MEASUREMENT OF THE DISTRIBUTION OF WEALTH IN CANADA

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The only periodic data available in Canada on the asset holdings and net worth of the household sector are data collected through a series of household surveys originally initiated in 1954. Some limited data on the holdings of financial claims by the personal and unincorporated business sector are available from flow of funds work. Data are unavailable for estimation from estate tax returns.

The scope of the surveys has been expanded substantially so that the most recent survey obtained a very comprehensive list of asset holdings. The experience with Canadian surveys has been similar to that of other countries; surveys appear to underestimate asset holdings although the estimates are more reliable for widely held assets than for assets with a very skewed distribution. Nevertheless, the surveys appear to trace the accumulated distribution of personal savings over time to a considerable degree and provide useful cross-sectional trend data.

Canadian data show that wealth is more unequally distributed among family units than is income although wealth appears to be more equally distributed between income groups than is income. Wealth is also very unequally distributed within the same income group. Over time, there appears to have been some movement towards a more equal distribution of asset holdings between income groups.

INTRODUCTION

Various approaches have been used over time to estimate the wealth holding of individuals and families. Among these are estimates developed from institutional data, estate tax returns and household surveys.[1] Institutional data are unsatisfactory sources for some wealth components and often present special problems for sectoring wealth holdings between persons and other sectors of the economy. They do, however, provide the best estimates of the total wealth of the sector. Estate tax returns are usually only filed by the wealthier groups in the population and thus can only be used to estimate the wealth holdings of the upper income groups in the income distributions. In Canada, only limited data have ever existed on estates and their composition. Further, the federal government has vacated the field of estate duties and, to the extent that estate duties still exist, they are levied at the provincial level with some provinces having no death duties in their jurisdictions. Superficially, household surveys would appear to be the most direct and uncomplicated approach to the measurement of wealth holdings of households. The UN recommendations which have been drafted recently on the complementary income and expenditure accounts contain recommendations for the development, not only of cross-sectional income and expenditure accounts disaggregating the SNA, but also recommendations on the measurement of personal savings and net worth of households although the document attaches lowest priority to the latter.[2] The main part of this paper will discuss Canadian experience with household survey

[1] In the United States, for example, estimates have been developed from household surveys conducted by the Federal Reserve Board. Estimates based upon tax returns were published by Robert Lampman in *The Share of the Top Wealth-Holders in National Wealth, 1922–1956*, Princeton: Princeton University Press, 1962.

[2] *A Draft System of Statistics of the Distribution of Income, Consumption and Accumulation*, United Nations Document. E/CN.3/425, 3 February, 1972.

data while the Appendix will summarize the problems of wealth estimation from institutional data.

A. Canadian Experience with Household Surveys

A number of countries have, over the last two decades, conducted household surveys to collect data on balance sheets. Few, if any, countries appear to conduct such surveys on a regular or continuing basis. Some, such as the United States, seem to have discontinued these surveys after years of collecting data although there are indications that there is a renewed interest in such surveys.[3]

In Canada, four household surveys collecting income data were expanded to collect asset and debt data; these surveys were conducted in 1956, 1959, 1964 and 1970. Although no plans have been made for another such survey, it is probable that such data will be collected again. The first three surveys were restricted to the non-farm population while the most recent survey was representative of the total population. Sample sizes of family units interviewed have ranged from 4,800 in 1954 to 9,800 in 1970. The first survey was primarily restricted to the collection of data on liquid asset holdings with a few questions on other types of assets held, such as mortgages. In total, some 10 questions were asked on asset holdings; information was also collected on the amount paid on life insurance premiums. Over time, the detail collected on the amount and composition of assets has been expanded until in the 1970 survey a very comprehensive list of wealth components was included in the questionnaire, including questions on investments in unincorporated businesses and privately held corporations. Among the financial assets, the major exclusions were equities in pension plans and life insurance although questions were asked on premium and pension plan payments. Claims to estate and trust funds were reported under other types of financial assets but it is likely that only a minor part of these were reported. Tables 1 to 4 summarize the size and composition of the asset holdings reported on the four successive surveys.

Quality of Data and Conceptual Problems

To the extent that it is possible to evaluate the Canadian survey data against external sources, both asset and debt data collected through household surveys appear to be substantially underestimated. There are no independent estimates available of all of the components of wealth holdings in the personal sector, let alone the household sector, so that there are few statistics available for evaluating the quality of the data reporting on individual assets although data exist for some assets such as government bonds. Canadian experiences appear to be similar to those in other countries where there has been an attempt to measure asset holdings through household surveys. There has been a substantial amount of methodological research conducted elsewhere and the reasons for undercoverage of asset holdings have been identified. It is highly probable that the causes of undercoverage in Canada are very similar to those associated with surveys elsewhere. Some of the major problems are the following.

