



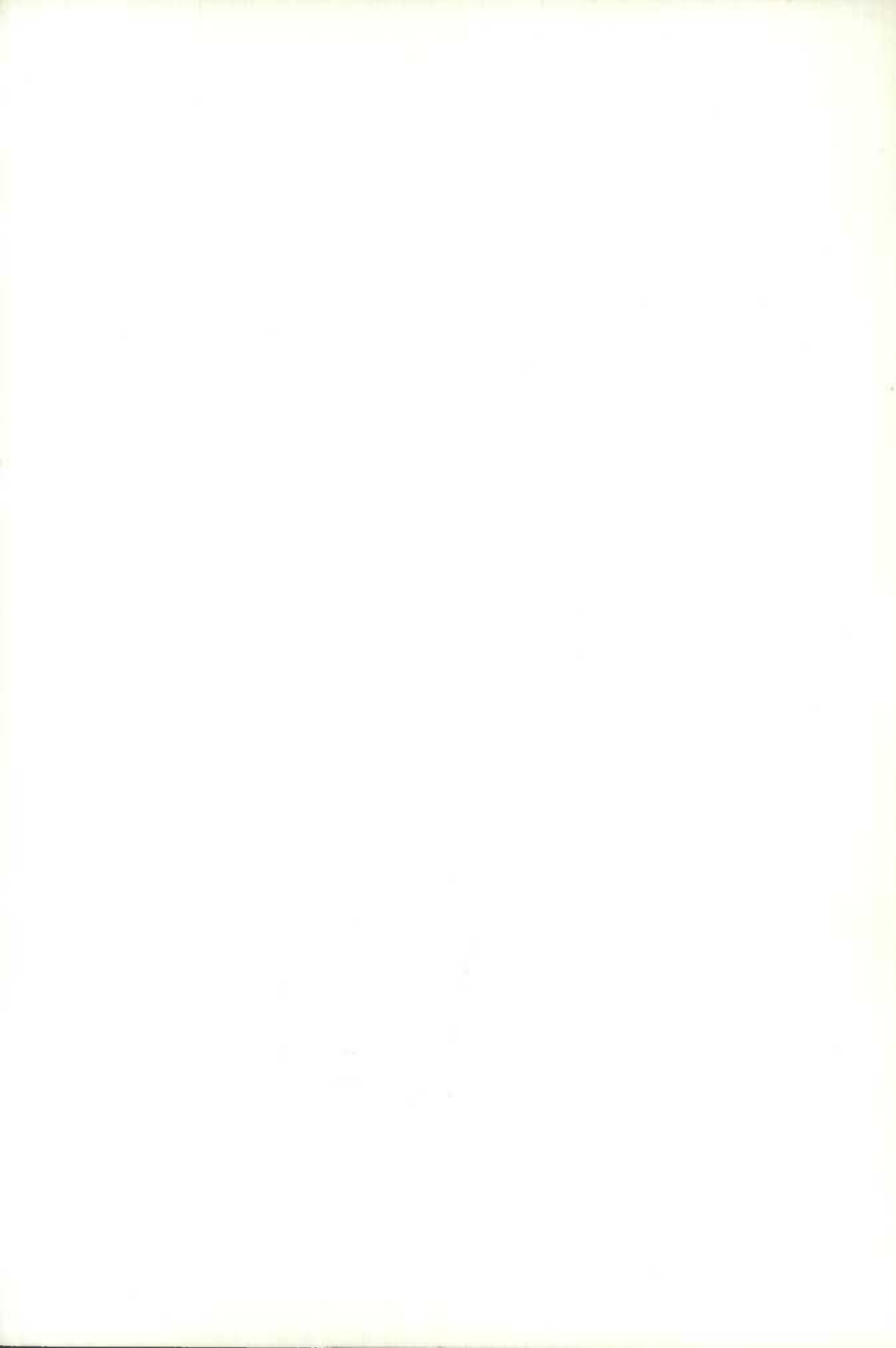
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Charting Canadian Incomes *1951-1981*



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Canada



Statistics Canada
Consumer Income and Expenditure Division

Charting Canadian Incomes *1951-1981*

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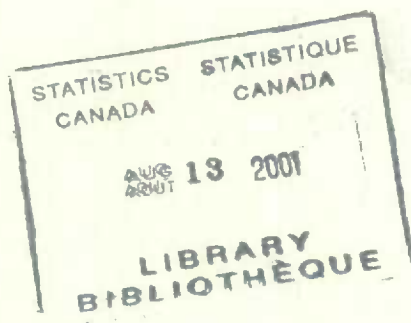
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Preface



The thirty years from 1951 to 1981 marked great changes for the Canadian family, both in terms of its income and its size. In 1951, the traditional family consisted of mother, father and their 2.2 children. In 1981, the average family had 1.4 children, and there were many more single-parent families or couples with no children.

Incomes are also affected by a number of other factors such as taxes and social benefits, and even personal expectations. This report charts changes in family income over the past thirty years using data from the Survey of Consumer Finances. Since its inception in 1952, survey methods and definitions have remained consistent, although the questionnaire has been expanded to account for new sources of income.

Gail Oja, Director of the Consumer Income and Expenditure Division initiated and directed the work on this report. R. K. Chawla from the Research and Analysis Section of the Division was in charge of the content and co-ordinated the preparation. Brenda Babcock from the Text Editing Service of the Federal and Media Relations Division wrote the text. The graphic design, typography and charts were produced by the Graphic Design and Audio-visual Section of the Production and Support Services Division. Data used in the report originated with the Surveys of Consumer Finances, started and developed in the early 1950s by Jenny R. Podoluk under whose general direction they remained until 1981.

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Introduction



We're all curious about incomes. We'd like to know how our neighbours, the Joneses and their four children, manage on one income. And how does that elderly lady down the street winter in Florida every year? Within our own family, we might wonder how our income measures up to what our parents were earning a couple of decades ago.

This report gives some insight into the financial welfare of such groups as the one-earner family and the elderly who live alone. It also tells how the family of today fares relative to the family of thirty years ago.

Not only is it interesting to find out about average Canadians, but also those with the lowest and highest incomes. And we might also want to know how various factors, such as age, sex, the region in which we live and whether we live alone or in a family affect our incomes. Other issues, such as redistribution of income through income taxes and social benefits may also concern us.

With the aid of charts and graphs, these and other related topics will be explored. While data are mostly shown over thirty years, for some topics, depending on the availability, only certain years have been selected. Unless otherwise stated, charts are for families and unattached individuals.

To make for easier discussion of certain ideas, we have created income groups or quintiles. To do this we lined up all families and individuals, placing those with the lowest income at one end and those with the highest at the other. (Families were counted as one unit as were unattached individuals.) Then we divided these units into five equal portions. At times, we have focussed on just three of the five groups created — those with the lowest, middle and highest incomes.

Appropriate topics are discussed for each income group. The effect of social benefits, such as Old Age Security or Guaranteed Income Supplement, is an important topic for the elderly in the lowest income group. The growing trend towards two-income families is a subject for the highest income group. Throughout this study, most of the trends will be examined over time from 1951 to 1981.

This report concentrates on answering questions the average Canadian might have with regard to income. As a result, technical notes are minimal; however, certain terms used are defined in the glossary. A list of more comprehensive income studies for the specialist appears on page 27. Other technical details are explained in **Incomes Distributions by Size in Canada**, referenced in the list of publications on page 28.

