



True North in
Canadian public policy

Commentary

March 2018

Rediscovering the Case for Enterprise

This commentary paper is based on a talk delivered at the Thunder Bay Chamber of Commerce AGM on February 8, 2018

Sean Speer

Introduction

Thank you to the Chamber of Commerce team and its board for inviting me to join you this evening.

As Dan Topigah from TBayTel noted in his introduction, I was born and raised here in Thunder Bay, so it's a real honour to address such an accomplished group of local and regional business leaders. It's nice to look up and see so many familiar and notable faces.

I'd be remiss if I didn't mention that it's particularly special to have my parents and grandparents here. My grandparents, Gerald and Annette, recently discovered Netflix and quickly made their way through five seasons of *House of Cards*. They now want to know if working for Stephen Harper was anything like working for President Underwood. I'll tell you what I told them: I'll neither confirm nor deny.

Fortunately, I have other things to talk about tonight. I'm grateful for the chance to speak about a topic that's relevant and personal for many of you.

I teach at the University of Toronto these days and I encourage my essay-writing students to state their thesis up front, right off the bat, before they start presenting their arguments. "Don't bury the lede," as Ian Pattison might have put it during his half-century at the *Chronicle Journal*.

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So, here it is: I think the case for the free enterprise system is being lost, and that those of us who believe in the economic and social benefits of entrepreneurship, markets, and profits are partly to blame.

We've lost the vocabulary that enables us to communicate the broad benefits of free enterprise, including employment, innovation, tax revenues, philanthropy, and so on. And this has had consequences. It's contributed to a growing misunderstanding, suspicion, and even animus for business among the general public. This in turn is now showing itself in an increasingly anti-business environment, including detrimental policies from all three levels of government.

The business community's collective inarticulateness has contributed to a growing divide between employer and employee, entrepreneur and wage-earner, and investor and worker. We need to rediscover our voice. We need to rebuild our capacity to engage. We need to tell our story.

So, if you'll indulge me, I will talk about how these anti-business sentiments in our politics and among our fellow citizens have come about, and what we can do to reverse them.

I'll start on the current political climate as it relates to business, then how I think we got here, and finally what can be done to improve things.

In so doing, I'll argue that the model of community orientation and engagement present here in Thunder Bay may be a blueprint for others to follow. That's ultimately how we'll bridge the divide. That's how we can restore trust and confidence in free enterprise.

I should say near the outset that while I worked for a Conservative prime minister, my observations aren't about partisanship. Quite the opposite, in fact. The trends that I'll describe aren't the monopoly of any one political party. It would be a mistake to assume that the circumstances would fundamentally change merely by replacing those in power. These trends transcend partisanship and we need to think much more broadly; simply substituting one politician or one party for another won't address these issues. They require that we rebuild the case for free enterprise with Canadians.

Anti-Business Environment

Let me start with the current business environment. I don't need to tell this audience that it's a difficult time to be an entrepreneur. It seems like virtually every week another level of government imposes a new tax, or regulation, or mandate that makes it more difficult to eke out a profit, invest in one's firm, or hire new workers. The cumulative weight must feel heavy at times.

It must have felt especially heavy this past summer. The growing burden began with the Ontario government's 32-percent minimum wage hike in May. It was then followed by Ottawa's surprise small business tax proposals in July.

“ I think the case for the free enterprise system is being lost, and that those of us who believe in the economic and social benefits of entrepreneurship, markets, and profits are partly to blame.”

What made matters worse is that both the wage hike and the tax proposals were marked by intemperate language on the part of government spokespeople. Ottawa was “going after” businesses, according to the finance minister (Veldhuis and Clemens 2017). Queen’s Park accused opponents of the minimum wage hikes of “bullying” and the premier even questioned their “decency” (Canadian Press 2018).

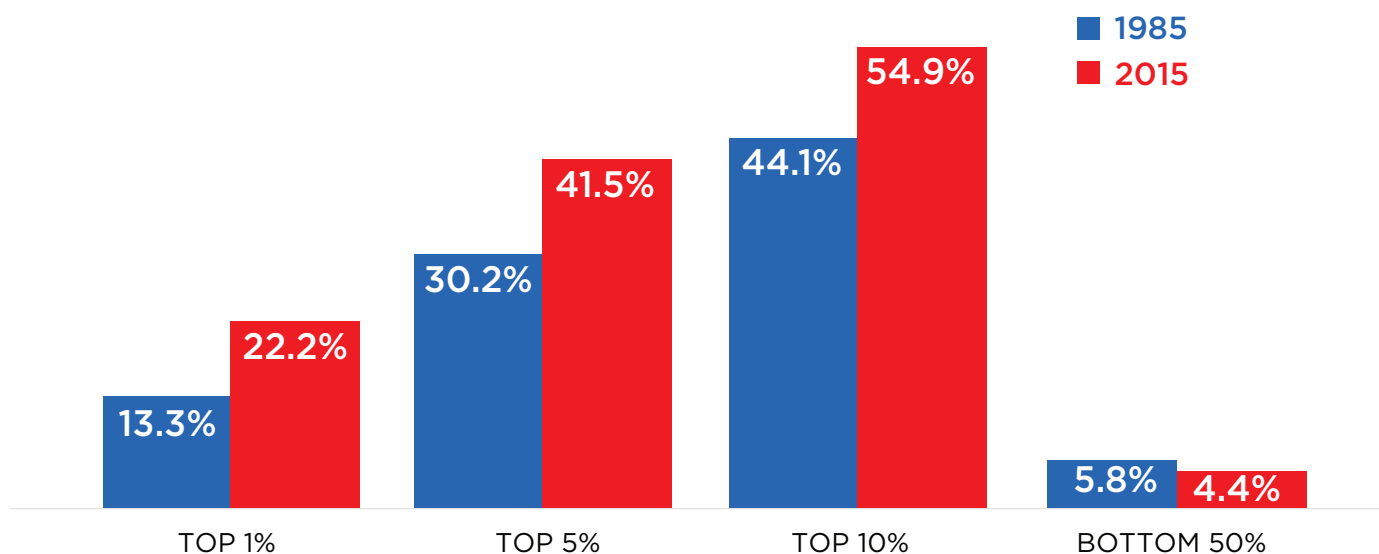
This divisive rhetoric was unusual. Not since the early 1970s had we seen mainstream politicians so openly malign entrepreneurs and businesspeople. The Canadian business community was understandably jolted.

