives from employment.

---

4. Statistics Canada define an "Economic Family" as a group of individuals sharing a common dwelling unit who are related by blood, marriage (including common-law relationships) or adoption. An Economic Family can also be a single person.
5. "Wages and Salaries" is defined as the gross earnings from all jobs held as an employee, before payroll deductions such as income taxes, employment insurance contributions or pension plan contributions. Wages and salaries include the earnings of owners of incorporated businesses, although some amounts may instead be reported as investment income. Commission income received by salespersons as well as occasional earnings for baby-sitting, for delivering papers, for cleaning, etc. are included. Overtime pay is included. Military personnel living in barracks are not part of the target population in SLID, although they are included in Census data.
6. All research reports produced by SPR beginning in the 1980s are available for free download from: http: www.uregina.ca/spr

**Table 1: Income Distribution of Economic Family Wages and Salaries, Canada. 1990 and 2009**

| Column 1 | Column 2 | | Column 3 | | Column 4 | |
|---|---|---|---|---|---|---|
| Deciles | Upper Income Cut-off | | Percent Income Share | | Cumulative Percent | |
| | **1990** | **2009** | **1990** | **2009** | **1990** | **2009** |
| Lowest 10% | $7,488 | $6,500 | 0.9% | 0.3% | 0.9% | 0.3% |
| 2nd 10% | $15,000 | $17,500 | 2.9% | 1.9% | 3.8% | 2.3% |
| 3rd 10% | $21,815 | $28,000 | 4.5% | 3.6% | 8.3% | 5.9% |
| 4th 10% | $28,330 | $39,000 | 6.2% | 5.3% | 14.5% | 11.2% |
| 5th 10% | $35,000 | $50,000 | 8.0% | 6.7% | 22.5% | 18.0% |
| 6th 10% | $42,359 | $64,300 | 9.6% | 8.6% | 32.1% | 26.6% |
| 7th 10% | $50,575 | $79,750 | 11.6% | 11.0% | 43.6% | 37.6% |
| 8th 10% | $61,000 | $100,000 | 13.8% | 14.1% | 57.5% | 51.7% |
| 9th 10% | $77,359 | $134,500 | 17.0% | 17.5% | 74.5% | 69.2% |
| Highest 10% | | | 25.4% | 30.8% | | |
| 90%-95% | $92,604 | $170,000 | 10.4% | 11.8% | 84.9% | 81.0% |
| 96%-99% | $132,000 | $271,800 | 10.6% | 12.2% | 95.6% | 93.2% |
| Top 1% | none[7] | | 4.4% | 6.8% | 100% | |
| | **1990** | **2009** | | | | |
| (gini coefficient) | 0.388 | 0.462 | | | | |
| (gini index) | 38.8% | 46.2% | | | | |

Source: Calculated by the authors using Statistics Canada *Survey of Consumer Finances 1997* micro data file and the *Survey of Labour and Income Dynamics 2009* micro data file.

*1. Population Shares (Deciles)*

Column 1 in Table 1 divides the economic family Wages and Salaries variable into 10 percent (decile) groupings, ordered from the poorest families to the most affluent families. The richest 10 per cent of the affluent families are further sub-divided into three groups: the 90-95th percentiles, the 96-99th percentiles, and the richest one per cent. The reason we sub-divide the richest 10 per cent decile is because the income within this group is widely spread. Sub-dividing also allows for a closer examination of the super rich within the top ten per cent of the income variable.

*2. Income Cut-offs*

Column 2 shows the income cut-off amount for each decile and percentile of the Wages and Salaries variable. These values are the top income reported in each income decile. For example, in Table 1, the highest income in the bottom income decile (the poorest families) was $7,488 in 1990. By 2009, the highest income for this group had dropped to $6,500, a negative difference of $988. For the bottom half of the families (the income cut-off for the fifth decile), the family

7. Naturally there is no upper income cut-off for the top one per cent.

wage increased from $35,000 in 1990 to $50,000 in 2009. This is a difference of $15,000. When this increase is compared to the increase gains at the top, we see that:

- The family wages of the 99th percentile (the one percent) grew from $132,000 for 1990 to $271,800 for 2009, a growth of $139,800. The increase experienced by just this percentile alone is almost *three times* the wages and salaries of the bottom half of Canadians ($50,000 x 3).
- Income cut-offs point to substantial changes in wage and salary inequality, with the richest Canadians (particularly the top one per cent) improving their position substantially when compared to the marginal growth of most other Canadians.
- The bottom decile, representing the poorest families, has astoundingly seen a decline in income derived from wages and salaries.