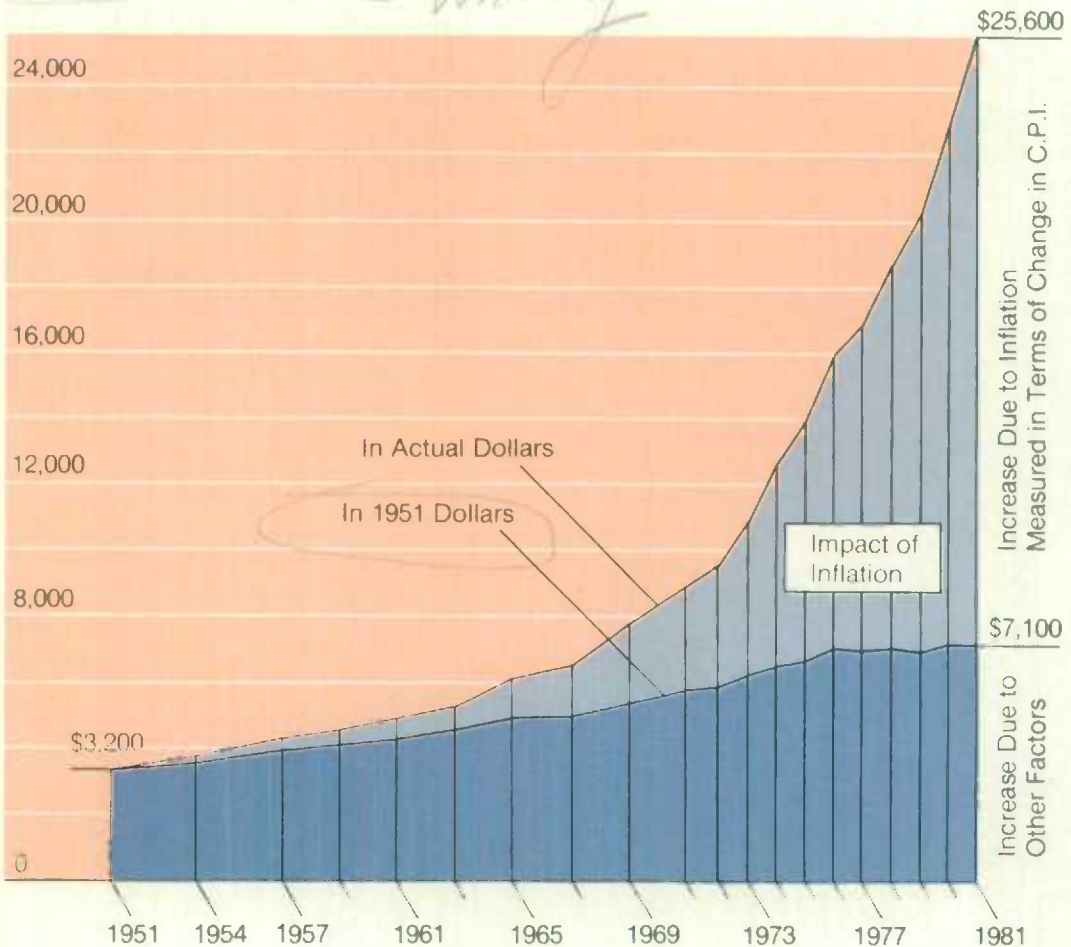
How Has Income Changed?



Income Peaks in 1976

From 1951 to 1976, the average income of families and unattached individuals grew steadily. (It should be kept in mind that income includes both earnings from employment and investments and other money from social benefits and pensions.) Because incomes were still rising during the late 1970s, it may have seemed that this growth was continuing. But after 1976 the gain was more apparent than real. Although more dollars were still coming in, buying power was falling due to inflation which in turn has been eating up any gains in income since then.

Wrong



Average Income of Families and Unattached Individuals

Share of Income Stable over Three Decades

As mentioned in the introduction, we have divided the population into five equal groups from lowest to highest income. Each income group represents one-fifth of all families and unattached individuals. We find that the share of income for each group is the same in 1981 as in 1951 when income (including social benefit payments) is considered. The lowest income group, for example, had 4% of income both in 1951 and 1981. This means that although each group's income has increased substantially, there's been no movement towards greater equality between groups.

Income Groups:

