

What Has Happened to Middle-Class Earnings? **Distributional Shifts in Earnings in Canada, 1970-2005**

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Abstract:

This paper examines how middle-class earnings in Canada have changed between 1970 and 2005 using Census microdata. Middle-class earnings are defined as workers' earnings between 50 and 150 percent of the median or as earnings between the 20th and 80th percentile earnings. The analysis looks at the proportion of workers ("workers' share") with middle-class earnings and the proportion of earnings ("earnings share") received by middle-class workers.

The study finds: (i) there has been a marked decline of full-time full-year middle-class workers and corresponding marked increases of higher- and lower-earning workers in the Canadian workplace; (ii) there has been an even larger shift in earnings with middle-class workers losing out to strong earnings gains of higher-earning workers; and (iii) the majority of the decline of the middle-class earnings share was due to the fall in their workers' share for male and for full-time full-year female workers.

JEL codes: J24, J31, J39

Key words: middle-class earnings, polarization of earnings, Canadian inequality.