

## PSC Discussion Papers Series

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Volume 19 | Issue 2

Article 1

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3-2005

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Don Kerr

*King's University College, University of Western Ontario, dkerr@uwo.ca*

Joseph Michalski

*King's University College, University of Western Ontario, jmichal2@uwo.ca*

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### Recommended Citation

Kerr, Don and Michalski, Joseph (2005) "Income Poverty in Canada: Recent Trends among Canadian Families 1981-2002," *PSC Discussion Papers Series*: Vol. 19 : Iss. 2 , Article 1.

Available at: <https://ir.lib.uwo.ca/pscpapers/vol19/iss2/1>

ISSN 1183-7284

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by  
Don Kerr  
and  
Joseph Michalski

Discussion Paper no. 05-02

March 2005

On the web in PDF format: <http://www.ssc.uwo.ca/sociology/popstudies/dp/dp05-02.pdf>

**Population Studies Centre  
University of Western Ontario  
London CANADA N6A 5C2**

Discussion Paper  
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## **Income Poverty in Canada: Recent Trends among Canadian Families 1981-2002**

*By Don Kerr and Joseph Michalski*

### ***Introduction***

Although a rich country by international standards, a significant number of families residing in Canada continue to experience economic hardships. Social inequality and poverty have long characterized Canadian social life, as many families and households confront the daily struggle of making ends meet (Bolaria and Wotherspoon, 2000; Morrisette and Drolet, 2000; Wilson with Tsoa, 2001). In drawing international comparisons across OECD countries with similar levels of socioeconomic development, the research consistently finds that Canada falls somewhere between the United States – where levels of poverty and inequality are relatively high – and much of Continental Europe – where the incidence of poverty is moderated somewhat by a more comprehensive welfare state (Picot and Myles, 2005; Rainwater et al., 2001; Smeeding et al., 2002; Osberg, 2000). Thus despite Canada's considerable wealth, many families face the challenges and even the stigma associated with poverty in a context of relative affluence and economic prosperity.

The last two decades of the 20<sup>th</sup> century were turbulent years for many Canadians, which coincided with some noticeable ups and downs in the North American economy. In examining trends in family income security, Torjman (1999) describes the period as involving both good news and bad news – “of both crests and crashes.” For example, Canadians experienced two particularly severe recessions, first in the early 1980s and then in the early 1990s. In more recent years, however, Canada has witnessed a period of sustained economic growth, which has been translated into job creation, rising incomes, and reduced poverty (Statistics Canada, 2004). As to the future, it is obviously difficult to project whether or not these gains will continue, or whether we can expect some of the economic turbulence of the past quarter century to resurface. Rather than hazard any such guesses, the current chapter focuses on the available data to document what has been happening with respect to low-income families in the last several years.

Although average family income has increased somewhat in “real” terms (i.e. after adjusting for inflation) over the last several decades, many families continue to experience major financial setbacks. Picot et al. (1998) highlight three distinctive types of events as potential explanations: (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 sorts of wages available in the Canadian labour market; and (iii) “political” events that influence the types of transfer payments that Canadians receive from government. The current chapter develops these themes further by demonstrating the relevance of family and demographic changes to recent poverty trends, while also considering some of the broader structural shifts in the Canadian economy and in government policies. For example, changes in family structures alone have generated some degree of economic uncertainty, especially for women and children. Building on this insight, we shall demonstrate that family poverty tends to be linked to key events – not all of which can necessarily be predicted or

controlled. At the same time, low-income families struggle to survive and, in some cases, successfully escape poverty. The many potential negative consequences, however, should remind readers that poverty has potential costs not only to the families immediately affected, but for society at large.

### *What do we mean by “poverty”?*

In documenting the incidence of poverty among Canadian families, it is useful to devote some time to the basic question: what exactly do we mean by the term “poverty” in the first place? On a common sense level, to be poor implies that either an individual or family lacks the resources necessary to satisfy some measure of “basic needs.” Yet while this definition might appear to be straightforward at first glance, all sorts of difficulties surface in its application. More specifically, in developing a statistical indicator of poverty, it is necessary to begin with a clear demarcation of what we mean by “basic needs.” Most analytic definitions usually begin with food, clothing, and shelter as core components and then often will move on to a multitude of other purchases, from transportation to child care expenses to expenditures on reading material. In so doing, the difficult issue persists as to how we set about defining “basic needs” in a meaningful manner, which invariably are shaped by cultural and socioeconomic contexts.

To take an extreme example, the World Bank has developed poverty thresholds equivalent to a few dollars a day in its research on developing nations in Africa and Asia. The approach reflects an *absolute* minimum standard of poverty below which human survival would be compromised. While that approach might make sense in the context of the developing world, such an indicator demonstrates the obvious: what we consider as “basic needs” can only be meaningfully defined *relative to* the standards of the society being studied. Someone reasonably well off in terms of the prevailing standards in a developing country might be considered desperately poor in Canada. As the socioeconomic context differs, our definitions of poverty will vary as well. Such “relative standards” of poverty, particularly as demonstrated through measures such as income inequality or family income as a proportion of a society’s medium income, tend to be more practical and more widely used in the bulk of comparative research (Hagenaars and De Vos, 1988). Nevertheless, the question that proves most difficult to answer in this context is: how high or low do we set the bar in defining poverty in a country that is as affluent as Canada?

Unfortunately, analysts are divided on the issue and, for this reason, we encounter a multitude of different working definitions of poverty in the literature (for a review, see Canadian Council on Social Development, 2002). For instance, some researchers have set their thresholds at a relatively low level by considering only the most basic of physical needs necessary for short-term survival in their definitions (Sarlo, 1996; The Fraser Institute, 2001; Montreal Diet Dispensary, 1998). Others have set the bar much higher in pointing out that the long term well-being of families implies much more than merely meeting their barest necessities (Federal Provincial Working Group on Social Development Research and Information, 1998; Social Planning Council of Metropolitan Toronto, 1992). To illustrate the differences, the Canadian Council for Social Development (2002) classifies families as “income poor” if their income is less than one half the median across all families. That definition generates a poverty line of \$33,912 for a family of four in 2000. Families with a lower income are understood as having

relatively little discretionary income to pay for many of the goods and services that most Canadians take for granted. In contrast, the Fraser Institute defines “basic needs” much more narrowly and thus sets a poverty line for this same family at \$19,662 (The Fraser Institute, 2001). Depending upon the definition selected, dramatically different conclusions are drawn as to the extent of poverty in Canada and the characteristics of the poor.

Despite the relative lack of consensus, society needs a statistical indicator to track national and regional trends with respect to poverty. For present purposes, we will work with the most commonly cited poverty line in the Canadian literature: Statistics Canada’s low-income cutoffs (LICOs) after tax (see Table 1). Likely relating to the high level of credibility that this statistical agency has among the Canadian public, these LICOs are now considered the preferred indicator by policy analysts, editorialists, and social scientists alike. Among the many poverty lines circulating in Canada, the LICOs are viewed as a reasonable compromise, as they fall somewhere near the mid range of the many working definitions currently available.