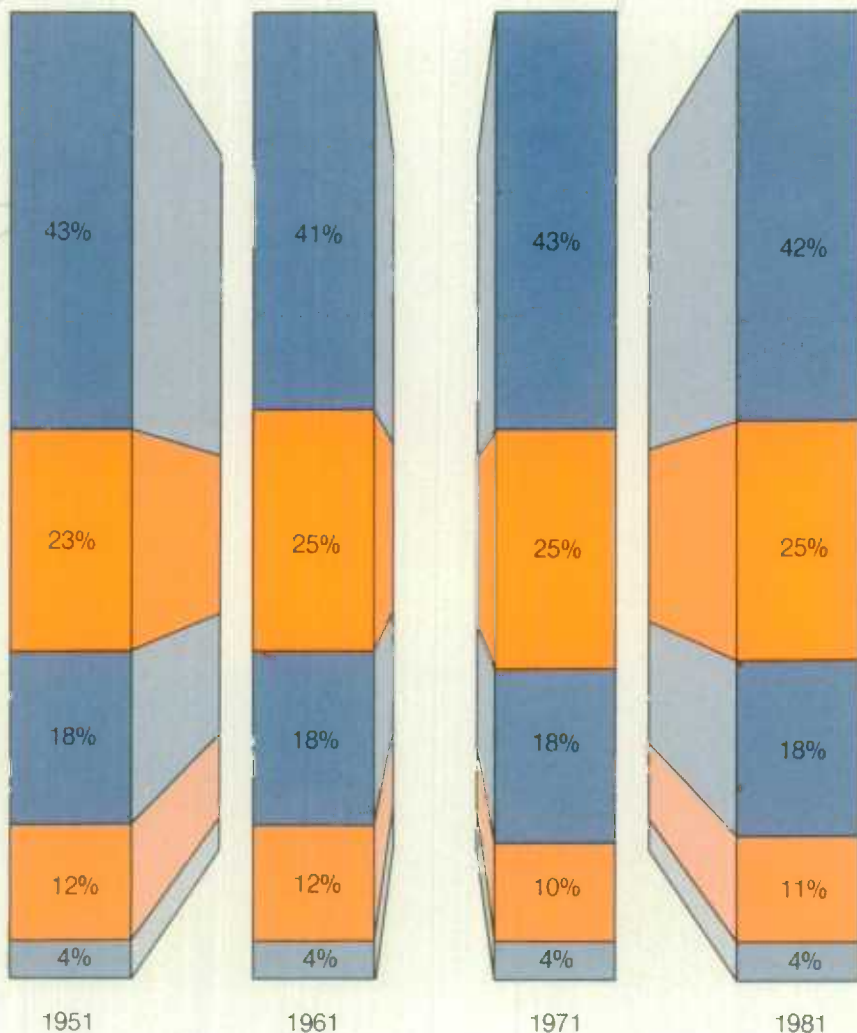
Highest

High

Middle

Low

Lowest



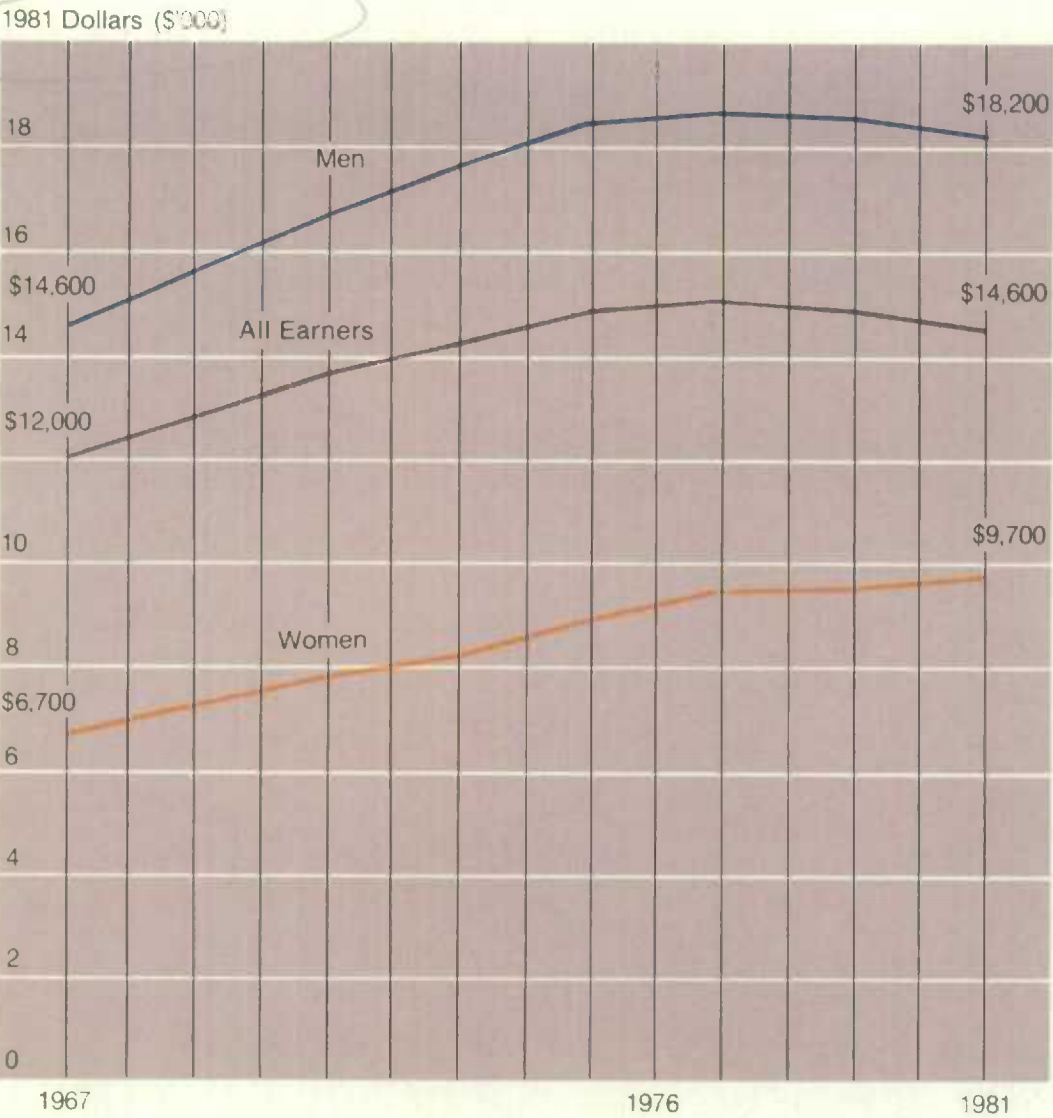
Share of Income

Average

Earnings Rise Faster for Women than for Men

Since 1977, earnings for women have grown gradually but steadily compared to a decline for men. This increase for women reflects two factors: more women are working full time and more are employed in higher paying jobs.

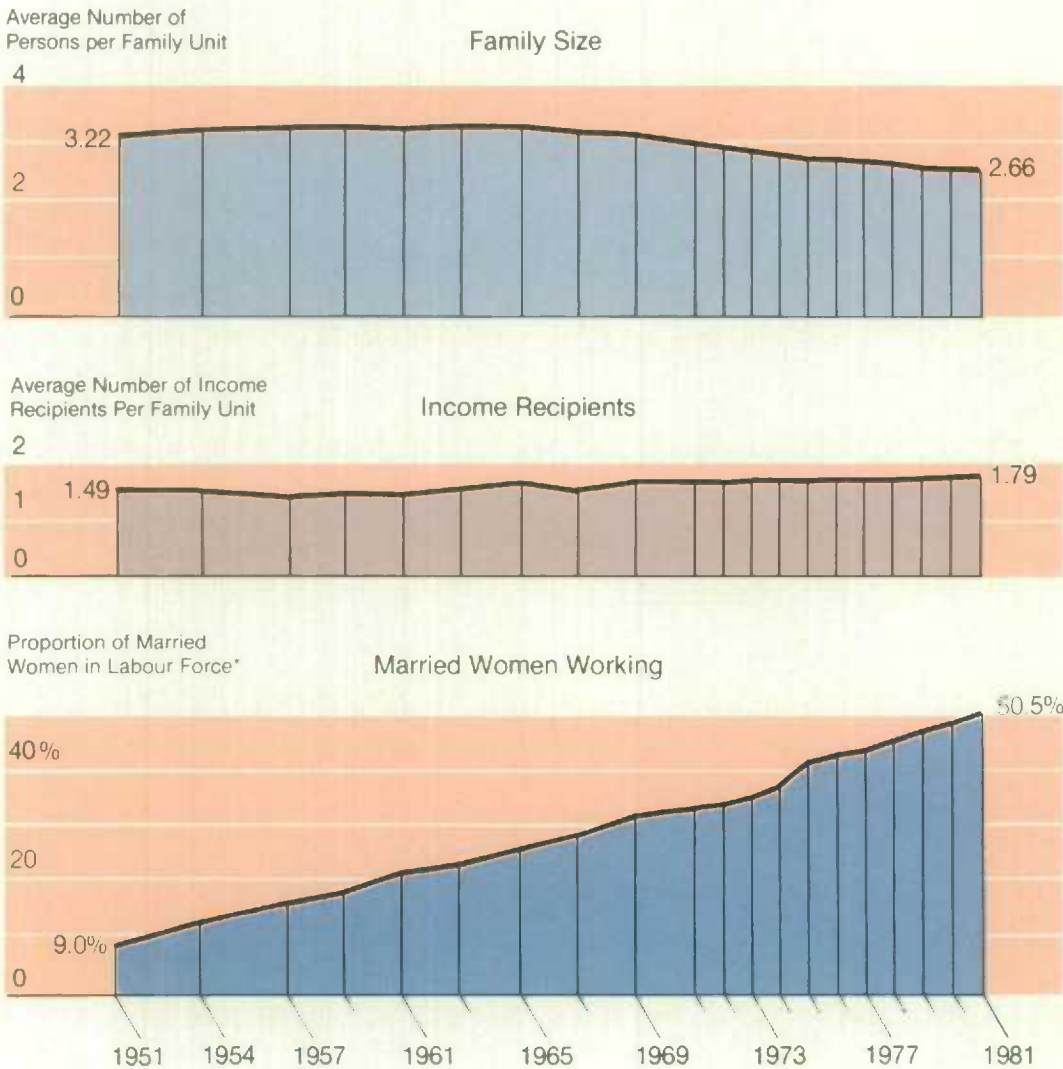
Between 1967 and 1981, there has been an increase of almost 45% in women's earnings compared to only 25% for men. However, in 1981, men still earned an average \$18,200 compared to \$9,700 for women.



Average Earnings of Men and Women

Per Capita Income Increases

In 1981, there were fewer persons per family and for many, more sources of income. As the size of the family has fallen, the proportion of women employed has risen. In 1951, there was one earner for every three family members; in 1981, the ratio had increased to one earner for every two family members. As well, more people received income from government programs, such as the Canada and Quebec Pension Plans or the Child Tax Credit program. These social benefits did not exist in 1951.



Factors Affecting Increase in Per Capita Income
*Data from Labour Force Surveys

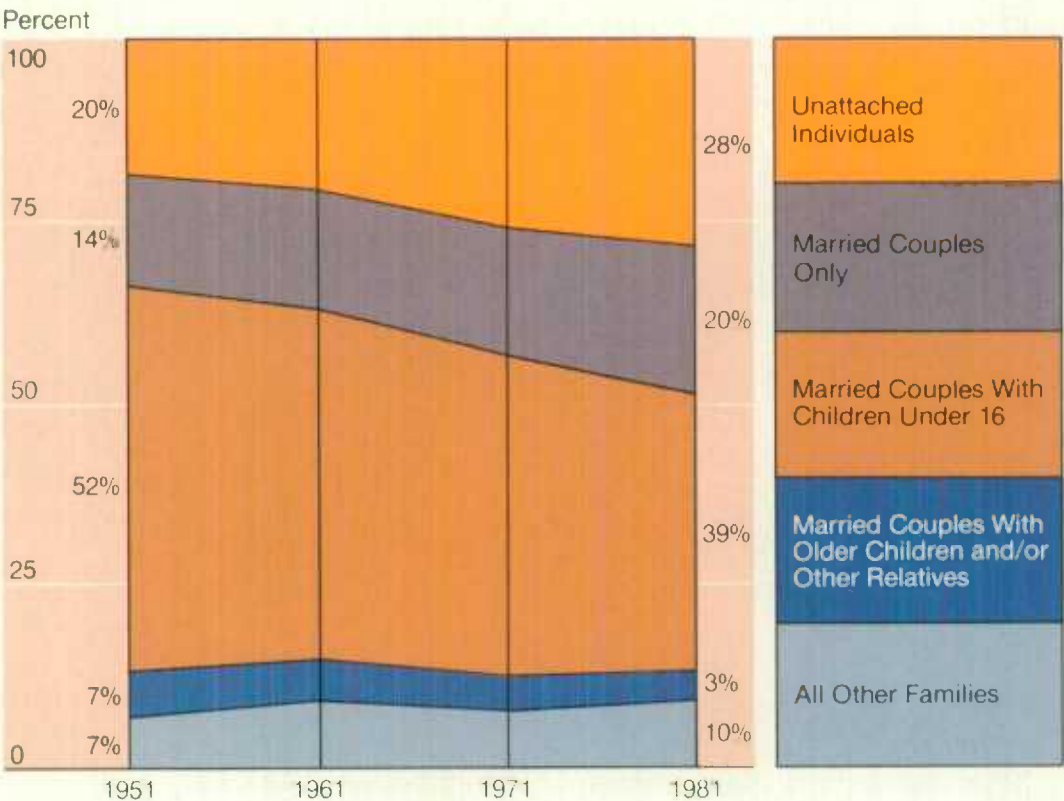
Which Factors Affect Income?



