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# Low Income Status by Population Groups, 1961-2001

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## **Chapter 5**

### **Low Income Status by Population Groups, 1961-2001**

Roderic Beaujot, Jianye Liu and Don Kerr

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#### ***Introduction***

In the 1961 census monograph series, Podoluk (1968) included a chapter on “Low income and poverty” as part of *Incomes of Canadians*. The concept of low income was initially developed by Podoluk, and it has become the most common concept used in the discussion of poverty in Canada. This chapter makes comparisons between the 1961 and 2001 census, in terms of the population groups that are most affected by low income.

The 1961 census was the information base on which much of Canada’s welfare state was developed in the 1960s. Canada was rather different 40 years ago. Families were mostly of the breadwinner type, fertility was high, and the elderly comprised a significant pocket of poverty. In *The Work World*, The Royal Commission on Bilingualism and Biculturalism (1969) was reporting that persons of French ethnic origin had the lowest average income among the major ethnic groups, second only to the recently arriving persons of Italian origin.

The situation is rather different at the beginning of the 21<sup>st</sup> century. When the early results were being released from the 2001 census, there was much public interest to understand how the country was changing. Attention focused on the changing growth and distribution of the population, aging, and the changing composition resulting from the greater importance of immigration. In effect, Canada faces powerful demographic changes, including population aging, unequal distribution of population, increased diversity and changes in family structure. These questions can be linked to the second demographic transition, which brings low fertility and aging, more diverse families, and a greater contribution of immigration to population change. These demographic and family changes point to certain groups who are at risk, including persons in less stable families, persons who are not living in family households, and recent immigrants.

To compare the groups most subject to low income in 1961 and 2001, we consider population groups as defined by age and sex, then family structure, to then compare across groups defined by ethnicity, language and place of birth.

#### ***Measuring low income and poverty***

Low income is taken to measure the levels of income that are significantly below the standard, relative to a given society at a given time (see Canadian Council on Social Development 2002). When comparisons are being made across countries, low income is typically measured as below half of median income, adjusting for household size (Hagenaars and De Vos 1988). For comparisons within Canada, the most commonly used measure is the low income status as defined by Statistics Canada. This measure was first developed in relation to the 1961 census. Based on the 1959 Family Expenditure Survey, the average family was found to be spending 50% of their income on the necessities of food, shelter and clothing (Cotton et al. 1999). It was arbitrarily decided that those who spent 70% or more of their income on these necessities would be classified as having low income status. Using the same 20% difference from the average, the low income line involved spending more than 58.5% of income on necessities in 1981 and

54.7% in 2001. Besides changing the base of the low income lines, annual adjustments are made for inflation. Statistics Canada (2004, 165) has emphasized that these Low Income Cut-Offs (LICOs) are not measures of poverty, but they reflect a consistent methodology to identify those who are substantially worse-off than average.

---Table 5.1 about here---

Table 5.1 shows the low income lines for the 1961, 1981 and 2001 censuses, expressed in 2000 dollars. Low income is based on the concept of economic families and unattached individuals. As of the 1971 census, the calculation of low income is based on size of family and size of the place of residence. Thus, adjusting for the consumer price index and expressed in 2000 dollars, it can be seen that a family of size four would have low income status with an income below \$21,473 in 1961, compared to an income range of \$23,174 to \$31,505 in 1981, and a range of \$23,892 to \$34,572 in 2001 (depending on the size of the place of residence). Most of the data for 2001 are taken from the household file, which includes economic families and persons who are not attached to economic families.

Income-based indicators of economic well-being have many well known limitations (see Cotton et al. 1999; Wolfson and Evans 1989). For example, while the income is measured after transfers they exclude various types of in-kind public assistance, the sharing of resources and services across households and generations, the impact of exchanges in the informal economy, and various types of employment benefits such as extended medical insurance and drug plans. This is particularly problematic in documenting economic well-being, since these resources and entitlements can vary considerably across individuals and households, and over time. Nonetheless, given the consistent methodology, the measure of low income status allows for the identification of families and individuals who are substantially worse-off than average and to follow their changing composition.

#### **Annual series on low income status, 1980-2004**

Before turning to the census data, it is useful to present the time series generated by Statistics Canada, based on the Survey of Consumer Finances, and the Survey of Labour and Income Dynamics. The information in Table 5.2 uses the 1992 base, adjusting for inflation. In order to be consistent with the census data, the low income measure is after transfers but before tax. The overall trends show higher rates in the recessions of the periods 1982-84 and 1993-96, but declines to historically low levels by 2004. In the early 1990s, the difficulties in the economy were compounded by budgetary constraints, as governments that had hitherto run large fiscal deficits reduced the direct transfers to families (Picot et al. 1998). There are persistent gender differences, with higher proportions with low income for women at ages 18 and over, especially at ages 65 and over. In 1980, there are markedly higher levels at ages 65 and over compared to ages 0-17, but the pattern has been much more downward for ages 65 and over, so that by 1989 the male elderly have lower rates than that of children, and by 2004 the female elderly have reached the rates for children. This downward trend for the elderly is much less affected by the recessions of the early 1980s and early 1990s.