[3]The experiences of a number of countries are summarized in a document circulated by the Committee on Financial Markets, OECD, *The Compilation of Statistics on the Financial Savings of Households*, CMF (72) 10 (Restricted), Paris, June 29, 1972.

TABLE 1

INCOME AND ASSET HOLDINGS OF NON-FARM FAMILY UNITS

Spring, 1956

Number of Family Units	3,991,400
	$ millions
1955 Income	15,344
Asset Holdings	
1. Bank Deposits	
(a) Current accounts	486
(b) Savings accounts	2,689
2. Other Deposits (Credit Unions, Trust Companies, etc.)	228
3. Federal Government Bonds	
(a) Canada Savings Bonds	1,733
(b) Other bonds	507
4. Other Bonds	451
5. Mortgage Investments	
(a) Residential property	1,071
(b) Other	584
6. Loans to Other Persons	270
Total liquid assets[1]	6,094
Total assets reported	8,019

[1]The total of items 1 to 4.

TABLE 2

INCOME AND ASSET HOLDINGS OF NON-FARM FAMILY UNITS

Spring, 1959

Number of Family Units	4,460,000
	$ millions
1958 Income	20,268
Asset Holdings	
1. Bank Deposits	
(a) Current accounts	649
(b) Savings accounts	3,472
2. Other Deposits (Credit Unions, Trust Companies etc.)	373
3. Federal Government Bonds	
(a) Canada Savings Bonds	1,915
(b) Other bonds	303
4. Other Bonds	729
5. Mortgage Investments	1,691
6. Loans to Other Persons	259
7. Market Value of Owner-Occupied Homes	29,038
Total liquid assets[1]	7,441
Total assets—excluding homes	9,391
Total assets—including homes	38,429
Value of equity in homes	23,003
Insurance premium payments	517

[1]The total of items 1 to 4.

TABLE 3

INCOME AND ASSET HOLDINGS OF NON-FARM FAMILY UNITS

Spring, 1964

Number of Family Units	4,749,000
	$ millions
1963 Income	24,599
Asset Holdings	
1. Bank Deposits	
(a) Current accounts	802
(b) Savings accounts	3,684
2. Credit Union Deposits	488
3. Other Deposits	479
4. Federal Government Bonds	
(a) Canada Savings Bonds	2,533
(b) Other bonds	281
5. Other Bonds	1,274
6. Mortgage Investments	1,726
7. Loans to Other Persons	116
8. Market Value of Owner Occupied Homes	31,308
9. Equity in Other Real Estate	6,621
10. Market Value of Publicly Traded Stocks[1]	2,952
11. Shares in Investment Clubs	173
12. Equity in Private Corporations	2,025
13. Stock Holdings in Trust Funds and Estates	17
Total liquid assets[2]	9,541
Total assets—excluding real estate and stocks and shares	11,383
Total assets—excluding stocks	49,312
Total assets reported[1]	54,479
Value of equity in homes	22,661

[1]Approximately 12 percent of family units reporting stock ownership did not report on their stock portfolios. No estimates were made for these not-ascertained values.

[2]The total of items 1 to 5.

1. Sample design—The Canadian surveys use a stratified clustered area sample. It is difficult to incorporate into an area sample oversampling of high incomes, as statistics on income levels within areas are usually only available from censuses. In 1964 an attempt was made to oversample in higher income strata using census data for this purpose but this appears to have led to little improvement in the data. An alternative approach to oversampling high incomes would be to supplement area samples with samples drawn from sources such as tax records. At the time the surveys were taken, Statistics Canada did not have access to tax records for statistical purposes. Such access is now available and these records may be utilized in designing future surveys.