The income cut-offs indicate substantial differences in the level of wages and salaries in Canada. *A large percentage of the population remains at the bottom of the income scale, while the most prosperous continue to strengthen their economic position.*

*3. Income Shares*

Column 3 indicates the share of income received by each of the income deciles. Looking at Table 1, we see that the bottom 10 percent of the population continues to hold less than 1 percent of all wages and salary income for 1990 (0.9%) and 2009 (0.3%), and that their percentage of income from wages and salaries is sharply declining. For comparison, in 1990 the top income decile (i.e., the top 10%) received 25.4% of all wages and salary income. By 2009 this decile received 30.8%. In addition, we see a disturbing pattern of the variation within the per cent income shares among the two comparative years. The per cent income shares is decreasing among the bottom half of the population but is growing among the top ten per cent, especially the top four and top one per cent.

- In 1990, the bottom ten percent totalled 839,711 economic families. This group received $3,149,985,461 in total wages and salaries. By 2009, the bottom ten percent had grown to include 1,080,481 economic families. However, their total wages and salaries shrank to $2,410,422,725 in 2009. This is a decrease in income of $731,562,736, or - 23.48%.
- In 1990, there were 83,942 economic families forming the top one percent across Canada. By 2009, this group had grown to 105,742 economic families. Their wages and salaries also grew, from a total of $14,943,295,814 in 1990 to $46,791,553,579 in 2009. This is a growth in income of $31,848,257,765, or a 113% increase since 1990.

When looking at cumulative per cent and income share per cent for 2009, the 6.8% income share of wages and salaries of the top one per cent is more income than the cumulative income of the bottom thirty per cent who only receive 5.9% of the wages and salaries. Put another way, the 105,742 economic families that comprise the top one per cent in Canada earn substantially more from wages and salaries than the bottom thirty per cent which comprise 3,249,982 economic families.

When we look at the top ten per cent for 2009, they received more in wages and salaries (30.8%) than the bottom sixty per cent received (26.6%) in cumulative per cent.

*5. Gini Scores and Cumulative Income Shares*

Another measure of inequality employed in SPR's previous research studies has been the Gini coefficient. Gini values can range from zero (perfect equality) to 1.00 (complete inequality). When each population decile has an equal share of the income, the Gini equals zero. If all of the income falls within one decile, there would be perfect inequality and the Gini would equal 1.00.

Each cumulative share of the population would receive an equivalent cumulative share of the income. The Gini coefficient can be calculated as follows:

$$G = \frac{1}{2\bar{Y} \bullet n \bullet (n-1)} \bullet \sum_{i \neq}^{n} \sum_{j}^{n} \left| Y_i - Y_j \right|$$

where: (1) $Y_i$ and $Y_j$ are the incomes of the ith and jth family units

(2) Y is the average income

(3) n is the number of family units (Osberg, 1981, p. 14)

**Interpreting the Gini Values**

Under a situation of perfect equality, the bottom 20% of all families would control 20% of income and the bottom 50% would control an equal 50% of the cumulative income. The Gini score depicts the size of the gap between this ideal and the actual cumulative distribution of income. A Gini coefficient measures inequality with a value between 0 and 1, where 0 corresponds with perfect equality (everyone has the same income) and 1 corresponds with perfect inequality (one gets all the income and everyone else has zero income). The Gini index is the Gini coefficient expressed in percentage form, and is equal to the Gini coefficient multiplied by 100.