But the truth is that while this summer may have been the high point (or low point, depending on one’s perspective), it’s part of a growing trend of government policies that seem to unduly target entrepreneurship and success.

The facts speak for themselves:

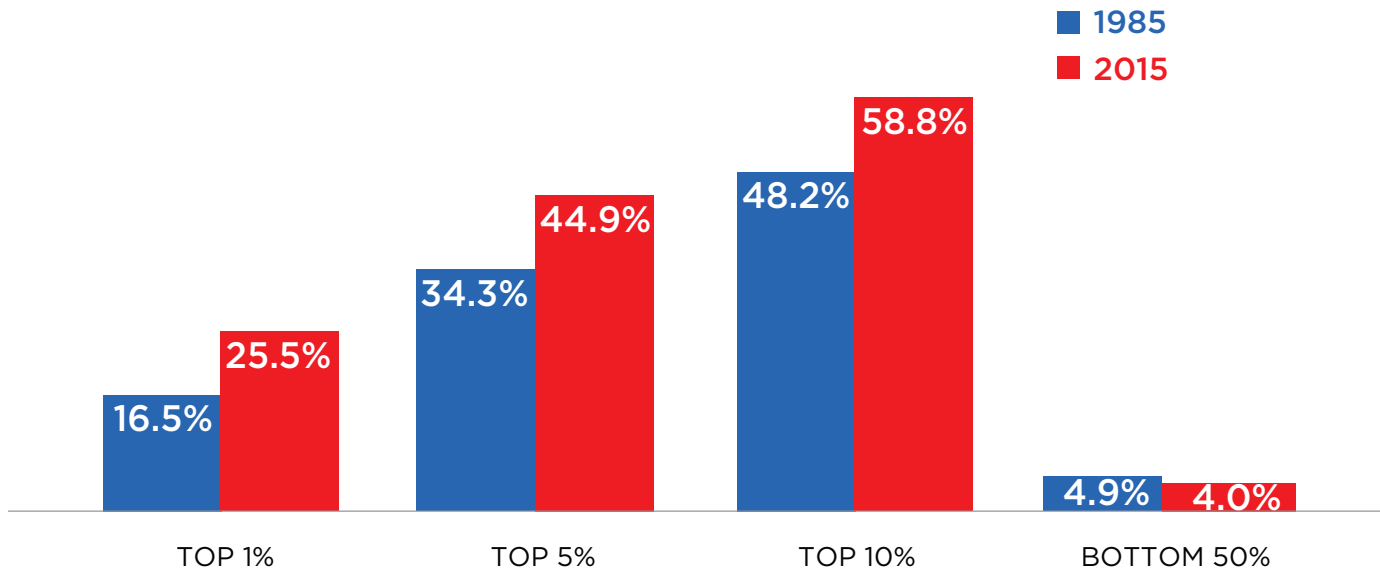
- Minimum wages are going up in various provinces, including to \$15 in Alberta and Ontario.
- Ontario’s energy prices have risen by 71 percent since 2008 – twice as fast as the national average (Artuso 2017).
- Payroll taxes – including EI and CPP premiums – are rising by thousands of dollars per worker.
- In seven of 10 provinces, top marginal tax rates for individuals now exceed 50 percent.
- Higher-income earners now pay a greater share of income taxes than at any time in the past 30 years (Chart 1).¹ These percentages are even more marked here in Ontario (Chart 2).²

CHART 1: Fair share in Canada? 1985 and 2015



Source: Statistics Canada 2017

CHART 2: Fair share in Ontario? 1985 and 2015



Source: Statistics Canada 2017

I think you get the picture. It's fair to say that Canadian entrepreneurs and businesspeople haven't found themselves in such an inhospitable climate for some time.

But what's most worrisome is that the politicians aren't leading the public on these issues. They're responding to them. If you don't believe me, just consider the following:

- 70 percent of Canadians believe that almost all the economic gains of the past two decades have ended up in the hands of the top 1 percent (Valpy 2017).
- Half of Canadians say they do not trust business - only slightly fewer than the media and politicians (Edelman Insights 2017).
- 54 percent of Canadians think high-income earners should pay higher taxes (Siekierski 2017).
- 40 percent of Canadians disagree with the notion that "most people are better off in a free market economy" (Pew Research Centre 2017).

These trends are most marked among millennials and younger voters. A recent Harvard poll found that 51 percent of those in the US aged between 18 and 29 said they opposed capitalism (Steverman 2017). Comparable data for Canada are hard to come by, but it would be wrong to assume much of a different result. A poll conducted on Canada Day, for instance, showed that nearly 75 percent of Canadian millennials disagreed that the rich pay enough taxes (Wells 2017).

What does this all mean?

The problem is not government policies *per se*. They're the symptom. The real problem is that the public has become disconnected from entrepreneurs, skeptical of business motives, and is losing confidence in the free enterprise system. Politicians, for better or for worse, are responding accordingly.

The Ontario minimum wage issue is a good example. That all three major political parties support the large-scale increase – in spite of considerable evidence of its harmful effects – is a sign that the politicians are following public sentiment. I can tell you that you don't win elections telling 60 percent of people that they're wrong (Breen 2017).

This uncomfortable truth needs to be reckoned with. The Chamber of Commerce may occasionally convince governments to adopt good policies or revisit bad ones. But until we get to the root of the problem – that is, until we address the public's skepticism about business and markets – the Chamber, its members, and those of us who believe in the broad benefits of free enterprise will continue to be on the defensive.

How We Got Here

It begs the question: how did we get here?

Answering this is key to understanding the source of our current political divide and what we can do to bridge it.

It requires a bit of modern history, if you'll bear with me. What makes the current public skepticism about business and markets so notable is that it represents a departure from modern historical trends in the direction of free enterprise.