The distribution of most types of assets is more highly skewed than that of the income distribution, so that samples designed to measure the overall income distribution with reasonable reliability may be inadequate for the measurement of asset holdings. For example, income tax statistics for 1969, the reference period

TABLE 4

INCOME AND ASSET HOLDINGS OF FAMILY UNITS

Spring, 1970

Number of Family Units	6,450,220
	$ millions
1969 Income	49,576
Asset Holdings	
1. Cash in Hand	484
2. Bank Deposits	
(a) Current accounts	2,607
(b) Savings accounts and certificates	7,043
3. Other Deposits	
(a) Credit unions	1,870
(b) Trust companies	1,958
(c) Other deposits	273
4. Federal Government Bonds	
(a) Canada Savings Bonds	4,259
(b) Other bonds	448
5. Other Bonds	1,874
6. Mortgage Investments	3,496
7. Other Financial Assets	759
8. Loans to Other Persons and Businesses	1,181
9. Other Miscellaneous Assets	273
10. Stock Holdings	
(a) Publicly traded stocks	4,935
(b) Shares in investment clubs	481
11. Real Estate	
(a) Market value of owner-occupied homes	63,767
(b) Market value of vacation homes	2,346
(c) Equities in other real estate	9,123
12. Equities in Farms	10,346
13. Equities in Unincorporated Businesses and Practices[1]	7,110
14. Equities in Private Corporations[1]	6,613
15. Market Value of Passenger Cars	5,663
Total liquid assets excluding cash[2]	20,332
Total assets excluding real estate, stocks, business investments, cars	26,525
Total assets excluding stocks, farms, business investments, cars	101,761
Total assets excluding farms, business assets and cars	107,177
Total assets reported[1]	136,909
Value of equity in home	49,806
Market value of other real estate	11,945
Market value of farms	13,422
Market value of unincorporated business	10,136
Market value of private corporations	12,525

[1]Approximately one-sixth of owners of businesses did not report the value. No estimates were made for these not-ascertained cases.

[2]The total of items 2 to 5.

Source: Tables 1 to 4 are unpublished data from the Surveys of Consumer Finances.

of the last survey, showed that less than one percent of income recipients filing tax returns had incomes of $25,000 or more. These filers reported 38 percent of dividend income received, 14 percent of bond interest, 12 percent of bank interest, 30 percent of estate income, 16 percent of mortgage investment income and 38 percent of other Canadian investment income.

Statistics published by the chartered banks suggest that less than $\frac{1}{10}$ of one percent of deposit holders may account for 10 percent or so of all savings deposits. Less than 10 percent of deposit holders appear to account for more than one half of all funds held in savings deposits. Although the 1969 survey appeared to measure the upper tail of the income distribution adequately, it does not reflect large wealth holdings with similar reliability. In the case of savings deposits, for example, comparisons with banking statistics suggest that deposits of less than $10,000 may not be too badly reported; on the other hand, the survey appears to have accounted for less than half of deposits held in accounts of $10,000 or more. In total, the survey coverage appears to be in the area of 50 percent or so. The survey appeared to be more successful in measuring the holdings of other categories of assets whose distributions are not as skewed. In aggregate, the 1970 survey accounted for at least two-thirds of holdings of government savings bonds and over 70 percent of deposits in credit unions.

2. *Response Errors*—Response errors may be of different kinds—respondents may underreport asset holdings or, alternately, they may conceal the existence of assets by reporting zero holdings. In the case of income, a lack of income is rare and usually occurs in unusual circumstances. Although income may also be underreported, respondents will normally not conceal the fact that an income was received. Where asset holdings are concerned, a withholding of information may result for a variety of reasons. Respondents may feel that the questions are too personal and may take refuge in denying that assets exist. Income from assets is often easier to conceal than income from employment so that a concealment of ownership may be associated with illegal behavior such as tax fraud. Where assets are often held in small amounts such as bank deposits primarily used to pay debts, respondents may not consider it worthwhile to report miscellaneous small amounts. Underreporting of assets may also result from a variety of other reasons—for example, lack of knowledge of the market value of stocks or real estate, or poor record keeping on asset holdings. Some assets may not be reported because of uncertainty as to their status—for example, bonds in the process of being purchased through payroll deductions but not yet delivered to the purchaser.

Methodological research elsewhere suggests that the nonreporting of asset holdings may be a greater source of underestimation of asset holdings from survey data than underreporting of values.[4] For example, Table 5 shows that the percentage reporting owning publicly traded stocks apparently dropped between 1959 and 1964 and then rose between 1964 and 1970. This may simply be a reflection of changes in the methodology of data collection. For 1956 and 1959, respondents were asked to indicate whether they owned publicly traded stocks and the general size group in which the market value fell; the open end group was $25,000 or more. The questions were relatively simple and did not involve giving a precise value.

[4]For example, see Robert Ferber, *The Reliability of Consumer Reports of Financial Assets and Debts*, Studies in Consumer Savings, No. 6, University of Illinois, Urbana, Illinois, 1966.