The Gini score indicates the size of the gap between the ideal and the actual cumulative distribution of incomes in the population; therefore, the larger the gap, the greater the inequality and the higher the value of the Gini. Using the Gini can help to quantify the effects of welfare and other income support programme spending on mitigating the inequality of the labour market (see Table 2 below). The Gini coefficient can also be used to indicate how the distribution of income has changed within a country over a period of time. Hence, it is possible to see if inequality is increasing or decreasing. However, it should be borne in mind that the Gini coefficient can be misleading when used to make political comparisons between large and small countries. Gini coefficient values usually range between 0.2 – 20% (low inequality) to values of 0.5 – 50% (high inequality).[8] Changes in income inequality take place very slowly, and a change in one percentage point is considered significant.[9]

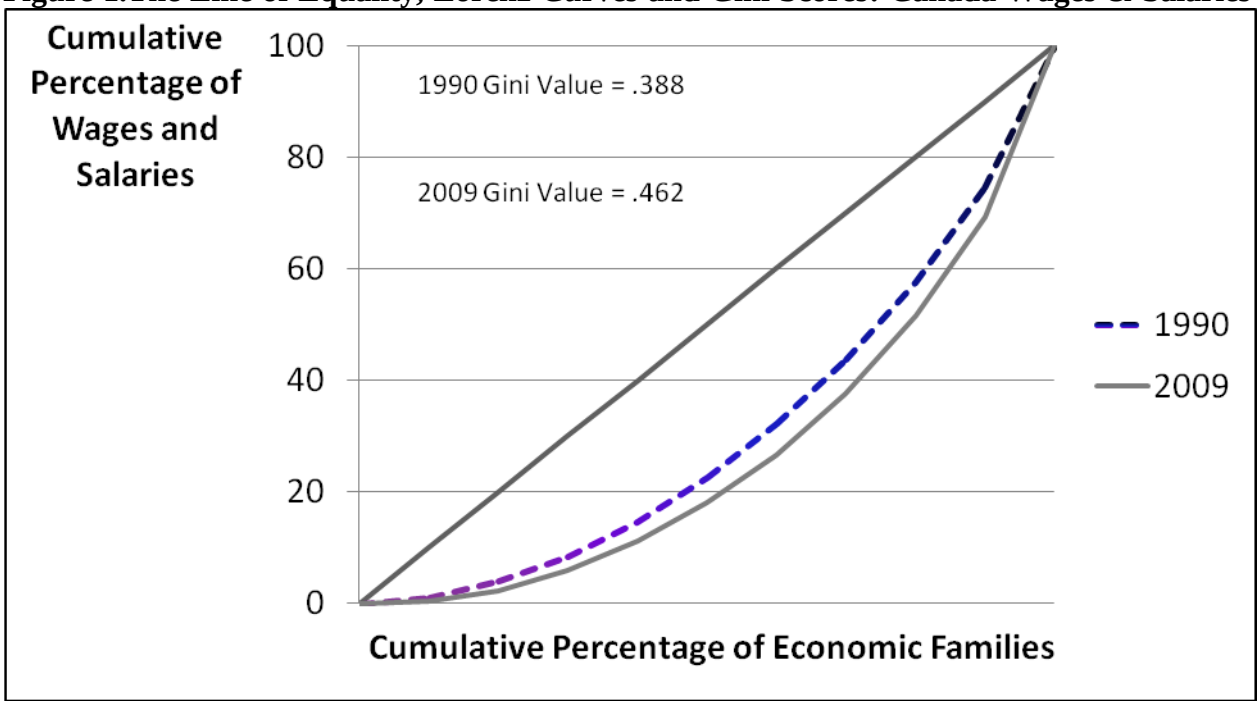
8. Rashid, A. (1998). "Family Income Inequality, 1975-1995*"* *Statistics Canada*. Catalogue no. 75-001-XPE, p. 14.
9. Ibid.

While most developed European nations tend to have Gini coefficients between 0.24 and 0.36, the United States has been above 0.4 for the last two decades, indicating greater income inequality in this nation which leads the neoliberal drive.

**Lorenz Curve**

When calculating Gini values, cumulative proportions of the population can be plotted with their respective shares of income. Under conditions of equality (i.e., Gini = 0), the line connecting the plotted values produces a straight line at a forty-five degree angle to the axis. By plotting the actual cumulative percentages received by each decile, we can see the deviation from equality that exists in an income distribution. The curve that is created by joining together the decile income plots creates a Lorenz curve. The area between the line of equality and the Lorenz curve can be thought of as the *inequality gap*. The Gini coefficient equals the ratio of this area, the inequality gap, to the total area that would be under the equality line in a condition of perfect inequality. The larger the area (the sag from the equality line), the greater the level of inequality and the higher the Gini scores. Figure 1 shows the Gini score of the inequality in wages and salaries by the two Lorenz curves representing cumulative income for 1990 and 2009.

