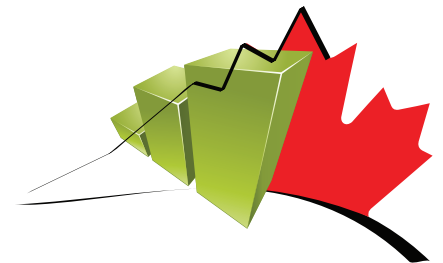


## Economic and Social Reports

# Trends in between-workplace earnings inequality in 14 high-income countries



by Feng Hou

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# ***Trends in between-workplace earnings inequality in 14 high-income countries***

by Feng Hou

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A new report published by the Proceedings of the National Academy of Sciences of the United States of America (PNAS) found that, from the early 1990s to the early 2010s, the share of earnings inequality attributable to a between-workplace earnings dispersion grew in 12 out of 14 high-income countries (Tomaskovic-Devey et al. 2020)—Canada was one exception.

The lead author, Donald Tomaskovic-Devey from the University of Massachusetts Amherst, along with an international team of 27 researchers, examined roughly two decades of administrative records covering more than 2 billion job-years nested within more than 50 million workplace-years for 14 countries: Canada, Czechia, Denmark, France, Germany, Hungary, Israel, Japan, the Netherlands, Norway, Slovenia, South Korea, Sweden and the United States. Statistics Canada's Social Analysis and Modelling Division contributed to the analysis of the Canadian data.

Contrary to the patterns observed in other high-income countries, the proportion of the total earnings inequality attributable to a between-firm earnings dispersion was relatively low and remained stable in Canada over the period from 1993 to 2013. The growth in the between-workplace earnings dispersion observed in other countries was associated with a decline in the bargaining power of employees relative to employers. In Canada, national labour market institutions (such as the structure, function and scope of collective bargaining and employment protection) changed little over the study period. In line with these findings, a recent Statistics Canada report (Grekou, Gu and Yan 2020) found that the between-firm earnings dispersion fell slightly from 2002 to 2015. This slight decline was related to the convergence of earnings between high-productivity firms and other firms, and between industrial sectors and geographic regions.

The full report, "Rising between-workplace inequalities in high-income countries," can be found on the PNAS website.

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