Corporate Income Tax Freedom Day

7 January 2020

Decades of tax cuts have given corporate Canada plenty to celebrate at a steep cost to everyone else

Canadians *for* Tax Fairness
Canadiens pour une fiscalité équitable

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Corporate Income Tax Freedom Day 2020
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Author: Toby Sanger

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Contact Canadians for Tax Fairness
Email: communications@taxfairness.ca
Website: www.taxfairness.ca
Mail: 192 Main St., PO Box 12015, Ottawa, ON, K1S3M1
Office: 193 Richmond Rd., Ottawa, ON, K1Z 6W4
Find us on Twitter @CdnTaxFairness and on Facebook: canadiansfortaxfairness

Summary and introduction

At a time when Canadian families are dealing with the hangover of bills and debts to pay after the holidays, corporate Canada has reason to celebrate.

Tuesday January 7th, 2020 at 8:56am is the time when Canadian corporations could have paid all their federal and provincial corporate income taxes out of their revenues for the year: “Corporate Income Tax Freedom Day.”

Corporate income taxes have been cut so much that they now amount to an average of just 1.75%, or less than a week’s worth, of their annual operating revenues[i]. Canadians for Tax Fairness is calling attention to this date to highlight how little corporate income taxes are paid compared with other taxes, and compared with previous years.[ii]

This isn’t the earliest date for Corporate Income Tax Freedom Day for Canada, but it is early for a time when corporate profit rates are so high. Average operating profits of Canadian corporations as a share of revenues reached 10% in 2018 for the first time since at least 1988.

The “effective corporate income tax rate”—taxes actually paid as a share of taxable income—declined to 18.8% in 2018. This was well-below the combined average federal and provincial statutory rate of 26%, and less than half what it was up until 20 years ago when the effective corporate income tax rate was close to 40%.

We were promised that corporate tax cuts would lead to increased investment, stronger growth and more jobs. Instead, we’ve had:

- declining rates of business investment, with sluggish productivity and economic growth
- increased corporate concentration and market power
- rising cash balances—dead money—especially in larger corporations, together with record share buybacks and dividend payments
- record CEO compensation, little growth in workers’ wages, and increased inequality with most of the benefits going to top incomes

These two decades of corporate tax cuts have also cost our federal and provincial governments hundreds of billions of dollars, which has meant cuts or reduced public spending and investment in other areas that would have been more beneficial for the economy and vast majority of Canadians.

We need to recognize that cutting corporate taxes has been a multi-hundred-billion-dollar failure, stop the race to the bottom, restore corporate tax rates and invest additional revenues in public services that both grow the economy and improve the lives of all Canadians.

Key Figures

Operating revenues of all Canadian corporations in 2018 .... $4,327 billion
Operating profits of all Canadian corporations .... $434 billion
Operating profit rate 10.0%
Taxable corporate income .... $402 billion
Federal and provincial corporate income taxes paid .... $75 billion

Corporate income taxes paid as share of operating revenues 1.75%
"Corporate Income Tax Freedom Day" .... 7 January at 8:56am

Corporate income taxes paid as a share of taxable income in 1998 .... 38.7%
Corporate income taxes paid as a share of taxable income in 2008 .... 28.5%
Corporate income taxes paid as share of taxable income in 2018 .... 18.8%

Business Investment in Machinery and Equipment/GDP in 1998 .... 7.0%
Business Investment in Machinery and Equipment/GDP in 2008 .... 4.9%
Business Investment in Machinery and Equipment/GDP in 2018 .... 3.8%

Cash holdings of Canadian private non-financial corporations in 1998 .... $86 billion
Cash holdings of Canadian private non-financial corporations in 2008 .... $270 billion
Cash holdings of Canadian private non-financial corporations in 2018 .... $506 billion

Average pay for top-100 CEOs in 1998 .... $3.5 million
Average pay for top-100 CEOs in 2008 .... $7.3 million
Average pay for top-100 CEOs in 2018 .... $11.8 million

Number of mid and large cap TSX composite companies that pay their top five executives more than they pay in corporate income tax 23

Revenue that could be raised by restoring federal general tax rate from 15% to 20%, according to the Parliamentary Budget Office .... $9.5 billion

For sources: see Endnotes[iii]