**Figure 1.The Line of Equality, Lorenz Curves and Gini Scores: Canada Wages & Salaries**




Source: Statistics Canada SCF 1990 and SLID 2009 PUMFs.

Both Table 1 and Figure 1 suggest that significant changes have occurred in inequality from 1990 to 2009. *The Gini score in Canada for wages and salaries was 0.388 in 1990 and 0.462*[10]

10.The Gini scores reported in this study are lower than those produced by Statistics Canada. The reason appears to be that this report only uses incomes greater than zero. If this methodology were not adopted, as an example the bottom two income deciles for the Wages and Salaries variable would be zero. Although useful in other research, when analyzing incomes the methodology dictates that zero incomes are not a useful contributor to understanding income distribution. Statistics Canada data from its CANSIM Table 202-0705, Gini coefficients of market, total and

*in 2009 - a dramatic difference in value*. The level of income inequality through wages and salaries has risen dramatically during these two periods. Looking at salaries and wages in Canada, the rich are getting richer and the poor are getting poorer at a significant rate of change.

## Total Family Income and Income Inequality in Canada

Table 2 below shows the Total Family Income[11] variable for 1990 and 2009. With this variable we can determine if government transfer payments to families and the income derived from investments have narrowed any employment income inequality generated by the market. In 1990, the lowest decile received 0.9% of its income share from wages and salaries (Table 1) and 1.7% of its income share from total income (Table 2). This situation changes dramatically by 2009 when the poorest economic families received just 0.3% of the wages and salaries income and 1.4% of the total economic family income. Social expenditures have an essential function in mitigating the worst discrepancies in income based just on the labour market. However, the amount of total income the bottom ten per cent received is still decreasing. Similar to our findings using the Wages and Salaries variable, the top ten per cent, especially the top one per cent, get the greatest share of Canada's income.

**Table 2: Income Distribution of Total Family Income. Canada 1990 and 2009**

| Column 1 | Column 2 | | Column 3 | | Column 4 | |
|---|---|---|---|---|---|---|
| Deciles | Upper Cut-off | | Percent Income Share | | Cumulative Percent | |
| | **1990** | **2009** | **1990** | **2009** | **1990** | **2009** |
| Lowest 10% | $10,925 | $16,275 | 1.8% | 1.4% | 1.8% | 1.4% |
| 2nd 10% | $16,204 | $24,575 | 3.1% | 2.9% | 4.9% | 4.3% |
| 3rd 10% | $21,971 | $33,900 | 4.5% | 4.2% | 9.4% | 8.4% |
| 4th 10% | $28,690 | $43,000 | 6.0% | 5.5% | 15.4% | 13.9% |
| 5th 10% | $35,625 | $54,000 | 7.6% | 6.8% | 23.0% | 20.7% |
| 6th 10% | $43,286 | $67,250 | 9.3% | 8.6% | 32.3% | 29.3% |
| 7th 10% | $52,120 | $82,650 | 11.2% | 10.5% | 43.5% | 39.8% |
| 8th 10% | $63,084 | $104,225 | 13.5% | 13.1% | 57.0% | 52.9% |
| 9th 10% | $80,941 | $140,000 | 16.8% | 16.9% | 73.8% | 69.9% |
| Highest 10% | | | 26.2% | 30.2% | | |
| 90%-95% | $98,611 | $179,400 | 10.4% | 11.1% | 84.2% | 80.9% |
| 96%-99% | $150,884 | $301,975 | 11.0% | 12.5% | 95.2% | 93.4% |
| Top 1% | none | | 4.8% | 6.6% | 100% | |
| | **1990** | **2009** | | | | |
| (gini coefficient) | 0.380 | 0.424 | | | | |
| (gini index) | 38.0% | 42.4% | | | | |

Source: Statistics Canada SCF 1990 and SLID 2009 PUMFs

after-tax income, by economic family types provides the following: 1990 Market income (0.479) and Total income (0.395). For 2009 the figures are Market income (0.515) and Total income (0.430).

