THE OCCUPY MOVEMENT AND THE TOP 1% IN CANADA

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Abstract.

The Occupy movement has propelled the issue of growing income inequality at the center of public policy debates. This paper uses unpublished micro-data from the census long-form files to examine patterns of inequality in Canada over the 1991 to 2006 period, paying particular attention to changes in the characteristics of high income earners. High income earners are defined as individuals in the top 1% of the income distribution. To be admitted to this club, a person had to earn at least $155,000 in 2006. In that same year, the mean income of top earners (i.e. $344,000) was more than 11 times what the average Canadian made and overall the top 1% held more than 11% of the nation's total income, a much larger figure than the 7.6% held by the top 1% only fifteen years earlier. Significant changes in the geography of the top 1% are also identified.

1. Introduction

On Saturday, October 15, 2011, something extraordinary happened in the streets of more than 900 cities across North America, Europe, Africa and Asia. Thousands of people rallied together in a series of peaceful protests demanding action to curb the power and influence of big corporations on politics and to denounce the growing concentration of incomes in the hands of few. These protests were coordinated, planned to occur on the same day that finance ministers and central bankers from the G20 gathered in Paris to discuss possible solutions to the debt crisis which engulfed most of Europe.

This global demonstration took its inspiration from the Occupy Wall Street (OWS) movement that began a month earlier in New York City's Zuccotti Park. Located in Lower Manhattan, just a stone's throw away from Wall Street, the World Trade Center Site and the Federal Reserve Bank, this privately owned public space – which is ironically owned by a Canadian company – is where the Occupy movement was spawned. Much has been written about the OWS movement in the US, from books documenting the historical roots of the movement (van Gelder 2011, Gitlin 2012, Byrne 2012) to philosophical reflections on the meaning of occupation (Chomsky 2012) as well as more general treatises on the looming inequality crisis in America (Dadush et al. 2012; Noah 2012). There has also been lots of criticism of OWS, especially with regards to the movement's perceived lack of cohesiveness in terms of its objectives and proposals for concrete policy solutions. In an interview given to the Wall Street Journal back in October of 2011, Martin Feldstein, the well-known conservative Harvard economist was asked to provides his two cents on OWS. He bluntly responded that "[he couldn't] figure out what that's all about, other than that people are unhappy…" (Corak, 2012).

Today, as we mark its one year anniversary, the Occupy movement appears to have lost some of its traction[1] but if there is one enduring legacy it has left us, it is the collective voice given to the broader issue of inequality. It has changed the way people think and speak about the diverging fortunes of the rich and the middle class. The movement's 'we are the 99%' slogan, which of course refers to the growing concentration of income (and more broadly wealth) among the top earning 1%, continues to resonate in media and policy circles. What used to go largely unnoticed has even become one of the focal points of Obama's political message in his bid for re-election during the presidential campaign (Yakabusky 2012; Noah 2012 TNR).

While rising inequality is not new in the US (economists have been tracking its upward trending trajectory since the late 1970s; see Piketty and Saez 2003), it is a relatively more recent phenomenon in Canada. Indeed, compared to its southern neighbor, patterns of inequality in Canada during most of the post-WWII era were much more modest and stable (Blackburn and Bloom 1991; Freeman and Needels 1991). As one prominent Canadian economist recently observed: "[b]ack in those days, […] the study of inequality was boring – a bit like watching grass grow" (Osberg 2008, p.3). But things changed in the mid-1990s as the Canadian economy experienced important demographic shifts, industrial restructuring, rapid technological change and increased global competition. This was also a time when Canadian governments adopted austere fiscal policies aimed at reducing income support and social assistance programs in an effort to rein in growing budgetary deficits. The impact of these developments on labour markets

[1] Though it should be noted that it has been quick to re-mobilize in support of a number of social causes (in the summer of 2012, for example, several Occupy movements across the country protested in solidarity with Quebec students who were opposing the provincial government's plan to raise tuition fees).

and the distribution of incomes has been dramatic. Over the last twenty years, inequality in Canada has been rising rapidly (Green and Kesselman 2006; Frenette et al. 2007; Osberg 2008; Brozowski et al. 2010; Bolton and Breau 2012). In fact, of all OECD countries, Canada has experienced the second largest surge in income inequality since the mid-1990s (OECD 2008). And for the first time on record, even though levels of income inequality remain higher in the US, inequality in Canada is rising at a faster and more sustained pace than in the US (Conference Board of Canada, 2011).

