

NEWS RELEASE

Middle-class incomes up dramatically in Canada since 1970s

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For immediate release

VANCOUVER—Instead of stagnating economically, Canada’s middle class has actually seen its income increase by as much as 52 per cent since 1976, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Canada’s middle class is often portrayed as stagnating and not reaping any benefits from economic growth over the past few decades. But the truth is middle class incomes have risen dramatically since the 1970s, and those incomes go a lot further today in terms of purchasing power than they did back then,” said Donald Boudreaux, Fraser Institute senior fellow, economics professor at George Mason University and co-author of **The Myth of Middle-Class Stagnation in Canada**.

Studies that claim Canada’s middle class is stagnating—or worse, falling behind—often fail to properly adjust for changes in taxes and government transfers (like the GST credit and child benefit payments).

They also overestimate the effects of inflation, and they don’t account for the fact that the typical family is smaller today than in the past, meaning a family’s income now gets spread across fewer people.

When properly measured, instead of stagnating, the median Canadian income increased dramatically by 52 per cent, from \$25,771 per-family-member in 1976 to \$39,200 in 2011, the most recent year of readily available data.

Another indication that Canada’s middle class is better off today than it was in the mid-1970s is that Canadians have to work fewer hours today in order to afford similar and often higher quality household goods.

For example, in 1976, a microwave cost \$579.98 in the Sears Canada catalogue. Earning the average hourly wage of \$5.30, it would have taken the average Canadian 109 hours of work to afford it. Thirty-five years later, a much better microwave (given improvements in technology) sells for \$229.99 in the Sears catalogue. At the average hourly wage of \$23.30 in 2011, that’s only 10 work-hours.


A television in 1976 cost the equivalent of 113 hours of work, and in 2011, just 12 work-hours. A simple clock-radio in 1976 cost 5 work-hours, while in 2011, less than 1 work-hour.

“Despite the rhetoric in some circles, Canada’s middle class clearly isn’t stagnating or falling behind,” said Charles Lamman, director of fiscal studies at the Fraser Institute. “The unfortunate reality is that policies intended to fix the non-existent problem of a stagnating middle class can actually make it more difficult for all Canadians to improve economically and prosper.”

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