



# The Daily

Statistics Canada

**Tuesday, July 28, 1998**

For release at 8:30 a.m.

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## MAJOR RELEASES

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- **Earnings inequality and youth wages in the 1990s** 2  
The gap between the highest- and lowest-paid workers in Canada has remained relatively unchanged over the past decade, contrary to assumptions that inequality in earnings has increased. However, this relative stability was the result of a number of significant offsetting trends within various groups of workers.

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## MAJOR RELEASES

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### Earnings inequality and youth wages in the 1990s

The gap between the highest- and the lowest-paid workers has remained relatively unchanged over the past decade, contrary to assumptions that inequality in earnings has increased.

According to a new study on the inequality of earnings during the 1990s, the rate of growth in earnings was almost identical for both the highest- and lowest-paid workers. Earnings among the 30% of workers with the lowest earnings increased 1.6% between 1986 and 1995, while earnings among the 30% of workers with the highest earnings increased 1.8%.

However, the overall stability in the inequality of earnings among paid workers as a whole concealed a substantial redistribution of working time, wage rates and earnings among various groups of workers.

For example, some groups of workers experienced gains in earnings — most notably women, older workers and more highly paid and skilled male workers. Others experienced a decline in earnings — notably young people, low-skilled young men and lower-paid and lower-skilled men.

Data for this study came from Statistics Canada's Survey of Consumer Finances for selected years between 1975 and 1995.

#### Earnings gap widened for men, but not women

While the earnings gap did not increase among all workers, the gap increased significantly between the highest- and lowest-paid male workers. Between 1986 and 1995, men with high incomes saw their earnings grow while earnings declined for those with lower incomes. Annual earnings increased 1.1% among the 30% of men with the highest annual earnings, compared with a 4.5% decline among the 30% of men with the lowest earnings.

The change was even greater between the top 10% of male earners and the bottom 10%. Men in the top one-tenth of the earnings scale saw their earnings increase 4.6% during the 10-year period, while those in the bottom one-tenth saw earnings decline 9%.

This increase in the male earnings gap was a continuation of trends during the early 1980s, for reasons that are not well understood. The causes most often cited are technological change and the changing pattern of international trade. Both may have increased

#### *Earnings versus income inequality*

*The results in this release are based solely on earnings from paid employment. Other sources of income (such as self employment income, pension benefits, transfer payments and returns on investments) are not included. Although earnings is the largest component of total income, trends in earnings inequality and income inequality can differ (largely due to the effect of Employment Insurance, public pensions and social assistance).*

the demand for highly skilled labour in Canada, raising the relative earnings of the more highly paid and skilled men.

In contrast, there was no change in the earnings gap among women, as earnings increased relatively quickly for both lower- and higher-paid women.

#### Earnings gap narrowed between men and women

While the overall annual earnings of employed men as a whole declined a marginal 0.9% between 1986 and 1995, women saw their real earnings increase in virtually all parts of the income distribution.

Between the mid-1980s and mid-1990s, real earnings of women in the bottom half of the earnings distribution increased 9%. Earlier research suggests that these increases were at least in part associated with increasing number of weeks that women worked.

This increase in female earnings contributed to the overall stability among paid workers as a whole. It offset a decline in earnings among men in all segments of the earnings distribution, except at the very top where earnings among both men and women rose.

However, it must be remembered that even though women experienced earnings gains and men experienced earnings losses, during the last decade men still earned more than women. In 1995, the 10% of highest-paid men had average annual earnings of \$78,000, compared with \$54,000 for women. In the bottom 10%, men earned an average of \$2,200, compared with \$1,500 for women.

#### Earnings gap still rising between younger and older workers

One dimension of the earnings inequality issue has been the increasing gap in annual earnings between younger and older workers — particularly among men. This has been largely due to declines in real earnings

(that is, adjusted for inflation) among young workers, which has been well documented.

Earnings among young men aged 18 to 24 declined during both the recession of the early 1980s and that of the early 1990s. This group of young earners experienced little recovery in earnings after either recession.

As a result, between 1977 and 1995, real annual earnings among men aged 18 to 24 who worked for the full year on a full-time basis declined 20%. Among men aged 25 to 34, these earnings declined 12%.

The situation was similar among young women, although their decline in real annual earnings was smaller. Between 1977 and 1995, real annual earnings for women aged 18 to 24 who worked full year, full time, declined 9%. Women aged 25 to 34 experienced little change in earnings.

Research in this area has shown that earnings among young people, particularly men, have been declining because their hourly wage rates are falling, rather than because they are working fewer hours.

The research paper *What is happening to earnings inequality and youth wages in the 1990s?* is now available. To obtain a copy, contact Helene Lamadeleine (613-951-5231), Business and Labour Market Analysis Division. The paper is also available free on the Internet @ [www.statcan.ca](http://www.statcan.ca).

For further information on this release, contact Garnett Picot (613-951-8214), Business and Labour Market Analysis Division. ■

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## OTHER RELEASES

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### **Stocks of frozen meat**

July 1998

Total frozen meat in cold storage at the opening of the first business day of July amounted to 42 661 metric tonnes compared with 43 763 tonnes last month and 39 278 tonnes a year ago.

Available free on the Internet @ [www.statcan.ca](http://www.statcan.ca) (23-009-XIE). The menu path is "Products and services", "Downloadable publications," Index of downloadable publications".

For further information on this release, contact Mark Elward (613- 951-8715; [elwamar@statcan.ca](mailto:elwamar@statcan.ca), Agriculture Division. ■

**Available on CANSIM: matrices 87 and 9517-9525.**

## PUBLICATIONS RELEASED

**Family expenditure in Canada, 1996**  
**Catalogue number 62-555-XPB**  
(Canada: \$62; outside Canada: US\$62).

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Statistics Canada

Thursday, June 5, 1997  
For release at 9:30 a.m.

#### MAJOR RELEASES

- **Urban transit, 1995** 2  
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1995, each Canadian took, on average, 10.1 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4  
Growth in productivity among Canadian businesses was modest weak again in 1995, accompanied by sluggish gains in employment and slow economic growth during the year.

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