Family Size Drops

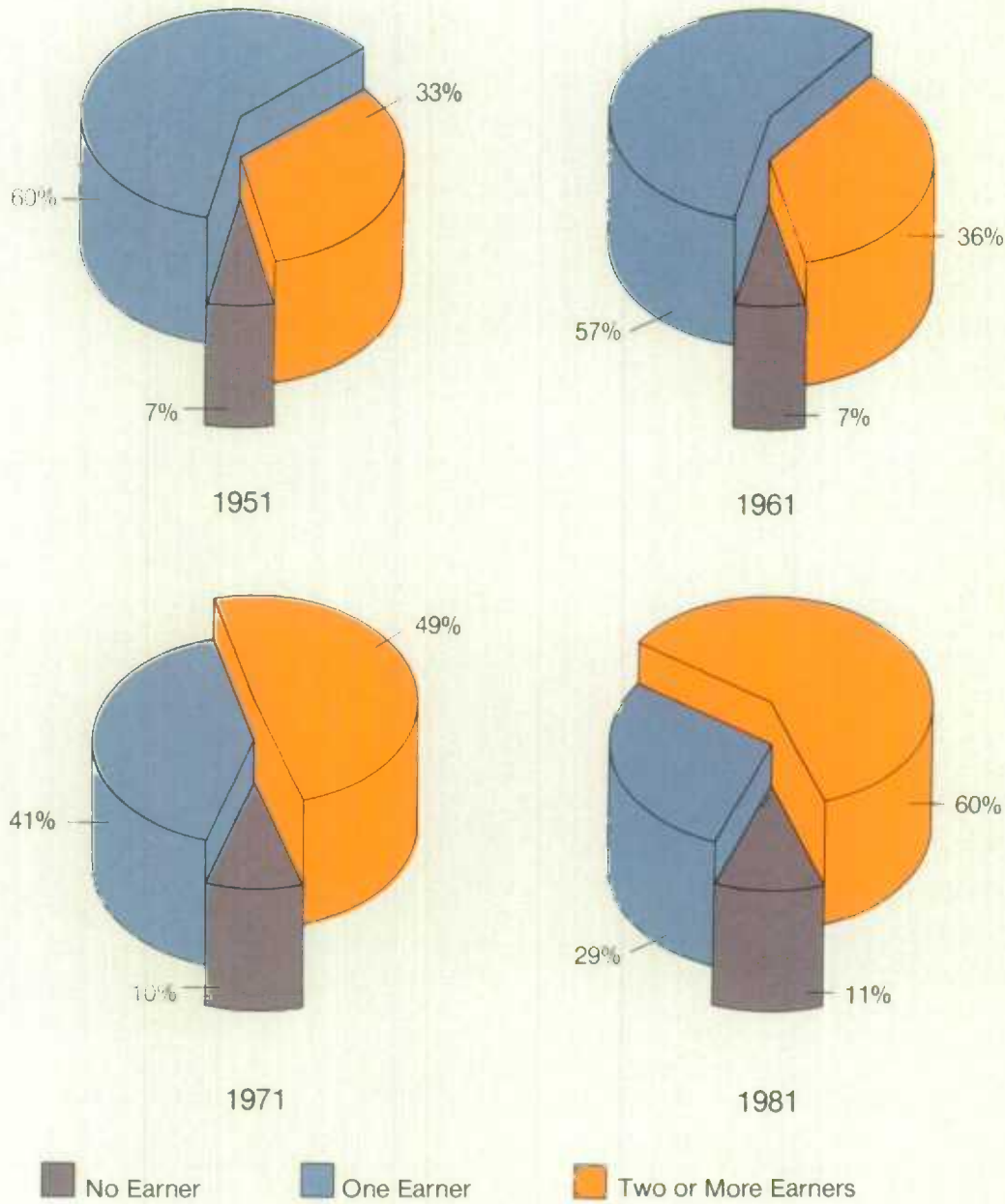
Certain social changes between 1951 and 1981 have resulted in smaller families. There are fewer husband-wife families and fewer children within these families. The rising divorce rate has split many traditional families and contributed to a growing number of single-parent families.

In addition, there are more people living alone, particularly young singles and elderly widows. The young are more likely to live alone now than in the past because they are marrying later. Increasingly, women are outliving their husbands, further contributing to the numbers of unattached. The general rise in income and the increased sources of income (from social benefits for example) may well mean that more people can afford to live alone.



Number of Two-earner Families Increases Substantially

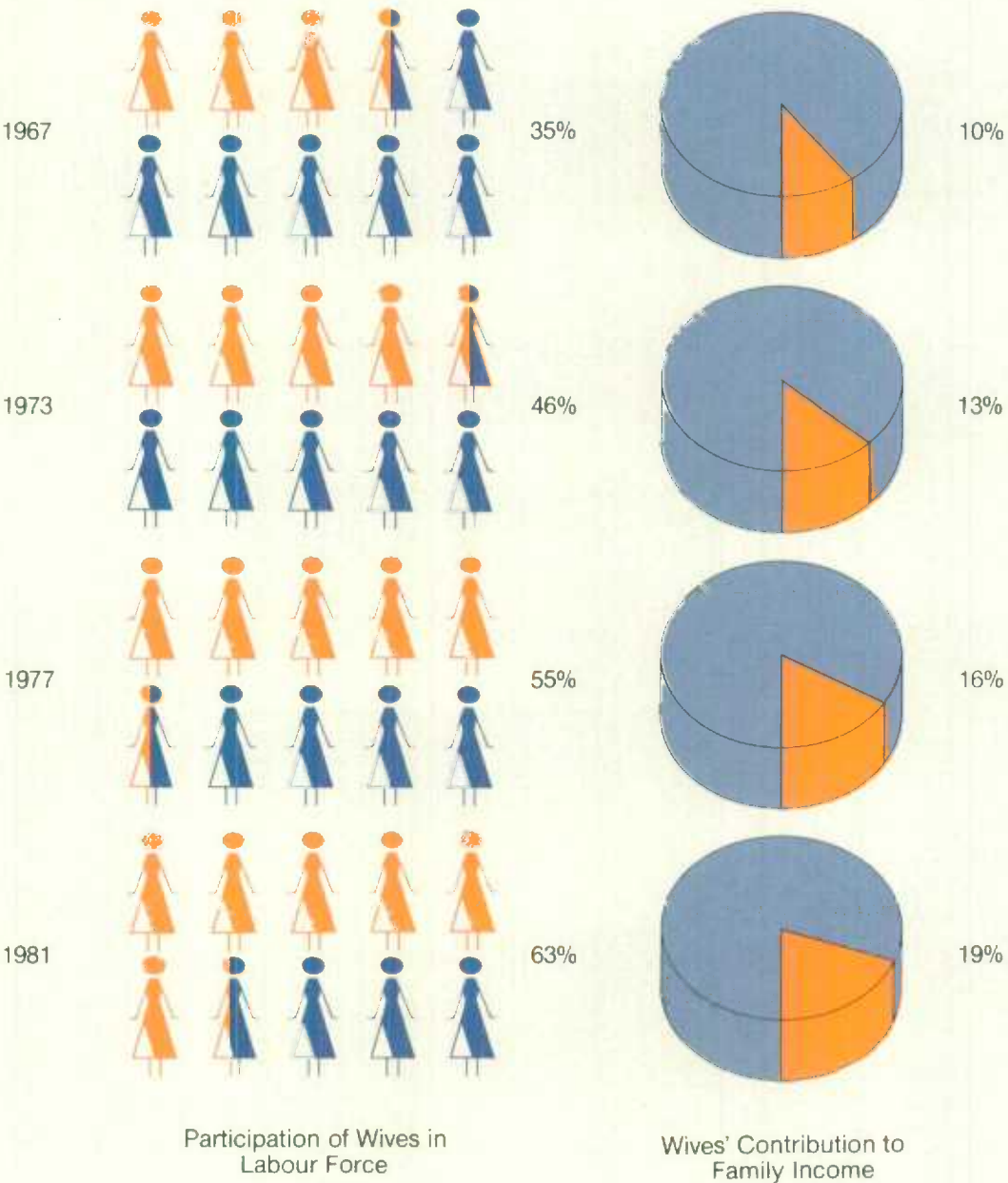
In 1981, 60% of families had two or more earners, almost twice the percentage in 1951. This type of family predominates in the middle to highest income groups.