If the second half of the 20th century was marked by competing visions of how we should organize our economies between capitalism and communism, the 21st century was supposed to be different. The tragedy of the communist experiment and its spectacular failure as symbolized by the collapse of the Berlin Wall in 1989 seemed to bring an end to this debate. Markets and capitalism had won. It was the “end of history” as Francis Fukuyama famously put it.

Even in the non-communist world the beginning of the current century was marked by a growing consensus in favour of a market orientation. Tax rates fell, industries were privatized and deregulated, and free trade agreements were signed.

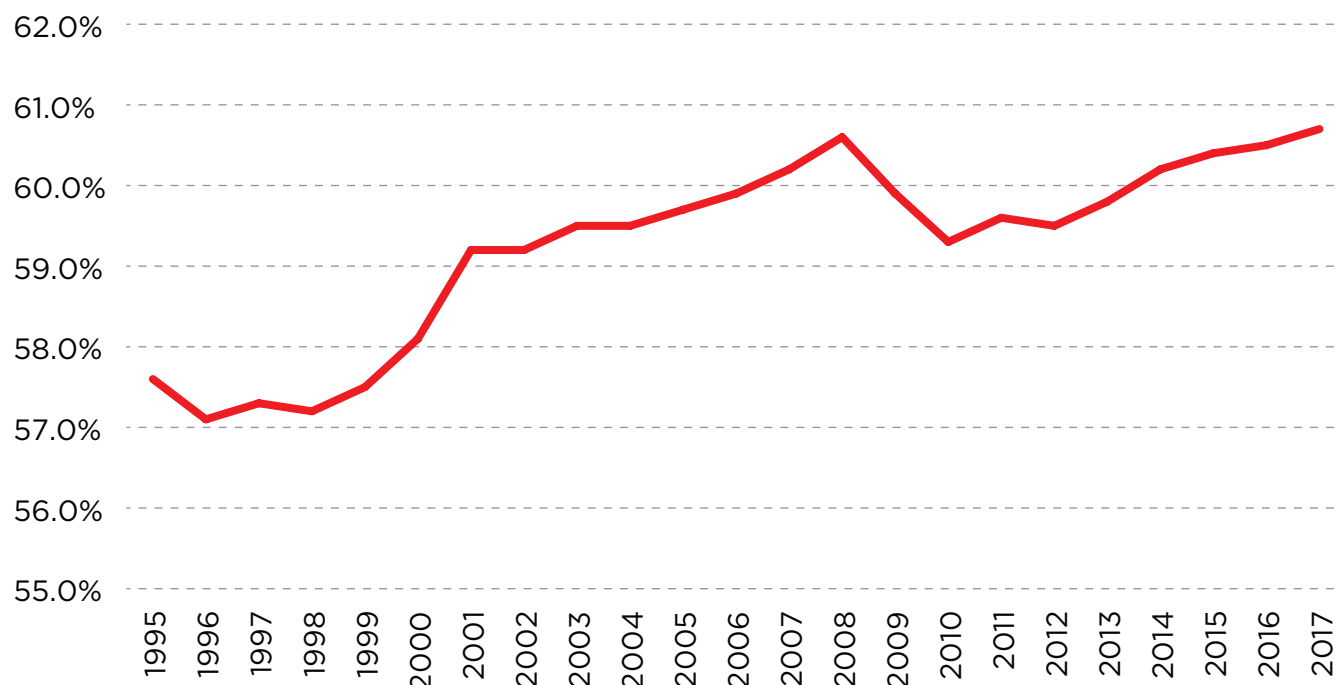
Most importantly, this wasn't a merely partisan or ideological approach. The political centre had manifestly shifted.

- Democratic President Bill Clinton declared that the “era of big government is over.”
- Labour Prime Minister Tony Blair removed “socialism” from the party's constitution.
- Liberal Prime Minister Jean Chrétien and finance minister Paul Martin reversed a quarter century of deficits and debt by reducing spending and modernizing government.

“What makes the current public skepticism about business and markets so notable is that it represents a departure from modern historical trends in the direction of free enterprise.”

The actions of these leaders weren't simply window dressing. Data show that economic freedom in OECD countries was higher in 2007 (the eve of the global financial crisis) than at any time over the previous century and a half (Chart 3).

CHART 3: Economic freedom around the world (index) - 1995 to 2017



Source: Heritage Foundation 2018; Funacion Fafael Del Pino n/d; Fraser Institute n/d.

Business leaders and market proponents had won the big intellectual battles of the previous century. The case for free enterprise seemed firmly established – and had broad-based public support.