Table 1. Low income after tax cut-offs 2002<sup>1</sup>

| Size of family unit | Rural Areas | Urban areas, under 30,000 | Urban areas, 30,000 to 99,999 | Urban areas, 100,000 to 499,999 | Urban areas 500,000 and over |
|---------------------|-------------|---------------------------|-------------------------------|---------------------------------|------------------------------|
| 1 person            | 10,429      | 12,055                    | 13,192                        | 13,339                          | 15,904                       |
| 2 persons           | 12,726      | 14,710                    | 16,097                        | 16,349                          | 19,410                       |
| 3 persons           | 16,096      | 18,604                    | 20,360                        | 20,679                          | 24,550                       |
| 4 persons           | 20,047      | 23,172                    | 25,358                        | 25,755                          | 30,576                       |
| 5 persons           | 22,407      | 25,898                    | 28,341                        | 28,786                          | 34,174                       |
| 6 persons           | 24,766      | 28,624                    | 31,324                        | 31,817                          | 37,773                       |
| 7 persons or more   | 27,126      | 31,351                    | 34,308                        | 34,848                          | 41,372                       |

<sup>1</sup> 1992 LICOs base  
Source: Statistics Canada, 2004.

Statistics Canada’s LICOs vary by family size and by five different sized urban and rural communities. For example, the low-income threshold ranges from \$20,047 for a family of four living in a rural locale to \$30,576 for such families living in one of Canada’s largest cities in 2002. Although the LICOs have been widely used, Statistics Canada has never claimed that these cut-offs directly measure poverty (Felligi, 1998). In the absence of a politically-sanctioned social consensus on who should be regarded as poor in Canada, Statistics Canada has been hesitant to equate its own LICOs with poverty lines. At most, families that fall below their LICOs are considered to be experiencing “straitened circumstances.” In developing these LICOs, spending patterns and disposable income (after tax) have been systematically examined, since families that spend an inordinate percentage of their income on necessities (food, shelter and clothing) are likely to be experiencing economic difficulties.

## *Has the problem of poverty worsened in Canada over recent decades?*

In working with these low-income cutoffs, Table 2 provides information on recent trends in income poverty in Canada (1980-2002). In addition, the table presents comparable information on median family income, or the midpoint in the income distribution where one half of all families falls above and one half falls below. Thus we can move beyond a narrow focus solely on families at the bottom of the income distribution. The low-income rates and median incomes are further broken down by family type and number of earners per household. This provides us with some indication as to how families are adapting to some rather fundamental changes in family life over the last couple of decades, especially in terms of changing family structure and the manner in which households earn and pool their resources. The information in Table 2 has been adjusted for inflation, with all figures presented in constant 2002 dollars.

**Table 2: Incidence of Low Income (after tax) and Median Income for Selected Family-Unit Types, 1980-2002**

|  | Low Income Rate |        |        |        |        |        |
|--|-----------------|--------|--------|--------|--------|--------|
|  | 1980            | 1985   | 1990   | 1995   | 2000   | 2002   |
| Economic families, two persons or more         | 8.8             | 9.9    | 8.3    | 9.9    | 7.9    | 7.0    |
| Non-elderly families <sup>a</sup>              | 9.0             | 10.7   | 9.3    | 11.3   | 8.7    | 7.7    |
| Married couples, one earner                    | 7.4             | 9.2    | 8.4    | 10.3   | 8.8    | 8.4    |
| Married couples, two earners                   | 1.3             | 1.8    | 2.1    | 2.2    | 1.7    | 2.3    |
| Two-parent families with children <sup>b</sup> | 6.8             | 8.7    | 6.7    | 9.7    | 7.4    | 5.4    |
| Two-parent families with children, one earner  | 12.4            | 16.9   | 16.1   | 20.7   | 21.0   | 15.0   |
| Two-parent families with children, two earners | 3.6             | 5.3    | 3.9    | 5.1    | 3.6    | 3.0    |
| Lone-parent families <sup>b</sup>              | 44.3            | 49.9   | 42.7   | 42.5   | 29.5   | 30.1   |
| Male lone-parent families                      | 20.8            | 21.8   | 17.4   | 20.6   | 11.5   | 10.7   |
| Female lone-parent families                    | 47.9            | 53.6   | 46.9   | 46.0   | 33.2   | 34.8   |
| Elderly families <sup>c</sup>                  | 7.1             | 4.6    | 2.5    | 2.1    | 2.9    | 2.7    |
| Unattached individuals                         | 36.6            | 34.2   | 28.5   | 30.6   | 28.5   | 24.8   |
|  | Median Income   |        |        |        |        |        |
|  | 1980            | 1985   | 1990   | 1995   | 2000   | 2002   |
| Economic families, two persons or more         | 58,200          | 55,000 | 58,500 | 55,400 | 60,800 | 62,600 |
| Non-elderly families <sup>a</sup>              | 60,600          | 58,200 | 62,000 | 58,900 | 65,100 | 67,000 |
| Married couples, one earner                    | 46,600          | 46,700 | 45,300 | 42,900 | 46,800 | 48,000 |
| Married couples, two earners                   | 67,100          | 61,900 | 65,900 | 65,000 | 68,100 | 70,300 |
| Two-parent families with children <sup>b</sup> | 62,800          | 62,300 | 66,700 | 64,100 | 71,200 | 73,200 |
| Two-parent families with children, one earner  | 49,000          | 48,700 | 46,800 | 44,700 | 46,000 | 47,200 |
| Two-parent families with children, two earners | 65,600          | 64,600 | 66,900 | 67,000 | 73,100 | 73,900 |
| Lone-parent families <sup>b</sup>              | 24,300          | 21,200 | 23,100 | 24,500 | 31,500 | 30,900 |
| Male lone-parent families                      | 41,300          | 39,200 | 41,300 | 35,300 | 45,300 | 45,500 |
| Female lone-parent families                    | 22,900          | 19,900 | 20,800 | 23,200 | 29,100 | 27,700 |
| Elderly families <sup>c</sup>                  | 32,300          | 33,000 | 39,800 | 39,600 | 38,500 | 39,800 |
| Unattached individuals                         | 20,200          | 19,700 | 22,300 | 20,900 | 22,800 | 24,800 |

a Oldest adult less than 65 years of age.  
b With single children less than 18 years of age. Children 18 years+ and/or other relatives may also be present.  
c Head 65 years of age and over.

In reading Table 2, we can see how both income poverty and median income have fluctuated over time, while also varying in a rather pronounced manner by family type and

number of earners. As mentioned previously, the last two decades of the 20<sup>th</sup> century have been characterized by both ups and downs in the North American economy, with two particularly difficult periods during the early 1980s and early 1990s. For example, in considering all economic families, income poverty rose during the recession of the early 1980s (up to 9.9% in 1985 from 8.8% in 1980) whereas median income fell (dropping from about \$58,200 to \$55,000). Both of these statistical indicators are influenced by the availability of jobs and the wages available in the Canadian labour market, i.e., by labour market events and macroeconomic conditions (cf. Freeman, 2001). This upturn in the incidence of low income is not surprising in light of the double digit unemployment and inflation of the early- to mid-1980s, which exacted a heavy toll on many families, and, in particular, on families of low or modest means.

