

# NEWS RELEASE

## Inequality in the standard of living of Canadians has barely changed in 40 years

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For immediate release

**TORONTO**—Despite alarmist claims to the contrary, the inequality gap in Canadians’ living standards has barely changed since the late 1960s, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“If you only listen to certain voices in Canada, you may think the inequality gap is growing dramatically, but in fact we’ve seen little change in four decades,” said Christopher Sarlo, Fraser Institute senior fellow, professor of economics at Nipissing University and author of *Consumption Inequality in Canada: Is the Gap Growing?*

The study finds that consumption inequality—the difference in spending by different households—increased by a paltry 3.4 per cent from 1969 to 2009, the last year of available Statistics Canada data.

These results stand in contrast with the prevailing impression of a sharply growing gap and increasing polarization in Canada. This impression is heightened by reports that mis-measure income inequality.

In fact, when income inequality statistics are properly measured (i.e. after taxes and adjusted for household size) the study finds income inequality has increased modestly by 11.5 percent.

Consumption—compared to income—better reflects Canadians’ actual economic well-being by measuring what people *do* buy to support a certain standard of living, and not what people *could* buy, based on their income.

Income, compared to consumption, can also be quite volatile. For example, when people start a new business, take maternity leave, switch jobs or even lose their job, their income drops. But during those times, people borrow, receive assistance from family, or draw down savings—measures not included in income inequality studies—to maintain their standard of living before their income levels rise again.

“Reports that mis-measure income inequality leave a mistaken impression that the gap between Canadians’ living standards is growing rapidly and we’re becoming more economically divided. Despite sensational reports, that’s just not the case,” Sarlo said.

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