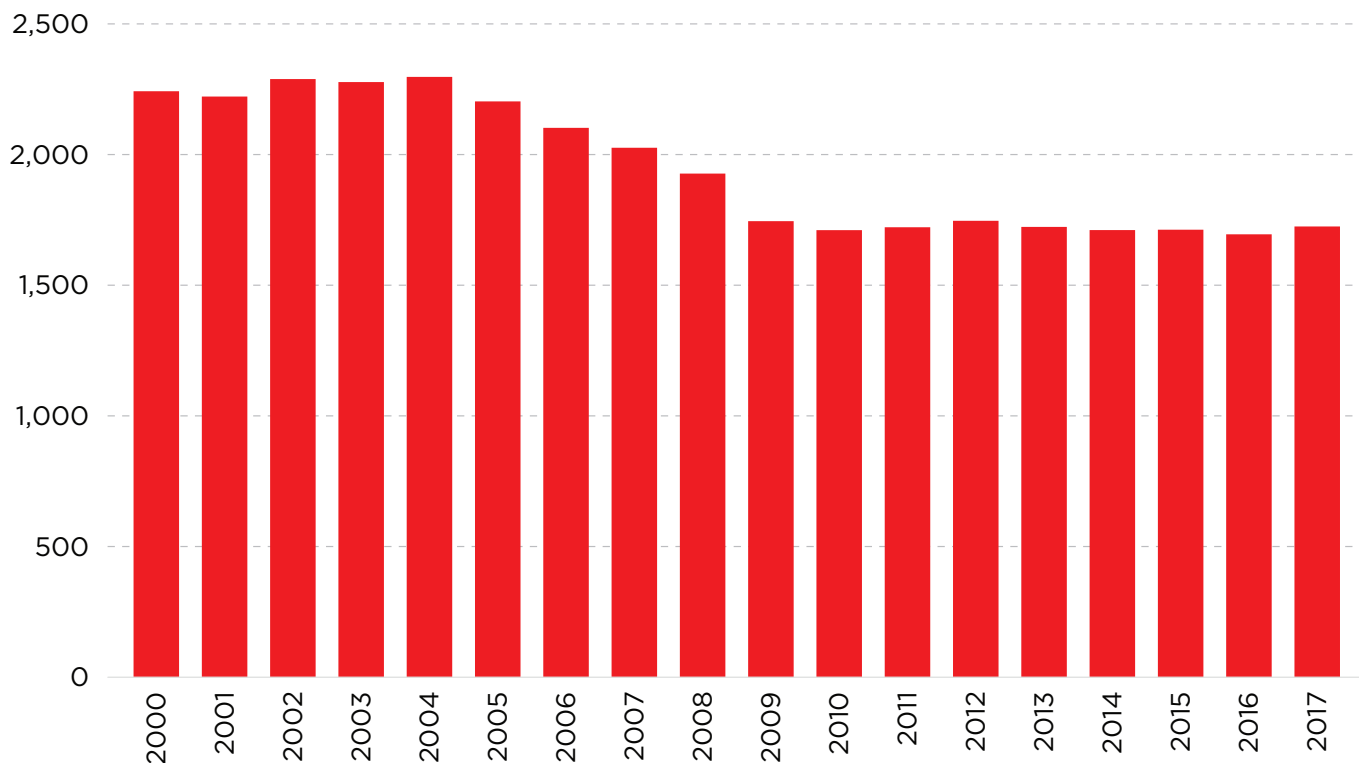
The turn of the current century marked the high point for trust and confidence in business and markets. A 2001 poll in the United States showed that Americans trusted business twice as much as government and the media. More than 60 percent of respondents said that they trusted Microsoft to “do the right thing.” That was nearly double the response for Amnesty International (Strategy One and Edelman PR Worldwide 2001).

Then slowly and almost imperceptibly, that confidence started to unravel. The unravelling is still going on. There are various reasons for this.

- The global financial crisis and the massive government intervention that followed has created political and policy ramifications that favour state activism in the form of more regulations and higher spending.
- Real evidence of wage stagnation in the US has come to colour many people’s perceptions about markets and globalization across the developed world – including in Canada.
- Growing concerns about unequal economic outcomes – particularly in developed countries – have led to a greater emphasis on redistribution.

- A large-scale decline in manufacturing employment due to technological innovation and the shift of manufacturing jobs off-shore (Chart 4) has produced considerable economic dislocation that tends to be concentrated in certain sub-sectors and regions.
- Labour's share of national income (which was stable for most of the 20th century) has been steadily falling across the OECD. In Canada, it has fallen from 65 percent in 1995 to 55 percent in 2005 (OECD 2015a).
- Rising anxieties about automation and other technology-induced dislocation are causing voters to become increasingly uncertain about the future. One poll found that more than 40 percent of Canadians believe their jobs are threatened by technological advancements (CBC News 2016).
- Bad actors in the market - from Enron at the beginning of the century to grocery retailers in Canada recently accused of price-fixing - have eroded public confidence in business and markets.

CHART 4: Canadian manufacturing employment falling (millions) - 2000 to 2017



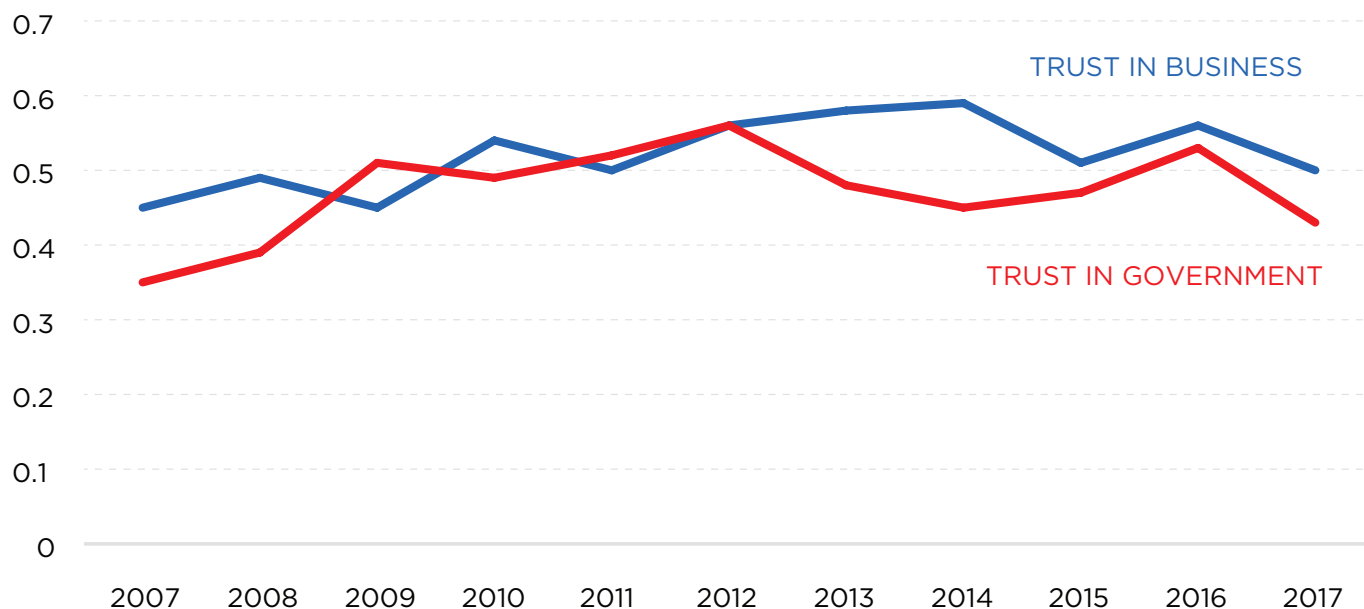
Source: Statistics Canada 2018

These unfortunate trends have been exacerbated by the business community, which has failed to effectively engage the broader public, including about the broad-based benefits of new investments and innovations. Just when such voices are necessary to respond to growing public concerns and admonish those firms or industries that have broken the public's trust, we've gone silent.