It is no surprise then, that on October 15, 2011, some 20 cities across Canada were involved in the Occupy movement's Global Day of Action (see Table 1). The largest demonstrations were held in the country's three metropolises with Occupy Montreal featuring the biggest encampment where some 168 tents were pitched across Victoria Square (Rocha 2011). Like Zuccotti Park and so many other sites where the movement's protests took place, the choice of Victoria Square, itself located in the heart of the city's financial district, is full of symbolic significance. Figure 1 shows the site of the encampment just a few days after the street protest with tents covering every inch of the public square. In the immediate background are the Montreal World Trade Center and the global headquarters of the Power Corporation of Canada, an international management and holding company that ranks as the 4th largest corporation in the country (and 299th in the world according to Forbes Global 500). Other corporate headquarters located adjacent to the square are Canada Steamship Lines (owned by a former Prime Minister) and Videotron (one of the country's largest television, telephone and internet service provider), and just down the road is the posh W Hotel. On the other side of the square is the Montreal Exchange, the country's oldest exchange which now focuses on the development of financial derivatives markets. The location of the occupy camp in Montreal clearly reasserted the spatial dimensions of exclusion and inequality (Pickerill and Krinsky 2012).

[Insert Table 1 and Figure 1 about here]

This paper seeks to investigate the socio-economic and spatial dimensions of the group targeted by the Occupy protests in Canada, i.e. the top 1% of income earners. Contrary to the US case, much less has been written about the growing income gap between Canada's top 1% and the rest of the population.

Most existing studies documenting the growing concentration of income among the wealthy few rely on tax return statistics (see Table 2). These are useful in that they provide accurate income data on an annual basis for extended periods of time. The drawback, however, is that they do not provide us with much information on the socio-economic characteristics of the individuals themselves. Tax files, for instance, do not supply information on the level of education of individuals, nor on their occupation or industry of work. For such data one has to turn to the Census and so far only three studies have done so to examine who makes up the top 1%.

[Insert Table 2 about here]

Rashid (1986, 1994) was among the first to use the long-form Census files to analyze the characteristics of high income families in the 1980s. The general conclusion at the time was that high income families (i.e. those defined as belonging to the top percentile) received 5.8% of all family income. More recently, Fortin et al. (2012) rely on the Census public use micro-data files

(PUMFs) to provide a snapshot of the top 1% of earners in 2005. This is a timely study in that it allows us to demystify some of the features of those who have been doing so well lately. Yet this study suffers from a number of limitations. First, since it draws on the PUMFs, it likely overstates its top 1% cut-off (which is estimated to be $230,000 in 2005). Recall that the PUMFs sample represents roughly 2.7% of the population enumerated in the census versus the 20% sample size offered by the long-form sample used in this paper. Second, it is static in that it does not compare the characteristics of top 1% income earners in 2005 to an earlier reference point. We do not, therefore, know how the make-up of the top 1% may have changed over time. Finally, nothing is said about the spatial dimensions of the top 1%. Given that the analysis is carried out at the national-level only, we know nothing about potentially important changes to the geographical distribution of the top 1% across the Canadian space-economy, nor about local differences in income thresholds and the socio-economic composition of the top 1%. As we will show in this study, there are clear and growing spatial cleavages in terms of how incomes are distributed across the Canadian economic landscape. These cannot be ignored.

We know that the negative outcomes of income inequality are potentially many: impacts on the long-run economic growth of economies (Sharpe 2003), declines in the health of populations (Ross et al. 2000), higher levels of social dysfunction (Wilkinson and Pickett 2009) and rising political instability (Hacker and Pierson 2010). If we are to design public policies aimed at creating a more just society we must be able to target where increases in income inequality are concentrated and identify the main factors behind such increases.

This paper uses hard data to paint a statistical portrait of Canada's top 1%, those who continue to be the focus of the Occupy movement, and of recent changes in the geography of the top 1%. The remainder of the paper is organized as follows. Section 2 begins by describing the data and methods used to identify the top 1% of income earners in Canada. Section 3 provides a national-level profile while section 4 breaks the analysis down to regions and large metropolitan areas. We conclude with a few brief comments on the policy implications of our findings.