The economic upturn of the late 1980s was translated into income gains and reduced poverty, both of which are clearly represented in Table 2. Unfortunately, these gains were once again washed out during a second recession in the early 1990s. Suggestive of the difficulties that many families encountered during this latter period, median income was lower in 1995 (\$55,400) than at the beginning of the decade in 1990 ( \$58,500), and even lower than it was fully 15 years earlier in 1980 (\$58,200). In working with these income data, many social scientists in the mid-1990s highlighted this lack of progress (Richardson, 1996; McFate, 1995; Kazemipur and Halli, 2000; Hurtig, 1999). In terms of low income, the incidence was once again somewhat higher in 1995 (9.9%) than it was at the beginning of the 1980s (8.8% in 1980).

In the early 1990s, the North American economy was characterized by persistently high rates of unemployment and declining real earnings, as was the case with the earlier recession. In addition, the political context shifted with the election of more fiscally conservative governments, both federally and across many provinces. Unemployment insurance and income assistance programs became more restrictive, which had a direct impact on the economic well-being of lower income Canadians (Morissette, 1998; Meyers and Cancian, 1996). Difficulties in the economy were compounded by federal and provincial budgetary constraints, as governments that had hitherto run large fiscal deficits reduced their direct transfers to families (Picot et al., 1998).

Despite these difficulties, the economic situation in Canada has since improved, with declining rates of unemployment and poverty. For example, in 2000, the unemployment rate fell to 6.8% – the lowest level since 1976. In stark contrast, the unemployment rate peaked at about 12% only seven years earlier in 1993. Although unemployment has edged upward slightly to 7.2% in 2004, macroeconomic conditions remain relatively favorable, especially in terms of Canada's record high labour force participation rate of 67.5% in 2003. In other words, more than two-thirds of all Canadians aged 15 and older currently work in the labour force either on a full-time or part-time basis (Statistics Canada, 2004). With respect to household earnings, the new norm is two wage earners per family rather than one.

Throughout this latter period, both federal and provincial governments have managed to establish some balance between revenues and expenditures, employment in the public sector has begun to grow again, and labour market conditions in North America have improved noticeably. As a result, gains have been made across the income distribution, such that both upper-income and lower-income families have witnessed some improvement in their economic circumstances.



After a period of sustained economic growth and job creation, Canadians have made up the ground they lost during the recessions of the early 1980s and early 1990s. After adjustments are made for inflation, median family income in 2002 stood at an all time high (\$62,600), while the incidence of low income (using Statistics Canada's LICOs) reached an historic low at 7% overall. Furthermore, data on income and unemployment for the year 2000 show that a smaller proportion of Canadians relied upon government transfers as their primary means of support.

### *Low income, family type and number of earners*

Despite these most recent gains as suggested in Statistics Canada's income statistics, clearly certain types of families continue to be at a much higher risk of experiencing economic hardship. For example, Table 2 documents how the likelihood of low income has long been much higher for female-headed, lone-parent families. In 2002, the likelihood of a female-headed, lone-parent family being classified as income poor was almost five times that of all families (at 34% in contrast to 7%) and almost six and a half times that for two-parent families with children (at 5.4%). Similarly, median income also varied quite dramatically across family types. For example, the median income of female-headed, lone-parent families (\$27,700) was reported to be only 38% of the median income of dual parent families with children (\$73,200).

Many lone-parent families – the overwhelming majority of which involve mothers rather than fathers – continue to experience great economic hardship and are seriously overrepresented among the poor. This observation is not of minor consequence in light of some of the remarkable changes in patterns of family formation that has characterized Canada (and most other western countries) over the last few decades. Sociologists have come to appreciate the importance of residential living arrangements for the well-being of adults and children alike, and, in particular, the importance of living arrangements when it comes to how individuals earn and pool resources (Beaujot, 1999; Cheal, 1999; McQuillan, 1991). Rising rates of divorce, union instability and non-marital fertility have all produced a rapid increase in the proportion of families headed by a lone parent – which often implies little or no economic contribution coming from a non-resident parent. Although lone-parent families now comprise about one in five families with children (or 22% according to the 2001 census), among families classified as income poor, over half (53%) are single-parent families (Statistics Canada, 2004).

Recent trends in family structure therefore have important implications for the economic vitality of families. Single-parent families are by their very nature at a disadvantage in a society where the dual-earner family has now become the norm. The “traditional breadwinner family” with a clear division of labour on the basis of gender is now largely a thing of the past. For example, in considering dual-parent families with children in 2000, 91% of men and 76% of women were employed (Sauve, 2002). The majority of dual-parent families currently involves two earners, which provides them with an economic advantage. The median income of families with a child that have two earners was \$73,900 in 2002, as compared to a median income of only \$47,200 among such families with only one earner (see Table 2).

Even among families with particularly young children, there has been a major shift in the labour force participation of their parents. The majority of new mothers return to paid employment after a short respite to care for their newborns. Recent survey data have revealed

that, on giving birth to a child, over 80% of Canadian women indicate that they plan to return to the labour force within two years (Marshall, 2003). While many women (and increasingly some men) take advantage of parental leave, in most instances, any absence from the labour force is temporary. On the other hand, lone-parent families obviously face disadvantages that dual-parent families do not regarding their ability to re-establish themselves in the labour market, not the least being that single parents often cannot easily share childcare responsibilities with a partner. The age of the children has a particularly important impact on labour force participation of lone parents due to the difficulties of simultaneously raising very young children and maintaining a full-time job. Thus employment rates for female lone parents tend to rise sharply as their children age and depending upon the availability of other caregivers or social supports (Woolley, 1998; Michalski and Wason, 1999). These difficulties are often compounded by the shortage of suitable and affordable child care spaces for pre-school children as parents seek to re-enter the labour force (Cleveland et al., 1996).

In examining recent statistics, about one in five female lone parents report no involvement whatsoever in the labour force, which almost guarantees economic hardship (Statistics Canada, 2004). Regardless of individual or family circumstances, welfare payments across Canadian provinces fall well below what most Canadians consider adequate for a reasonable standard of living. Lone parents frequently have fewer alternate sources of income to compensate for such a low income, as many receive absolutely no child support from their former partner (Marcil-Gratton and Le Bourdais, 1999). While Canadian law has attempted to enforce the idea that absent parents should maintain financial responsibility for their children, the rates of default on child payments remain high. Among children whose parents have separated or divorced, about one third have absolutely no agreement on child support. For those separated parents who have such an agreement, a significant proportion (approaching one half) regularly face default (Marcil-Gratton et al., 2000). In addition, most non-marital births (i.e. children born to women not in a relationship) involve little or no contact with the biological father after the birth, which obviously translates into an absence of child support payments.

In addition, women as lone parents share the same disadvantages that other women face in the Canadian labour market in general (Caragata, 2003; Michalski, 2004). Women continue to face obstacles in obtaining equal pay for work of equal value, although younger cohorts appear to have been making some significant gains as of late (Leck et al., 1995). If one further considers the intersection of visible minority status and Aboriginal status with gender, the labour market access and earnings differentials become especially pronounced (Lee, 2000; Smith and Jackson, 2002). Beyond issues of race and ethnicity, part of the gender-based disadvantage reflects the incidence of low-income families headed by males and females: 10.7% among male lone parents and 34.8% among female lone parents in 2001. Male lone parents are, on average, older than their female counterparts, much more likely to be employed, and, when working, earn a significantly higher wage.