TABLE 5

INCIDENCE OF REPORTING OF SELECTED ASSETS BY FAMILY UNITS[1]

	1956	1959	1964	1970
Percent Reporting				
1. Deposit holdings	68.2	68.9	72.9	80.2
2. Bond holdings	27.2	24.1	24.2	23.1
Canada Savings Bonds	22.6	20.8	22.6	19.8
3. Publicly traded stocks	8.9	9.2	7.5	12.3
4. Liquid assets	71.7	71.2	74.6	81.3
5. Owner occupied homes	54.6	55.6	54.2	55.1
Average Value Reported Per Family Unit	$	$	$	$
1. Deposit holdings	852	1,019	1,148	2,132
2. Bond holdings	674	651	863	1,020
Canada Savings Bonds	434	423	533	660
3. Publicly traded stocks	NA	NA	625	765
4. Liquid assets	1,525	1,677	2,011	3,152
5. Owner occupied homes	NA	6,511	6,593	9,886
Average Value Reported Per Holder	$	$	$	$
1. Deposit holdings	1,249	1,480	1,576	2,658
2. Bond holdings	2,477	2,704	3,561	4,408
Canada Savings Bonds	1,923	2,025	2,467	3,312
3. Publicly traded stocks	NA	NA	8,960	6,211
4. Liquid assets	2,128	2,355	2,696	3,876
5. Owner occupied homes	NA	11,666	12,159	18,636

[1]The years 1956, 1959, 1964 are for non-farm units, while the 1970 data are for all family units. Tabulations for non-farm family units for 1970 suggest that the inclusion of farm families for 1970 has little effect on inter-temporal comparability. For example, the percentage holding liquid assets is 81.2 while average holdings are $3,101.

Source: Reports Nos. 13–508, 13–514, 13–525 and 13–547, Statistics Canada, Ottawa.

In 1964, respondents were asked if they held publicly traded stocks either directly or indirectly as through trust funds. If they held publicly traded stocks they were asked to complete a questionnaire providing the details of their portfolios. If they were unwilling, they were asked to give an estimate of the market value. This more intensive probing may have resulted in respondents reporting no stocks to escape completion of the questionnaire. Interestingly enough, where respondents admitted ownership of stocks, in the majority of cases they provided the specifics of their holdings. In 1970, respondents were only asked to report the total market value and this may have improved the response to the question.

3. Other Factors—Claims to some assets may exist in such a form that respondents are genuinely unable to provide information on the holdings. An important case in point are estates and trust funds. In some cases, respondents may only have a right to the income of the funds and not a claim to the ownership. Such assets belong to the personal sector but at the household level the ownership is ambiguous. In other cases, trust funds may be set up and administered in such a fashion that the beneficiaries may be unable to report on the value or composition of the trust holdings. Information on value and composition of such assets could only come from executors or trustees.

A number of assets present almost insoluble valuation problems in household surveys. The major examples are claims to pension plan assets and equities in insurance policies. In the case of pension plans, few contributors have any records of the amounts contributed. Further, claims upon such funds are dependent upon factors such as vesting provisions, period of contribution, interest rates and the amount and vesting provisions in respect to employers' contributions. As a result, no meaningful estimates can be developed of the individual's claims upon such assets. The complexities of the terms of insurance policies present almost equally difficult valuation problems. Often a value can only be made when a policy matures or becomes payable. In the case of pensions and insurance policies, it has been recognized that where data are collected through cross-sectional surveys, the SNA treatment of the income of pension plans and insurance funds cannot be implemented and that a more appropriate approach to measurement is to treat contributions as a deduction from income in the year in which payments are made and to add to income received from pension plans or insurance policies or to add to assets lump sum receipts of insurance in the year in which the receipts occur.

Conclusions

Household surveys are not as yet reliable sources of data for the derivation of estimates of the aggregate wealth holdings of the household sector of the economy. Not only does the quality of the estimates vary considerably in reliability, some conceptual and measurement problems are difficult, if not impossible to overcome. This raises the question of the usefulness of the data for other purposes. Canadian experience has been that despite the serious limitations, the data, as cross-sectional data, provide useful insights into investment preferences and consumer savings behaviour over time. Further, imperfect as the data are, they are the only existing Canadian sources of data on the distribution of wealth and net worth among income groups and among sub-groups of the population such as age groups. Further, as time series have gradually been developed, it has been possible to observe some remarkably stable asset holding patterns among family units. Household surveys are thus the only method by which the wealth distribution can be related to the income distribution and other characteristics of the population. Alternative sources for estimation such as estate tax returns or income tax returns only provide estimates for more limited segments of the population. For these reasons, in Canada, we plan to continue conducting such surveys at periodic intervals.

