

Top Income Shares in Canada: Recent Trends and Policy Implications

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Abstract:

According to Canadian taxfiler data, over the last thirty years there has been a surge in the income shares of the top 1%, top 0.1% and top 0.01% of income recipients, even with longitudinal smoothing by individual using three- or five-year moving averages. Top shares fell in 2008 and 2009, but only by a fraction of the overall surge. Alberta, British Columbia and Ontario have much more pronounced surges than other provinces. Part of the Canadian surge is likely attributable to U.S. factors but a comprehensive explanation remains elusive. Even so, I draw implications for policies which might achieve some support from across the political spectrum, including the elimination of tax preferences that favour those with high incomes, the promotion of shareholder democracy and, to maintain Canada's relatively high intergenerational mobility, continued wide accessibility to healthcare and education.

Keywords: income concentration; income polarization; Canadian personal income tax system; intergenerational mobility; corporate governance

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