Increase in Percentage of Two-earner Families

Wives' Participation in Labour Force Increases Family Income

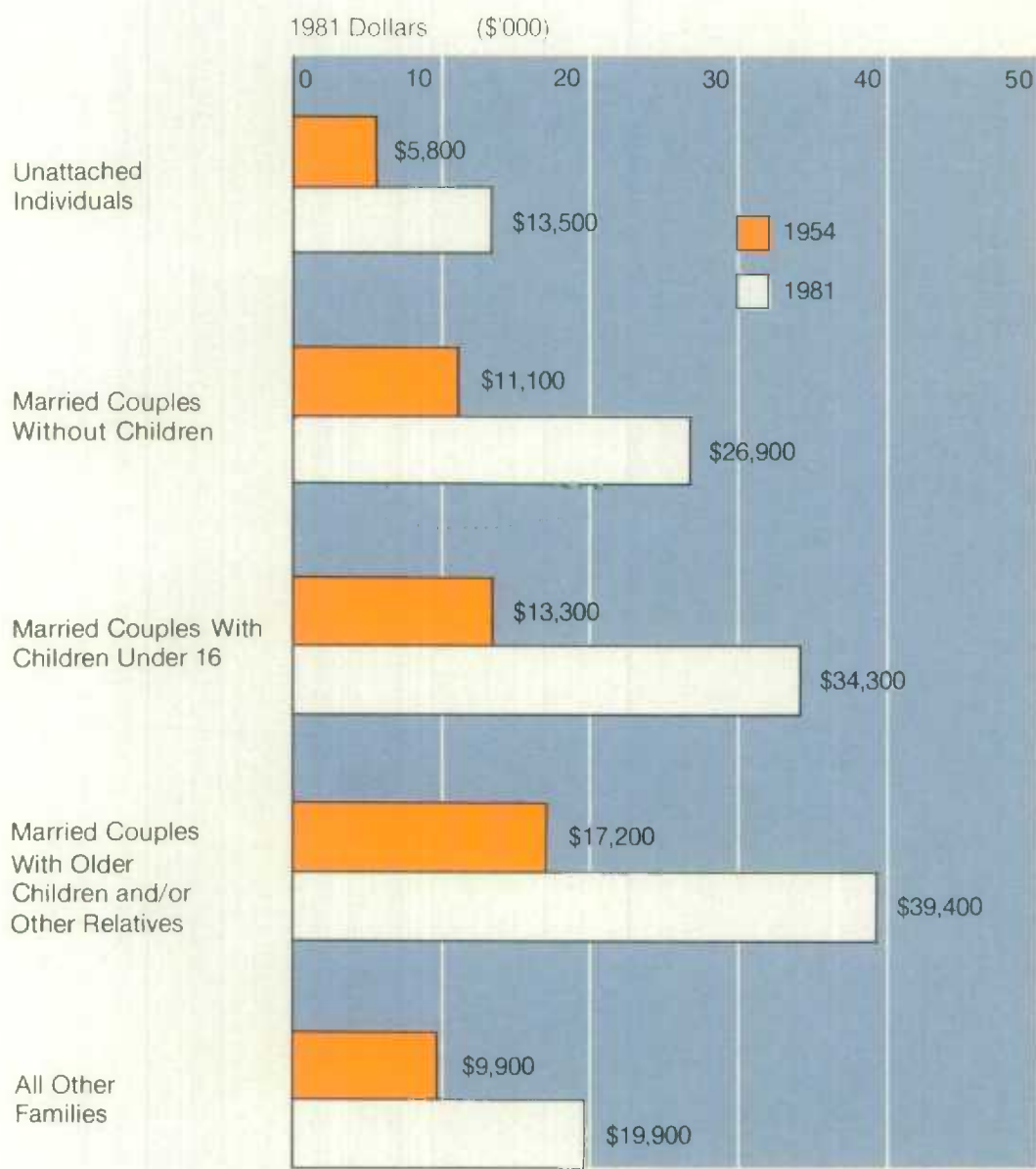
The proportion of married women in the work place has almost doubled since 1967. As a result, the contribution of these women to family income has doubled as well. On the average, working wives earned 10% of family income in 1967 and almost 20% in 1981.



Wives' Participation in the Labour Force and Contribution to Family Income

Greatest Gains for Families With Mothers in Work Force

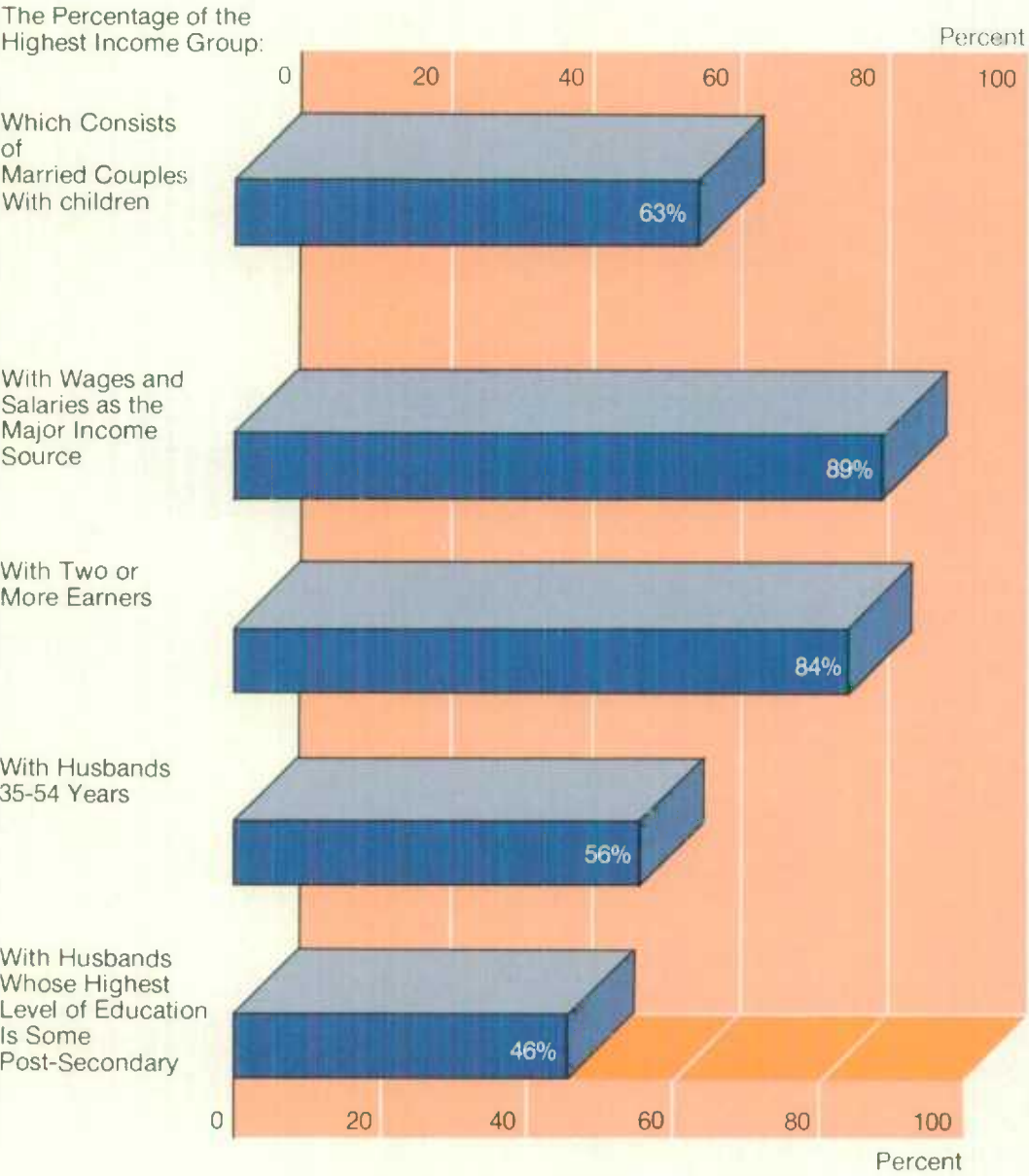
Incomes of families with children under sixteen have grown at the highest rate during the past three decades. While there has been a large increase in the percentage of wives in the labour force during the past three decades, there has been a striking increase in participation for those with children.