The next section will analyze some of the wealth holding patterns of Canadian family units.

B. Wealth Distribution Among Family Units

Tables 1 to 4 have presented estimates of aggregate wealth holdings of selected items as estimated from a series of household surveys. As these tables show, aggregate asset holdings reported on the surveys have risen substantially over the 14 year period covered by the surveys. For a number of reasons it is impossible to relate these data to changes in personal savings in the national accounts. In the early surveys, the coverage of assets was more limited so that the surveys did not encompass most elements of personal savings. Another problem is that some assets are valued at face value (i.e. bank deposits) and others at market value (i.e. owner-occupied homes). Thus some changes in the value of asset holdings may reflect capital gains rather than growth in personal savings *per se*.

However, a few tentative comparisons can be attempted. In the period between the first survey in 1956 and the 1970 survey, the National Accounts show aggregate personal savings of $23.3 billion. The personal sector in the SNA includes certain types of institutional savings such as savings pension plans and insurance companies, as well as investment in unincorporated businesses and owner-occupied homes.

The types of assets valued in the 1956 survey are assets least likely to be affected by changes in market value. Changes in the aggregates of these assets should primarily reflect changes in household savings. A comparison of 1970 and 1956 holdings shows that the aggregate holdings of liquid assets rose by $14.2 billion dollars; of this, only $0.5 billion was accounted for by conceptual changes in the surveys. Mortgage investments rose by another $1.6 billion. In 1958, non-farm family units reported paying approximately $500 million in insurance premium payments, while by 1969 the premium payments were $921 million. In addition, contributions into private pension plans and retirement savings were reported as $784 million. Thus a significant amount of savings occurred through institutional savings.

Estimates of net savings through surveys must take into account changes in debts as well as in assets so that the appropriate figures to compare with the aggregate national accounts estimates of personal savings would be changes in net worth exclusive of capital gains. The limitations of earlier surveys make it impossible to attempt overall comparisons with the National Accounts. For example, in 1956, debt estimates were primarily restricted to the measurement of consumer debt owing. It is interesting to note that the net change in consumer debt reported between 1956 and 1970 was an increase of $3.8 billion so that even when this is balanced against the change in financial asset holdings, the overall net worth of family units increased some $10 billion. This is nearly half of the national accounts estimate of aggregate personal saving during this eight year period. These comparisons suggest that the surveys may not be unsatisfactory indicators of the disposition of personal savings over time by income levels and other characteristics.

Paradoxically, the growth in asset holdings has been accompanied by considerable stability in asset holding patterns. Table 5 provides some summary measures on the reporting of selected types of assets. The periods covered by the surveys have been characterized by a very substantial upward shift in gross incomes, both in current and constant dollars; the growth in disposable income has been less as direct taxes have risen as a share of total income. Between the period 1956 and 1964 relatively little change occurred in the incidence of the holdings of various types of assets; some shifts appeared to occur as between assets such as bonds and deposits, possibly because of changing interest rate structures. Between 1964 and 1970, the incidence of liquid asset holdings did show a more substantial increase.

An examination of holdings of assets by income levels suggest that the overall growth of asset holdings over this period resulted more from the growth in the number of family units and from the upward shift in the income distribution rather than from higher propensities to hold such assets. Although in lower and middle income groups average holdings have risen, the upper income groups' average holdings have declined. Despite this decline, because more family units are now in the high income brackets, the net effect is an increase in aggregate holdings.

C. Inequality of Wealth Holdings

A number of generalizations can be made about wealth holding. Wealth or net worth, however defined, is more unequally distributed among family units than is income. Wealth appears to be somewhat more equally distributed between income groups than is income, but very unequally distributed within income groups. Nearly all family units have incomes but a substantial proportion of family units have little or no assets while a small proportion of family units hold a very high proportion of total assets. Inequality of asset holdings exists not only between higher and lower income groups but within the same income groups. Comparisons of wealth holdings in 1964, however, suggest that there has been some movement towards a more equal distribution of asset holdings between income groups over this six year period but, as with income, the distribution changes very slowly.