Caveats

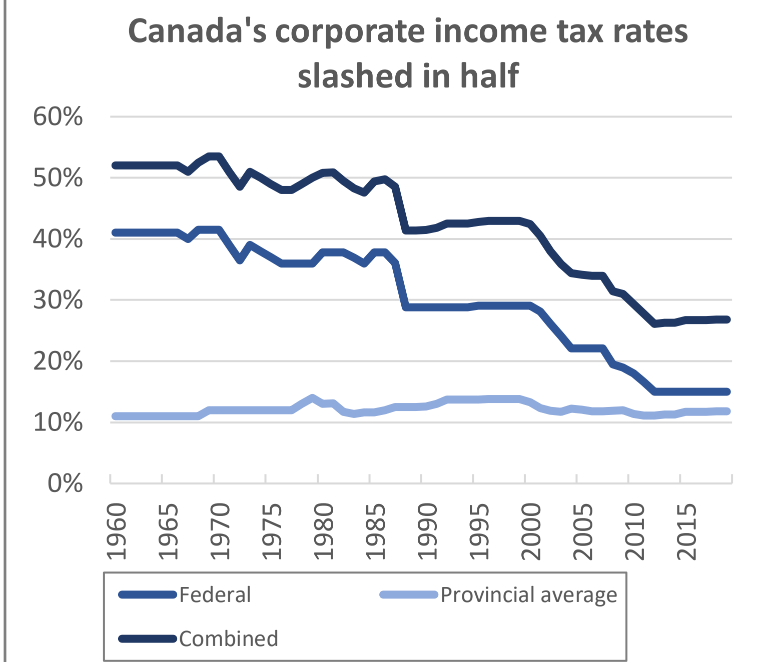
Calculations of corporate income taxes are also of course made as a ratio of corporate profits, instead of corporate revenues. However, we wanted a comparison relatively similar to measures of "Tax Freedom Day," which use household revenue as the denominator.[iv] *The corporate equivalent to that is operating revenue. Using corporate profits as the denominator would place it on March 9th, much earlier than it would have been 20 years ago, when it would have fallen on May 22.*

These calculations use figures for 2018, the most recent annual data available, but partial year figures for 2019 indicate that effective corporate income taxes as a share of profit and of revenues will be even lower for 2019 and likely for 2020 as well.

1. Plummeting corporate tax rates

Corporate income tax rates in Canada have been slashed over the past two decades. The federal general corporate tax rate was cut almost in half by successive Liberal and Conservative governments from 29.1% in 2000 to 15% in 2012 where it has remained since. Tax cuts by different provincial governments have reduced the average provincial rate from 13.3% in 2000 to 11.8% in 2018. This has reduced the combined statutory federal and provincial rate from 42.1% in 2000 down to 26.8% in 2018. Further corporate tax cuts planned in Alberta will lower these combined rates even further.

Small business tax rates—the tax rate that applies to the first $500,000 or so of taxable income, depending on the province—have also been reduced significantly. The federal rate was cut to 9% effective 1 January 2019. Provincial and territorial rates range from zero in Manitoba to 4% in Northwest Territories and Nunavut.



Sources: OECD Tax Database; Agriculture Canada for Corporate Income Tax Database, 2007.

Figure 1

The "effective corporate income tax rate," calculated as the taxes actually paid by corporations as a share of their profits, has declined by even more than the statutory rates. Figure 2 below illustrates how the effective rate that corporations pay on their taxable income has been cut by more than half, from 40% twenty-five years ago to less than 20% in recent years. These rates fluctuate as corporate profits oscillate and corporate tax strategies take advantage of losses and tax preferences.

The actual effective corporate income tax rate is less than this because so many large corporations shift billions in taxable income overseas to tax havens to avoid taxes in Canada. Canadian corporations reported that they held over $350 billion of assets in the top 12 tax havens at the end of 2018. More than 90% of Canada's largest 60 corporations, members of the TSX60, have subsidiaries in tax havens.[v]

Other countries have of course also cut their corporate income tax over recent decades. This includes tax havens and many larger nations, which have engaged in a race to the bottom for corporate taxes. Most notably, U.S. President Donald Trump reduced corporate taxes dramatically in 2017 by cutting the federal headline corporate tax rate from 35% to 21% (still above Canada's federal rate of 15%) and by allowing businesses greater tax deductions for investment.

In each case, advocates for lower corporate taxes have claimed tax cuts are essential to retain and attract business investment and that they will stimulate economic growth, employment and wages. There's always been a lot of debate and controversy about these claims, including whether corporate tax cuts mostly involve poaching investments, and particularly paper investments and profits, from other jurisdictions.

The consensus among mainstream economists, including many who previously supported corporate tax cuts, has shifted considerably in recent years. For instance, the non-partisan United States Congressional Research Office found that the U.S. tax cuts had negligible impact on investment, economic growth and wages. Similarly, a survey by the National Association of Business Economists found that 84% of firms had no plans to increase investment or hiring as a result of the U.S. tax cuts, and very few were planning to give their employees wage increases.