---Tables 5.2 and 5.3 about here---

Table 5.3 shows the low income rates by various family statuses over this period 1980-2004. The overall trend is downward for both economic families and unattached individuals. The major exception to this downward trend is for two parent families with children and one earner, where 16.9% have low income in 1980 compared to 26.5% in 2004. For these two parent families with children, the gap has widened between the one earner and the two earner categories. The gap between two parent families with children and lone parent families has declined, but remains large. In 1980, the male lone parent families had a rate of low income that was 16.0 percentage points above that of two parent families with children, and by 2004 this gap was 12.2 percentage points. For female lone parent families, the gap compared to two parent families has declined from 47.7 to 37.1 percentage points. In each of the one earner and two earner categories, there are higher rates of low income when children are present. The most significant decline is for elderly families who had a low income rate of 19.1% in 1980 compared to 6.7% in 2004. In 2004, the highest rates, all above 20%, occur for female lone parent families, followed by unattached individuals, one earner two parent families with children, and male lone parent families. In contrast, the lowest rates, below 10%, occur for married couples with two earners and for elderly families.

### **Low income status, by demographic groups, 1961 and 2001**

The 1961 census monograph on income includes a chapter on low income (Podoluk 1968), but the income monographs or profiles for subsequent censuses have not included sections on low income (Rashid 1977; Statistics Canada 1984a; Rashid 1994). The regular census tables include low income (e.g. Statistics Canada 1977; 1984b). For the purpose of this chapter, tables have been derived from the 2001 census that would be comparable to those published from the 1961 census. Partly because the economic circumstances of the farm population were rather different, the 1961 monograph includes only the non-farm population. Given the separate low income line for the rural population, the 2001 data include the farm population.

---Tables 5.4 and 5.5 about here---

In 1961, 25.3% of families and 43.5% of unattached individuals were classified as having low income. In 2001, these figures are 13.0% for families and 35.8% for unattached (Table 5.4). While both types of units have made progress, the gap between economic families and unattached is higher in 2001 than in 1961. The provincial differences have declined markedly, both for families and unattached individuals (Table 5.4). In 1961, the Atlantic provinces, and to a lesser extent Saskatchewan, had incidences of low income that were significantly above the average. As another example, while Ontario remains advantaged compared to Quebec, the difference in the incidence of low income for economic families was 9.3 percentage points in 1961 compared to 2.9 percentage points in 2001.

The comparisons by demographic characteristics of families is difficult because in 1961 all two spouse families are classified by the characteristics of the male head of family. Thus the families with a male head include the two spouse families plus the lone parent families with a male head. The 7.8% of economic families with female head in 1961 are all lone parent families. In 2001, there is no longer a concept of “head” of family or household. The concept of “main household maintainer,” which is used in 2001, is a rather different concept from that of household head, and thus two spouse families are tabulated according to the characteristics of

both male and female spouses. Of all economic families, 83.1% are two spouse, 2.2% are male lone parent families, 9.9% are female lone parent families, and 4.9% are other economic families. In 1961, the incidence of low income is 23.8% for male heads and 42.6% for female heads (Table 5.5). In 2001, the figures are 9.3% for two spouse families, 18.6% for male lone parent families and 38.7% for female lone parent families. The only direct comparison that can be made is for female lone parents, who were 17.3 percentage points above the average for all families in 1961 compared to 25.7 percentage points in 2001. This is partly due to the changing demographics of lone parents who were more likely to be widows in 1961 but separated or divorced with young children in 2001.

The reduced gender differences are more readily visible in the unattached population. In 1961, the percent low income was 35.0 for males and 51.2 for females, while in 2001 these figures are 31.0 for males and 39.8 for females (Table 5.5). For families in 1961, the highest instances by age and sex occur for male heads of families aged 65 and over, along with female heads under 45 years. In families with male heads in 1961, those under 25 years have the second highest incidence, after the 65 and over. For the unattached in 1961, for both genders, the highest incidence is at ages 65 and over, with second highest at ages 55-64 and third highest at ages under 25 years. In 2001, for both two spouse families and lone parent families, the highest incidence occurs at ages under 25, the second highest at ages 25-34 and the lowest incidence at ages 65 and over. Among the individuals who are not attached to economic families, those aged 65 and over had the highest incidences of low income in 1961, but in 2001 it is those under 25 years. For unattached women in 2001, the incidence increases over age groups 25-34 to 65+, while for men it is age group 55-64 that stands out with the second highest incidence, after those under 25 years of age. The most significant observation in Table 5.5 is that the under 25 age group has replaced the 65 and over as the group with the highest incidence of low income.

### **Low income status by family characteristics, 1961 and 2001**

---Tables 5.6 and 5.7 about here---

Besides the family structures as defined by two spouse, lone parent and unattached individuals, it is useful to consider the number of children, sources of income and other characteristics of families. Table 5.6 uses children under 16. Across the categories of “one” to “three or more” children, in 1961, the incidence of low income increases markedly by number of children. The difference between one and two children is minimal in 2001, except in the case of female lone parent families. In 1961, the male heads with no children under 16 had higher incidence than those with one or two children. In 2001, the two spouse families with no children have the lowest incidence of low income. Mostly, we can observe that in two spouse families, having children presents a larger disadvantage in 2001, with the main difference occurring between “two” and “three or more” children.

The number of income earners makes a large difference in the incidence of low income (Table 5.6). In 1961, over 80% of families with no earners had low income, and this applies to 31% of families with no earners in 2001. Female heads with one earner had an incidence of 43.7% in 1961 but 34.5% in 2001. In comparison, the 2001 rate for male lone parents with one earner was 16.1%, and for two spouse families it was 16.9%. The comparison of one earner male

and female lone parents clearly show the influence of lower female wages and average hours of work. The two spouse economic families with no earners are much less disadvantaged in 2001 than in 1961, which probably reflects the better situation of persons over 65 who are not in the labour market.