Incomes for Different Types of Families

Highest Income Group Two-earner Families

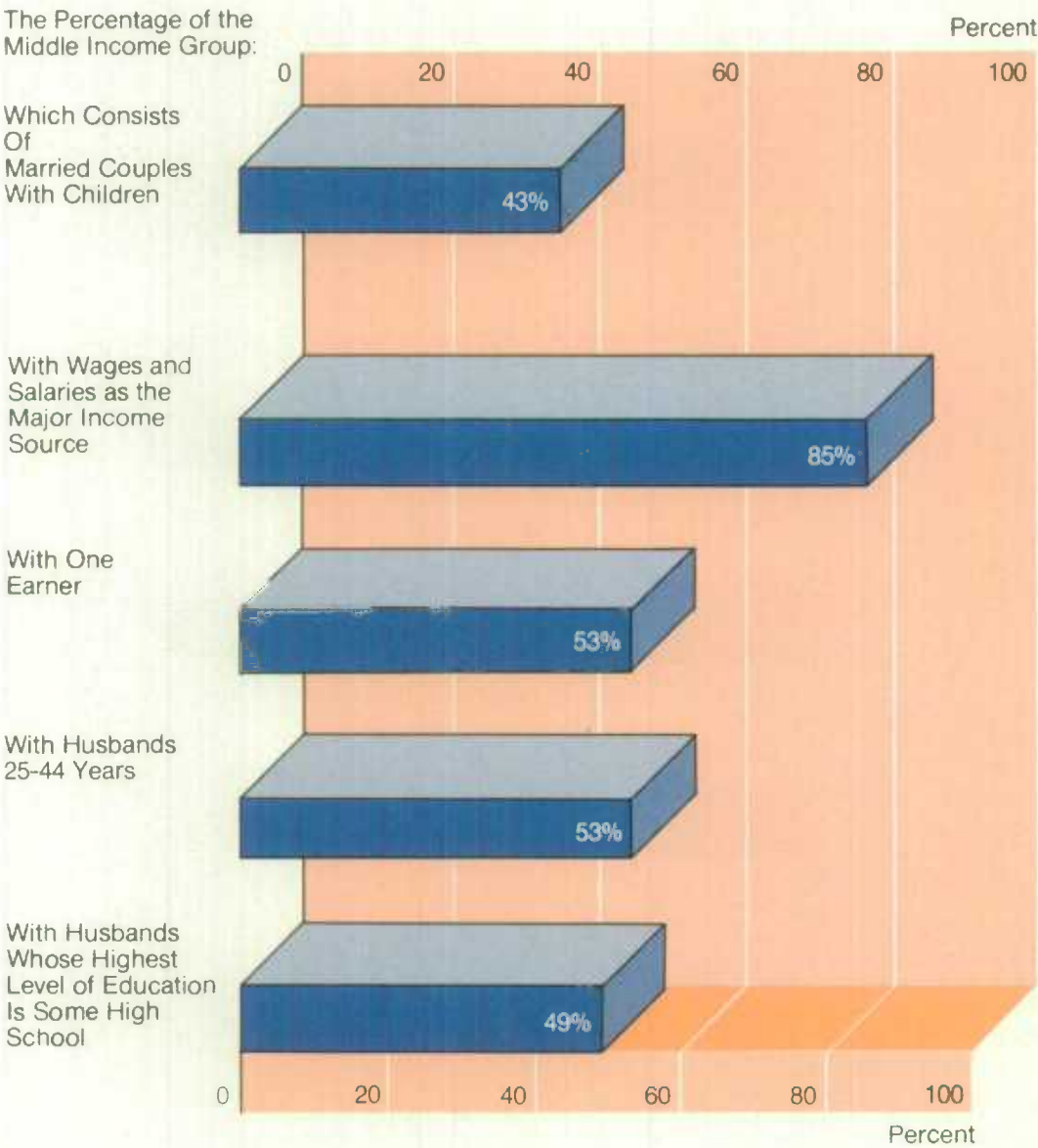
This group consists mainly of two-earner families with children. Their major source of income is wages and salaries. The husband in the family is most likely to be between 35 and 54, with some post-secondary education.



Profile of the Highest Income Group, 1981

Middle Income Group Mostly One-earner Families

This group differs from the highest income group in its number of earners, age and level of education. These families are likely to have a single earner whose wages or salary constitute the major source of income. Most husbands are aged 25 to 44 with at least some high school education.



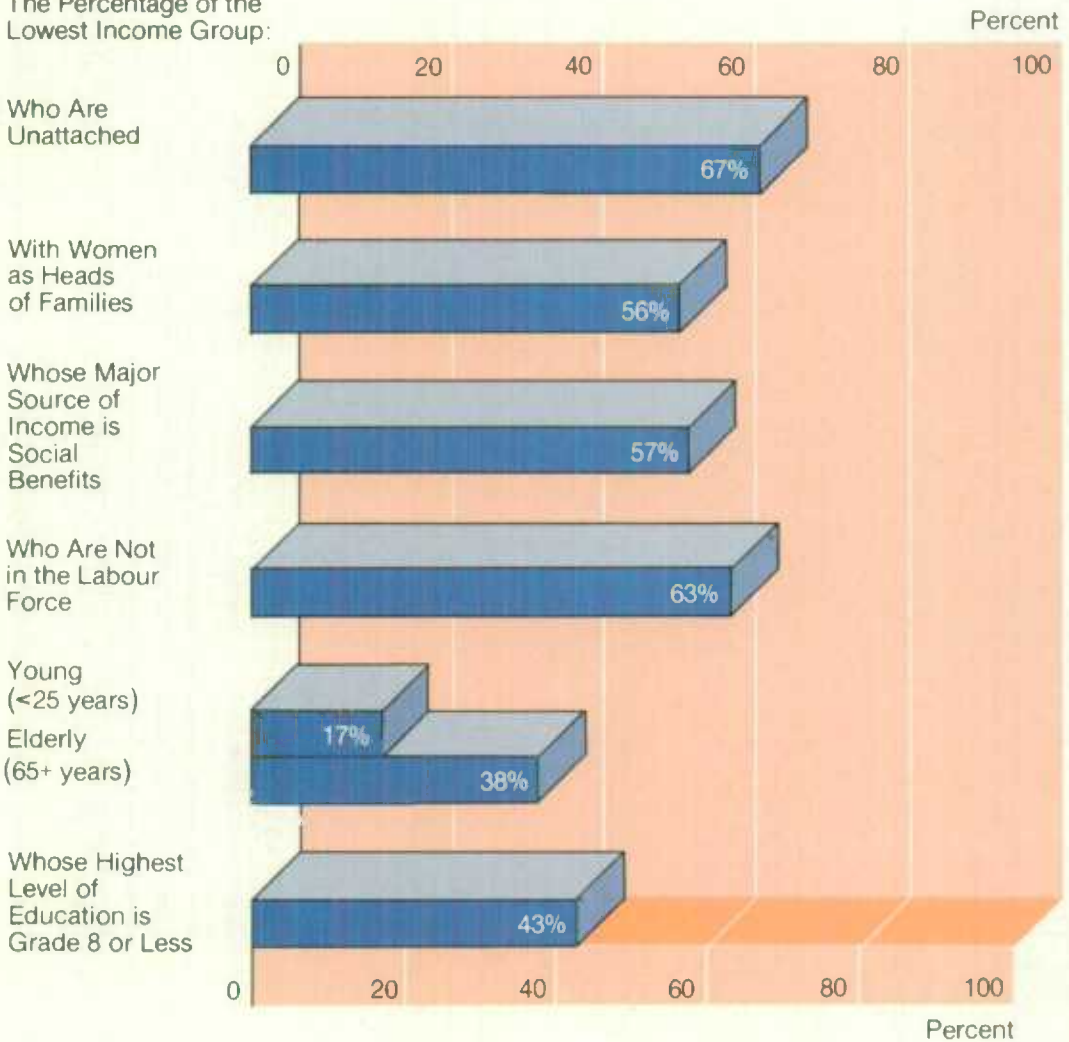
Profile of the Middle Income Group, 1981

Lowest Income Group Mostly Unattached, Either Young or Elderly

Unattached individuals made up 67% of this group in 1981, up significantly from three decades earlier. These individuals are predominantly women, either under 25 or over 65, with no earned income.