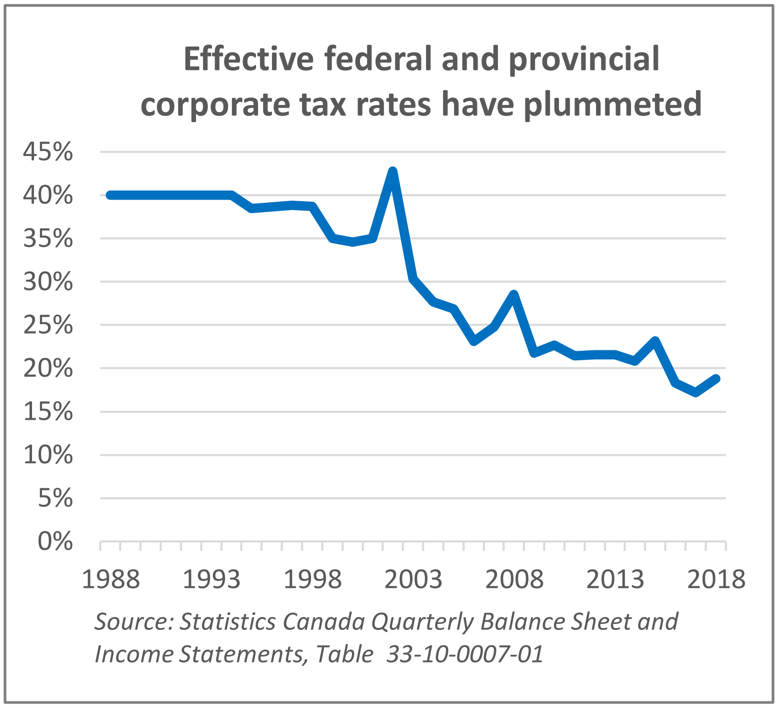


Figure 2

Instead, these hundreds of billions in annual corporate tax cuts have predominantly gone to 1) benefit shareholders through share buybacks and increased dividends, 2) higher compensation for corporate executives, and 3) into larger corporate cash balances.

Even the International Monetary Fund (IMF) has raised concerns about corporate tax cuts, suggesting that increased corporate concentration and market power of giant companies means that corporate tax cuts will have much smaller impacts. It raised concern about ongoing corporate tax cuts around the world, warning about a "race to the bottom" and arguing that a fundamentally new approach to international corporate taxation is urgently needed.

Far-reaching discussions and negotiations about fundamental changes to international corporate tax rules involving over 135 nations are now taking place through the Organization for Economic Development (OECD) through the Inclusive Framework on Base Erosion and Profit Shifting initiative. These involve the possibility of establishing a global minimum corporate tax rate, and measures to significantly reduce profit shifting and abuse of tax havens. There's hope this will help end the race to the bottom with corporate taxes, and that individual countries, including Canada, will take steps to ensure that large multinational corporations pay their fair share of taxes.[vi]

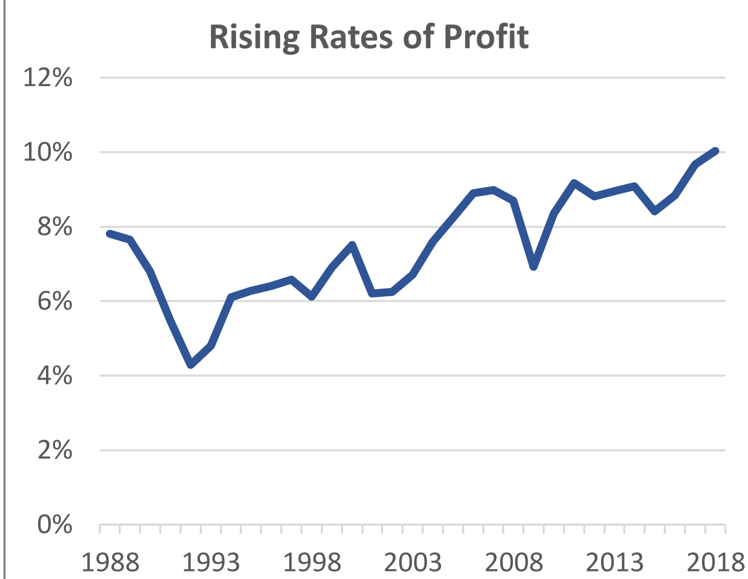
2. Soaring corporate profits and increased corporate concentration

With the slashing of corporate tax rates, corporate profits and profit margins have skyrocketed over the past two decades. Economic factors cause profit margins to fluctuate on an annual basis, but the trend is very clearly up. As corporate profit margins have increased before tax, and tax rates have been slashed, corporate profits *after tax* have increased by even more.

