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# ***What the Top 1% Can Teach Us***

*Inequality in Canada  
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# Implications of Lemieux and Riddell's *Top Incomes in Canada*

- **Getting to Know the 1% Better – data implications**
- **Working Hard for the Money – comparisons with the 99%, and service implications**
- **Not Just Earned Incomes – tax implications**

# Defining Characteristics of 1%

- Increasingly: bankers, bosses and big oil
- “Smarter” than the 99% (as measured by educational attainment)
- They’re just like you and me (“earners”)

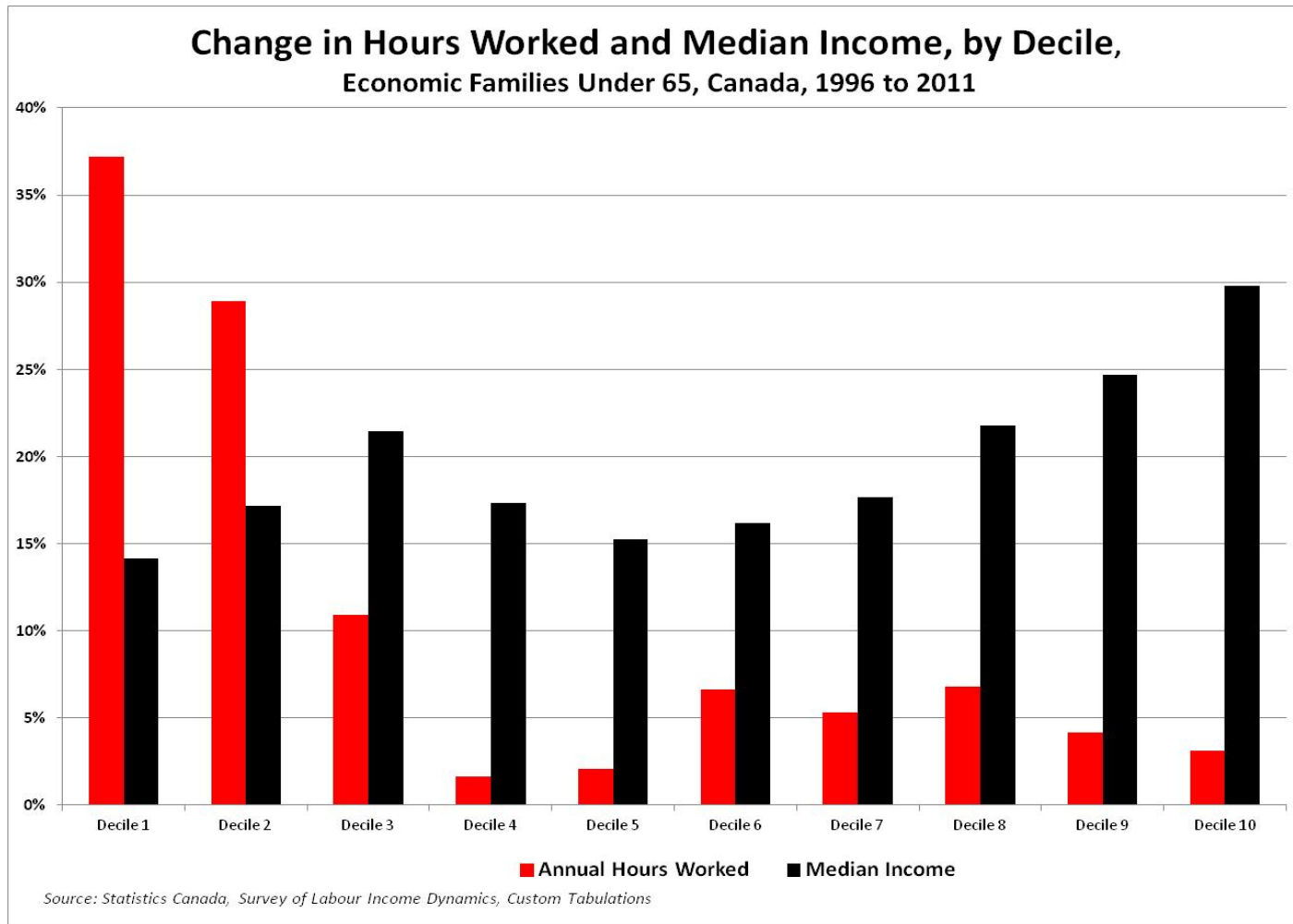
# Getting to Know the 1%

- **What makes them different?**
- **Fascinating industrial/occupational analysis**
- **No 2011 Census reference**
- **Data implications:**
- **Restoration of mandatory long-form census questionnaire**
- **Additional questions on tax form**
- **Bigger sample size in SLID (new replacement)**