In 1961, the incidence of low income is clearly lowest when wages and salaries are the major source of income, and this incidence is highest when transfer payments are the major source of income (Table 5.7). By 2001, the persons with wages and salaries remain relatively advantaged, but there is also relatively low incidence for those who have investment income or other income as their major source of income. In 1961, the incidence of low income was over 90% for families and unattached individuals who had transfer payments as their major source of income, and by 2001 the incidence is reduced to 42.9% for economic families and 65.1% for persons who are not part of economic families. It is probably mostly among elderly families that transfer payments as the major source of income are reducing the levels of low income.

---Tables 5.8 and 5.9 about here---

By level of education, the 1961 data show strong differentials to the disadvantage of persons with less than secondary education (Table 5.8). In each type of unit, the incidence declines with increased levels of education, but the differentials associated with “elementary or less” and “secondary 1-3 years” are stronger in 1961 than in 2001. Across the categories of “secondary 4-5 years” and higher, there are not large differences across two spouse families in 2001. It is especially for the female lone parent families, and the unattached of either gender, that post-secondary degree, diploma or certificate makes a significant difference. It is also noteworthy that, across the categories of female lone parents, the incidence of low income is highest for those with incomplete secondary education and incomplete post-secondary education. For unattached women, the incidence is clearly highest for those with elementary or less education, remaining at 61.7% in 2001.

Those in the current labour force, that is those working or looking for work on census day, have the lowest incidence of low income (Table 5.8). In 1961, the highest incidence occurs for male heads or unattached of either gender who are not in the labour force, and female heads who are in the non-current labour force, that is who were in the labour force over the past year but not on census day. In 2001, except in the case of female lone parents, those who are not in the labour force have the highest incidence of low income, and the gradient across the categories of labour force status is systematic, with lowest incidence for those in the labour force, regardless of the measurement following male or female characteristics. For female lone parents, both in 1961 and 2001, the highest incidence occurs for those in the non-current labour force, that is those who were working during the year preceding the census but who were neither working nor looking for work on census day.

In *Incomes of Canadians*, Podoluk (1968, 202) included an interesting table on the income composition of low income families. Table 5.9 includes these results along with comparable data from 2001, based on census families. Only low income families are included in the table, which comprise 25.3% of all families in the 1961 non-farm population. In 2001, the low income families comprise 13.0% of all economic families but 12.9% of all census families.



In 1961, 70.3% of the income of low income families came from employment, while this figure is only 39.3% in 2001. Family allowances or child tax benefits amounted to 6.6% of the income of low income families in 1961 and 17.3% in 2001. Old age pensions and other transfers made up 17.3% of this income in 1961, compared to 36.3% in 2001. The last column for each year shows the percent of all family income from a given source that goes to low income families in particular. It is noteworthy that the 25.3% of families who were low-income received 7.5% of all employment income in 1961, and the 12.9% of families who were low-income received 2.4% of employment income in 2001. The concentration of family allowances and child tax benefits has increased, with low income families receiving 29.3% of these allowances in 1961 compared to 92.3% in 2001. The same applies to other transfers, with 38.0% of these going to low income families in 1961 and 48.1% in 2001. The opposite occurs for old age pension, which includes Old Age Security, Guaranteed Income Supplement, and Canada/Quebec Pension Plan; the low income families received 44.3% of this transfer income in 1961 compared to 25.7% in 2001. While the categories are not exactly comparable, there has clearly been reduced targeting to the benefit of low income families for old age benefits, along with greater targeting for family benefits and other transfers.

### **Ethnic origin, language and immigration status**

---Table 5.10 about here---

Among the major ethnic groups in 1961, which excluded the Aboriginal population, the French had second lowest average incomes, after the persons of Italian origins, who were most recently arriving (Royal Commission on Bilingualism and Biculturalism 1969, 16). This Royal Commission also reported figures by English and French ethnic origins, showing the categories of knowledge of official languages. Table 5.10 includes these results along with the comparable data from 2001, based only on the male non-agricultural labour force, as this was the categorization used by the Royal Commission. The average incomes of the French ethnic origin in Canada represented 87.7 percent of the average for all origins in 1961, compared to 96.5% of this overall average in 2001. Even if they knew both official languages, the average for French ethnic origin in 1961 was 98.6% of the overall average, while those of British origins who knew both languages had 142.4% of the average income. In 2001, the French who know both languages had 103.3% of the average income, while the British who knew both languages had 115.5% of average income.

The change in Quebec is even more striking. In 1961, the British had an index of 140.0 while the French were at 91.8% of the overall average for the province. By 2001, the British were at 107.6 and the French at 106.3. In 1961, knowledge of both languages presented an average of 112.9, compared to 130.2 for English only and 73.3 for French only. The highest group in 2001 were the French who knew both languages, at 116.4, while the British who knew both languages had 113.5. The knowledge of both languages represented an average advantage of 109.9, while knowing only English or only French in Quebec represented at disadvantage compared to the overall average. It is also noteworthy in 2001 that the highest group in Canada as a whole were the British who knew both languages, while in Quebec the French who know both languages have displaced the British who know both languages as the highest group. While

the disadvantage of knowing only French has declined, it remains significant both for the whole of Canada and for Quebec. In Quebec, knowing only English has become a disadvantage.