After-tax profit margins would be expected to increase following tax cuts, but before-tax corporate profit margins and mark-ups have also increased significantly over the past 20 years, in Canada and around the world. Extensive research by the IMF found this has been almost entirely because of higher profits among a smaller group of more profitable and larger firms and connected to rising corporate power and industry concentration[vii]. This most likely reflects increased corporate concentration, monopolization and the market power of giant corporations to extract more profit from their operations, by increasing prices and squeezing costs, including wages.

Profitability and margins for larger corporations tend to be significantly higher than for smaller businesses. As a result, corporate tax cuts have provided much greater benefits to larger and more profitable corporations. Larger multinational corporations have also been far more aggressive at exploiting tax avoidance opportunities, including using tax havens and international tax shifting.

This in turn has helped large corporations accumulate more market power, by buying up smaller competitors, or forcing them out of business and extracting higher profits. The race to the bottom with corporate tax cuts has contributed to a vicious upward cycle of increasing market power concentrated in fewer firms.



Source: Statistics Canada Quarterly Balance Sheet and Income Statements, Table 33-10-0007-01 ; Operating profit/ operating revenue.

Figure 3

These mega-firms with higher markups have also tended to invest and innovate less. With more going to profits and less to investment and wages, they've also helped drive down labour's share of national income[viii].

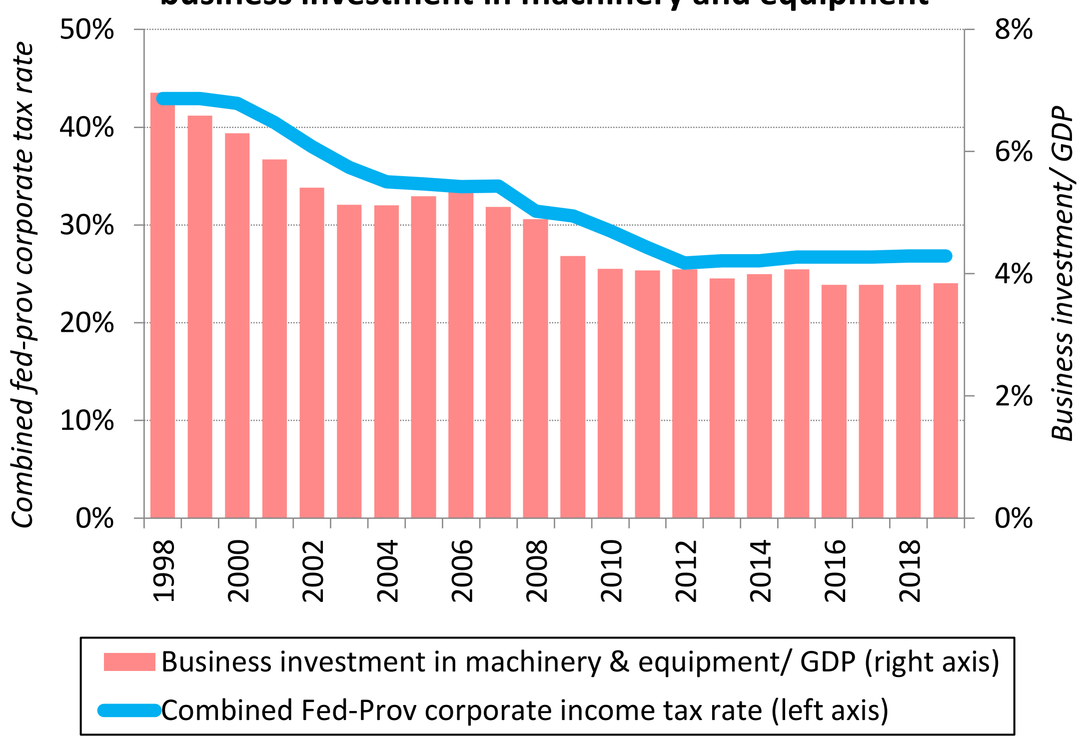
3. Failure of corporate tax cuts to stimulate business investment

Proponents of corporate tax cuts have always argued that they are necessary to attract, retain, and increase investments, by providing incentives to Canadian firms to invest and by attracting more foreign investment. This in turn was supposed to increase productivity and grow the economy, creating more jobs and raising wages. In other words, the benefits of corporate tax cuts were supposed to trickle down and throughout the economy.