We seem more confident rehashing old fights than engaging in new ones. The result is that only one side - from Occupy Wall Street to right-wing populists - is talking. No wonder we're losing.

And, believe me, we're losing. As I mentioned earlier, Canadians' trust in business has been falling since the global financial crisis. You're now seen as only slightly more trustworthy than politicians, which, alas, does not put you in good company (Chart 5).

CHART 5: Canadians losing trust in business - 2007 to 2017



Source: Edelman Insights 2017

The upshot is that Fukuyama has been proven incorrect: we're now witnessing the return of history. Loud and clear. We need to respond. You need to tell your story.

What Should We Do About It?

My call for action now brings me to what I think we should do about these worrying trends.

The initial problem is that business leaders and pro-market voices are out of practice. We have lost the vocabulary we once had to argue the case for free enterprise. Too often we talk and sound like technocrats. We're focused on micro or technical matters. We seem now to want to talk about depreciation rates or labour policies or red tape.

But make no mistake: your critics are focused on the big picture. They're arguing against business and markets - root and branch. And they're talking over you and directly to the public through social media and other channels. It's no surprise that they're winning the argument.

It's no longer enough, therefore, to advance the case for particular public policies or to lobby against certain policy changes. Yes, these are necessary steps, but on their own, they are insufficient. More fundamentally, we must rebuild the case for enterprise with policy-makers and the general public.

What does this mean? I'd argue three things.

1. *Make the case for enterprise*

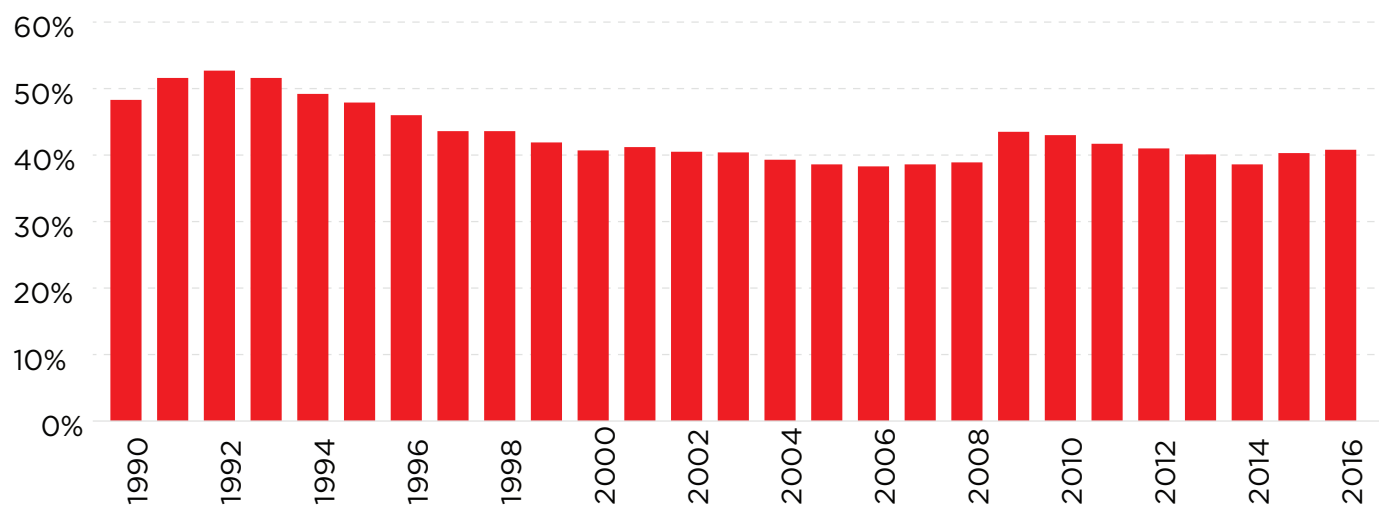
The first is that we must re-find our voice. This means talking about the broad-based benefits of free enterprise including investment and employment. These benefits are real and shouldn't be understated. The wealth produced by entrepreneurs is what drives our economy, finances our governments, and enables us to maintain high standards of living.

As a December 2017 commentary by the Canadian Chamber of Commerce put it: "profits are important to the Canadian economy. They're what generate jobs. They're the mainstay for the middle-class - and for all Canadians" (Canadian Chamber of Commerce 2017).

This will be self-evident to you. But it's not for everyone. We need to help people understand.

Think of it this way. Canadian governments spend about 41 percent of GDP (Chart 6). Where does the money come from? Not from a printing press. It comes from the wealth generation of the other 60 percent of the economy composed of the private sector.

CHART 6: Governments consuming 40 cents of every \$1 - 1990 to 2016

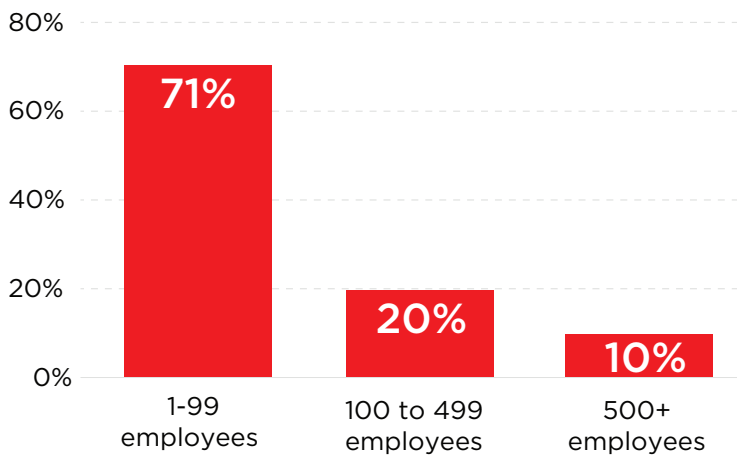


Source: Department of Finance Canada 2017

Let's not put too fine a point on this: roughly half of the economy - the entrepreneurial half - has to be dynamic and grow in order produce enough revenues to pay for the other half. We shouldn't be afraid to point this out.

