

behind the numbers

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BC home to greatest wealth gap in Canada

By Steve Kerstetter

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Special data calculations done by Statistics Canada for the Canadian Centre for Policy Alternatives show deep and abiding inequalities in the distribution of wealth in every region of Canada, but especially in British Columbia.

The provincial tabulations requested (and paid for) by the CCPA, based on the recent *Survey of Financial Security*,¹ indicate BC is home to both the highest average wealth in Canada and the largest gap between the richest and poorest households.

The BC data show that the wealthiest 10 percent of family units held 54.6 percent of the province's personal wealth at last count (compared to 53 percent nationally), and the top 50 percent controlled an almost unbelievable 95.7 percent of the personal wealth (compared to 94.4 percent nationally). That left only 4.3 percent of the wealth for the bottom 50 percent of British Columbian family units.

Net worth—or wealth—is all personal assets minus all personal debts. In 1999, the people of British Columbia had total esti-

mated wealth of \$423.5 billion. That worked out to an average of \$251,235 for each family unit—a higher average than existed in any other province. The actual distribution of wealth among family units, however, was anything but equal.

Table 1 (see page 2) breaks down BC's 1,685,649 family units (families and individuals living on their own) into ten equal-sized groups and ranks them from the poorest 10 percent near the top of the table to the richest 10 percent near the bottom of the table. The richest 10 percent had combined wealth of more than \$231 billion or 54.6 percent of all the personal wealth in the province. Average wealth in the group worked out to \$1,378,534.

Meanwhile, the poorest 10 percent of family units had debts that were higher than their assets and wound up collectively more than \$1.3 billion in the hole. Their net debt was \$8,126 on average, and their nominal wealth was minus 0.3 percent of the provincial total.

The contrast between haves and have-nots is just as shocking when family units in the province are split right down the middle, as

BC is home to both the highest average wealth in Canada and the largest gap between the richest and poorest households. The data debunk the myth that BC has been a tough place to be rich, particularly over the past ten years. These wealth statistics highlight the fact that one of BC's foremost public policy challenges is inequality, not the perceived tax burdens of the wealthiest among us.

Table 1: Distribution of Personal Wealth Among Family Units in BC, 1999

	Total Wealth of Group	Average Wealth of Family Unit	Distribution of Wealth
All family units	\$423,494,000,000	\$251,235	100.0%
Poorest 10%	(\$1,371,000,000)	(\$8,126)	-0.3%
Second	\$445,000,000	\$2,633	0.1%
Third	\$2,016,000,000	\$11,998	0.5%
Fourth	\$5,503,000,000	\$32,496	1.3%
Fifth	\$11,553,000,000	\$68,843	2.7%
Sixth	\$20,715,000,000	\$122,747	4.9%
Seventh	\$31,569,000,000	\$187,168	7.5%
Eighth	\$47,752,000,000	\$282,069	11.3%
Nineth	\$73,946,000,000	\$439,594	17.5%
Richest 10%	\$231,367,000,000	\$1,378,534	54.6%
Poorest Five Groups	\$18,146,000,000		4.3%
Richest Five Groups	\$405,349,000,000		95.7%

Source: Special tabulations by Statistics Canada based on Survey of Financial Security 1999

The statistics in this table add to the long-standing concerns of the Canadian Centre for Policy Alternatives and other social policy groups about the extent of economic inequality in Canadian society. They also underline the tenuous financial position of a surprisingly large portion of the population.

shown in the summary data on the final two lines of Table 1. The poorest five groups had total wealth of \$18.1 billion or 4.3 percent of the province's personal wealth. The richest five groups had total wealth of \$405.3 billion or 95.7 percent of the total.

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The family units in the two poorest deciles would be considered poor by any reasonable measure of poverty. Family units in the very poorest group have debts that outweigh their assets, and family units in the second poorest group have net wealth that works out to a mere \$2,633 on average. The third, fourth and fifth groups are noticeably better off, but they still may be at considerable risk of poverty.

Take, for example, a family in the fifth group with accumulated wealth equal to the group average of \$68,843 and also \$40,000 a year in job income—income a bit higher

than the average annual wage in Canada. The \$68,843 in net assets may sound like a lot, but it could amount to no more than a used car of recent vintage, modest household furnishings, a bit of money in the bank, and perhaps \$20,000 or \$30,000 tucked away in a registered retirement savings plan. If the job income disappeared, the family could be in dire straits in short order. The car may be needed to find or keep a new job, and the household furnishings wouldn't yield much money, even if they could be sold. The RRSPs could be cashed in as a stopgap measure, but the money wouldn't last long, and the family could find itself in a pinch years later when it came time to retire.