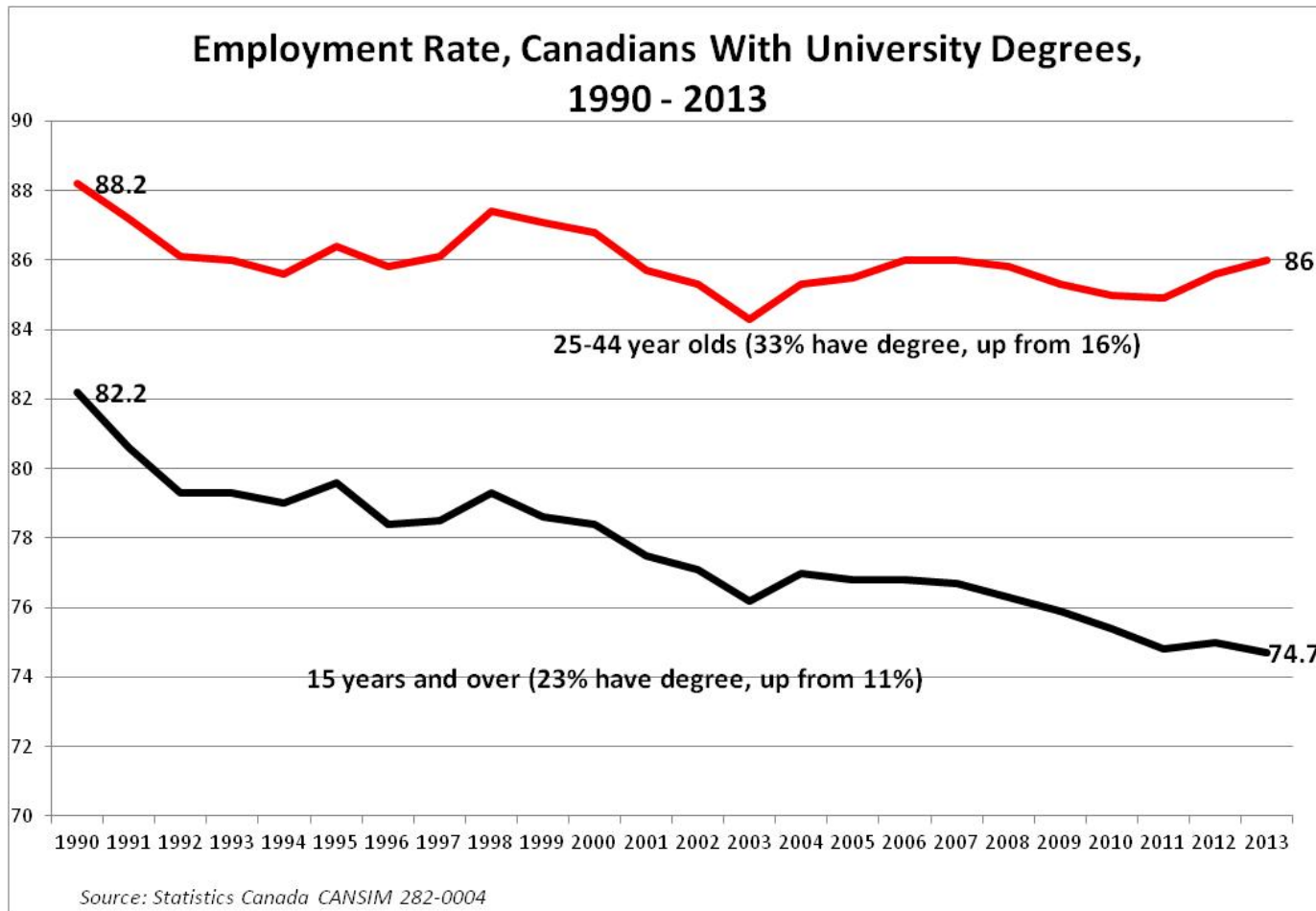
# Top 1%: Smarter than most?

