



Does Inequality Matter?

HOW PEOPLE PERCEIVE ECONOMIC DISPARITIES AND SOCIAL MOBILITY



How does CANADA compare?

Across the OECD, most people are concerned about inequality. Concern varies across countries, and is higher where people perceive wide economic disparities, low intergenerational mobility, and that working hard does not suffice to get ahead in life. The more people are concerned about inequality and perceive low social mobility, the higher their demand is for redistribution. However, there may be insufficient support for inequality-reducing policies if people do not agree on policy options or have doubts about the effectiveness of such policies.

Is inequality a concern in Canada?

Despite having lower-than-average income inequality – as measured by the Gini index – Canadians believe that inequality is relatively high in comparison with the OECD average (**Figure 1**).

For example, Canadians believe 56% of national income goes to the richest 10% households – similar to perceptions in countries like Mexico and the United States, where inequality is considerably higher (as measured by the Gini index).

In contrast, Canadians perceive equality of opportunity to be high in their country. They are less likely than their OECD counterparts to believe that parents' earnings affects their children's earnings.

Canadians' views on the degree of equality of opportunity are in line with the extent to which parental earnings determine their children's future earnings, a conventional measure of the degree of equality of opportunity.

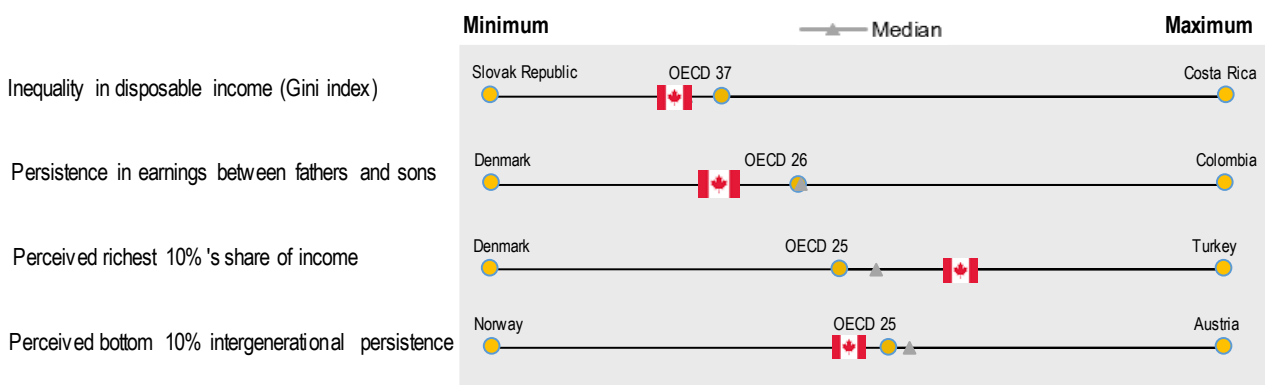
Are views on inequality divided in Canada?

Unlike in many other countries in the OECD, Canadians do not differ much in their views on the level and desirability of inequality.

Most Canadians believe that the level of inequality is high. Indeed, half of all Canadians believe that the richest 10% earn at least 60% of the national income (**Figure 2**). This result is consistent with other OECD countries where there are cohesive views that inequality is high.

Figure 1. Perceptions are not always in line with actual levels of inequality in Canada

Actual vs. perceived indicators of inequality



Note: The OECD averages refer to countries available for each indicator. Conventional statistical indicators refer to the latest available year; for perceived richest 10% share and intergenerational persistence to 2020.

Source: OECD Income Distribution Database; OECD (2018), [A Broken Social Elevator?](#); OECD (2021), [Does Inequality Matter?](#), Chapter 2.



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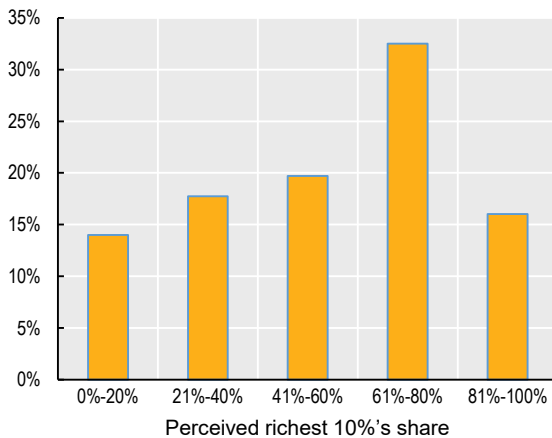


How does CANADA compare?

Further, 60% of Canadians believe that the current level of the richest 10%'s share of income is at least 20 percentage points more than it should be – which is higher than the OECD average of 53%.

Figure 2. Most Canadians believe inequality is high

Share of population by perceived richest 10%'s share of national income, year 2020



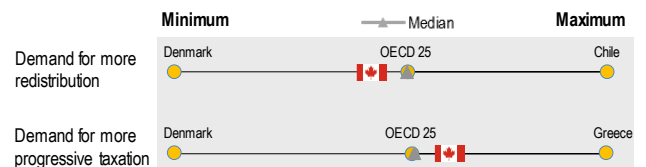
Source: OECD (2021), [Does Inequality Matter?](#), Chapter 4.

How much support is in Canada for inequality-reducing policies?

Despite being concerned about inequality (and believing that it is high), Canadians' demands for more government intervention to reduce economic disparities are lower than the OECD average (Figure 3).

Nevertheless, demand for more progressive taxation is higher, with 71% of Canadians agreeing that the government should tax the rich more than currently done (68% on OECD average). This is consistent with the widespread belief that too much national income goes to the richest 10% of the population.

Figure 3. Demand for more tax progressivity is slightly higher than on OECD average



Note: Data refer to 2020.

Source: OECD (2021), [Does Inequality Matter?](#), Chapter 3.

How can people's perceptions of, and concerns about, inequality inform policy?

Understanding how people form their perceptions and opinions is important for getting citizens and governments on the same page about policies that reduce inequality and promote social mobility. This includes:

Better understanding of public support for reform: Inequality of outcomes and opportunities matter to people, and hence policies should address both aspects. Nonetheless, people may favour specific policy mixes, depending on their beliefs and preferences.

Better understanding of the effectiveness of policies: People favour policies that they believe are effective. It is necessary to evaluate the impact of inequality-reducing policies transparently and facilitate people's understanding of how they function.

Better information on inequality and equality of opportunities: Providing reliable information about inequality can help provide a common ground for public debate and address division and polarisation of public opinion.

Contacts

Any questions? Contact us at: wellbeing@oecd.org

For more information, access the complete report at: <http://oe.cd/does-inequality-matter>