11. The Total income variable includes all income gained by family members from investments, government transfer payments, retirement pensions, superannuation and annuities, and all other money income.

**Income Funnel Up Effect**

The Gini values also indicate the impact of income support programmes in Canada. For example, in 2009, the Gini Index is 46.2% when we look at wages and salaries. But when we look at total income, including income support payments, the Gini Index is 42.4%. However, similar to wages and salaries, the Gini Index for Total income does show a significant change in income inequality from 1990 (38.0%) to 2009 (42.4%). Comparing the Wages and Salaries Gini Index to the Total income Gini Index shows that income support programmes have a significant impact on reducing the growing levels of income inequality created by market forces. It also demonstrates that the assault on Canadian income support programmes is resulting in the rich becoming richer in terms of income inequality, while incomes for the rest of Canadians have either stagnated or worsened. Even with the infusion of government transfer payments, the gap between the poor and the very well-off continues to grow. When income inequality in Canada is examined, the rich are becoming richer at the expense of the poor and middle income earners, who are becoming poorer. This phenomenon could be called the Funnel Up effect (as opposed to the neoliberal much-touted Trickle Down effect) of fiscal policy in Canada.

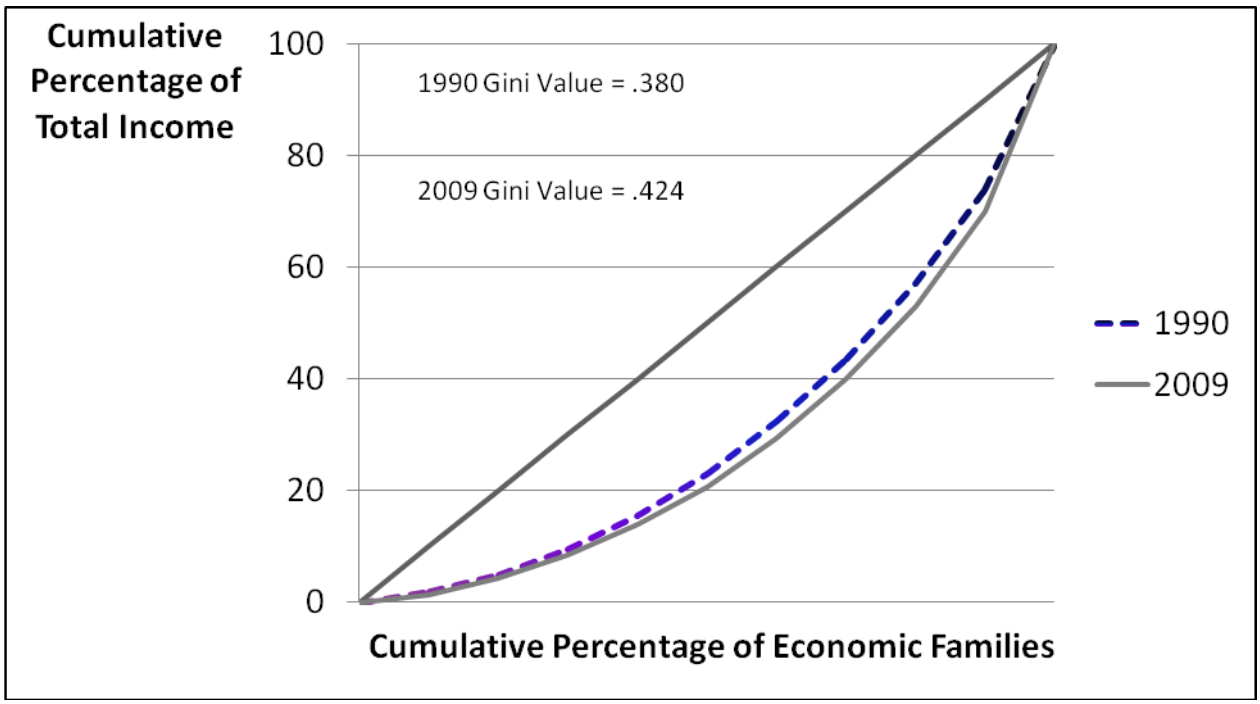
One important finding when examining the Wages and Salaries variable between 1990 and 2009 is that the market (as represented by salaries and wages) has generated increased income inequality in Canada as evidenced by the Gini Coefficients and Indexes. The same can be said for the Total income variable between 1990 and 2009. However, when the Gini Indexes for "Wages and Salaries" and "Total income" are compared for 2009, we see that government transfer payments reduced the inequality generated by the market by 8.2%. This suggests that *government transfer payments are more effective than market-driven forces in reducing income inequality*. In other words, the growing inequality between the top one per cent and everyone else is growing more rapidly in wages and salaries than in total income. That could change with the continued assault on social expenditure programmes as reflected in total income.

