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# Canadians got poorer in 90s

## Sweeping Statscan survey shows just how hard, how long the recession hit across nation

**BY JANE GADD**
**The Globe and Mail**

TORONTO – If you're feeling poorer, it's probably because you are.

Figures from the 1996 national census confirm what many Canadians have surely suspected as they sort through piled-up bills or visit the cash machine yet again: between 1990 and 1995, their incomes fell across the board.

The recession of the early 1990s wiped out the economic gains of the heady eighties, and by 1995 incomes had been chopped by 6 per cent from 1990.

The national average per-capita income of $25,196 in 1995 was almost identical to that in 1985.

"This is probably the first protracted period of income decline since the 1930s," John McCallum, chief economist for the Royal Bank of Canada, said yesterday.

Few Canadians were untouched by the economic decline. Incomes fell for all age groups, both genders, in all cities but two, and every type of family unit, Statistics Canada reported yesterday. Having an education eased but did not block the economic blow.

The reasons are no mystery.

The vigorous attacks on inflation and deficits by governments, along with widespread corporate restructuring, were expected to hit Canadians in the wallet.

"The bad news is that these adjustments led to poor employment and income performance," Mr. McCallum said. "The good news is that the adjustment is now largely complete ... So we can look to rising per-capita incomes from here on in."

Others see precious little good news in the latest figures, which are calculated in constant 1995 dollars.

"The whole story is bad news with only the occasional glimmer," said Susan McDaniel, a sociology professor at the University of Alberta.

The wave of baby boomers entering their highest-earning years masked the severity of falling incomes, she said.

Although women made some inroads into the 25 highest-paid occupations, they still overwhelmingly dominate the 25 lowest-paid jobs

Because of their detailed breakdown on geographic areas and population groups such as immigrants and visible minorities, the census figures offer greater insight than the usual income reports as to who is most affected.

For instance, while average earnings fell for all age groups over the five-year period, the youngest suffered the greatest drop – 20 per cent for Canadians aged between 15 and 24.

While average earnings fell in all education categories, the steepest decline – 8.2 per cent – was for people with less than a Grade 9 education.

And while two-parent families lost about 4 per cent on average, lone-parent families lost 8 per cent.

The census data also show, for the first time, how far behind are people in visible-minority and aboriginal groups.

About 10 per cent of the 15 million people receiving pay cheques in 1995 were members of visible minorities. Their average income was $22,498, about 15 per cent below the national average, Statscan reports.

The discrepancy for Canadian-born members of visible minorities is even more stark: they earn on average 30 per cent less than Canadians in general, although this is due in large part to their younger average age (nearly 45 per cent in this group were under the age of 25, compared with 18 per cent for other Canadian-born earners).

Aboriginal people earn 34 per cent below the national average. "There was a predominance of part-year, or part-time, work among aboriginal people," the Statscan report notes.

They are not alone. Although job creation has picked up since 1995, most new positions are part-time, low-paid and often temporary.

"During the last 15 years we've seen a major restructuring in the Canadian economy," said Kevin Lee, of the Canadian Council on Social Development. "Some people are doing quite well in the high-technology and business sectors. But people not able to break into these sectors are doing worse. They're having to settle for low-paying, part-time jobs with no benefits."

Another trend pinpointed by the census report is that slightly less income is from employment and slightly more from pensions, social programs and investments.

In 1995, 75 cents of every dollar came from wages, salaries or self-employment; 14 cents

### Going down

Average family income dropped in the first half of the decade

| | 1980 | 1985 | 1990 | 1995 |
|---|---|---|---|---|
| Husband-wife families | $55,945 | $55,957 | $61,053 | $58,763 |
| Male lone-parent families | 46,133 | 43,478 | 45,557 | 40,974 |
| Female lone-parent families | 27,370 | 26,679 | 29,652 | 27,721 |

Note: In constant 1995 dollars. *Source: Statistics Canada* *The Globe and Mail*

### Highlights

*Almost all Canadians have taken an economic hit, according to the 1996 national census.*

- Incomes of Canadians fell 6 per cent between 1990 and 1995, wiping out the gains of the late 1980s boom.
- Average earnings fell for all ages and levels of education, but the youngest were hardest hit.
- Single parents' incomes fell, on average, by 8 per cent.
- The average income for men dropped 7.8 per cent, for women 2 per cent.
- City-dwellers everywhere except Victoria and Windsor, Ont., have lost income. Toronto had the steepest slide, with its residents 10-per-cent poorer than in 1990. Toronto was also displaced by Ottawa-Hull as the city with the highest average income in 1995.
- Sixteen per cent of Canadian families are living in poverty, as defined by Statscan's low-income cutoffs, compared with 13 per ent in 1990.
- Incomes for members of visible minorities are 15 per cent below the national average. For those born in Canada, income is 30-per-cent lower than the average, mainly because they are younger.
- Aboriginal people's incomes are 34 per cent lower than the Canadian average, mostly because fewer work at full-time jobs.
- Only 75 cents of every income dollar comes from employment, down from 78 cents in 1990 and 86 cents in 1970. The rest comes from pensions, employment insurance, social assistance, tax benefits and investments. -- *Staff*


(*continued overleaf*)

came from governments; and 11 cents from investments or pensions.

In 1990, 78 cents came from pay cheques. In 1970, it was 86 cents.

Between 1990 and 1995, the percentage of men working full time fell to 56 per cent from 58; for women, the numbers fell to 43 per cent from 44.

Men saw their incomes drop 7.6 per cent, while women's dropped 2 per cent. But, on average, men still earn almost double what women earn – $31,117 compared with $19,208.

In its breakdown of cities across the country, urban incomes were down everywhere except Victoria and Windsor, Ont. Ottawa-Hull supplanted Toronto as the richest city in 1995, with an average family income of $64,243. Toronto was second with $64,044, followed by Calgary with $63,586 and Windsor with $62,244.

The flip side of the income figures is urban poverty.

The Canadian Council on Social Development has applied the Statscan data and come up with a ranking of cities according to how many of their inhabitants live below Statscan's low-income cutoffs, which are generally accepted as the poverty line.

The council's figures show an increasing number of people living in poverty in every metropolitan area. Quebec has four of the five poorest cities in Canada, and Toronto is the sixth-poorest.

In Montreal, more than one-fifth of families (22.6 per cent) receive less than the low-income cutoff. In Trois-Rivières, Chicoutimi-Jonquière and Quebec City the poverty rates are between 18.6 and 18.9 per cent. Vancouver ties Chicoutimi-Jonquière at 18.7 and Toronto ties Quebec City at 18.6.

Most disturbing for Torontonians, perhaps, is that the city rose to sixth place in the urban-poverty rankings in 1995, up from 15th place in 1990.

The article EM9805 reprinted above is the frrst of six articles used in Figure 2.2f of the STAT 332 Course Materials.

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