Table 6 presents the distribution of income, financial assets, total assets and net worth ranked by the respective size of each of these totals. When family units are ranked by size of income, the lowest 20 percent received 4.3 percent of income while the highest 20 percent received 42.4 percent. A ranking of family units by size of total assets shows the share of the lowest 20 percent was only 0.2 percent while the top twenty percent held nearly two thirds of assets. This illustrates the first point made above about the much greater inequality of the wealth distribution. As the table also indicates, some types of assets such as financial assets are more unequal in their distribution than other categories of assets.[5] The top 10 percent of financial asset holders reported owning 69 percent of all such assets. Total assets are less unequally distributed than financial assets primarily because of

TABLE 6

DECILE SHARES OF INCOME AND ASSETS OF ALL FAMILY UNITS RANKED BY SIZE OF INCOME OR ASSETS, 1970

	1969 Income	Financial Assets[1]	Total Assets[2]	Net Worth[3]
1st Decile	1.3	0.0	0.0	−0.9
2nd Decile	3.0	0.1	0.2	−0.0
3rd Decile	4.7	0.3	0.6	0.2
4th Decile	6.4	0.7	1.4	1.1
5th Decile	8.0	1.2	3.2	2.8
6th Decile	9.6	2.2	6.3	5.2
7th Decile	11.3	4.0	9.6	8.2
8th Decile	13.3	7.3	12.7	11.8
9th Decile	16.2	15.1	17.5	17.7
10th Decile	26.2	69.1	48.5	53.9
Total	100.0	100.0	100.0	100.0
Gini Ratio	0.383	0.805	0.668	0.724

[1]Deposits, cash, bonds, stocks, mortgages and miscellaneous financial assets.
[2]Financial assets, real estate, automobiles and equities in business and practices.
[3]Total assets less total debts.
Source: Unpublished data from the Survey of Consumer Finances.

[5]Financial assets consist of cash, deposits, bonds, stocks and mortgages as well as miscellaneous financial assets.

the more equal distribution of real estate ownership, especially owner occupied homes. However, even here 10 percent of highest asset holders accounted for nearly one half of all assets owned. If family units are ranked by size of net worth, that is total assets less total debts, inequality increases because 20 percent of family units had zero or negative net worth. The Gini coefficients shows a far higher degree of concentration of asset holdings than of income.

Table 7 illustrates another point already noted, that the distribution of assets between income groups is somewhat more equal than the distribution of assets

TABLE 7

DECILE SHARES OF INCOME AND ASSETS OF ALL FAMILY UNITS RANKED BY SIZE OF 1969 INCOME

Income Decile	Income	Liquid assets[1]	Selected marketable financial assets[2]	Total assets I[3]	Total assets II[4]	Net worth I[5]	Net worth II[6]
				%			
1st Decile	1.3	4.2	3.7	3.3	3.8	3.7	4.3
2nd Decile	3.0	6.8	6.1	5.2	5.3	5.9	5.9
3rd Decile	4.7	7.6	6.7	6.3	6.3	6.9	6.9
4th Decile	6.4	9.1	7.8	6.4	6.2	6.7	6.5
5th Decile	8.0	8.7	8.0	7.7	7.1	7.7	7.0
6th Decile	9.6	7.1	6.7	7.9	7.7	7.5	7.2
7th Decile	11.3	9.7	8.5	10.1	9.1	9.4	8.4
8th Decile	13.3	8.5	8.9	11.9	11.4	11.1	10.7
9th Decile	16.2	10.8	11.2	14.0	12.6	13.2	11.6
10th Decile	26.2	27.4	32.4	27.4	30.5	27.9	31.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1]Deposits, cash, bonds.
[2]Deposits, cash, bonds, publicly traded stocks.
[3]Financial assets, miscellaneous assets, real estate, cars.
[4]Financial assets, miscellaneous assets, real estate, cars, equities in business.
[5]Net worth—assets less debts exclusive of business equities.
[6]Net worth—assets less debts inclusive of business equities.

between asset holders or within income groups. The shares of liquid and financial assets held by lower income groups as well as the shares of total assets and net worth are relatively greater than the share of income accruing to these groups. The shares of middle income groups are lower while the asset share of the top decile of income recipients is somewhat higher than their share of income. A major reason as to why lower income groups have a higher share of assets is the fact that the elderly are overrepresented in these groups and the elderly have the second highest asset holdings among the various age groups. The average net worth of family units with heads 65 and over is higher than that of family units with heads under 45, and approximates that of families with heads aged 45 to 54. Only family units with heads in the pre-retirement age group reported a higher net worth. Wealth holdings are very much a function of age as well as income so that relatively high asset holdings in lower income groups reflect past propensities to save. It is interesting to note that in 1970 some 36 percent of all dividend income and 53 percent of all bond income reported on income tax returns was reported by tax filers aged 65 and over. Thus, although the middle and upper income groups have a higher probability of holding large assets, large asset holdings may occur among low income groups as well.