Although the lowest income group consists mostly of unattached individuals, certain kinds of families comprise the rest. Single-parent families made up almost a third of the lowest income families. Husband-wife families in this group are likely to be past retirement age.

The Percentage of the
Lowest Income Group:



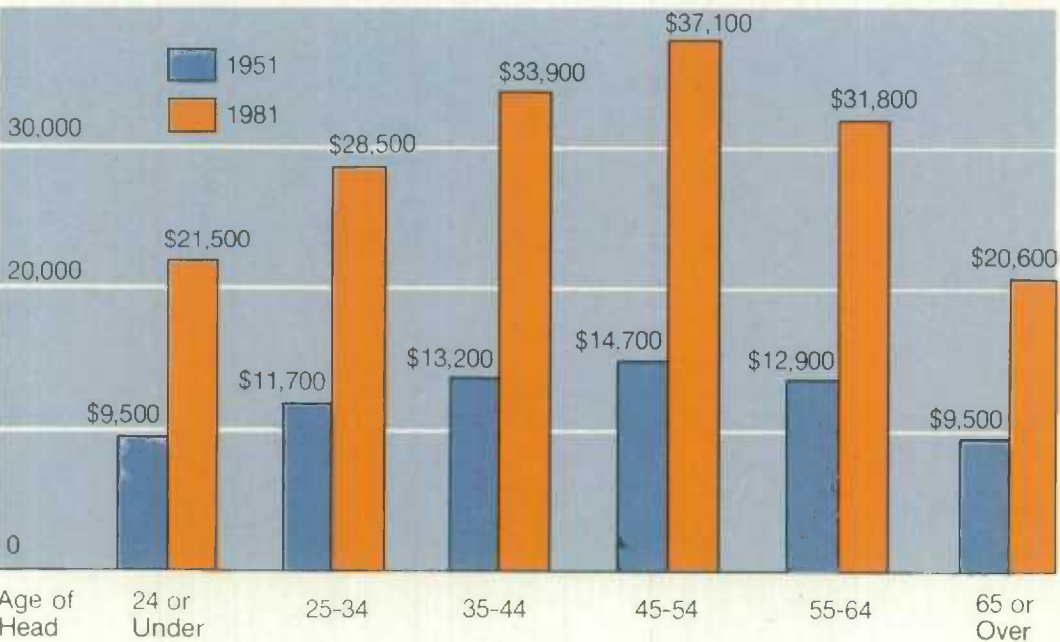
Profile of the Lowest Income Group, 1981

Income Peaks at Ages 45 to 54

As an individual passes through his or her life cycle, income changes as family composition, work experience and sources change. Many people under 25 are single and just beginning their careers. At ages 25 to 34, their earnings are likely to be higher and many will have married, often resulting in two incomes for the family. By ages 35 to 44, any wives who have been caring for young children full time may enter or re-enter the job market.

Family members reach peak earning power from ages 45 to 54. At ages 55 to 64, income begins to decline, perhaps because job skills are no longer suited to the work place or because of declining health or early retirement. However, at the age when most people are retired, 65 and over, income drops mostly because the main source is now social benefits and pensions, rather than earnings. This is also the time when many women find themselves living alone on lesser incomes. There are two major reasons for their diminished incomes: these women are now retired and many may have lost their husbands.

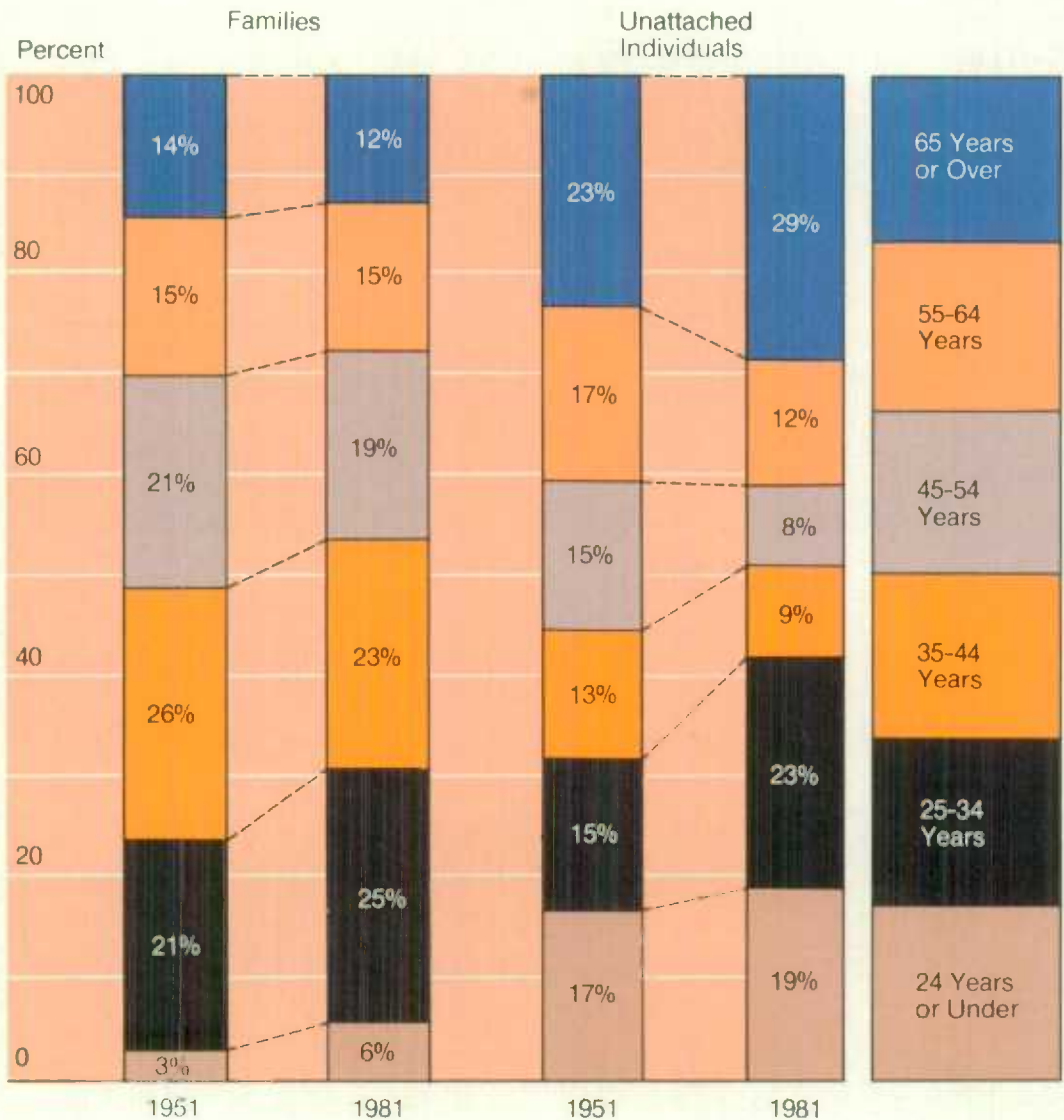
1981 Dollars



Average Income by Age of Family Head

Age Structure Has Changed

Two things have been happening to the age structure of the population which have implications for income. First, there are greater proportions of elderly, particularly among the unattached. Secondly, as a result of the post-war baby boom, there is an increasing proportion of young adults, many of whom are living alone. As we have seen, the young and the elderly, particularly those living alone, make up a substantial part of the low-income group.