In 1990, the one per cent receiving the highest total income comprised 110,431 economic families. In 2009, this top one per cent comprised 143,364 economic families. In 1990, the top one per cent received $22,725,104,230 in Total income. This grew to $67,004,445,625 in 2009, a growth of $44,279,341,395 - or a 194.8% increase. This far exceeds even the per cent growth in wages and salaries the top one per cent enjoyed during the same period of time, which registered a 113% increase. Again for comparison, the ten per cent receiving the lowest Total income comprised 1,111,663 economic families in 1990, and received $8,498,418,227 in Total income. By 2009, the bottom ten percent grew to 1,439,790 economic families and their Total income increased to $14,269,938,672, a growth of $5,771,520,445 or a 67.9% increase.

Just so that doesn't sound too exciting, it is worth remembering that a percentage increase in a small number is not the same as a percentage increase in a large number. For example, a 75 per cent increase (75% is an easier number to use than 67.9%) on $75 is $131. This is an added value of $56. On the other hand, a 75 per cent increase on $10,000 is $17,500, or $7,500 additional value.

When we look at the top ten per cent for 2009, they received more in Total income (30.2%) than the bottom sixty per cent received in cumulative per cent (29.3%).

**Figure 2. The Line of Equality, Lorenz Curves and Gini Scores: Canada Total Income**




Source: Statistics Canada SCF 1990 and SLID 2009 PUMFs.

From 1990 to 2009, greater reliance on the "invisible hand of the market" has not reduced income inequality in Canada. To some extent, government income transfer programmes continue to somewhat ameliorate the inequalities of the market. What is most outstanding in our examination of market incomes in Canada from 1990 to 2009, is the ongoing polarization of incomes between the majority of people, on the one hand, and the affluent on the other.

## Conclusion

One important finding resulting from a study of the Wages and Salaries variable between 1990 and 2009 is that the market has had no effect in reducing income inequality. Contrary to neoliberal sloganeering, the best social programme is not necessarily a job.

When Total income is examined we see that government transfer payments through social spending reduced the inequality generated by the market. This suggests that government transfer payments are more effective than market-driven forces in reducing income inequality. This finding contrasts with the Gini results for the United Kingdom where the activity of the neoliberal state in eliminating government transfer programmes was more important in increasing inequality than was the activity of the market (Jones & Novak, 1999, pp. 36-37).

Canada is moving towards a more residual form of social programme, including selective income programmes, with greater emphasis placed upon restriction of eligibility and income thresholds for the loss of benefits. Current examples are Employment Insurance qualification restrictions, federal/provincial social assistance conditions funded under the Canada Social Transfer, increases in post-secondary tuition, proposed increase in the age requirement for Old Age

Security (OAS) and low benefit rate structure of the Canada Child Tax Benefit programme, etc. Government income transfers continue to reduce income inequalities, but less so than they did during the 1980s, as SPR's previous research on inequality indicates.[12] We have seen that along with the neoliberal rhetoric about the efficacy of markets to the betterment of all there has been a reduction and in some cases the elimination of income transfer programmes. The growing inequality gap in Canada testifies to the failure of neoliberal fiscal policy for all but the wealthy. If the intent of that policy was to enrich the wealthy at the expense of other Canadians then the programme has been an unqualified success.

During the nineteen years from 1990 to 2009, the New Right's revival of the "invisible hand of the market" as expressed within neoliberal economic policy has not reduced income inequality in Canada. To some extent, government income transfer programs continue to ameliorate the inequalities of the market. However with government cutbacks, the gap in income between the poor and the rich continues to grow. One main finding of research conducted in SPR during the 1980s was the ongoing income polarization between the majority of working people and the very affluent. This finding continues to be true as income polarization accelerates into the twenty-first century.