### **Why has the number of welfare recipients declined in Canada?**

Fundamental to Canada's social safety net is welfare (or social assistance) which can be understood as Canada's income support program "of last resort". Although some people think of the institution of welfare as though it were a single government entity or program, there are in

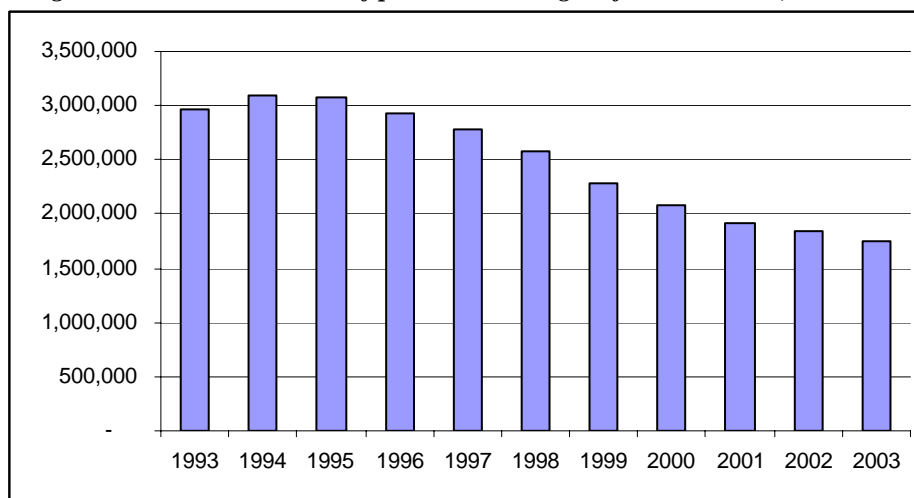
fact several different welfare systems in Canada. The reason for this is that each province and territory is responsible for the implementation and management of its own welfare program. As a result, Canadian families face a patch quilt of different policies and possible levels of assistance depending upon where they live.

These programs have complex rules relating to eligibility for assistance. Yet in reviewing these different programs, one generalization certainly applies across jurisdictions, i.e. Canadian welfare programs are not particularly generous. The reality is that families that rely on welfare in making ends meet are in all likelihood experiencing severe economic hardship. For example, in 2003, the welfare income for a single parent family with one child living in a larger metropolitan area in Canada - ranges from a low of only \$12,515 in Halifax, Nova Scotia, to a high of \$15,056 in St. John's Newfoundland (National Council of Welfare, 2004). While this leaves for a family income far below the poverty line, benefits are even lower for persons who live alone. For example, among persons classified as "single employable", total welfare ranges from as little as \$3,383 in Saint John, New Brunswick, through to a high of \$7,395 in St. John's, Newfoundland. Welfare payments for disabled Canadians are only marginally higher than this, typically by only a few thousand dollars.

Given this relative deprivation, it is non-surprising that when economic conditions improve, many persons reliant upon welfare move directly into paid employment. This is precisely what happened during the latter 1990s and early 2000s, as the number of persons reliant upon welfare dropped in a rather pronounced manner. For example, it dropped from a peak of about 3.1 million in 1994 to 1.745 million by 2003 (see Figure 1). While there are many factors responsible for this decline of almost 50 per cent, the fact that this occurred during a period of major gains in labor market is far from coincidental. With the job creation that occurred during this period, many individuals and families escaped from welfare dependency, or managed to avoid it in the first place (Sceviour and Finnie, 2004). When provided the opportunity for employment rather than welfare, it is obvious that Canadians opt for employment.

Yet while improved labour market conditions are clearly relevant in this context, there are certainly other factors that might be raised in more fully understanding what is going on. For example, welfare participation is particularly sensitive to changes in "eligibility rules." Several provinces introduced major changes in eligibility rules during the 1990s, which has also had an impact on the total number of persons receiving benefits. Many of these changes occurred in a highly politicized environment, as politicians were elected using the argument that "welfare fraud" was widespread. The Conservative governments of Ontario and Alberta were particularly active in introducing extensive case reviews and fraud investigations. Several other provinces quickly followed suit with similar programs (National Council of Welfare, 2004).

*Figure 1 Estimated number of persons receiving welfare in Canada, 1993-2003*



Source: National Council of Welfare, 2004

In Alberta, welfare payments were stopped for employable persons who refused to look for work, a rule which was even extended to lone parents with preschoolers (exempting parents with children under the age of 6 months). Benefit rates were reduced across most provinces – on the logic that this would increase the incentive for persons to leave welfare. A well publicized example of shifting eligibility rules was the widely publicized “spouse in the house rule” which was introduced in Ontario by the Tory government during the mid 1990s (Little, 2001). According to this rule, as soon as a welfare recipient started living with someone of the opposite sex who earned an income, they automatically lost their benefits – despite the fact that federal family law defines persons as “common-law” only after living together for three years. As this policy was eventually defined “unconstitutional” by the Ontario Court of Appeal in 2002, the current policy is that a welfare recipient must have his or her benefits reassessed only after living with an income-earner for three months. In implementing these eligibility rules (among others), welfare recipients are routinely interviewed through case reviews, which even includes unscheduled “home visits” – a practice that most Canadians would certainly consider demeaning.

While relatively little is known of the economic situation of persons who left welfare over this period, some preliminary analysis has recently shed some light on what is going on (Picot, Morissette and Myles, 2003; Sceviour and Finnie, 2004; Frenette and Picot, 2003). The good news is that in a majority of cases, it appears that welfare-leavers have experienced some improvement in their economic situation. On average, the family income of welfare-leavers during the latter 1990s increased substantially, and these families are much less likely to be income poor (Sceviour and Fennie, 2004). The bad news in this context is that for a minority of families, an exit from welfare appears to have lead to a worsening of their situation. In following persons who left welfare during the latter 1990s, Frenette and Picot (2002) have estimated that as many as a third saw their household income decline – sometimes dramatically. One can only speculate as to the economic situation of these individuals and families that appear to have completely slipped through Canada’s social safety net.

### *Poverty among families in later life*

Older Canadians can be characterized by their diversity in terms of life history, family characteristics, and economic status (Gee, 1995). With several additional decades of life experience, it is logical that older people tend to be less alike than younger people. In documenting the life history of the old, we can document a diversity of life courses, work history and patterns of social interaction, over a more extended length of time. For example, some older people have managed to cumulate considerable wealth and property over their life time whereas others have relatively little. While some benefit from a high income relating to their past investments and/or private pension plans, others are completely reliant upon government transfers as they move into later life.