---Table 5.11 about here---

The data on immigration status by place of birth uses the 1981 census, since there are no comparable data from the 1961 census. Table 5.11 excludes persons who arrived in the year preceding the census, for whom the income measure could include income before arriving to Canada. The categories of birthplace are somewhat different in 1981 and 2001, as noted in the footnote to the table. The first observation is that for all foreign born families there was a lower incidence of low income compared to the Canadian born in 1981, but a much higher incidence in 2001. In 1981, the total incidence of low income is higher than that of the Canadian born for persons born in Caribbean, South and Central America, Southeast Asia, East Asia and Western Asia. In 2001, incidence above the Canadian-born occurs for persons born in South and Central America (this includes the Caribbean in 2001), along with Eastern Europe, Africa, South Asia, Southeast Asia, East Asia, Western Asia and Oceania.

At both dates, there is a systematic pattern of higher incidence of low income for those who have arrived more recently. In 1981, this applied to those who had arrived 10 to 20 years before the census from Caribbean, South and Central America, Southern Europe and Western Asia. This incidence higher than that of the Canadian born also occurred for persons born who arrived 5 to 10 years before the census from Eastern Europe and Oceania, and to those who arrived in the 5 years preceding the census from United States, Other Western Europe, Central Europe, Africa, South Asia, Southeast Asia and East Asia. In 2001, the incidence above that of the Canadian born occurred for those who had arrived more than 20 years before the census from Central/South America and Western Asia. For 10 to 20 years before the census, we add Southern Europe, Africa, South Asia, Southeast Asia, East Asia, and Oceania. United States, other Western Europe, Central Europe and Eastern Europe are added at 5 to 10 years before the census. Thus in the last 5 years before the census, it is only those from the United Kingdom who have a lower incidence than the Canadian born, while in 1981 this also applied to persons from Northern Europe. The situation has changed markedly from the time of the 1971 census, where Richmond and Kalbach (1980) had found that most age and sex groups of immigrants of the 1946-60 period had already exceeded the average income of the Canadian-born (see also Beaujot 2003).

These results by birthplace groups and immigrant cohorts need to be interpreted in the context of specific historical circumstances that lead to the migration of specific people. There are typically both push and pull factors at stake. The push factors are probably more important for persons coming from South and Central America and Caribbean, Asia and Africa, while the pull factors may play a larger relative role for persons from United States, Western, Northern and Southern Europe, since the push factors would be less important. That is, these differences in selectivity by push and pull factors may explain part of the differences across birthplace groups. It could also be hypothesized that the overall numbers of immigrants are relevant to their relative situations in Canada. Massey (1995) has proposed that the immigrants of the post-war period profited from the long hiatus of low immigration in the period 1915-45. These immigrants, especially those who arrived before 1960, would have had less competition since there were

fewer immigrants who preceded them. In their analysis of “The deteriorating economic welfare of immigrants,” Picot and Sweetman (2005, 12) observe that the worsening situations are mostly occurring from places of origin that are sending more immigrants. In contrast, the average situation of immigrants is improving over cohorts for immigrants from parts of the world that are decreasing in their relative share of immigrants to Canada, including Southeast Asia, United States, South and Central America, and the Caribbean.

### **Summary and discussion**

Levels of income and their distribution can be analyzed in relation to individuals, the economy and policy. Picot et al. (1998) highlight three distinctive types of events as potential explanations of variations in inequality: (i) demographic events that influence the types of families and living arrangements in which Canadians share and pool income; (ii) economic events that influence the availability of jobs and the wages available in the labour market; and (iii) political events that influence the types of transfer payments that Canadians receive from government. Individuals are therefore relevant to levels of income in terms of abilities, resources, and the supply of labour. The economy is relevant in terms of the demand for labour, levels of employment and opportunity structures. Policy seeks to address issues at various levels, including macro-economic growth, unequal opportunities, and caring for the disadvantaged.

In reflecting on the patterns of income inequality at the time of the 1961 census, Podoluk (1968) observed that low income poverty was no longer associated with all segments of the population, but that it applied to specific population groups. If there was one characteristic that was dominant in 1961, this would be the non-working population. Thus low income was more prevalent if no member of the family worked during the year, and for economic families whose head was over 65 years of age. The sex of the family head was also related to work since women had much lower labour force participation. Other economic characteristics involved residence in rural areas or in the Atlantic region, and having less than secondary education. Family characteristics were also important, especially the disadvantage of female heads, that is female lone parent families, but also not being attached to an economic family. Summarizing the situation at the time of the Royal Commission on the Economic Union and Development Prospects for Canada, Vaillancourt (1985) pointed especially to the elderly and families headed by women as two groups more subject to low income. In *The New Face of Poverty*, the Economic Commission of Canada (1992) pointed to persons with disabilities, lone parent families and older workers. The risk of poverty was found to especially increase with divorce and with a reduction in the number of job earners in the family.

While many differentials have declined since the 1961 census, the family characteristics remain significant. The differences over provinces are much smaller, and the differences across levels of education have also declined. While labour force participation remains important, that is not the case for the elderly population who have come to have low incidence of low income, at least for those living in economic families. Both for persons living in economic families and for the unattached, the biggest change is by age, with the elderly no longer being a significant pocket of low income, and young families now being more disadvantaged. The family characteristics that continue to be important include lone parenthood, especially women lone parents, not being attached to an economic family, but also having three or more children, families with spouses under 25 years of age, and having only one member in the labour force. In the 2004 time series

data, the one earner two parent families with children had the third highest incidence, after female lone parent families and unattached individuals.