Table 8 illustrates this point as well as the fact that there are considerable disparities in the amounts of assets held by families with equivalent income levels, that is, there is considerable inequality of wealth within income groups. Although, for most income groups, the proportion of family units with no assets was small, substantial inequality existed in the amounts of assets held within the same income groups. Inequality in the size of holdings appears to be greater among lower income groups than among middle and upper income groups. If one arbitrarily defines asset holdings of $25,000 or more as large asset holdings then such holdings are not infrequent even among relatively modest incomes. For example, nearly one-fifth of family units with incomes of $4,000 to $4,999 reported assets of this size while nearly one-quarter of families with incomes of $7,000 to $9,999 had accumulated assets of this magnitude. The higher the income, the greater the probability of high asset holdings. However, an examination of unpublished data shows that within nearly all income groups the top 5 percent of wealth holders held approximately one-fifth to one-third of the assets of that income group. The lower the income group the greater the inequality of asset holdings within the group.

Trends 1964–1970

The post-war income distribution has been characterized by relative stability in the degree of income inequality over time. In the early nineteen fifties there appears to have been some decline in the income share of the upper income group but in recent years the income shares of the upper income groups appear to have again increased somewhat. Data on asset holdings by income groups suggests that there may have been some movement to greater equality of holdings between income groups. Table 9 shows the share of income and of selected asset totals received by family units ranked by income deciles in 1964 and 1970. The data for 1970 have been tabulated to be conceptually consistent with the 1964 data. The shares of financial assets held by the top deciles have declined while the shares of the lower income groups have increased. In the case of net worth the shares of income groups below the top have also increased. As the statistics in Table 5 indicate, the proportion of family units holding liquid assets has increased in recent years. Increased holdings of liquid and other financial assets appear to have accrued more to lower and middle income groups than to the upper deciles whose share of holdings has declined. Assets appear to be more equally distributed between the first nine deciles, especially the third to seventh deciles, than is income. The assumption is commonly made that inequality of wealth holdings is associated with very concentrated wealth holdings of high income families. The data reported in the surveys suggest that wealth holdings at the upper tail tend to be proportionate to the share of income. However, if underreporting of asset holdings is relatively more significant among high income family units than among middle and lower income families, then the real degree of inequality may be much greater than the cross-sectional data imply.

TABLE 8

PERCENTAGE DISTRIBUTION OF FAMILIES AND UNATTACHED INDIVIDUALS BY TOTAL ASSET HOLDINGS,[1] SPRING 1970, AND BY INCOME GROUPS

	1969 Income group												
Total asset group	Under $1,000	$1,000–1,999	$2,000–2,999	$3,000–3,999	$4,000–4,999	$5,000–5,999	$6,000–6,999	$7,000–9,999	$10,000–14,999	$15,000–24,999	$25,000–and over	Total	Average income
							%						
No assets	31.5	10.7	8.4	4.4	3.5	3.3	1.5	0.6	0.7	0.4		4.0	2,679
Under $250	21.0	18.7	14.9	13.3	10.4	7.7	4.3	2.2	1.1	—		7.0	3,465
$250–$499	5.2	7.0	8.5	9.9	9.2	10.8	6.2	3.7	1.2	0.4		5.3	4,842
500–999	4.2	6.4	7.0	8.5	7.9	9.1	7.7	5.8	2.6	0.4		5.6	5,600
1,000–1,999	4.5	7.4	6.6	8.3	12.3	9.6	9.8	9.2	4.8	2.2		7.5	6,329
2,000–4,999	7.4	9.4	10.1	13.5	9.0	12.9	16.1	14.0	11.8	5.2	1.9	11.5	7,144
5,000–9,999	7.7	12.4	12.6	10.7	11.6	9.5	10.4	9.4	8.1	6.7	3.7	9.7	6,701
10,000–14,999	6.7	9.8	7.4	5.2	8.7	8.2	7.2	8.7	5.9	4.5	0.8	7.3	6,733
15,000–19,999	3.7	7.3	6.7	6.9	6.9	8.8	10.0	10.6	10.0	4.2	2.5	8.3	7,554
20,000–24,999	3.0	4.3	5.0	4.0	4.7	5.9	9.7	11.7	12.3	6.5	4.1	8.1	8,660
25,000–29,999	2.6	2.7	5.3	3.9	3.5	4.8	5.5	9.2	12.7	10.9	2.5	7.3	9,422
30,000–49,999	2.1	3.3	6.9	7.6	7.5	5.6	7.5	10.9	21.7	34.0	22.5	12.1	11,051
50,000 and over	0.5	0.7	0.8	3.8	4.7	3.8	4.0	4.0	7.3	24.7	61.9	6.2	15,929
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	7,709
Average holding	$4,609	7,174	9,124	11,197	11,823	11,343	13,443	16,752	23,656	41,698	107,123	17,646	
Median holding	$221	1,982	3,440	3,263	4,226	4,230	7,081	12,911	21,599	35,111	68,988	9,679	
Average holding, holders only	$6,733	8,033	9,957	11,706	12,251	11,731	13,651	16,850	23,813	41,848	107,123	18,380	