While we acknowledge this diversity, it is also possible to draw a few generalizations as to the living arrangements and relative economic status of older Canadians. Most of those aged 65 and older currently live in small households, either with their spouse, sometimes by themselves, and occasionally with an adult child. Whereas older men are more likely to be living with their spouse in later life, older women are far more likely to be living on their own. Widowhood is much more common for women than for men, due to the simple fact that women outlive men – by about an average of five years – and tend to marry men slightly their senior. Whereas women are more likely to outlive their husbands, men are more likely to marry on the event of their spouse's death. As a result, women are much more likely to spend the last several years of their lives living by themselves, a reality that has direct ramifications for their economic well-being.

The expansion of the welfare state in Canada during the second half of the 20<sup>th</sup> century had a dramatic impact on the economic well-being of elderly Canadians (Myles, 2000). Various programs were introduced and expanded upon that significantly reduced the risk of sliding into poverty, including Old Age Security, the Guaranteed Income Supplement, the Canada Pension Plan, and the Quebec Pension Plan (among other benefits). When the Dominion Bureau of Statistics first started reporting information on the incidence of low income in Canada back in the 1960s, Canadians aged 65 and older were far more likely to be classified as income poor than any other age group. In fact, more than 40% of elderly families were classified as low income at that time (Podoluk, 1968). Since then, however, the rates of low income have declined substantially and have fallen to levels below that of other age groups (Statistics Canada, 2004).

Many of the income support programs that were expanded during the 1970s and 1980s were highly successful in reducing the likelihood of economic hardship among the elderly (Myles, 2000). As recently as the late 1970s, the rate of low income (defined as less than half the median family income) among elderly households was just under 35%. By the late 1990s, the elderly low-income rate had declined to less than 5% – a more dramatic decline than for any other group in Canada (Picot and Myles, 2005). As there has been far less support for subsidizing families at earlier stages of the life course, the incidence of poverty is now lower among families with at least one person over the age of 65 than it is among any other family or household types (with the exception of two-parent, dual-earner households). Although the median income of elderly families (at \$39,800) is lower than across all families, so too is average family size and

the likelihood of income poverty. According to Statistics Canada, the incidence of low income after taxes plummets to only 2.7% among elderly families (see Table 2).

While most families in later life can avoid poverty by pooling government transfers, even without savings or private pension plans, this option is not possible for the elderly who live alone. Just as older women are more likely to outlive their husbands, so too are they more likely to slip into poverty on the death of their spouse. About 20% of unattached women aged 65 years or older who lived alone were classified as low income in 2002, while about 14% of unattached older men were classified in this manner. Clearly a great many unattached seniors in particular remain vulnerable in Canada, as some have insufficient assets and pension plans to retire in comfort. Fundamental in this context is whether or not the elderly live in families, which again hints at the importance of family, living arrangements, and the manner in which individuals share and pool resources in predicting low income and economic hardship (Cheal, 1999).

### *Low income, family change and child poverty*

Public policy in Canada has been far less supportive of subsidizing families at earlier stages of their life course than it has of subsidizing families at latter stages. The expansion of income support programs for the elderly has not been accompanied by anything comparable for young families with children. If anything, as governments expanded income support programs for older Canadians over recent decades, income support programs directed toward younger families have become more restrictive. For example, during the 1990s, unemployment insurance and income assistance programs became more restrictive, which obviously had a greater impact on younger families (with or without children) than on elderly families. Moreover, the federal government also abandoned its universal family allowance program, further reducing the limited institutional support available for families with children.

In this context there has been a major shift in the age distribution of the poor in Canada. While in the 1960s elderly Canadians were about twice as likely as children to be classified as income poor, by the early 21<sup>st</sup> century, this situation has nearly reversed itself. The shift in the age distribution of poverty is arguably one of the most striking changes to characterize the distribution of family income over the last several decades (Cheal, 1999). This raises troubling questions relating to public policy and generational equity (Preston, 1984; Moon, 1993). Many of the aforementioned changes in the structure of the Canadian family – including the increased incidence of lone parenthood – have had a much greater impact on the economic well-being of children than it has had on older age groups.

Poverty among Canadian children deserves special mention for a variety of reasons. First, children are particularly vulnerable because they tend to be completely dependent on their parents for the economic well-being. Most research on income poverty, however, completely neglects the manner in which resources are shared within families – between spouses and between adults and children (cf. Cheal, 1999). The implicit assumption of an equal sharing of financial resources can potentially obscure important differences in the actual level of economic hardship experienced by individual family members (Phipps and Burton, 1995; Woolley, 1998). Yet the well-being of children ultimately depends on the judgment and good will of their parents, as well as the adults' decisions and options regarding family composition, work opportunities,

housing and community locations. Children have far less influence in these areas, despite the significance of such factors in shaping their economic well-being.

While poverty or low-income rates may appear to be somewhat stable in drawing comparisons over time, the actual distribution of individuals and families who are classified as poor will vary somewhat in response to different life events and especially in terms of changing family characteristics (Bane and Ellwood, 1986). In Canada, Finnie (2000) has shown that roughly half of those defined as “poor” early in the 1990s escaped poverty within four years, even though a substantial minority remained poor for four consecutive years. Those at greatest risk for such “persistent poverty” were single mothers with children. In addition, Picot et al. (1999) have concluded from their analysis of the Survey of Labour and Income Dynamics (SLID) that divorces, separations, and remarriages have as great an impact on children entering or leaving poverty as does the changing labour market situations of their parents.

### *The “new” poverty in Canada*

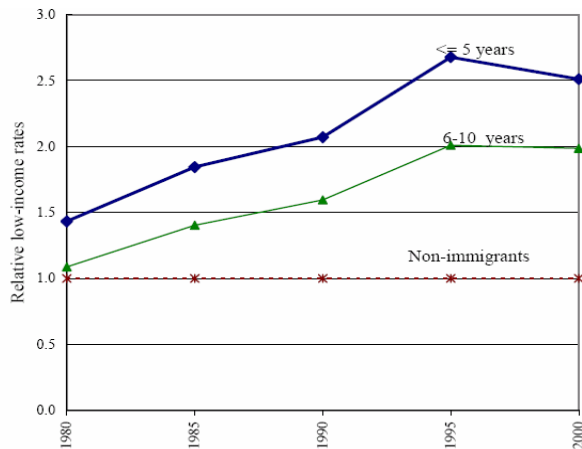
Recent immigrants constitute a particularly vulnerable group with respect low-income rates in Canada. The evidence has long confirmed that low-income rates tend to be significantly higher among more recent immigrants, who must cope with a variety of settlement issues related to their family and labour market situations (National Council of Welfare, 2004). In addition, the data corroborate that foreign-born peoples of colour already experience a severe earnings gap compared to other Canadians (Smith and Jackson, 2002). More recent evidence reveals, however, that especially since the 1980s, successive groups of immigrants have not fared as well as those born in Canada in terms of their earnings (Reitz, 2001; Frenette and Morissette, 2003).

For example, male immigrants working full-time, full-year earned 84% of what Canadian-born workers earned in 1980. Twenty years later, that same group earned only 60% of their Canadian-born counterparts. As Figure 2 demonstrates, the net result of proportionately lower earnings has been a steady rise in the low-income rates of recent immigrants relative to their Canadian-born counterparts through 1995 (Picot and Hou, 2003). In 2000, the low-income rate for newcomers (defined as living in Canada five years or less) was 2.5 times the rate of non-immigrants.