---Table 5.12 about here---

In terms of social characteristics, the 1961 census had identified persons of French ethnic origin as having significant disadvantages, while the 2001 census would point to persons who are recent immigrants to Canada. Even for the total foreign born population, the 1981 census found lower incidence of low income in comparison to the Canadian-born, but the foreign-born incidence is much higher in the 2001 census. Based on the Survey of Labour and Income Dynamics, Hatfield (2004) identified five groups that are subject to persistent low income: lone parents, unattached persons aged 45-64, recent immigrants, persons with work-limiting disabilities and off-reserve aboriginal populations. The persons with work disabilities cannot be identified in the 2001 census, but other groups are presented in Table 5.12. It can be seen that the incidence of low income is high in these groups, with 39.4% for the total aboriginal population, 37.4% for unattached 45-64, 35.3% for recent immigrants, and 35.1% for lone parent families. Persons belonging to one or the other of these four categories comprise 22.5% of the population but 45.5% of persons with low income.

The macro-economic context is clearly relevant to these patterns. In particular, the economic growth, especially in the 1960s and to the mid-1970s, has reduced the overall incidence of low income, both for economic families and for persons not attached to economic families. The economic difficulties of the early parts of the decades of the 1980s and 1990s have made for reversals or slow change, but the early part of the 21<sup>st</sup> century has brought record lows in levels of unemployment (Statistics Canada 2005). Given the importance that Podoluk (1968) had attached to work status, it is significant to observe that the employment ratio, defined as the proportion employed in the population aged 15 and over, was at a low level in 1961, with a ratio of 50.2 (Beaujot 2000, 136). By 2005, those employed represented 62.6 per 100 population aged 15 and over. While the proportion of persons working part time has also increased, this higher employment ratio is clearly very significant in the overall incidence of low income, and it especially affects groups that previously had lower levels of employment, including women in particular. By now, two parent families with children are disadvantaged if they have only one earner.

Besides individual characteristics and the macro-economic context, policy questions are also relevant. Given the patterns of the early 1960s, it is quite understandable that the Royal Commission on Bilingualism and Biculturalism (1969) had a whole volume on *The Work World*. The policies of the federal government to promote the two national languages, and those of the Quebec government to increase the opportunities of persons speaking French, have clearly had their impacts. Given the disadvantaged situation of the elderly in the 1960s, it is also understandable that the evolving welfare state paid particular attention to this population. Relatively speaking, much less attention has been paid to children and young adults (Cheal 1999). The stronger welfare state is clearly visible in these data: there are very large reductions in the incidence of low income for families with no earners and for families where transfer payments are the major source of income. Transfers to the elderly have become less focused on the economically disadvantaged, but other family transfers have become more targeted to those

with low income. Transfers have come to occupy a larger role in the income of disadvantaged families, but these have hardly kept up with other family changes, especially the higher likelihood of lone parenthood (Rashid 1999). The limited support to children and youth can also be seen in the high incidence of low income at ages under 25, and even in one earner two parent families with children.

There are significant differences across societies in the extent to which policy structures involve transfers from the working to the older population (Bongaarts 2004; Légaré 2001). Comparing poverty rates in eight rich countries, Smeeding (2003) finds that Canadian poverty rates are second highest, after the United States, for families with children, but second lowest, after the Netherlands, for the elderly. Among these eight countries, the social expenditure on non-elderly as a percent of GDP is also second lowest in Canada. Further comparisons indicate that Canada is the country that has made the greatest progress in terms of reducing poverty in the elderly population, especially in elderly families (Picot and Myles 2005, 12; Myles 2000). It may be concluded that Canada's welfare state has come to benefit the elderly, more so than young families. Several analyses have concluded that young adults face difficult economic outcomes (Morissette 1998; Picot 1998).

While the challenge of the 1960s involved the elderly, and increasing the proportion of the population who were employed, the challenge of the early part of the 21<sup>st</sup> century involves youth and young families. Increasing the welfare of the young poses the complexity that this needs to be done without undermining the incentive to work, and the context of the large budgetary commitments toward the elderly, who comprise an increasing component of the population. There are persistent challenges for the aboriginal population and lone parent families, two population groups that are also growing in relative size. There is the further challenge of integrating New Canadians, especially in the context that immigration has become an increasing component of demographic change. Both young adults and recent immigrants are having difficulty in the phase of labour force entry, in spite of high average levels of education and training. There can be conflicts of interest in relation to groups who have more seniority in the labour market.

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Table 5.1 Low income cutoffs, before taxes, Canada, 1960, 1980, 2000 (in 2000 dollars)

Number of persons	--1960--	-----1980-----					-----2000-----				
		Rural areas	LT30K	Urban areas			Rural areas	LT30K	Urban areas		
				30-99K	100-499K	MT500K			30-99K	100-499K	MT500K
1	9,203	11,456	12,758	13,800	14,712	15,491	12,696	14,561	15,648	15,757	18,371
2	15,338	14,972	16,793	18,097	19,397	20,439	15,870	18,201	19,561	19,697	22,964
3	18,405	20,049	22,522	24,214	25,908	27,340	19,738	22,635	24,326	24,497	28,560
4	21,473	23,174	26,036	27,989	29,941	31,505	23,892	27,401	29,448	29,653	34,572
5	24,541	26,948	30,201	32,417	34,758	36,712	26,708	30,629	32,917	33,148	38,646
6		29,421	32,937	35,410	37,884	40,095	29,524	33,857	36,387	36,642	42,719
7		32,417	36,322	39,056	41,789	44,133	32,340	37,085	39,857	40,137	46,793

K = 1000's; LT = less than; MT = more than.

Note: Data are shown in 2000 dollars, adjusting for the Consumer Price Index (see CANSIM Table 326-0002).

Sources: Podoluk (1968, 185); Statistics Canada (1984b xxv); Statistics Canada (2004, 165).