However, these claims and predictions for corporate tax cuts have failed spectacularly over the past two decades. As the chart below shows, business investment in machinery and equipment—a key factor in productivity growth—as a share of the economy has declined almost in lock-step with lower corporate tax rates, instead of increasing, as it was supposed to.

A broader measure of corporate taxation, the Marginal Effective Tax Rate (METR) on new investment—which also accounts for tax incentives, sales taxes and capital taxes—shows an even steeper decline, also correlating with lower rather than higher rates of business investment in machinery and equipment.[ix]

Combined federal-provincial corporate tax rates and business investment in machinery and equipment



Sources: OECD tax database and Statistics Canada table 36-10-0104-01.

Figure 4

This has been puzzling, but at each instance, proponents of corporate tax cuts have claimed that investment would have been even lower had these tax cuts not been made, that deeper cuts are needed, and higher rates of investment were just around the corner. And each time they've been wrong.

Most recently, Alberta Premier Jason Kenney, supported by corporate tax cut advocate Jack Mintz, claimed that cutting that province's big business corporate tax rate from 15% to 10% would attract and increase investment, grow the economy and create 55,000 new jobs. Instead, we've seen job losses, layoffs and major investments cancelled by some of the largest corporate recipients of these tax cuts, while Kenney's government has cut public spending and programs to pay for these tax cuts, causing further job loss and economic decline.

There are a variety of reasons why corporate tax cuts have failed to stimulate business investment, but governments and tax cut proponents haven't appeared to be willing to grapple with these, and instead applied the same old failed prescriptions.

Corporations won't increase their productive investments in the economy unless they expect people or businesses will buy their increased production, and they won't do that while demand is low. If corporate tax cuts don't lead to increased investment, if their benefits don't trickle down and if governments cut public spending to pay for these corporate tax cuts, then demand will decline and corporations will invest less as well. Paradoxically, an overemphasis on cutting corporate taxes and other supply-side measures to stimulate investment instead seems to have reduced demand, investment and economic growth.

In addition, researchers at the IMF and elsewhere have found, rising corporate concentration and market power—abetted by lower corporate tax rates—have been associated with lower rates of investment and innovation, as well as slower economic growth.[x] In fact the IMF estimates that lower rates of investments associated with higher corporate markups and industry concentration have reduced overall economic output (GDP) by about one percentage point in advanced economies since 2000.[xi]

"At each instance, proponents of corporate tax cuts have claimed that investment would have been even lower had these tax cuts not been made, that deeper cuts are needed, and higher rates of investment were just around the corner. And each time they've been wrong."

Economic models often simply assume that tax cuts will automatically be re-invested in the jurisdiction that granted the tax cut. However, corporations are much more flexible in how new funds can be used. They can just as easily re-invest those funds in another jurisdiction, they can pay that cash out to shareholders or executives, they can hoard the money, they can buy other companies or speculate on land, all options rarely considered in standard economic models.

4. Where did the hundreds of billions in corporate tax cuts go?

Instead of putting their money to work through productive investments in the economy, corporations have increasingly put their increased profits into larger stockpiles of cash, stock buybacks, mergers and acquisitions, increased executive compensation and dividend payouts to shareholders. This has led to increased inequality without the benefits trickling down.

The amount of cash—currency and deposits—that Canadian non-financial private corporations have has more than quadrupled in the past two decades, most recently amounting to $532 *billion.* That's equivalent to over 23% of our annual economic output and three-quarters of the federal government's debt.

Corporate cash piles have increased by 340% since 2000: far more rapidly than corporate investments in non-residential structures, machinery and equipment, or intellectual property. It's money that's serving little or no economic purpose: "dead money" as former governor of the Bank of Canada Mark Carney dubbed it in 2012. Since he and former Finance Minister Jim Flaherty called on businesses to invest their cash surpluses into the economy seven years ago, they've instead increased by $200 billion.[xii]