- Higher educational attainment as a cohort
- In 2006, 60% with minimum Bachelor's degree (was 40% in 1981 – 50% increase)
- Overall, 20% in 2006 (10% in 1981)
- “All earners” doubled educational attainment, most of growth in income at top

# Work Harder, Deserve More?



# More Canadians with university degrees but their employment rate is falling

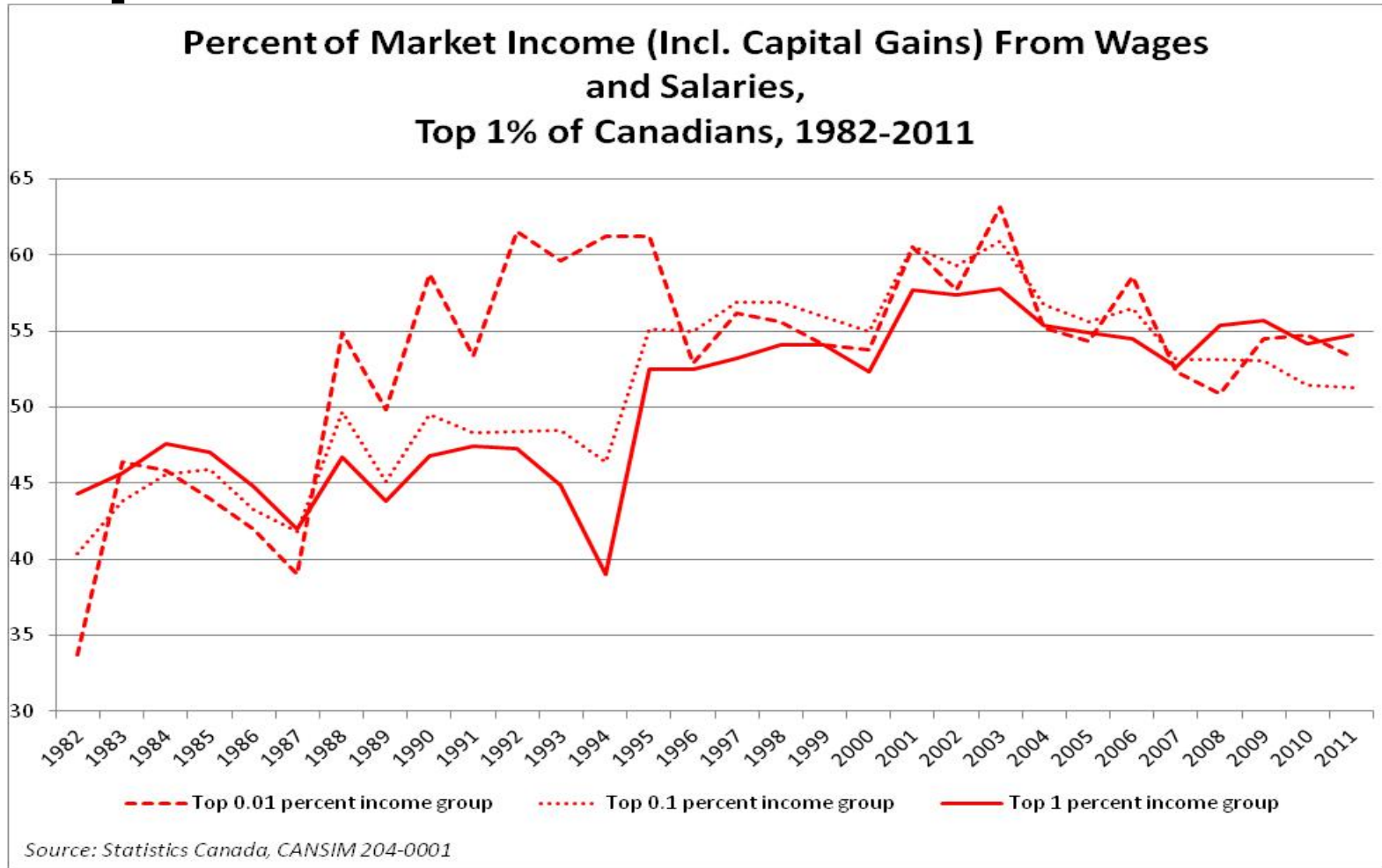


# Policy Implications

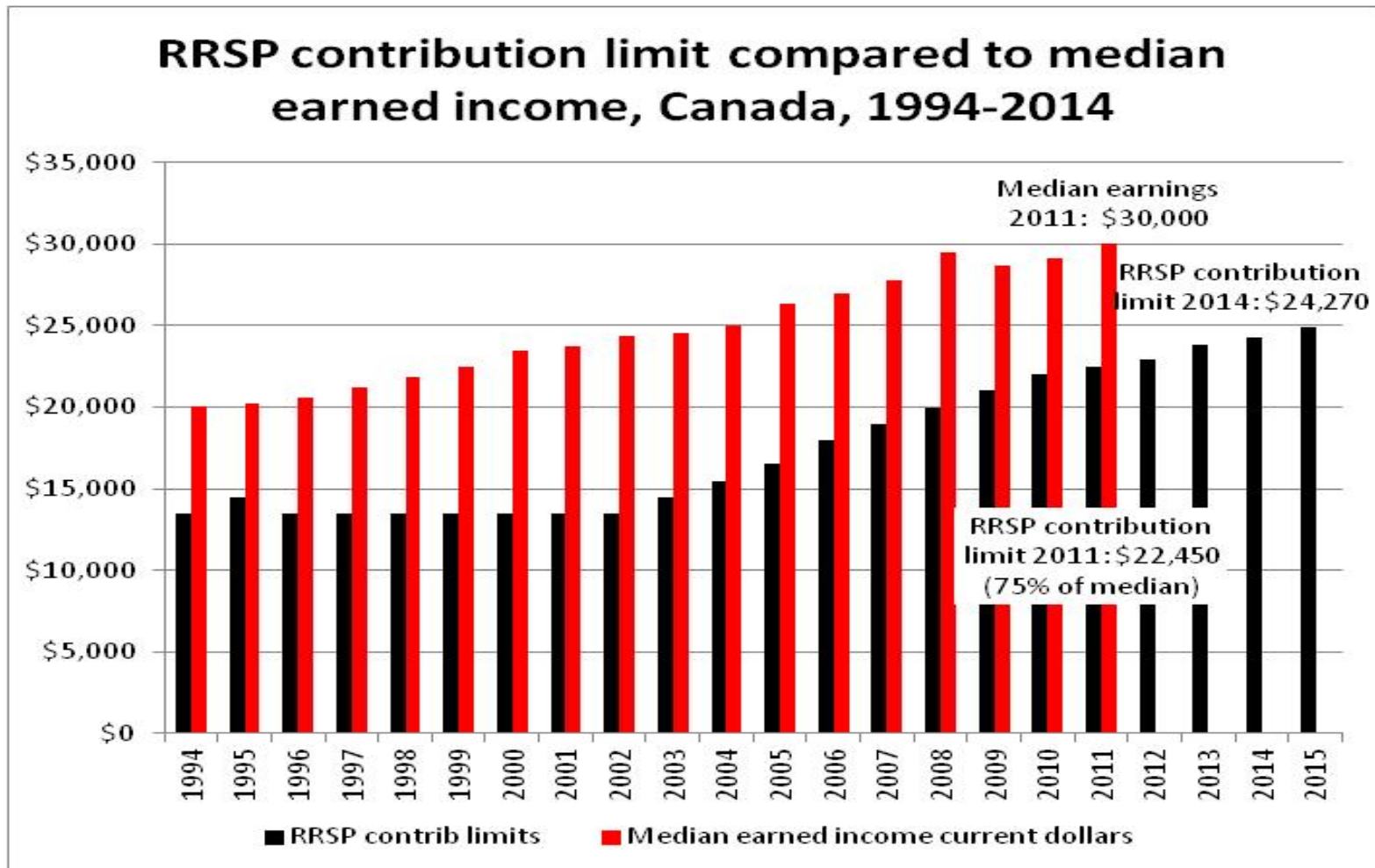
- **Better educated, to stay in same place or lose ground**
- **Kruger: If you don't think education is the solution, try ignorance**
- **Working longer: time limited proposition**
- **If not more income then more supports?**
- **Child care, transit, post-secondary affordability**



# Earned Incomes – Falling Share of Top 1% Incomes since mid 2000s



# Top 1% vs Median Income Relationship to Tax Shelters



# Policy Implications

## **TAX POLICY – Don't make things worse**

- **Freeze/roll back RRSP contribution limits**
- **Don't expand TFSA contribution limits**
- **No income splitting for <65**

## **BARGAINING POWER – Stop coddling the powerful**

- **Don't disrupt collective bargaining**
- **Limit use of Temporary Foreign Workers**