[1]Total assets include liquid assets, other financial assets and investments in real estate but exclude equities in businesses.
Source: "Incomes, Assets, and Indebtedness of Families in Canada, 1969," Table 12, Catalogue No. 13-547, Statistics Canada.

TABLE 9

PERCENTAGE SHARES OF INCOME AND SELECTED ASSETS BY INCOME DECILES—NON-FARM FAMILY UNITS 1964 AND 1970

Income Decile	Income	Total selected assets[1]	Selected financial assets[2]	Liquid assets[3]	Market value of home	Total financial assets[4]	Net worth[5]
			1964				
1st Decile	1.3	3.6	4.2	4.1	3.4	3.7	4.0
2nd Decile	3.2	5.1	6.5	6.7	4.5	5.7	5.4
3rd Decile	5.1	5.3	5.9	6.2	5.1	5.4	5.6
4th Decile	6.8	5.7	5.5	5.7	5.8	5.6	5.8
5th Decile	8.2	7.3	7.5	7.5	7.3	6.3	6.9
6th Decile	9.7	9.3	7.3	7.6	10.0	6.5	8.1
7th Decile	11.1	10.5	7.0	7.2	11.8	6.2	8.5
8th Decile	13.1	12.2	9.6	9.7	13.2	9.4	11.4
9th Decile	15.9	15.0	12.5	13.1	15.9	11.2	12.4
10th Decile	25.6	25.9	34.0	32.0	22.9	40.0	31.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
			1970				
1st Decile	1.3	3.6	3.8	4.3	3.6	3.3	3.9
2nd Decile	3.0	5.8	6.4	6.7	5.5	5.7	6.2
3rd Decile	4.7	6.5	7.8	7.9	6.0	6.8	7.1
4th Decile	6.5	6.7	8.3	8.8	6.2	7.1	6.6
5th Decile	8.1	7.9	8.4	8.7	7.8	7.7	7.7
6th Decile	9.6	8.7	7.9	8.3	9.0	7.2	7.6
7th Decile	11.3	10.5	8.7	8.7	11.2	7.7	9.2
8th Decile	13.3	12.2	8.8	8.3	13.4	8.9	10.9
9th Decile	16.1	13.8	10.5	10.6	15.0	10.7	12.6
10th Decile	26.0	24.3	29.4	27.8	22.4	34.8	28.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1]Deposits, bonds, miscellaneous financial assets, loans to other persons, market value of owner occupied homes.

[2]Deposit, bonds, mortgages, loans to other persons.

[3]Deposits and bonds.

[4]Deposits, bonds, stocks and shares, other financial, other assets.

[5]Total assets less total debts. The concept of net worth in this table is not comparable to the concept in previous tables but is comparable to the concept in 1964 which was a more restricted concept.

Source: Unpublished data from the Surveys of Consumer Finances.

Conclusion

The deficiencies in the quality of the data on wealth holdings have persisted over time and no national surveys have yet solved the problem of how to improve the reporting of asset holdings and indebtedness. However, the data suggest that, over time, the response errors are such that the results attained exhibit considerable consistency and that the data, despite their limitations, provide valuable insights into the growth in wealth holdings over time and its distribution. Even in the United States which discontinued the funding of surveys some years ago, the possibility of conducting new surveys is being discussed. Imperfect as they are, surveys are still the only data available which are a comprehensive source of information on the wealth structure of the population.