



# NEWS RELEASE

## Wealth taxes reduce economic prosperity while raising little revenue, and wealth inequality is already shrinking in Canada

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**VANCOUVER**—If the federal government introduces a wealth tax, it would reduce economic growth, hamper the country’s recovery, and is unnecessary given the wealth inequality gap in Canada is already shrinking, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Rhetoric about a growing wealth gap in Canada and the supposed need for a wealth tax has been imported from the United States without any evidence to support it. The fact is Canada’s wealth gap is actually shrinking,” said Philip Cross, a senior fellow with the Fraser Institute and author of [\*Does Canada Need a Wealth Tax?\*](#)

The study finds that implementing a wealth tax in Canada would constrain economic growth by discouraging savings and investment, especially when wealth taxes are layered on top of existing taxes.

And the assertion that wealth inequality is growing in Canada is wrong. In fact, since 2010, wealth has grown more quickly for Canadians with lower and middle incomes than for Canadians with higher incomes. Specifically, wealth increased by 77.2 per cent for the lowest 20 per cent of income earners, by 88.8 per cent for the second lowest and 91.2 per cent for the middle income quintile. Wealth increased by 68.0 per cent for the fourth quintile and by 66.3 per cent for the highest income quintile, the smallest gain among the five quintiles over the past 10 years.

Crucially, wealth taxes have proven costly to administer and have been found to generate little revenue in countries that have tried them. As a result, most European nations that introduced wealth taxes have abandoned them in recent years.

“The evidence is clear—Canada’s wealth inequality is already shrinking, and wealth taxes have negative effects on the economy that would hamper our recovery,” said Cross.

“If policymakers in Ottawa pursue a wealth tax, it will further erode our competitiveness to attract top business talent and innovative entrepreneurs.”

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