2. Data and methodology

Murphy et al. (2007), in one of the most detailed analysis of tax file records in the country, argue there is no consensus on how to define 'high incomes' as a number of different measures have been used in the literature. Generally speaking, these measures can be categorized as either (i) absolute or (ii) relative thresholds. *Absolute thresholds* are the simplest and easiest measures of high income to understand since they are defined by a given nominal dollar value. For instance, by law, each year the province of Ontario is required to disclose the names of all public sector employees that are paid $100,000 or more (i.e. the so-called 'sunshine list'). Here, $100,000 serves as the key benchmark: individuals with incomes greater than this are considered to be high income earners. The problem with such an absolute threshold, as Murphy et al. (2007) also point out, is that it is a static benchmark: what was considered a large dollar value 15 years ago may no longer be the case today.

In contrast, a *relative threshold* is defined by an income distribution that has been ordered (i.e. with incomes ranked from lowest to highest) and divided into a certain number of equal-sized quantiles (e.g. deciles or percentiles). The issue then becomes selecting the threshold – or relative cut-off point – that separates those with higher incomes from the rest of the distribution. Past studies have used thresholds of 10%, 5% and 1% as cut-off points. In this paper, high income earners are defined as those that make-up the top percentile (top 1%) of the income distribution (we will also look at the 'super rich', those in the top 0.1 percentile).

The income data analyzed in this paper is drawn from the 1991 and 2006 Census long-form files (i.e. the 20% sample). The long-form files contain information on pre-tax total income at the individual level for the year ending December 31 prior to the Census year in question (so we are actually looking at 1990 and 2005 income levels). Here, total income is defined as wage and salaries, self-employment income, income from various government sources such as family allowances, Old Age Security benefits and Employment Insurance, as well as investment and retirement pensions. All income values are deflated using the Consumer Price Index (CPI) and expressed in constant 2002 dollars. For the purposes of this study, all individuals aged 15 years or more and having reported a non-negative income in each relevant Census year are included in the analysis. This makes for very large samples of individuals (over 21 and 25 million individuals in 1991 and 2006, respectively), a pre-requisite for providing a profile of the top 1% below the national level.

As we will see shortly, the concentration of high incomes is predominantly an urban affair, with almost two thirds of Canada's top 1% located in one of its five largest Census metropolitan areas (CMAs: Toronto, Montreal, Vancouver, Ottawa-Hull and Calgary). Accordingly, the analysis of the distribution of income was also carried out separately for each metropolitan area in order to examine city-level differences in percentile cut-off points and variations in the local make-up of high income earners[2]. This is again one of the advantages of using the Census long-form files (as opposed to tax filer data): the amount of detailed information on the socio-demographic characteristics of individuals is unparalleled by other large-scale surveys in Canada.

3. A national-level profile

The data analysis begins with Table 3 which presents the income thresholds for selected percentiles in both 1991 and 2006 along with two broader measures of the distribution of income for the nation as a whole, the Theil index and half the square of the coefficient of variation (HSCV). Derived from information theory (see Shannon's work; plug-in reference, maybe Coulter 1989), these two inequality indices are members of the Generalized Entropy class of measures generally defined by GE(α) where α is a sensitivity parameter which determines whether the emphasis of the inequality index is placed on the bottom or top ends of the income distribution (Jenkins 1991, 2009; Rohde 2008). The Theil index, one of the more commonly applied measures of inequality has an $\alpha = 1$ while the HSCV has an $\alpha = 2$. In other words, the HSCV, compared to the Theil, is more sensitive to income differences at the top of the distribution. From 1991 to 2006, the Theil index increased by more than 33% at the national-level, a figure that is in-line with recent estimates produced by Breau et al. (Forthcoming, E&P:A). As for the HSCV, it grew from 0.694 to 2.19 over the same time frame, a whopping 215.6% increase. This suggests much larger swings in income differences at the top end of the distribution.

[Insert Table 3 about here]

[2] To the best of my knowledge, no other study has carried out distinct analyses of the top 1% of the income distribution for individual cities in Canada; for that matter, nor elsewhere in North America.