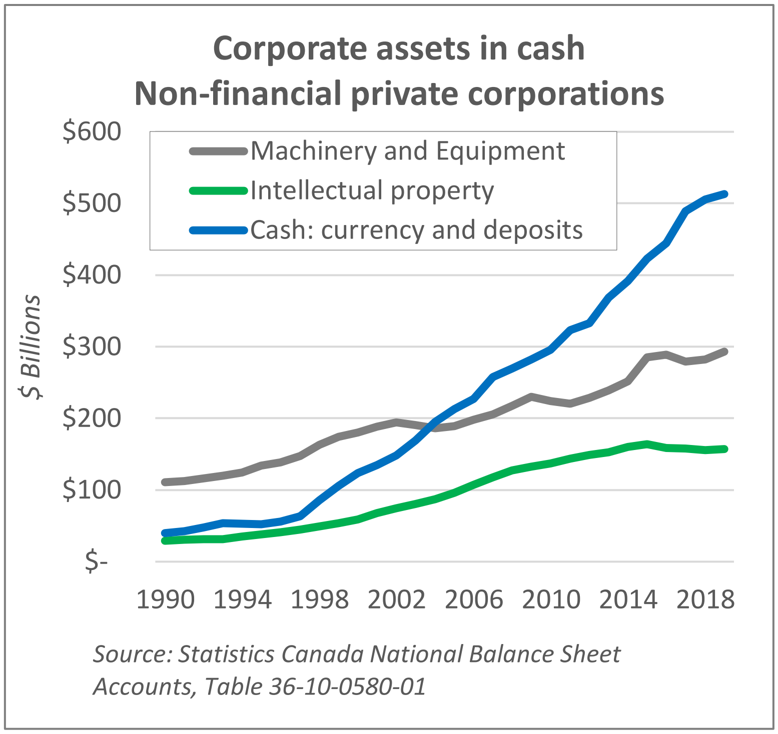


Figure 5

Canada hasn't been alone in experiencing a rise in corporate cash holding, but the trend has grown faster in Canada than in any other G7 country.[xiii] Research by the IMF has found that the increase in corporate cash balances has been driven especially by larger, more profitable firms that engage more in R&D and have lower effective tax rates.[xiv]

Some of Canada's big corporate cash hoarders paid very low rates of tax and gave their top executives multi-million-dollar payouts. For instance:

Air Canada had $4.7 billion in cash and short-term investments on its balance sheet at the end of 2018 (and an average of over $3 billion for the last five years), but only paid an average of 1% tax on its profit over the past five years. It gave its CEO, Calin Rovinescu, a pay package worth $11.5 million in 2018, almost twice its annual average tax payment, and 27% higher than the year before. It's clear where the hundreds of millions it has avoided in tax has gone: not to its workers, who have received annual 2% pay increases, nor back to the public through taxes.

Brookfield Property Partners paid a tax rate averaging just 3% of its profit over the past five years, but had $3.3 billion in cash on its balance sheet at the end of 2018. The CEO of its parent company received a pay packet of $6.5 million in 2018.

Imperial Oil paid an income tax rate averaging only 13% over the past five years, but gave its CEO a pay packet of over $10 million for 2018, and had a billion in cash on its balance sheet at the end of 2018.

Shopify hasn't paid any tax in the last five years as it has booked losses, yet it managed to pay its top five executives $36 million last year—with over $18 million in stock options taxed at half the normal rate of tax—and still had $2 billion in cash on its balance sheet at the end of 2018.

5. Other impacts: slower growth and increasing inequality

Corporate tax cuts have not only failed to increase investment, but they've also led to increased inequality, and slower economic and job growth when governments have reduced or postponed spending in other areas to pay for the tax cuts.

This is very clearly happening now in both Alberta and Ontario where Conservative governments are making cuts to public spending in different areas to pay for their recent corporate tax cuts. It has also happened in other provinces and at the federal level where governments have made cuts or postponed spending on public programs to pay for their corporate tax cuts.

Cutting or delaying public programs, public spending and public sector wages to pay for corporate tax cuts come at a substantial cost. Analysis shows that corporate tax cuts have much smaller impacts on economic and job growth than public spending, especially over the short and medium term.

Economic multipliers used by Finance Canada and Statistics Canada estimate that $1 billion in corporate tax cuts would generate approximately only 150 jobs in the first year, rising to about 1,400 jobs after two years, at a cost of about $730,000 per job. Meanwhile $1 billion in public spending on infrastructure, housing, and measures for low income households would generate 1,200 to 1,500 jobs in the first year, rising to an average of 7,000 additional jobs after two years, at a cost of about $140,000 per job.[xv] By these estimates, cutting spending by $1 billion to pay for $1 billion in corporate tax cuts would lead to a loss of about 5,600 jobs.

If we applied the 2008 effective corporate tax rate to corporate taxable profits in 2018, federal and provincial revenues would have been $39 billion higher. Assuming that federal and provincial governments reduced public spending by this amount to pay for the corporate tax cuts suggests that cutting public spending to pay for these tax cuts would have led to 222,000 fewer jobs.

Corporate tax cuts have also led to increasing inequality. Some continue to claim that corporate taxes ultimately fall on workers through their wages and on consumers through price increases. However, these claims are exceedingly hard to maintain with what we've seen over recent decades and years.