The historical pattern has been that those with higher educational credentials will tend to earn more and be less likely to fall into poverty. To some extent, that holds true of immigrants as well, as those with university degrees continue to be less likely than those with high school diplomas or less to be living in low-income situations. The irony of the situation for recent immigrants, however, stems from the fact that the decline in their relative earnings paralleled a trend of being increasingly better educated. In fact, some 42% of recent immigrants (in 2000) held university degrees as compared with only 19% of those who arrived in 1980. Perhaps most surprising, the low-income rates among recent immigrants with university degrees grew at an even faster rate than those with less education between 1980-2000 (Picot and Hou, 2003). The above evidence belies the rhetoric in the 1990s that Canada failed to attract highly educated newcomers to sustain an increasingly knowledge-based economy. Even at the turn of the century, Citizenship and Immigration Canada (2000) published the following:

In an increasingly competitive environment, Canada must enhance its efforts to attract certain types of immigrants. Canada now has to compete with the United States, the European Union and the rapidly growing economies of the Asia Pacific region. There's a limited number of highly skilled, well educated immigrants out there, so Canada has to go out and recruit them.

Figure 2. Relative Income Rates for Non-Immigrants and Recent Immigrants



Source: Picot and Hou (2003).

While the rate of immigrants who held university degrees was twice as high as among the non-immigrant population, their ability to access the labour market and generate comparable earnings clearly lagged behind. The structural and cultural barriers that immigrants must confront in the labour market include the failure to recognize professional credentials earned abroad, their relative lack of social capital in Canada, familial obligations both in Canada and abroad, language barriers, and other forms of institutional and systemic racism and discrimination (Caragata, 2003; Michalski, 2001). As a result, the mismatch between their educational credentials and training has meant that immigrants often cannot work in their fields and many end up under-employed and working in more marginal and non-standard forms of employment.

Even Canada's revamped investment/entrepreneur program, at least in the short term, has failed to generate the types of innovative, high-tech firms and businesses that will create high-skilled jobs that the designers intended (Citizenship and Immigration Canada, 1999). Jones (2004) found that rather than invest in knowledge-based technology industries, recent Asian immigrants under the program typically developed service-providing businesses such as restaurants or primary retail. Based on interviews, their reasons included fears of financial risks, obstacles to obtaining bank loans, and their ability to find an ethnic niche within which to situate their businesses and hire those with similar linguistic and ethnic backgrounds. Yet many of these businesses, which often generated only modest earnings in the first place, did not necessarily survive beyond a couple of years in any event. Without a sustained source of market income, most families inevitably will fall into a low-income status. More recent immigrants to Canada continue to experience such economic problems and in greater proportions than the Canadian-



born population – and, consequently, have had to develop adaptive strategies for survival (Husbands, 1999; Lee, 2000).

### ***How do low-income families cope with and survive poverty?***

How do low-income families survive, particularly those who have limited market incomes and perhaps rely primarily on rather meager state transfers, such as social assistance? Several commentators have observed that the combination of economic factors, globalization, and the subsequent restructuring of the Canadian welfare state have increased the vulnerability of large segments of the population (Caragata, 2003; Husbands, 1999; Tarasuk and Beaton, 1996; Wilson with Tsoa, 2001). Social assistance rates declined and eligibility requirements tightened across Canada during the 1990s, as the proportion of unemployed workers eligible for employment insurance benefits fell dramatically as well (Krahn and Lowe, 2002). At the same time, housing costs increased and created further economic pressures on the poor (Ontario Non-Profit Housing Association, 1999).

As a result, some argue that the 1990s bore witness to increasing activism at the local community level, with the emergence and expansion of a variety of support services and in-kind contributions. Both Chekki (1999) and Capponi (1999), for example, have argued that many agencies expanded their operations in the face of growing demands, such as soup kitchens, church and school programs, community centres, Salvation Army centres, and other charitable organizations. In addition, Michalski (2003b) has demonstrated the importance of food banks as a supplemental source of support for low-income families that has expanded dramatically over the past two decades, but especially in the 1990s.

Indeed, low-income families typically rely upon a broad range of economic survival strategies (Michalski, 2003a; Hulchanski and Michalski, 1994). The available research demonstrates that these strategies vary at least in part in response to the degree of urbanization and, more specifically, the resource infrastructures available in different locales (Meert, Mistiaen, and Kesteloot, 1997). The labour market represents one key structural dimension, with the commercial infrastructure providing a variable range of options for low-income households in their efforts to meet their basic needs (Iyenda, 2001). In addition, different locales provide distinct opportunities for exchanges, including a variety of non-market and non-governmental economic options such as household production, self-provisioning, and other forms of unpaid work (Felt and Sinclair, 1992), as well as community-based exchanges (Raddon, 2003) and the many non-profit organizations associated with the “social economy” (Quarter, 1992; cf. Rose, 1985). More specifically, what are some of the main adaptive strategies of these low-income families?

Where job loss occurs and in high unemployment areas, families with limited resources compensate by reducing their expenses in general, receiving public assistance, retaining a stable residence and cutting food expenditures (Yeung and Hofferth, 1998). Edin and Lein (1997) have examined the importance of three additional strategies above and beyond employment income and welfare supports for sustaining low-income households: informal network supports from friends, family and absentee fathers; side work in the formal, informal and underground economies; and agency-based strategies from community groups and charitable organizations.

Since neither welfare nor low-wage work provided adequate income for the families in their study to live on, Edin and Lein (1997, p. 6) report that “all but one of the 379 mothers spoken to were engaged in other income-generating strategies to supplement their income and ensure their economic survival.”

In Ontario, Vozoris et al. (2002) have demonstrated that income from Ontario Works (welfare) alone proved insufficient to cover the core needs for households residing in market rental accommodations on a regular basis. Even if households were fortunate to live in rent-g geared-to-income housing, a great many expenses beyond the bare necessities (e.g., school expenses, reading materials, gifts) routinely placed households in a deficit-spending position and thus unable to afford regularly a nutritious diet. Herein the importance of relying upon informal sources of support or developing a range of alternative coping strategies cannot be overstated. In summation, the research has confirmed that low-income households employ a range of adaptive strategies – informal support networks, unreported and underground work, self-production, and in-kind supports from voluntary and charitable organizations – in their ongoing struggles to secure the basic necessities of life (Bostock, 2001; Michalski, 2003a; Iyenda, 2001).

### **What role do food banks play in helping to sustain low-income families?**

The first food bank in Canada opened in Edmonton in 1981 as a stopgap measure to assist poor individuals and families on an emergency basis (Riches, 1986). Throughout the 1980s, the number of food banks continued to grow across Canada, such that by 1989 there were nearly 160 food banks located across the ten provinces (Oderkirk, 1992). The number of food banks doubled over the next two years and continued to expand quite rapidly through the 1990s. In just two decades, the total number had grown to roughly 600 food banks working with more than 2000 agencies dispensing groceries and/or serving meals in every province and territory in Canada (Wilson with Tsoa, 2001). The only reasonable conclusion to be drawn is that food banks have become well-entrenched as an increasingly pervasive response to hunger (Michalski, 2003b; Teron and Tarasuk 1999).