A look at values for the top 1 (P99) and 0.1 percentiles (P99.9) confirms this. To be considered part of the top 1% back in 1991, an individual had to earn roughly $120,000 in total income. The average income for these top 1% earners was $200,750 compared to $26,145 for the average Canadian. As a whole the top 1%'s share of total income stood at 7.66%; that is to say, 1% of Canada's working age population held almost 8% of the nation's total income[3]. Though this is itself a striking figure it pales in comparison to the 11% of total income that accrued to the top 1% in 2006. In fact, the income thresholds in 2006 reveal that the major increases in values from 15 years earlier occur in the top 5%, 1% and 0.1% groups whereas the cut-offs for most other percentiles remain essentially unchanged. Indeed, while the median income cut-off barely increased to $22,025 (from $19,435 in 1991), the admission to the top 1% club jumped to $155,000 in 2006 with a mean income for this group of more than $344,000. The rich are getting richer in Canada, disproportionately so compared to everyone else.

Even more staggering is the increase in the top 0.1%'s income threshold. The latter essentially doubled from $298,000 in 1991 to $550,000 in 2006. By itself, this 0.1% 'super rich' few collectively raked in more than 32 billion dollars in 2006, which works out to an average income of approximately $1.25 million and a 4% share of total income. To put things into perspective, columns 3 and 7 of Table 3 show the income thresholds as a percentage of median income. In 1991, individual incomes for the top 0.1% were 15 times larger than the median; by 2006, they were 25 times larger. Nowhere else in the income distribution have changes over the last fifteen years been so drastic. This is the same kind of hyper-concentration of incomes that has become the defining feature of America's 'winner-take-all' economy (Hacker and Pierson 2010).

If for a long time during the 1970s, 1980s and early 1990s patterns of income inequality in Canada were seen as being more subdued than in the United States (Freeman and Needels 1993; Kuhn 1995) that no longer appears to be the case today.

So who exactly are these 256,000 high income earners? Table 4 presents a list of key socio-economic characteristics for the top 1% compared to all individuals in 1991 and 2006. In glancing at the table, the first thing we note is that top income earners are mostly men: only 18.9% of the top 1% income group were women in 2006 compared to 51.4% of the overall population. This is a slight improvement over the 1991 figure of 13.4% though what is not show here is that the gap in mean incomes for men and women in the top 1% has grown considerably: from an absolute difference of $17,300 in 1991 (i.e. a 9.3% gap) to $60,200 in 2006 (i.e. a 20.5% gap). Most top income earners are also not part of a visible minority.

With respect to age attributes, top income earners tend to be older with the largest concentrations of individuals either in the 37 to 49 or 50 to 64 age ranges. The percentage share of individuals in the 50 to 64 age cohort, in particular, has increased significantly over the 15-year period. This is not so surprising considering that individuals typically reach their 'prime age' in terms of income earning in their early fifties (Williams 2010; Denton et al. 2011).

[Insert Table 4 about here]

More than ever, education is also an important asset. Almost two thirds of top 1% earners had a bachelor's degree or more in 2006 compared to 18% of the population as a whole. This is also in stark contrast to the 4.3% of top income earners with less than a high school diploma.

[3] This is slightly higher than the estimate produced by Rashid (1994) though here we are working with individuals and not families as the unit of analysis.

The bottom two panels of Table 4 show the share of individuals in different occupational and industry groupings. These groupings are those with the largest shares of top 1% income earners. Broad occupational categories were created using the 1991 Standard Occupational Classification. By and large, high level management functions dominated the share of top 1% income earners. This group of individuals, which consists mainly of managers in financial and business services, investment bankers, accountants and senior government managers, actually consolidated its stance atop the distribution during the period of study. Professional occupations in the applied (e.g. engineers, chemists, computer programmers) and social (e.g. judges, lawyers, program officers) sciences, as well as in the health sciences, round out the second and third categories.

Finally, in terms of industries, the Occupy movement's focus on images of bankers from Wall Street and financial districts around the world is best captured by the financial, insurance and real estate (FIRE) grouping of industries. Certainly, with a mean income of $424,886 in 2006, these 37,580 individuals make-up the highest paid group. They are also the fastest growing group. When we look at changes in the shares of top 1% earners across different sectors, the 3.8 percentage point expansion from 1991 to 2006 in financial industries is by far the most significant increase. The only other proportional shift that comes even close to such growth is in the mining, oil and gas industries. Recent developments in the finance, mining, oil and gas sectors have thus undeniably played an important role in explaining the overall rise in income inequality in Canada. But it is not only about the bankers. The largest group of top 1% earners consists of the 55,350 individuals in the professional, scientific and technical service industries (i.e. legal services, accounting, management consulting, engineering, computer system designs and public relations services) who on average earn about $334,000. In second place are health related services (i.e. mostly offices of physicians, dentists and optometrists), though at $272,860 the industry's group mean income is relatively lower than that of the overall average (only educational services and public administration have lower mean incomes in the top 1%).