We also shouldn't be reluctant to emphasize that Canadian businesses drive employment. Nearly 65 percent of working Canadians are in the private sector. And most work for small businesses. More than 70 percent, in fact, work for a firm with fewer than 100 employees. Less than 10 percent work for firms with 500 employees or more (Chart 7).

CHART 7: Most Canadians work for smaller firms 2015

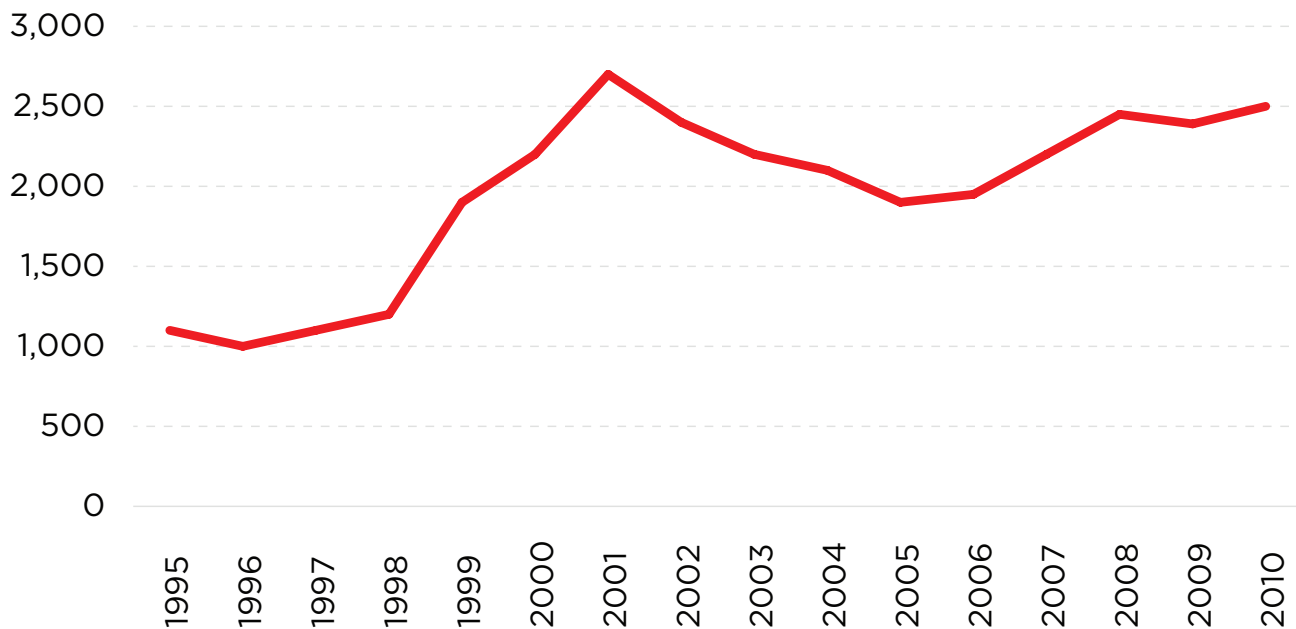


Source: Government of Canada 2016

This means that policies that target small businesses don't just affect owners and investors. They affect working people - and disproportionately so, according to the evidence.

Canadian businesses are also generous. The latest data show that Canadian firms donated more than \$2.5 billion in 2010 - which, to put it in perspective, is roughly the equivalent of one-fifth of corporate revenues to the Ontario government (Chart 8). That figure almost certainly understates the magnitude of corporate giving because most firms don't bother to claim the tax credit (Ayer n/d).

CHART 8: Canadian firms are generous (millions) - 1995 to 2010



Source: Ayer n/d.

This doesn't even account for tax payments to the public treasury, which are both significant and constantly growing. Federal corporate tax revenues have grown, on average, by nearly 5 percent annually since 2000, and have steadily increased as a share of overall revenues even as rates have fallen.

The list goes on. The point is that entrepreneurship isn't simply a matter of private or individual good. The brilliance of the market system is that it harnesses the self-interest of the entrepreneur to deliver broad economic and social benefits. No other economic system can replicate this profound insight.

The market is a social institution that facilitates voluntary exchange for the betterment of those involved, including customers, workers, and investors. As Adam Smith famously put it: "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest."

We need to rebuild the case for entrepreneurship among our fellow citizens. After all, they're invested – directly and indirectly – in the dynamism and success of free enterprise as workers, consumers, and stockholders.

2. Provide an opportunity agenda for those affected by change

Which brings me to my second point. While the market trajectory over the past quarter century has been generally positive, it hasn't been universally so. We need to be honest and transparent about this, and do a better job supporting those who've been "left behind."

Markets are much better than governments at matching good ideas with capital, labour, and customers. Capitalism has enabled unprecedented wealth and opportunity in Canada and around the world. But champions of "free enterprise" must be clear-eyed and honest about its limitations. Conservative thinker Irving Kristol's formulation about "two cheers for capitalism" (which was also the title of one of his books) is important to remember.

Too frequently we've forgotten this in the past several years. We've come to think and talk about markets in abstraction. We can sound a lot like an Ayn Rand novel. Markets are tools. They're not an objective.

We can't ignore that the process of "creative destruction" certainly produces "losers." We shouldn't discount the challenges that this can cause for them and their families. And it isn't limited to financial challenges. It can have deeper socio-cultural effects as well. We've seen this first-hand here in Northwestern Ontario.

Business leaders have long struggled with how to communicate with and about those adversely affected by these market forces. It's a big and complex problem. But silence or neglect is surely not the answer.