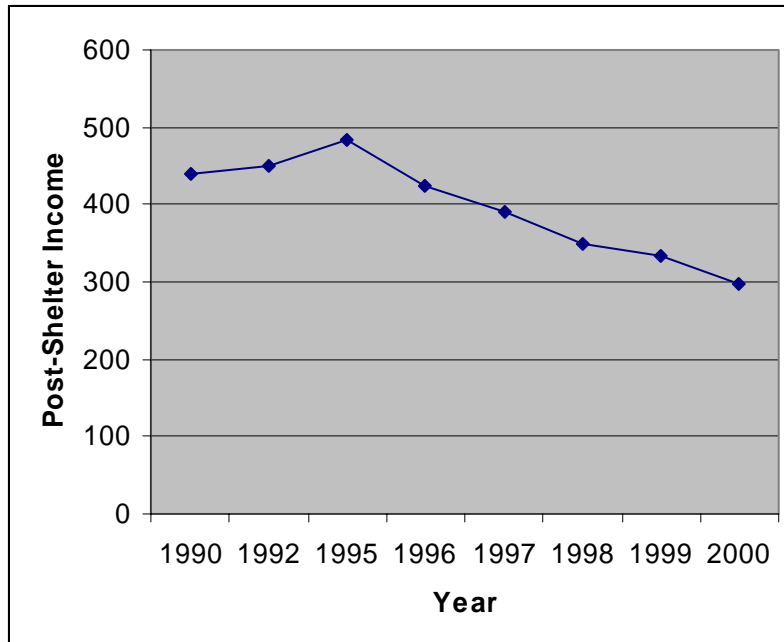
More generally, food banks and emergency food programs are part of the bundle of coping strategies that many low-income individuals and families utilize to survive (Dachner and Tarasuk, 2002; Himmelgreen et al., 2000; Michalski, 2003a). Kennedy (1995) has demonstrated that in the Greater Toronto Area, the coping strategies for low-income households include a vast array of budgeting and money-saving strategies, including public transit, bulk shopping, selling personal possessions, doing without telephones, forgoing recreation and entertainment, or even simply consuming less food or doing without altogether. While by no means a comprehensive service or welfare supplement, food banks represent one additional source of support among a patchwork of low-income household survival strategies (Curtis and McClellan, 1995; Tarasuk, 2001).

What types of people use food banks? Michalski (2003a) found that in the Greater Toronto Area, food bank users could be either male or female, although the men accessing these programs were more often single and unattached. The women were more likely than men to have dependent children in their care. Thus many households accessing food banks included children, with average household sizes comparable to the general population. A large number of those

accessing food banks tended to be in their 30's and 40's, with older people underrepresented in comparison with the general population. While more than one-third of food bank users had not completed high school, a high percentage indicated being college, trade, or university graduates. Finally, most food bank users reported having marginal labour market positions and incomes inadequate to the task of covering the full range of basic needs for themselves or their families.

The available studies clearly indicate that those who access food banks in urban settings on average tend to have household incomes far below established poverty lines (Michalski, 2003b; Starkey et al., 1998). Their economic statuses are almost always quite precarious, with housing costs consuming the majority of their available monthly income (Vozoris, Davis, and Tarasuk, 2002). The depth of their need has been measured more formally over time by comparing their disposable income to meet all other household needs (food, clothing, transportation, dental or special health needs, recreation, and so forth) after their shelter costs had been covered. The data presented in Figure 3 describe what we have termed “post-shelter income” – the total average funds available (in constant 1992 dollars) to food bank users on a monthly basis once their housing costs were paid for, spanning the ten-year period 1990-2000. In 1990, for example, food bank users reported having about \$440 per month to cover all other family expenditures after paying for their housing costs. The figure peaked in 1995 at some \$483 per month and then declined significantly in the aftermath of Ontario’s social assistance rate reductions. The second half of the 1990s witnessed a steady decline in family incomes, such that their post-shelter income in 2000 of \$298 per month reflected an historic low among food bank users in the Greater Toronto Area.

Figure 3 Food Bank Users’ Post-Shelter Income in Constant (1992) Dollars, 1990-2000



Source: Michalski, 2003a and unpublished data

How have these low-income households survived, then, in light of their clear housing affordability difficulties and their overall marginal economic statuses? Food bank users who

received cash transfers of any kind from the government, charities, or from paid labour were better off financially than those who did not (Michalski, 2003a). The coping strategies of low-income households in urban areas clearly involved informal economy and voluntary sector supports, such as accessing food banks on at least an occasional basis. The majority of food bank users indicated that simply being hungry at least once each month represented one specific coping mechanism, while nearly half reported that their children were hungry at least that often as well. Their other coping strategies involved not having a telephone, walking rather than owning a vehicle or using public transportation, foregoing recreation, relying upon charities, borrowing money or receiving cash advances, and financial or food gifts from family or friends in the past year. One can readily imagine the importance of such a bundle of strategies in light of the fact that food bank users averaged less than \$150 per person each month to cover all other non-housing costs.

### ***What are the consequences of poverty?***

Very briefly, we wish to consider an issue that has been examined more extensively than any other aspect of low-income families: what are the consequences of poverty? Many of the consequences are highly predictable and have been well-documented. Others are not especially obvious or well understood. Health consequences, for instance, have long been associated with a relative lack of family resources and poverty in general.

Social scientists have established that a direct relationship exists between socioeconomic status (whether measured in terms of income levels or other measures of social class) and health status (Kosteniuk and Dickinson, 2003; Phipps, 2003; cf. Hay, 1988). The groundbreaking Whitehall Study of British civil servants determined that those employed at the highest grades had about one-third the mortality rate of those in the lowest grades (Marmot and Smith, 1997). The study found that the death rates were three times higher among junior office support staff as compared with senior administrators, even though these were all white-collar workers in the same offices, living in the same area of the country.

Interestingly, having a sense of control over one's work was significantly related to one's health status – a finding replicated in the second stage of the British research or the “Whitehall II Study” (Griffin et al., 2002). Higher incomes appear to be linked to improved health not simply because of the ability to purchase adequate housing, food, and other necessities, but additionally because of the enhanced sense of control and mastery that people have over their lives. In fact, even the level of job insecurity or the threat of losing one's job apparently contributes to increased distress and a decreased sense of control over one's environment – which have negative effects upon self-reported health status (McDonough, 2000).

The 1999 *Report on the Health of Canadians* found that Canadians in the highest income bracket were more likely to report their health as excellent and to live longer than those in the lower income brackets. The statistical evidence revealed further that the poor were at greater risk for most types of illnesses and almost all causes of death (Federal, Provincial and Territorial Advisory Committee on Population Health, 1999). Indeed, in their review of more than one dozen studies using eight datasets across four countries, Benzeval and Judge (2001, p. 1379)

conclude the following: “All of the studies that include measures of income level find that it is significantly related to health outcomes.”