4. Where does the top 1% live?

In addition to changes in the socio-economic characteristics of high income earners, a look at the geography of Canada's top 1% also draws attention to growing imbalances in the fortunes of regions and cities. At the regional level, the most significant change occurs in the Prairies as the proportion of top 1% earners residing in Manitoba, Saskatchewan and Alberta increased from 15.0% in 1991 to 20.7% in 2006 (see Figure 2), a gain of about 21,270 individuals. Most of this increase can be traced to the latter province where the fast paced development of the notorious 'oil sands' through the 1990s and early 2000s fuelled much inequality (more on this below). In contrast, the relative shares of the top 1% have declined in all other regions with Atlantic Canada actually registering a reduction – in absolute terms – of the number of individuals belonging to the top 1% club.

[Insert Figure 2 about here]

As we drill down to the metropolitan level, we find, not surprisingly, that high income earners are predominantly city-dwellers. In 2006, 91.4% of the top 1% lived in an urban area (i.e.

defined simply as living in a Census Metropolitan Area of Census Agglomeration[4]). This share appears to have remained relatively stable over time as 88.6% of high income earners lived in an urban area back in 1991.

Within the urban hierarchy, the concentration of the top 1% earners living in one of the country's largest five metropolitan areas is striking. No less than 61.5% of all high income earners reside in Toronto, Montreal, Vancouver, Ottawa or Calgary (up from 57.6% in 1991). Compare this to the collective 41.5% (in 2006) share of total population these five cities represent and the 20 percentage point difference emphasizes just how lopsided the spatial distribution of the richest 1% is.

Alone, Toronto's share of top 1% earners stands at 28.4% in 2006 (almost twice its share of the nation's total population), making it by far the single largest metropolitan hub of top income earners in the country. This, despite the fact the cost of admission to the top 1% club in Toronto is higher than elsewhere in the country (the one exception being Calgary; more on this below). As Table 5 reports, at $216,405 the income cut-off for the top percentile in Toronto is more than $61,000 above the national threshold. Since the 1970s, Toronto has become the country's uncontested financial capital (Walks 2001; Kipfer and Keil 2002). It is home to the Toronto Stock Exchange (i.e. the eight largest stock exchange in the world by market capitalization) and Canada's 'Big Five' banks (also considered among the world's largest banks). Together with other prominent financial institutions (from major brokerage houses to insurance companies and accounting firms), they anchor the city's bustling financial district and service the needs of national corporate headquarters that are also clustered in the city's downtown core. Toronto, as it is, has become one of the most influential and connected cities on the planet (Beaverstock et al. 1999). It is not surprising, then, that one quarter of Toronto's top 1% income earners are employed in finance, insurance and real estate (FIRE) industrial activities with another quarter employed in professional, scientific and technical services (i.e. legal, accounting, advertising, engineering and business consulting services). The city's highly skewed income distribution (a Theil statistic value of 0.675 is considered extremely high, even by international standards; see Galbraith 2002) in large part reflects the growing gap between these top bankers, hedge fund managers, loan brokers and securities advisors (who on average earned close to $674,000 in 2006) and the rest of the working population[5]. Overall, the top 1% accounted for 15.4% of total income in Toronto in 2006, a 67.1% increase from 1991.

The concentration of income is somewhat more subdued in Montreal and Ottawa, respectively the second and fourth largest cities in the country. The top 1% income threshold in both cities hovers much more closely to the national threshold. In Montreal, top 1% earners in the FIRE industries are again those with the highest average remuneration ($382,000) though they represent a much smaller share (i.e. 13%) of high income individuals. Here, top incomes are spread out more evenly across the city's diversified industrial basis. Of the five largest cities in the nation, Montreal is the only one with a share of the country's top 1% high income individuals

[4] Statistics Canada defines a Census Metropolitan Area (CMA) as an area with a population of at least 100,000 (with 50,000 or more living in the core) and a Census Agglomeration (CA) as an area with a minimum core of 10,000 individuals.
[5] In 2006, the top 1% employed in FIRE services earned more than 19.2 times what the average Torontonian worker earns. This gap has increased more than 206% from 1991, when the same ratio stood at 9.3.