Neither are arguments about how we're better off in the aggregate or new ideas like guaranteed annual income which amount to either dismissiveness or essentially paying off those who've been displaced. People don't want handouts. They want the opportunity for paid employment, and to be able to support themselves and their families. This is a fundamental point: so much of the populism that we're witnessing around the world isn't just about materialism. It's about the dignity and self-respect that comes with paid work. People want to feel productive. We all need to be needed.

“While the market trajectory over the past quarter century has been generally positive, it hasn't been universally so.”

What does this mean in practical terms?

We must get back to putting people at the centre of how we think about the economy. In particular, the Chamber, its members, and the rest of us need to develop a serious and credible agenda to help those who have been dislocated find new work.³

American economist Arthur Brooks calls this policy agenda a focus on “neededness.” As he puts it, policy-makers should be setting their focus on a single, basic question: “Does this policy make people more or less needed – in their families, their communities, and the broader economy?” (Sunde 2017).

I don’t think that I can overstate how important this is. No one else is going to make these arguments and advance this positive policy agenda. Critics of markets and capitalism have no incentives to come up with solutions. Inaction actually serves their ends as more and more people become fed up and open to radical ideas. It’s up to supporters of free enterprise to put forward a better way.

A big part of this is talking less about what we’re against and more about what we’re for. The minimum wage debate is a good example. One side is arguing for higher wages. The other is arguing for the status quo. Who’s going to win?

More broadly, then, we need to develop and advance a positive agenda focused on broad-based opportunity. Opportunity should be our new byword.

What does this mean, you might ask? It means not simply focusing on trying to equalize results but rather trying to equalize opportunity. People start with different financial and non-financial endowments. There’s a role for public policy to try to correct for these differences.

It’s not easy. Differences in social capital – including different experiences and networks – are inevitable and there are limits to the extent to which we can account for them. People also have different aptitudes, choices, and priorities. No policy can or should seek to do away with these individualized factors.

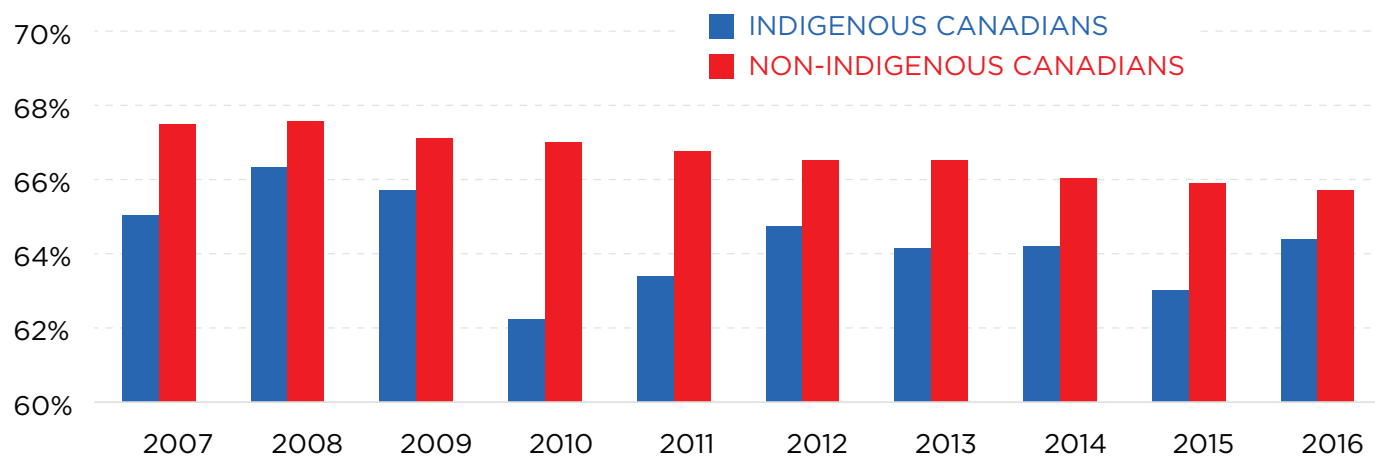
But that doesn’t mean that there’s no scope for public policy. There are various things that we can do – including family-oriented tax policies, educational choice, means-tested benefits for child care and post-secondary education, affordable and responsible homeownership, pro-work income support programs (including wage subsidies and wage insurance), and an economy in which people of different backgrounds and skills can find work and contribute. These would all be useful elements of a pro-opportunity agenda.

Why do I emphasize equality of opportunity rather than equality of results? A key reason is that there are limits to redistribution as we’ve written and talked about at MLI (Speer 2017a). But it’s also because it’s what people care about. There’s considerable evidence that people are more concerned about fairness than equality. Put differently: the public is prepared to accept unequal outcomes if it believes that the system is fair, and that people have similar opportunities to pursue their goals and achieve success. As a major study out of Yale University has put it: “human beings, the research suggests, are not natural-born socialists, but we do care about justice” (Speer 2017b).

It is important, therefore, for groups like the Chamber of Commerce to focus not just on narrow, business-related issues, but to present and champion an “opportunity agenda,” including some of the elements that I’ve already discussed. We must be champions for opportunity and neededness. Not only is this the right thing to do, it’s essential for growing and maintaining public support for business and markets.

A related point is that we must be more sensitive to the institutional and systemic barriers that preclude certain groups from full participation in the economy. Labour force participation rates for Indigenous Canadians, persons with disabilities, and others still lag too far behind (Chart 9). Persons without post-secondary education are also too often neglected in our policy and political circles. They are the most prone to trade- or technology-induced dislocation. We must be champions for them.

CHART 9: Indigenous Canadians are still lagging in the labour force - 2007 to 2016



Source: Moysen 2017

But I'm optimistic about progress. Lakehead University (where I am a board member) is at the centre of this transformation. The university and the region both have something major to offer the rest of the country. It's a positive story and those of us in this room need to work together to help tell it.

3. *Provide constructive leadership*

The third and final step is to rebuild the trust and confidence of ordinary citizens in business itself.

This must start with a recognition that the erosion of their confidence is partly a self-inflicted problem. The actions and choices of some businesses (present company excluded) has understandably contributed to growing public cynicism and distrust. I don't think that we can ignore this truth.