Even more compelling has been the finding that childhood financial circumstances may be linked to adult health outcomes (Benzeval et al., 2000; cf. Duncan and Brooks-Gunn, 1997). Obviously there are many other factors that may intervene and otherwise affect such long-term outcomes, but the impacts of sustained poverty and the likelihood that children and adolescents may be deprived of various social and economic advantages cannot be denied (Curtis et al., 2004; Korenman and Miller, 1997). In fact, the research demonstrates that the relative disadvantages for children commence even before they are born, as poor children have significantly greater risks of being born prematurely, with low birth weights, suffer greater intellectual impairment such as mental handicaps, and experience higher infant mortality rates (Wilkins and Sherman, 1998). By the time poor children have entered formal schooling, the evidence indicates that they have already fallen behind in terms of cognitive achievements and early academic performance (Smith et al., 1997).

Growing up in a poor family consistently has been linked to a variety of negative outcomes, including academic problems, psychosocial morbidity, and, more generally, a range of emotional and behavioral problems (Kerr, 2004; Lipman and Offord, 1997). Adolescents who have experienced persistent poverty tend to have lower self-esteem, poorer school performance and attachment, engage in a range of risky or unhealthy practices (e.g., drugs and alcohol abuse), and commit more acts of delinquency and other forms of antisocial behavior (McLeod and Shanahan, 1996; Roker and Coleman, 2000).

Why should poverty have such negative effects upon children, who are often quite resilient? Certainly many children *do* survive and even thrive in the long term *despite* their relatively deprived conditions. The main reason for having potentially negative short-term and long-term effects may be more the result of the problems and stressors that parents face in providing adequate financial, physical and often emotional resources than anything else. Lone mothers, for instance, often experience a high level of stress in meeting the requirements of both child care and income support. This often leads to poorer health outcomes, for both parent and child, which in turn, introduce additional obstacles to securing gainful employment (Baker, 2002). More generally, while the causal connections can be quite complex, recent research has shown that several home-related or environmental factors such as a difficult physical environment may also mediate the relationship between low income and intellectual development (Brannigan et al., 2002; Guo and Harris, 2000; Miller and Davis, 1997). Neighborhood and community cohesion can serve to lessen the impact of family poverty, particularly given the potential for additional social supports (Klebanov, Brooks-Gunn, and Duncan, 1994). Low-income families tend to live in low-income neighborhoods and in lower quality housing, which introduce additional obstacles as they attempt to provide children with the same types of services that most middle and upper income Canadians take for granted.

## *Conclusion*

Despite Canada's considerable wealth, many families continue to face major challenges with low income and poverty. This continues to be the case today, even after a period of sustained economic growth and job creation. As of 2002, most statistical indicators would suggest that, in general, we have made some progress as of late in terms of rising family incomes and reduced poverty. In working with Statistics Canada's low-income cutoffs, Canada witnessed five consecutive years of declining low-income rates (from 1996-2001) before stabilizing at a relatively low level in 2002 (Statistics Canada, 2004). Over a similar time period, the number of persons reliant upon welfare dropped precipitously, or by almost 50% from 1994 to 2003.

Yet a careful appraisal of the available statistics leads us to emphasize that not all is rosy, and that there are some issues of considerable concern that should not be downplayed or overlooked. As merely one example, the persistently high incidence of low income among recent immigrants (at about 2.5 times the levels observed for non-immigrants) is of considerable concern in a country increasingly reliant upon immigration. The very high level of income poverty among female lone parent families should not be overlooked either, particularly given that it has important consequences for the young. In addition, while most Canadian families witnessed income gains during the latter 1990s and early 2000s, there is evidence to suggest that upper income Canadians experienced the greatest of gains. Statistics Canada (2004) reports a real (yet modest) upturn in income inequality over this period, both in terms of family income "before tax," and, to a lesser extent "after tax."

As highlighted in this chapter, family change and demographic events have had their impact on income poverty, to the extent that they influence the types of families and living arrangements in which Canadians share and pool income. Changing family structures, in and of themselves, have generated some degree of economic uncertainty, especially for women and children. Although lone-parent families now comprise about one in five families with children, among families classified as income poor, over half are single-parent families (Statistics Canada, 2004). Many of these changes observed in the Canadian family, in terms of non-marital fertility and marital instability, have had a greater impact on the economic well-being of women than they have on men. The consequences for children have been particularly important, as child poverty persists despite political pronouncements such as the House of Commons 1989 resolution to end poverty by the year 2000.

Canada has simultaneously witnessed a major shift in the age distribution of the poor over past decades. While in the 1960s, elderly Canadians were about twice as likely as children to be classified as income poor, by the early 21<sup>st</sup> century, this situation has nearly reversed itself – as the likelihood of poverty is now much higher among families with children. In closing, of particular concern are two observations made in this chapter that are worth re-emphasizing. First, it is useful to re-emphasize Frenette and Picot's (2002) observation that as many as one third of all persons who left welfare during the latter 1990s saw their household income decline – sometimes dramatically. In other words, there is strong evidence to suggest that for a minority of families and individuals, an exit from welfare over recent years has actually lead to a worsening of an already bad situation. Among those that continue to rely upon welfare,

there is no disputing the fact that for most, their situation has worsened, as benefit levels have been nearly universally reduced across jurisdictions. Secondly, over this same period, there has been a substantial increase in the number of food banks in Canada – as well as other charities that serve meals and/or provide for other basic necessities. In a sense, food banks have become institutionalized during a period whereby governments have become more restrictive in terms of income support. These two observations are clearly linked, which implies even further that especially among the poorest of the poor, there has been little improvement – and arguably a worsening – in their relative situations.

Just as it is hazardous to forecast future economic trends, it is also extremely difficult to forecast “political” events that might influence the types of transfer payments that Canadians receive from government. While both federal and provincial governments recently have managed to establish some balance between revenues and expenditures, it is unclear as to whether this will lead to a “re-investment” in terms of income support for the most vulnerable of Canadians. Thus while unemployment insurance and welfare payments became more restrictive during the latter 1990s, little evidence suggests that governments are about to re-invest in significant ways that might make up for these policy changes. It is in this context that we recognize that the incidence of low income and poverty varies considerably, depending upon family type and number of earners, as well as the dramatic variations linked to age, stage of the life course, immigration, visible minority status, labour market conditions, and other factors.

The challenge of developing social policies or implementing social reforms aimed at further reducing the incidence of poverty must consider the above factors and the broader social context. In reworking income support policies or other transfers to families, with and without children, the current debate on a national child care policy has particular relevance, especially in terms of assisting female lone parents to gain employment income. Other reforms of potential importance include direct transfers to family, since there are a great many cases where fathers are either unwilling or unable to provide child support. Some of the barriers that newcomers and visible minorities confront in attempting to access the labour market can be addressed through policy reforms, although silent forms of racism or social exclusion may never be amenable to government resolutions. Finally, there are still other problems that low-income families face that may be less intractable, particularly in dealing with certain unpredictable events and interpersonal decisions that shake families up or leave them vulnerable. Where family poverty cannot be prevented, however, the research points to the significance of a great many negative outcomes linked to living in poverty over a sustained period of time. From a social transfer standpoint, however, the costs associated with dealing with the long-term consequences of family poverty inevitably exceed the costs associated with reducing or preventing such poverty in the first place.

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