(at 11.2%) that is below the city's national share of total population (11.6%). Ottawa has the lowest average income ($307,550) for top 1% earners of Canada's largest cities, reflecting the high proportion of public administration functions in the city (this sector has the lowest average income for top earners).

[Insert Table 5 about here]

As in the regional case, the real story to emerge from this metro-level analysis of Canada's richest 1% is happening out west. The bottom panel of Table 5 shows distributional statistics for the city of Calgary. Back in 1991, the distribution of income in Calgary resembled that of the average 'big city' in Canada with an income cut-off point for the top 1%, Theil and GE(2) values that were just slightly above those of the national level. However, as we move forward in time, what a difference 15 years make. By 2006, Calgary had surpassed all other cities to become the country's most unequal metropolitan area (see also Bolton and Breau 2012). To be part of the top 1% of the income distribution in 2006, a Calgarian had to earn a minimum of $283,000. The mean income of the top 1% in Calgary (at $784,000) even eclipses that of Toronto by more than $240,000. By itself, the top 1% in Calgary holds 18.2% of the city's total income pie, a more than twofold increase in the concentration of income from 1991. Even scarier is the concentration of income in the hands of the super-rich (i.e. who have an average income of more than $3 million): one tenth of a percentage of the population in Calgary holds as much as 7% of the city's total income. This is a threefold increase from 1991. Nowhere else in the country has the hyper-concentration of incomes been so flagrant. This has also led to much greater economic segregation within the city itself. As a recent study by Chen et al. (2011) points out, Calgary has witnessed the largest increase in the economic sorting of richer and poorer families across neighbourhoods from 1980 and 2005, with higher-income areas flourishing while low-income areas stagnate. The bulk of these changes in neighbourhood level outcomes are linked to changes in labour market outcomes, which here means recent developments in the oil and gas sector. In Calgary, unlike other metropolitan areas in the country where most of the top 1% of income earners are found in the professional and scientific services, health services or FIRE services, the oil and gas industry represents a whopping 34.1% of all high income individuals. So while the Occupy movement has focused its attention on Bay Street in Canada, perhaps more consideration should be given to Calgary's business district and its oil barons.

5. Conclusion

The Occupy movement, which began in the fall of 2011, has drawn attention to the problem of growing inequality in several countries around the world. In Canada, inequality has been rising since the mid-1990s and this upward trend is characterized by particularly strong gains for individuals concentrated in the top income shares.

This paper used micro-data from the 20% long-form census files to paint a portrait of the top 1% income earners in the country for the years 1991 and 2006. To be admitted to the top 1% club in 2006, an individual in Canada had to earn a minimum of $155,000. The mean income for the top percentile of earners was $344,000, more than 11 times what the average Canadian earned in that same year. Together, the top 1% held over 11% of the nation's total income, a much larger figure than the 7.66% held by the top 1% only fifteen years earlier.

In terms of their socio-economic profile, high income earners are mostly white men aged 37 to 64 with a bachelor's degree or more. Most are occupied in high level management functions of some sort, with the highest paid group found in the financial, insurance and real estate industries. Large cohorts of top 1% earners are also employed in the health and professional, scientific and technical services industries though these individuals typically have much lower average incomes relative to the group's overall mean income.

Perhaps the biggest change observed over time is in the geography of the top 1%. Though Ontario continues to be home to the largest number of high income earners, with Toronto alone accounting for 28% of the total cohort, more and more of Canada's financial elite is living in the West. In 2006, 1-in-5 of the country's top income earners lived in the Prairie provinces. There are now more high income earners residing in the Prairies than there are living in Quebec, despite the former representing only about two thirds of the latter's total population. Calgary now has the dubious distinction of being the country's most unequal city. Here, the top 1% holds more than 18% of the city's total income, a concentration of income that is more than twice as large than its previous level in 1991.