**How to do your own analysis**

Statistics Canada's SLID data allows for greater analysis than we have provided here and it contains more variables than just the two income variables we have used in this report. Thus it is possible to conduct similar analysis on other provinces, or by age, occupation, gender, etc.

The first step is to gather the data. Many universities in Canada participate in the Data Liberation Initiative (DLI). Colleges and universities pay an annual subscription fee to participate in the DLI and gain unlimited access to numerous Statistics Canada data and geographic information system products for their faculty and students. As students, you are permitted to access the SLID data without charge.

A software program is needed to carry out the analysis. Spreadsheet programs like Excel (or open source programs) can be used to open the data files; however, it is preferable to use statistical software such as SPSS or an open source equivalent like PSPP because the formulas are already created in the form of drop-down menus.

The data needs to be weighted using the weight variable that is identified in the variable list. The data is weighted so that we are no longer using statistics from samples; rather, we are dealing with population parameters.

The commands given on the following page will select values greater than zero and provide the income decile cut-off points for the Total income variable, 2009 SLID data set:

12. For example, see Ternowetsky, G. & Thorn, J. (1991), *The Decline in Middle Incomes.*

```
USE ALL.
COMPUTE filter_$=(ttinc27 > 0).
VARIABLE LABEL filter_$ 'ttinc27 > 0 (FILTER)'.
VALUE LABELS filter_$ 0 'Not Selected' 1 'Selected'.
FORMAT filter_$ (f1.0).
FILTER BY filter_$.
EXECUTE.
FREQUENCIES VARIABLES=ttinc27
  /FORMAT=NOTABLE
  /PERCENTILES=10.0 20.0 30.0 40.0 50.0 60.0 70.0 80.0 90.0 95.0 99.0
  /STATISTICS=MEAN MEDIAN SUM
  /ORDER=ANALYSIS.
```

Use the resulting percentiles to select all the values for each decile. For example, the following command will get the data needed from the 20th income decile:

```
USE ALL.
COMPUTE filter_$=(ttinc27 > 16275 & ttinc27 <= 24575).
VARIABLE LABEL filter_$ 'ttinc27 > 16275 & ttinc27 <= 24575 (FILTER)'.
VALUE LABELS filter_$ 0 'Not Selected' 1 'Selected'.
FORMAT filter_$ (f1.0).
FILTER BY filter_$.
EXECUTE.

FREQUENCIES VARIABLES=ttinc27
  /FORMAT=NOTABLE
  /STATISTICS=MEAN MEDIAN SUM
  /ORDER=ANALYSIS.
```

The above procedure is used repeatedly to get all the data from each of the income deciles. The software programs will not calculate the Gini coefficients. However, we have created a software file which can perform the necessary calculations. The file may be downloaded with this report from SPR. With that software you can enter your own data values to get the Gini scores. The software file is licensed under the Creative Commons Attribution-NonCommercial 2.5 Canada License, and may be freely copied and shared if acknowledgement is given to the Social Policy Research Unit, Faculty of Social Work, University of Regina. You are not permitted to charge others for copies.

**References**


Hunter, G. (2012). "Child Poverty and the Canadian Welfare State." In Westhues, A. & Wharf, B. (Eds.). *Canadian Social Policy: Issues and Perspectives* (5th ed.). Waterloo, ON: Wilfrid Laurier University Press.

Jones, C., and Novak, T. (1999). *Poverty, Welfare and the Disciplinary State*. London: Routledge.

Osberg, L. (1981). *Economic Inequality in Canada*. Toronto: Butterworth & Co.

Rashid, A. *Family Income Inequality, 1975-1995*. Statistics Canada, Catalogue no. 75-001-XPE, 1998.

Ternowetsky, G. & Thorn, J. (1991), *The Decline in Middle Incomes: Unemployment, Underemployment and Falling Living Standards in Saskatchewan*, University of Regina: Social Administration Research Unit, Faculty of Social Work.

Wacquant, L. (2009a). *Prisons of Poverty*. Minneapolis, MN: University of Minnesota Press.

--- -- (2009b). *Punishing the Poor: The Neoliberal Government of Social Insecurity*. Durham, SC: Duke University Press.