Table 5.2 Percent with low income (before tax), by age and sex, Canada, 1980-2004

Year	-----Total-----		--Children under 18--		-----Elderly 65+-----		---All others (18-64)---	
	Male	Female	Male	Female	Male	Female	Male	Female
1980	13.9	18.1	15.8	16.6	26.4	40.0	11.4	15.2
1981	13.9	17.8	16.4	16.8	26.0	39.1	11.3	14.8
1982	15.4	19.1	18.7	19.8	20.4	36.6	13.3	15.9
1983	16.9	20.2	20.3	19.5	22.6	38.1	14.8	17.6
1984	16.8	20.6	20.9	20.8	22.3	35.8	14.5	17.9
1985	15.6	19.4	19.1	19.4	20.4	34.4	13.6	16.8
1986	14.6	18.1	17.5	17.5	19.5	32.3	12.8	15.9
1987	14.1	17.9	16.9	17.7	17.5	31.1	12.5	15.6
1988	12.9	17.2	15.4	16.0	16.6	32.6	11.3	14.8
1989	12.0	15.9	15.2	15.0	14.1	29.0	10.4	13.8
1990	14.1	18.2	17.8	18.8	14.0	27.5	12.7	16.2
1991	15.7	19.2	19.7	19.4	14.3	28.3	14.4	17.3
1992	16.5	20.0	19.7	20.0	13.2	27.7	15.8	18.4
1993	17.4	21.2	22.0	22.6	15.4	29.5	15.9	19.1
1994	16.6	20.6	20.0	21.2	10.9	26.3	16.1	19.2
1995	17.6	20.9	21.6	22.6	11.5	25.5	17.0	19.4
1996	19.1	22.1	24.0	23.1	13.0	26.3	18.2	20.8
1997	18.4	21.7	22.5	21.7	13.1	25.9	17.7	20.9
1998	17.1	20.0	21.2	20.0	12.6	24.8	16.3	19.0
1999	16.0	18.7	19.4	19.2	10.1	21.9	15.6	17.8
2000	14.6	18.1	17.7	18.4	10.3	21.5	14.2	17.3
2001	14.0	17.0	16.7	17.8	9.8	19.1	13.8	16.3
2002	15.0	17.4	18.7	17.3	10.5	20.1	14.4	16.9
2003	14.8	17.2	17.7	17.7	10.2	19.2	14.6	16.6
2004	14.4	16.6	17.7	17.6	9.3	17.8	14.1	16.1

Source: Income Trends in Canada 1980-2004 table 202-0802.

(<http://www.statcan.ca/registered/IPS/4ae69BsURWqkc/english/13F0022XIE/00004/series800.htm>)

Table 5.3 Incidence of low income (before tax) for selected family-unit types, Canada, 1980-2004

Family-unit types	1980	1985	1990	1995	2000	2004
Economic families, two persons or more	13.2	14.2	12.8	15.4	12.3	11.5
Non-elderly families	12.4	14.1	13.7	16.7	13.0	12.4
Married couples, one earner	11.9	13.8	12.8	16.6	12.4	11.8
Married couples, two earners	1.6	3.2	4.0	5.1	3.7	3.7
Two-parent families with children	9.9	11.7	10.2	13.8	11.0	10.0
Two-parent families with children, one earner	16.9	21.0	23.8	28.1	29.5	26.5
Two-parent families with children, two earners	6.1	7.7	6.8	7.9	6.1	6.6
Lone-parent families	53.3	57.2	55.9	55.7	41.7	42.6
Male lone-parent families	25.9	27.4	27.3	33.2	16.3	22.2
Female lone-parent families	57.6	61.1	60.6	59.2	46.8	47.1
Elderly families	19.1	15.5	7.9	8.2	7.5	6.7
Unattached individuals	44.3	44.3	41.0	43.6	41.3	37.6

Source: Income Trends in Canada 1980-2004 table 202-0804.

(<http://www.statcan.ca/registered/IPS/4ae69BsURWqkc/english/13F0022XIE/00004/series800.htm>)

Table 5.4 Percentage of families and unattached individuals with low income status, Canada and provinces, 1961 and 2001

Province	-----1961-----		-----2001-----	
	Families	Unattached	Families	Unattached
Newfoundland	55.7	64.9	16.1	45.8
Prince Edward Island	49.2	64.6	8.6	37.2
Nova Scotia	40.3	57.5	13.6	37.5
New Brunswick	43.5	56.7	13.2	37.1
Quebec	27.9	43.7	14.7	42.2
Ontario	18.6	39.3	11.8	31.5
Manitoba	26.1	45.3	14.3	38.1
Saskatchewan	34.8	50.2	12.9	34.4
Alberta	22.9	40.2	10.8	30.0
British Columbia	21.3	44.9	14.1	35.0
Total	25.3	43.5	13.0	35.8

Note: non-farm population in 1961 and total population in 2001.

Sources: Podoluk (1968, 196, 202); Census of Canada, 2001, Public Use Microdata File (Household File).