The past few decades of steep corporate tax cuts have hardly been a period of stronger wage growth. On the contrary, there's been very little real wage growth since the steep decline in corporate tax cuts began. While a number of factors have been responsible for slower wage growth, corporate tax cuts have played a role directly or indirectly.

Because owners and shareholders of corporations, and the executives that run these companies, are concentrated at the top of the income and wealth spectrum, corporate tax cuts have exacerbated growing inequalities.

It's also hard to justify claims that corporate tax cuts have led to lower consumer prices. Instead, corporate tax cuts have been accompanied by a significant increase in corporate profit margins, both before and after tax. While we've had low inflation in different areas, this is much more due to lower prices for imported goods and slow wage growth, than to corporate tax cuts.

Instead, corporate tax cuts have especially benefited larger and more profitable corporations, contributing to greater corporate concentration. Increased market power among a few larger corporations has allowed them to increase prices and profit margins, and/or to squeeze suppliers and wages. Some benefits of lower prices have no doubt been passed onto consumers by corporations such as Walmart squeezing their suppliers, but much of the benefits have gone to the owners, shareholders, and executives. This includes the Walton family who have a combined net wealth of over $200 billion.

While academic debate among economists about the incidence of corporate taxes continues, the experience with recent U.S. corporate tax cuts, which was extensively analysed, is clear. The predominant finding was that few corporations passed on their gains to workers through higher wages or by hiring more employees, and that by far the lion's share of these tax cuts went to owners and shareholders.

A variety of government agencies—including the Congressional Budget Office, the Treasury Office of Tax Analysis, the Joint Committee on Taxation, and others—calculated that less than a quarter of the benefits of U.S. corporate tax cuts go to employees and that at least three-quarters go to shareholders of capital. Because even the amounts that go to employees are skewed to the top, a third to a half of all benefits of corporate tax cuts are estimated to go to the top 1%, with less than 30% going to the bottom 80% of income earners.[xvi]

Because owners and shareholders of corporations, and the executives that run these companies, are concentrated at the top of the income and wealth spectrum, corporate tax cuts have exacerbated growing inequalities. Preferential tax rates on investment income including capital gains, stock options, dividends have further amplified the wealth gap.

6. Conclusions

It has been two decades since the federal government started cutting corporate tax rates in earnest. Since then, federal and provincial tax cuts have reduced the effective corporate tax rate below 19%, about half what it was 20 years ago. Canadian corporations now have more than $500 billion in excess cash assets that aren't being productively invested in the economy.

Proponents of corporate tax cuts—and the governments that have implemented them—have promised each time that tax cuts will stimulate competitiveness and create jobs. Instead we've had 20 years of declining rates of business investment, productivity and economic growth. More disturbingly, corporate tax cuts have contributed to increased market power concentrated among a smaller number of large corporations, reduced competitiveness, and deeper income inequalities.

Corporate tax cuts have also cost tens of billions in lower revenues annually for federal and provincial governments, significantly reducing spending on public services resulting in slower growth and lower living standards for Canadians. Cutting public spending to pay for corporate tax cuts planned by governments in Alberta and Ontario will cause more unnecessary economic pain and job loss.

It is time for federal and provincial governments to end the failed decades of corporate tax cuts and instead take steps to:

- Restore corporate income tax rates.
- Eliminate the numerous tax preferences that enable corporations to pay significantly lower tax rates on their income than the already low statutory rates.
- Introduce and support changes to international corporate tax rules to ensure corporations pay their fair share of taxes on where they actually do business, in Canada and elsewhere in the world.
- Strengthen investigation, enforcement and prosecution of corporate tax evaders.

Endnotes

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[i] The year 2020 is a leap year with 366 days instead of the usual 365 days. While it makes only a very small difference, to be consistent we've used 365 ¼ days in these calculations.

[ii] Corporations pay more taxes than just corporate income taxes, including property taxes, payroll taxes, natural resource royalties, sales taxes, tariffs and excise taxes. We haven't included these other taxes and tariffs in our calculations because the aggregate amounts paid by corporations is hard to obtain, and in some cases, these charges are considered to be in exchange for a service, good or consideration. Instead, we've provided a straightforward calculation focused on corporate income taxes. These other taxes on corporations have also been cut significantly, with the shift from retail sales taxes to value added taxes like the GST and HST, a shift from property taxes on businesses to households and other measures, as are reflected in measures such as Marginal Effective Tax Rates on Capital.