This isn't merely a case of misunderstanding or ignorance on the part of the public. Let's be honest: some businesses have screwed up.

I mentioned the recent price-fixing issue earlier. I think it's a notable example. Here we have some of Canada's largest and most profitable companies colluding to keep the prices of bread – a staple product – artificially high for 15 years. And then these companies have the audacity to be among the most vocal critics of the minimum wage increase (Subramanian 2017).

It requires a certain degree of cognitive dissonance or low self-awareness for them to take such a position. It makes you wonder: who is advising these people?

Even if their arguments about the harmful effects of the minimum wage hike are sound, these companies have no credibility with working people. Their actions only harm the cause.

The business community needs to do a better job of self-policing. You need to call out and isolate bad actors. The risk for negative repercussions in the form of diminished public trust and ultimately injurious public policy is too great.

In fact, I would argue that those businesses that play by the rules and work hard to build and maintain a positive public reputation should be the most critical of those that do the opposite. You cannot afford to let the poor choices of others pollute the public environment. You should support tougher sanctions against those who act contrary to market principles and harm consumers. Failing to do so only risks your own reputations and the potential for government overreach in response to a high-profile case.

Here is where the Chamber of Commerce can play a constructive role. Take ownership of these issues. Show the public that business is ahead of the curve. Champion free enterprise rather than merely corporate interests. Stake out a position as pro-market rather pro-business.

It's also important for businesses to build direct networks with workers, suppliers, customers, communities, and others. You cannot afford to have your vision and accompanying messages translated through public channels and through intermediaries, including politicians and the media. Your opponents are speaking directly to the public. You must do so too.

It's not just about communications, either. Businesses should seek to hire and supply locally to the extent possible as part of this effort to build direct networks (Craig 2016). Specific efforts should be taken to help bring underrepresented groups into the economic mainstream.

The business community has the opportunity to lead on these issues. I encourage you to take it. Public trust is ultimately essential to your continued success.

“Businesses should seek to hire and supply locally to the extent possible as part of this effort to build direct networks.”

Thunder Bay as a Model

But, of course, you already know the points I've made. They are at the root of the Thunder Bay model.

I started my remarks by saying that I think Thunder Bay's business community can serve as a model for others elsewhere. I wasn't just playing to the crowd. I really meant it.

Last summer, I wrote a column in the *Globe and Mail* about Thunder Bay. In it, I talked about the city's sense of solidarity (Speer 2017c). It is a special place, and I wanted others across the country to know about it.

Local businesses are a big part of this community orientation. You are always the first to donate, or volunteer, or support community initiatives. There are countless examples. It's part of the reason why Thunder Bay has one of the highest per capita rates of charitable giving in the country (Kitching 2017).

I spent some time on choosetbayfirst.com last week. I encourage you to do so too. It's hard to spend any time on the site and not feel good about the city. I read about the involvement of local businesses in Habitat for Humanity. And about long-time friends following in the family business. And my high school mate, James Nigro, whose Mars Clothing company solved my Christmas shopping conundrum.

You're invested in the community and the community is invested in you. I'm not sure how many other local chambers can say the same these days.

I would go further, in fact: The lack of personal and community connections is a major part of the reason for the growing divide between business and the broader population. The public often no longer knows the people behind the businesses and store fronts. Some have become impersonal corporations (and even just websites) with no human characteristics or roots in the community. It's easy for voters to demand such entities pay higher taxes and higher costs.

One of the most important books of 2017 was *The Road to Somewhere* by British scholar David Goodhart, who seeks to understand current economic, social, and political trends. He makes a persuasive case that the current populist moment stems from a growing socio-economic and political division between those who live "Anywhere" and those who live "Somewhere." Basically, his point is that modern society is broadly divided between highly mobile yet unrooted populations and those with deep and lasting local connections. And that this growing divide is behind the current polarization.

I often picture Thunder Bay and the people who live here whenever I think of Goodhart's conception of "somewhere." People want community. People want meaningful relationships. People want to be needed. People want opportunity. People want to be from somewhere. This is what the Thunder Bay Chamber of Commerce and its membership is all about. This is what you have to share with businesses and citizens across the country. It's this vision that will help us bridge the political divide and ultimately reaffirm the case for enterprise.

About the Author



Sean Speer is a Munk Senior Fellow for fiscal policy at the Macdonald-Laurier Institute. He is also an associate fellow at the R Street Institute and a fellow at the University of Toronto's School of Public Policy and Governance.

He previously served in different roles for the federal government including as senior economic advisor to the Prime Minister. He has been cited by *The Hill Times* as one of the most influential people in government and by *Embassy Magazine* as one of the top 80 people influencing Canadian foreign policy.

He has written extensively about federal policy issues, including taxes and government spending, retirement income security, social mobility, and economic competitiveness. His articles have appeared in every major national and regional newspaper in Canada (including the *Globe and Mail* and *National Post*) as well as prominent US-based publications (including the *Wall Street Journal* and *National Review Online*). Sean holds an M.A. in History from Carleton University and has studied economic history as a PhD candidate at Queen's University.

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Endnotes

- 1 The top 1 percent of taxfilers (roughly 270,000 people) paid 22 percent in 2015. The top 5 percent paid 41 percent. The top 10 percent paid 55 percent. The bottom 50 percent (roughly 13 million people) paid only 4.3 percent.
- 2 The top 1 percent (111,000 taxfilers) is 44 percent, the top 5 percent (536,000 taxfilers) is 44 percent, the top 10 percent (1.1 million taxfilers) is 58 percent, and the bottom 50 percent (5.6 million taxfilers) is 4 percent (see Statistics Canada 2017).
- 3 Even displaced workers who find a new job within the first year tend to experience important earning losses. One in five displaced workers faces hourly wage cuts of 25 percent or more. On average, real annual earnings fall by 60 percent in the year following displacement, not taking benefit payments into account (see OECD 2015b).



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CONTACT US: Macdonald-Laurier Institute
323 Chapel Street, Suite #300
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