Table 5.5 Percentage of families and unattached individuals with low income, by age and sex, Canada, 1961 and 2001

Age and sex	-----1961-----		-----2001-----		
	Families	Unattached	Two spouse	One parent	Unattached
Male					
under 25	27.3	30.0	27.9	69.2	53.4
25-34	22.8	17.2	11.6	30.4	25.6
35-44	20.5	21.5	9.9	21.8	25.0
45-54	17.5	27.6	7.7	15.6	30.8
55-64	20.9	39.1	9.5	19.1	38.2
65+	46.4	66.1	6.4	12.4	30.8
total	23.8	35.0	9.3	18.6	31.0
Female					
under 25	65.5	47.3	24.2	88.9	67.1
25-34	68.7	27.6	11.7	64.1	26.8
35-44	59.0	30.6	9.5	43.5	28.3
45-54	40.7	38.0	7.0	25.1	34.0
55-64	32.1	51.1	9.8	22.3	42.8
65+	33.3	72.2	5.3	15.7	43.2
total	42.6	51.2	9.3	38.7	39.8

Notes:

1. Non-farm population in 1961 and total population in 2001.
2. In 2001, two-spouse families are shown twice, by characteristics of male and female spouse.
3. The variable “primary household maintainer’s economic family composition” was used to derive the family types. The category of “all other families” is not shown separately but this category is included in the total for all economic families.

Sources: Podoluk (1968, 197, 203); Census of Canada, 2001, Public Use Microdata File (Household File).

Table 5.6 Percentage of families with low income, by number of children, by number of income earners, and family type, Canada, 1961 and 2001

	-----1961-----			-----2001-----			
	Total	male heads	female heads	Total	two spouse	male1-parent	female1-parent
<b>Number of children</b>							
no children	23.9	23.1	29.4	9.1	7.6	13.5	20.0
1 child	20.5	17.8	54.1	18.4	10.8	24.1	48.0
2 children	23.0	21.2	62.3	16.3	10.8	25.6	55.3
3 or more	33.1	31.5	74.9	23.4	16.7	29.0	73.8
Total	25.3	23.8	42.6	13.0	9.3	18.6	38.7
<b>Number of income earners</b>							
No earners	81.2	79.6	87.4	31.3	21.2	64.1	81.3
1 earner	28.3	27.2	43.7	21.4	16.9	16.1	34.5
2 earners	12.7	12.2	20.0	6.1	5.4	6.6	14.0
3 or more	7.3	7.0	11.2	3.3	2.9	3.9	10.0
Total	25.3	23.8	42.6	13.0	9.3	18.6	38.7

Notes:

1. Non-farm population in 1961 and total population in 2001

2. Children are defined as those under age 16.

3. The variable “primary household maintainer’s economic family composition” was used to derive the family types. The category of “all other families” is not shown separately in the table but this category is included in the total for all economic families.

Sources: Podoluk (1968, 198-9); Census of Canada, 2001, Public Use Microdata File (Household File).

Table 5.7 Percentage of families and unattached individuals with low income, by major source of income, Canada, 1961 and 2001

Major source of income	-----1961-----		-----2001-----	
	Families	Unattached	Families	Unattached
Wages and salaries	18.3	23.3	6.2	18.5
Self employment	24.9	29.9	13.3	32.0
Transfer payments	90.3	92.6	42.9	65.1
Investment income	35.2	42.6	13.4	20.3
Other income	44.9	40.2	6.1	12.8
No income	100.0	100.0	100.0	100.0
Total	25.3	43.5	13.0	35.8

Note: non-farm population in 1961 and total population in 2001

Sources: Podoluk (1968, 199-200, 203); Census of Canada, 2001, Public Use Microdata File (Household File).

Table 5.8 Percentage of families and unattached individuals with low income, by level of education, and by labour force status, Canada, 1961 and 2001

	-----1961-----				-----2001-----					
	Heads		Unattached		Two-spouse		Lone-parent		Unattached	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
<b>Education</b>										
Elementary or less	36.1	48.4	46.6	71.5	15.8	17.9	27.4	39.2	47.3	61.7
Secondary 1-3 years	17.6	41.8	26.1	47.0	12.7	13.2	21.9	52.1	37.5	47.6
Secondary 4-5 years	10.0	28.0	18.5	29.5	9.2	9.0	19.6	37.5	31.8	40.1
Some post-university	8.6	22.6	24.8	23.0	9.1	8.4	18.4	40.0	33.4	36.3
Post-secondary certificate, diploma or degree	4.2	13.8	19.9	14.7	6.7	6.3	14.1	31.0	22.1	25.8
Total	23.8	42.6	35.0	51.2	9.3	9.3	18.6	38.7	31.0	39.8
<b>Labour force status</b>										
In current LF	18.3	33.0	18.5	30.2	7.6	6.4	14.5	31.8	22.3	26.1
In non-current LF	48.6	53.8	45.3	58.7	13.4	11.2	21.5	61.0	39.3	43.4
Not in LF	59.3	47.4	79.4	78.4	15.0	15.2	31.8	49.4	50.9	50.8
Total	23.5	42.6	34.6	51.1	9.3	9.3	18.6	38.7	31.0	39.8

Notes:

1. Non-farm population in 1961 and total population in 2001.

2. “Current LF” are persons who were employed or looking for employment on the reference week. “Non-current LF” are persons who were in the labour force in the year preceding the census but not in the reference week. “Not in LF” are persons who were not in the labour force in the previous year.

3. In 2001, two-spouse families are shown twice, by characteristics of male and female spouse.

4. The variable “primary household maintainer’s economic family composition” was used to derive the family types. The category of “all other families” is not shown separately but this category is included in the total for all economic families.

Sources: Podoluk (1968, 200-1, 204-5); Census of Canada, 2001, Public Use Microdata File (Household File).