So what can we do to curb the problem? What are some of the policy options at our disposal? Surely, to reverse the tide of growing inequality we should be thinking about revisiting policy instruments such as government transfers to persons, investments in education and human capital as well as minimum wage legislation. Given the findings of this study, another obvious place to start looking is the country's tax code. While it used to be considered quite progressive, Canada's income tax system is not so much today, especially with regards to high income earners (Lee 2007). Back in 1949, the combined federal and provincial personal income marginal tax rate for individuals earning more than $125,000 was approximately 74%. In 1973 it fell to 61%; 51% in 1987 and down further to about 43% by 2009 (Treff and Ort 2010). The top marginal tax rate at the federal level currently stands at 29% and is levied on all incomes over $132,400. There are also growing disparities among provincial marginal tax rates: from Alberta's rock bottom 10% flat rate (in 2011) to Quebec's top marginal rate of 24% levied on incomes of more than $80,200. And, even though it has one of the lowest rates of inequality in the country, Quebec's newly minted finance minister plans to counter the growing concentration of top incomes by adding two additional tax brackets in the province's next budget. Those earning above $130,000 would see a 28% tax bracket and another bracket of 31% would be added for incomes above $250,000 (Dougherty 2012). All of these institutions have been under 'neoliberal siege' in Canada, as elsewhere, over the last few decades. With inequality now reaching all-time high levels in the country, the Occupy movement has brought the debate on income distribution in from the cold. The strain can no longer be ignored.

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Tables

Table 1: Occupy Canada protests around the country

City (province)	Estimated crowd size[1]	Central rallying point
Vancouver (BC)	4,000 plus	Vancouver Art Gallery
Victoria (BC)	800 plus	Centennial Square (provincial legislature)
Edmonton (AB)	1,000	Jasper Park
Calgary (AB)	400 plus	Bankers Hall, St. Patrick's Island
Saskatoon (SK)	200	Friendship Park, Gabriel Dumont Park
Winnipeg (MB)	400 plus	Memorial Park
Toronto (ON)	2,000 – 3,000	St. James Park, Bay St., King St.
Ottawa (ON)	Hundreds	Confederation Park
Montreal (QC)	1,000	Victoria Square, Sainte Catherine St.
Moncton (NB)	300 plus	City Hall, Aberdeen Cultural Centre
Charlottetown (PEI)	125 plus	Province House (provincial legislature)
Halifax (NS)	300	Grand Parade Square in front of City Hall

Notes: [1]For rallies on 15 October, 2011 (Global Day of Action), as reported by the Canadian Broadcasting Corporation (October 17, 2011).

Table 2: Previous studies of high incomes in Canada

Author(s)	Period of study	Definition of income threshold	Data source	Unit of analysis, geographical focus	Main findings
Rashid (1994)	1990	Top percentile ($185,000), pre-tax total income	Census, long-form files	Families, national	Provides one of the earliest analysis of the characteristics of families that constitute the top 1% in Canada
Murphy et al. (1994)	1990	Top percentile ($114,000), pre- and post-tax total income	Tax return statistics	Individuals, national and Ontario	Though a brief profile of high income Canadians is offered, the primary focus of the study is on the taxes paid by high income individuals
Saez and Veall (2005)	1920 to 2000	Top 5%, 1%, pre-tax gross income	Tax return statistics	Individuals, national	Post-WWII period characterized by significant decrease in the top income shares of total income; this trend reverses itself as top income shares increase dramatically over the 1980 to 2000 period
Murphy et al. (2007)	1982 to 2004	Top 5%, 1%, pre-tax gross income	Administrative tax data (T1FF[1]) and SCF[2]	Individuals and families, national	Examines both income and wealth inequality; identification of important differences according to gender, age and marital status.
Yalnizyan (2010)	2000 to 2007	Top percentile, pre-tax gross income	Tax return statistics	Individuals, national	This study updates and extends the analysis originally carried out by Saez and Veall (2005) to include tax filer data up to 2007. The trend is towards even greater concentration of incomes for those at the top of the distribution.
Fortin et al. (2012)	2005	Top percentile ($230,000), pre-tax income	Census, public use files	Individuals and families, national	Presents a broad perspective on the evolution of income inequality in Canada and a discussion of related policy options.

Notes: [1]T1 Family File; [2]Survey of Consumer Finance

Table 3: Distribution of income at the national level, 1991 and 2006

	1991				2006			
Percentiles	Income threshold[1]	% of median	Mean income	% of total income	Income threshold[1]	% of median	Mean income	% of total income
P10	435	2.2			1835	8.3		
P25	7770	40.0			9545	43.3		
P50	19435	100.0			22025	100.0		
P75	36905	189.9			40655	184.6		
P90	55795	287.1			63430	288.0		
P95	69645	358.3			81020	367.9		
P99	119525	615.0	200752.8	7.66	154675	702.3	344111.2	11.04
P99.9	298095	1533.8	519895.9	1.98	549955	2496.9	1256824.0	4.02
Theil	0.375				0.501			
GE(2)[2]	0.694				2.19			

Notes: [1] Expressed in constant 2002 dollars and rounded to the nearest $5 value. [2] Half the square of the coefficient of variation (HSCV).