The family units in the richest five groups are much better prepared to weather a financial crisis, but only the very richest might consider themselves to be totally immune from hard times.

The same overall distribution of wealth shown in Table 1 is found in the other four regions of Canada. The richest 10 percent of family units own between 49 and 56 percent of the wealth, and the richest 50 percent of family units have between 92 and 95 percent of the wealth. The regional differences primarily reflect the relative economic

Table 2: Regional Differences in Personal Wealth, 1999					
	Average Wealth	% of National Average	Average for Richest 10%	Average for Poorest 10%	Gap Between Richest and Poorest
British Columbia	\$251,235	126%	\$1,378,534	(\$8,126)	\$1,386,660
Ontario	\$221,110	111%	\$1,088,364	(\$7,096)	\$1,095,460
Prairies	\$213,114	107%	\$1,135,499	(\$5,655)	\$1,141,154
Quebec	\$155,189	78%	\$868,517	(\$7,067)	\$875,584
Atlantic	\$122,798	62%	\$604,669	(\$8,227)	\$612,896
CANADA	\$199,664		\$1,059,423	(\$7,110)	\$1,066,533

Source: Special tabulations by Statistics Canada based on Survey of Financial Security 1999

The column at the far right of Table 2 shows the gap between the average wealth of the richest ten percent and the poorest ten percent. BC had the biggest gap by far—another sad reminder of how poorly the province’s wealth is distributed.

weakness of Quebec and the Atlantic provinces compared to other regions of Canada. Table 2 gives the details.

As noted, BC had the highest average wealth per family unit in Canada, \$251,235 or 126 percent of the national average wealth of \$199,664. Ontario came next with average wealth of \$221,110, followed by the three Prairie provinces with average wealth of \$213,114. The average for Quebec of \$155,189 works out to only 78 percent of the national average, and the average for the four Atlantic provinces of \$122,798 is only 62 percent of the national average.

Much of the difference in the averages for all family units combined is due to differences at the high end of the wealth scale. The third and fourth columns of Table 2 show average incomes for the richest 10 percent of family units in each region and the poorest 10 percent in each region.

The regional pattern for the richest 10 percent of family units is roughly the same as the overall pattern. The highest average wealth was the \$1,378,534 in BC, followed by \$1,135,499 on the Prairies, \$1,088,364 in Ontario, \$868,517 in Quebec, and \$604,669 in the Atlantic region.

Average wealth among the poorest 10 percent of family units is a different story. All the figures are negative numbers, indicating debts that were higher than assets, and all the figures are depressing. BC is perhaps most depressing,

because the poorest 10 percent had average wealth of minus \$8,126. That put the province on a par with the comparable figure of minus \$8,227 in the Atlantic region.

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Statistics Canada has not published much provincial data from the *Survey of Financial Security* because of the modest number of people who were surveyed in smaller provinces. Aside from the regional calculations in Table 2 for the three Prairie provinces, however, it did do separate calculations for Alberta. Those figures showed average wealth of \$235,990 (higher than Ontario but lower than BC). The average wealth of the richest 10 percent in Alberta was \$1,311,401, the average for the poorest 10 percent was minus \$5,314, and the gap between the two was \$1,316,715.

Taken as a whole, the data debunk the myth that BC has been a tough place to be rich, particularly over the past ten years. These wealth statistics highlight the fact that one of BC’s foremost public policy challenges is inequality, not the perceived tax burdens of the wealthiest among us.

Statistics Canada has done three similar surveys of wealth in recent decades, but the regional data compiled at the

request of the CCPA are the only data of their kind ever published. Comparable regional figures were not calculated for the three previous surveys that measured wealth in Canada as of 1970, 1977 and 1984.

Combined, the four studies highlight the skewed distribution of wealth as a long-standing feature of the Canadian landscape, but detailed comparisons among the surveys are tricky because of differences in methodology.

Statistics Canada did provide a small amount of summary data earlier in the year on changes in the distribution of wealth between the surveys for 1984 and 1999. The poorest 40 percent of family units saw little or no increase in their wealth during the 15 years, while the richest 20 percent of family units enjoyed increases in the order of 39 percent.

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Notes:

1. The *Survey of Financial Security*, which was released last spring, was the first of its kind since 1984. It provided information on the assets, debts and net worth of Canadians for the year 1999. Most of the published findings, however, were not broken down by region or province.