Table 5.9 Income compositions of low-income families, Canada, 1961 and 2001

Income component	-----1961-----				-----2001-----			
	Male heads	Female heads	Total	Percentage	Two-spouse	Lone parent Male      Female	Total	Percentage
Income from employment	72.5	49.7	70.3	7.5	44.9	33.6      30.1	39.3	2.4
Family allowances	6.5	7.3	6.6	29.3	11.9	23.4      26.0	17.3	92.3
Old age pension	8.4	11.9	8.7	44.3	14.2	11.8      8.0	12.0	25.7
Other transfer payments	7.3	20.9	8.6	38.0	21.1	28.1      29.7	24.3	48.1
Investment income	2.8	5.7	3.1	6.7	5.1	1.5      1.4	3.7	1.6
Other income	2.4	4.6	2.6	15.3	2.9	1.6      4.8	3.5	20.1
Totals	100.0	100.0	100.0	9.4	100	100.0      100.0	100.0	4.7

Notes:

1. Non-farm population in 1961 and total population in 2001.

2. Family allowances include child tax benefits in 2001.

3. In 2001, "Old age pension" includes Old Age Security, Guaranteed Income Supplement and Canada/Quebec Pension Plan, but not pension plans from employers.

4. In 2001, pension plans from employers and other private pension plans are classified as "Investment income."

5. Tabulation based on census families rather than economic families.

6. "Percentage" is the percent of total family income from a given source that is going to low income families.

Sources: Podoluk (1968, 202); Census of Canada, 2001, Public Use Microdata File (Family File).

Table 5.10 Index of average total income of the male non-agricultural labour force, by ethnic origin and knowledge of Official languages, Canada and Quebec, 1961 and 2001

Ethnic origin	Knowledge of official languages	-----1961-----		-----2001-----	
		Canada	Quebec	Canada	Quebec
British	Overall average	109.9	140.0	108.4	107.6
	English only	107.8	143.1	108.0	104.6
	French only	57.4	65.8	76.8	88.0
	Both	142.4	140.3	115.5	113.5
French	Overall average	87.7	91.8	96.5	106.3
	English only	91.0	136.6	95.6	106.1
	French only	70.2	73.5	80.1	90.7
	Both	98.6	107.0	103.3	116.4
All origins	Overall average	100.0	100.0	100.0	100.0
	English only	102.9	130.2	103.0	91.0
	French only	70.0	73.3	77.4	87.5
	Both	107.5	112.9	101.2	109.9

Notes:

1. In 2001, British ethnicity includes only single origins from British Isles, French includes only single origin French.
2. The index uses the overall average for all origins as a base.

Sources: Royal Commission on Bilingualism and Biculturalism (1969, 21); Census of Canada, 2001, Public Use Microdata File (Household File).

Table 5.11 Percentage of foreign-born and Canadian-born families with low income, by period of immigration, Canada, 1981 and 2001

	-----1981-----					-----2001-----				
	Total	Before 1960	1960-69	1970-74	1975-79	Total	Before 1980	1980-89	1990-94	1995-99
Canadian-Born	13.1	N.A.	N.A.	N.A.	N.A.	11.9	N.A.	N.A.	N.A.	N.A.
Foreign-Born	11.6	9.4	11.6	15.5	19.0	19.8	8.5	16.3	24.4	32.7
United States	11.5	10.0	13.3	13.3	14.8	10.8	6.4	8.3	15.5	17.6
Caribbean	24.2	9.3	16.1	30.2	31.5					
South & Central America	19.9	12.9	14.5	21.2	23.9	22.8	12.6	21.5	26.6	30.4
United Kingdom	7.5	7.5	7.1	8.0	7.9	5.8	4.8	5.7	9.2	11.5
Other Western Europe	9.4	8.8	10.3	11.5	14.8	10.5	6.3	10.0	14.5	18.6
Central Europe	10.2	9.9	10.5	12.1	16.2	12.0	8.9	11.3	13.1	20.8
Southern Europe	13.3	10.9	14.6	16.7	17.9	11.9	11.3	14.4	13.5	18.3
Eastern Europe	10.7	9.9	13.2	14.4	22.3	21.1	8.0	10.9	14.2	29.5
Northern Europe	10.3	10.1	11.4	10.2	8.9					
Africa	12.2	7.9	9.3	12.6	17.1	30.0	9.5	18.3	32.4	41.7
South Asia	10.2	7.1	6.1	11.4	14.4	25.6	8.3	17.1	23.8	30.3
Southeast Asia	15.1	4.6	4.7	6.9	25.3	29.7	9.9	19.9	31.1	47.4
East Asia	14.5	13.4	9.4	13.2	22.3	23.8	9.0	15.1	23.7	30.7
Western Asia	21.2	11.6	15.9	25.4	28.7	38.4	15.7	25.3	37.5	46.9
Oceania & other	11.7	6.2	9.5	16.8	14.7	14.4	8.7	14.5	20.9	18.5

Notes:

1. Total excludes persons who arrived in the tax year preceding the census.

2. In 2001, "South &amp; Central America" includes Caribbean, "Other Western Europe" includes Northern Europe, and "Other Europe" has been placed in "Central Europe."

Sources: Beaujot et al. (1988, 82); Census of Canada, 2001, Public Use Microdata File (Individual File).



Table 5.12 Total population and total population with low income, by four characteristics, Canada, 2001

Characteristics	Total	Low income status	Incidence of low-income	Percent of total population	Percent of low-income population
Lone parent family	3293347	1155871	35.1	11.2	22.9
Unattached 45-64	1075395	402101	37.4	27.1	25.6
Aboriginal	873602	343774	39.4	3.0	6.8
Immigration cohort 1991-2001	1826795	644571	35.3	6.2	12.8
In one of the above 4 categories	6610421	2301025	34.8	22.5	45.5
total	29429880	5053944	17.2	100.0	100.0

Sources: Census of Canada, 2001, Public Use Microdata File (Individual File).