Table 4: Characteristics of top income earners, national-level, 1991 and 2006

	1991		**2006**	
	Top 1%	Overall	Top 1%	Overall
Number of obs.	211965	21260660	255990	25599015
Mean income	200752.8	26145.6	343111.2	31072.4
% women	13.4	51.1	18.9	51.4
% visible minority	6.3	8.8	8.2	15.3
Age cohort				
< 36	14.3	45.2	8.1	35.4
37 – 49	42.3	23.7	40.8	25.4
50 – 64	31.0	17.4	40.1	23.3
> 65	12.5	13.8	10.9	15.9
Education				
Less high school	14.5	40.6	4.3	23.8
High school	13.8	23.3	11.7	25.5
Trades and other	18.6	24.8	19.8	32.5
Bachelors degree +	53.1	11.4	64.3	18.1
Leading occupations				
Management functions	41.9	9.6	49.2	10.8
Professional & scientific	12.6	4.9	15.3	6.8
Health	15.3	3.5	15.0	4.0
Leading industries				
Professional, scientific and technical services	19.8	14.1	21.6	18.1
Health services	15.4	6.4	15.1	7.2
FIRE[1]	10.9	4.0	14.7	4.1
Wholesale & retail sales	10.6	12.6	11.8	11.4

Notes: [1]Financial, insurance and real estate.

Table 5: The top 1% and 0.1% in Canada's largest CMAs, 1991 and 2006

	Toronto							
	1991				2006			
Percentiles	Income threshold[1]	% of median	Mean income	% of total income	Income threshold[1]	% of median	Mean income	% of total income
P99	158155	644.9	289208.4	9.02	216405	959.0	544676.8	15.4
P99.9	441430	1799.9	819062.4	2.65	900665	3991.4	2092044.0	5.91
Theil	0.406				0.675			
GE(2)[2]	0.992				3.90			
	Montreal							
	1991				2006			
Percentiles	Income threshold[1]	% of median	Mean income	% of total income	Income threshold[1]	% of median	Mean income	% of total income
P99	119050	624.9	195693.0	7.61	152180	707.2	307618.2	10.31
P99.9	297165	1559.9	491752.9	1.91	495945	2304.6	996460.9	3.32
Theil	0.362				0.459			
GE(2)[2]	0.664				1.42			
	Vancouver							
	1991				2006			
Percentiles	Income threshold[1]	% of median	Mean income	% of total income	Income threshold[1]	% of median	Mean income	% of total income
P99	138785	635.8	237478.7	8.24	170890	805.1	385067.9	12.23
P99.9	358095	1640.4	657321.9	2.26	613910	2892.4	1458335.0	4.56
Theil	0.381				0.565			
GE(2)[2]	0.736				2.65			
	Ottawa-Hull							
	1991				2006			
Percentiles	Income threshold[1]	% of median	Mean income	% of total income	Income threshold[1]	% of median	Mean income	% of total income
P99	131430	508.9	210083.3	6.66	166005	596.8	307550.3	8.41
P99.9	303570	1175.5	488274.0	1.53	471390	1694.7	910897.8	2.47
Theil	0.343				0.421			
GE(2)[2]	0.515				0.861			
	Calgary							
	1991				2006			
Percentiles	Income threshold[1]	% of median	Mean income	% of total income	Income threshold[1]	% of median	Mean income	% of total income
P99	147760	651.2	246675.3	8.21	283030	1045.5	783926.7	18.2
P99.9	380950	1678.9	628097.2	2.13	1496765	5529.2	3042091.0	6.99
Theil	0.401				0.761			
GE(2)[2]	0.731				4.72			

Notes: [1] Expressed in constant 2002 dollars and rounded to the nearest $5 value. [2] Half the square of the coefficient of variation (HSCV).

Figures

Figure 1: Site of the Occupy protest in Montreal, Fall of 2011

Source: Author's photography.

Figure 2: Geographical distribution of the top 1 % in Canada, 1991 and 2006