[iii] Sources for key figures include: Statistics Canada *Quarterly Balance Sheet and Income Statements* (Table 33-10-0007-01); Statistics Canada *Gross Domestic Product, Expenditure-based* (Table 36-10-0104-01); OECD Corporate Tax Database; Agriculture Canada *Corporate Tax Database* 2007; Bazel, Mintz and Thompson *2017 Tax Competitiveness Report*; Chen and Mintz *Federal/Provincial Combined METRs on Capital 1997-2006*; Finance Canada *Fall Economic Statement 2018*; Statistics Canada *National Balance Sheet Accounts* (Table 36-10-0580-01); Canadian Centre for Policy Alternatives, CEO pay reports for 2020, 2010 and 2000; Parliamentary Budget Office, *Ready Reckoner* (accessed January 2, 2020). Statistics Canada's quarterly survey of corporate financial statements covers incorporated business operating in the Canadian economy, excluding government business enterprises, non-profit enterprises and those in the industry of management of companies and enterprises. It involves quarterly surveys of corporations and use of annual administrative data from the Canada Revenue Agency.

[iv] The Fraser Institute's calculation of "Tax Freedom Day" for individuals includes all the different taxes that individuals pay and more, including corporate taxes and natural resource royalties, and calculates that as a ratio of household income. This method has been rightly criticized for a number of reasons, including because it is highly debatable whether average households ultimately pay for natural resource royalties and corporate taxes.

[v] Canadians for Tax Fairness, Bay Street and Tax Havens: Curbing Corporate Canada's Addiction, 2017. https://www.taxfairness.ca/en/page/report-bay-street-and-tax-havens Saskatchewan-based mining company Cameco alone has avoided over $2 billion in corporate tax by shifting billions in profit to subsidiaries in Switzerland and Barbados while declaring losses in Canada.

[vi] The IMF has estimated that governments worldwide lose over US$600 billion annually to international corporate tax shifting. See reports from the *Independent Commission for the Reform of International Corporate Taxation* www.icrict.org for proposals on how to reform these and Toby Sanger, Canada can help fix broken international corporate tax system Policy Options, July 2019.

[vii] *IMF World Economic Outlook* (WEO) April 2019, Chapter 2 *The Rise of Corporate Market Power and its Macroeconomic Effects*. https://www.elibrary.imf.org/view/IMF081/25771-9781484397480/25771-9781484397480/ch02.xml?redirect=true

[viii] The IMF (IMF WEO 2019, p.67) estimates that increased corporate markups has been responsible for at least 10% of the trend decline in labour's share of national income.

[ix] Business investment in non-residential structures, which includes buildings and engineering structures such as pipelines, have been relatively flat over this period, despite the steep declines in tax rates and interest rates.

[x] IMF 2018, *Global Market Power and its Macroeconomic Implications*. https://www.imf.org/en/Publications/WP/Issues/2018/06/15/Global-Market-Power-and-its-Macroeconomic-Implications-45975

[xi] IMF WEO 2019, p.57.

[xii] Some commentators have criticized Carney for raising concern about this "dead money" on different grounds: that corporations have increased their cash holdings as a hedge against economic uncertainty, because "cash is king" when it comes to making acquisitions and investments (Poschmann 2014), and that it's up to the companies to do what they see best with their money (Cross 2014). In response 1) it is difficult to believe that economic uncertainty is greater now than it was 10 years ago, 2) money that goes into acquisitions usually reflects a changing of hands of who owns productive assets, and not an increase in them, and 3) it may be up to corporations to do what they see best with their money, but if they have excess cash as a result of corporate tax cuts, it's up to the government to reverse ineffective tax measures.

[xiii] IMF 2014 *Country Report for Canada* No 14/28. p.24. https://www.imf.org/external/pubs/ft/scr/2014/cr1428.pdf

[xiv] IMF Working Paper, 2018. *The Rise in Corporate Saving and Cash Holding in Advanced Economies: Aggregate and Firm Level Trends.* https://www.imf.org/en/Publications/WP/Issues/2018/12/07/The-Rise-in-Corporate-Saving-and-Cash-Holding-in-Advanced-Economies-Aggregate-and-Firm-Level-46369

[xv] These figures were calculated using multipliers published by Finance Canada in the 2009 Federal Budget (p. 240), and employment and GDP multipliers at the national level produced by Statistics Canada, and updated using 2020 values for GDP and employment using forecasts from the 2019 Federal Budget.

[xvi] Centre on Budget and Policy Priorities 2017, *Corporate Tax Cuts Skew to Shareholders and CEOs, Not Workers as Administration Claims*, August 2017. https://www.cbpp.org/sites/default/files/atoms/files/7-20-17tax.pdf