Changing Age Composition of Heads of Families and Unattached Individuals

What Do Social Benefits Contribute to Income ?



Social Benefits Increasingly Important for Low-income Groups

Over the last three decades, social benefit programs have become important sources of income for the two lowest groups. Unattached individuals, who include large numbers of the elderly, are generally more dependent on these programs than are families. Among families, those headed by a female single parent are most likely to collect benefits.

As we move up the income ladder to the middle and highest income groups, we find that social benefits account for a very low proportion of income and wages and salaries are increasingly important.

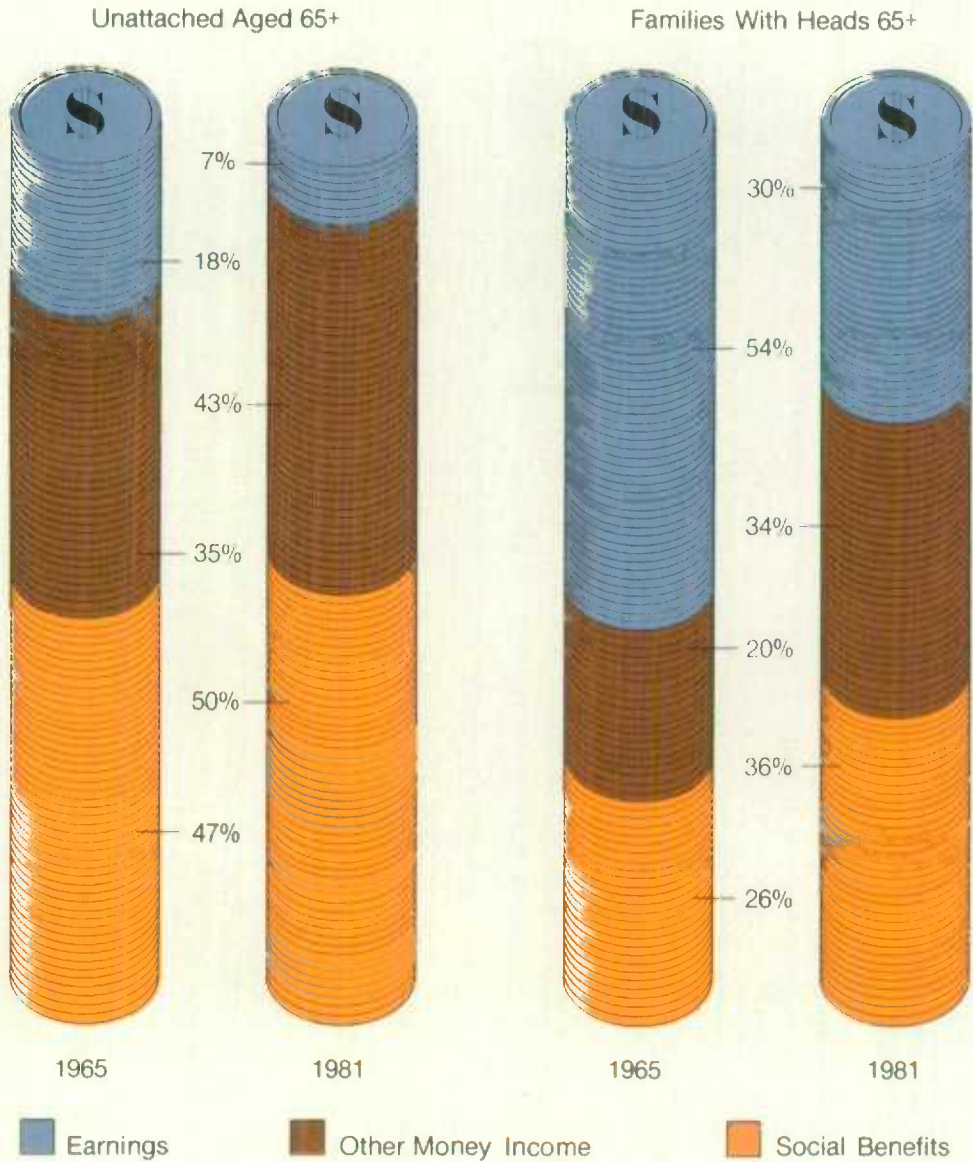


Sources of Income

Importance of Social Benefits for Elderly Up Significantly

For those 65 and over, social benefits have grown since 1965 to become the major source of income. The importance of other money income, mainly private pensions and investment incomes, has also increased.

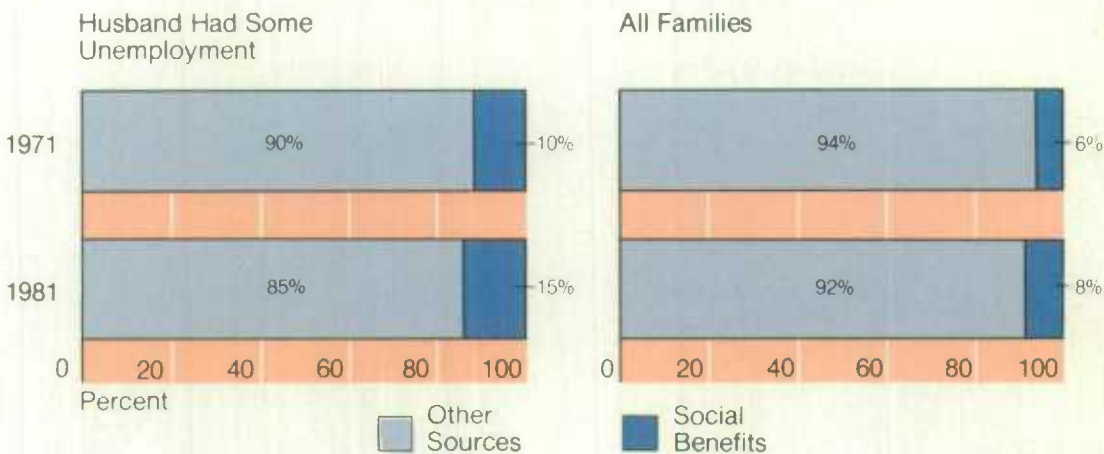
Among the elderly, the incomes of the unattached have shown a more rapid increase than those of families. However, the elderly living alone are still not as well off as married couples of the same age.



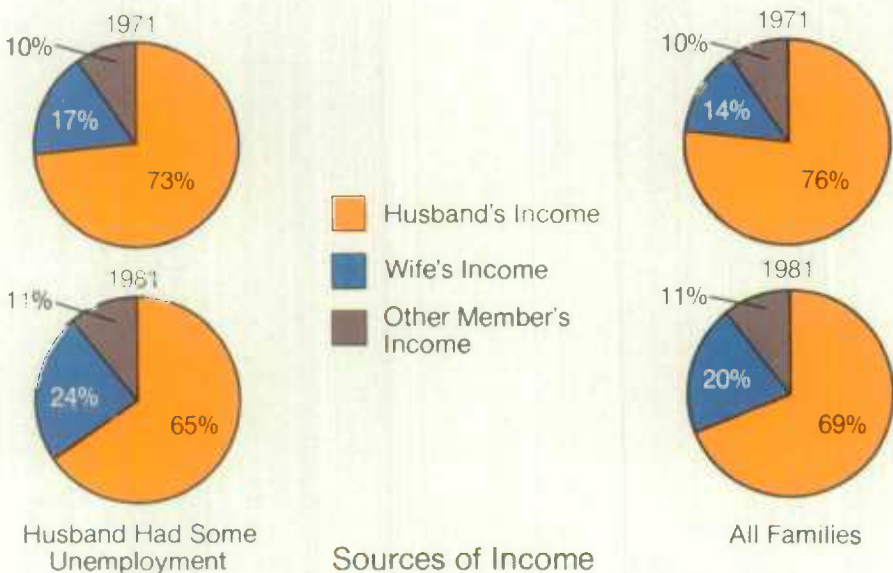
Sources of Income for the Elderly

Social Benefits Important for Families With Unemployed Husbands

Families with unemployed husbands receive more in social benefits than other families. In 1981, social benefits made up a higher percentage of income for these families than ten years earlier. In addition, where the husband is unemployed, the wife's earnings contribute more to family income.



Social Benefits as a Percentage of Income



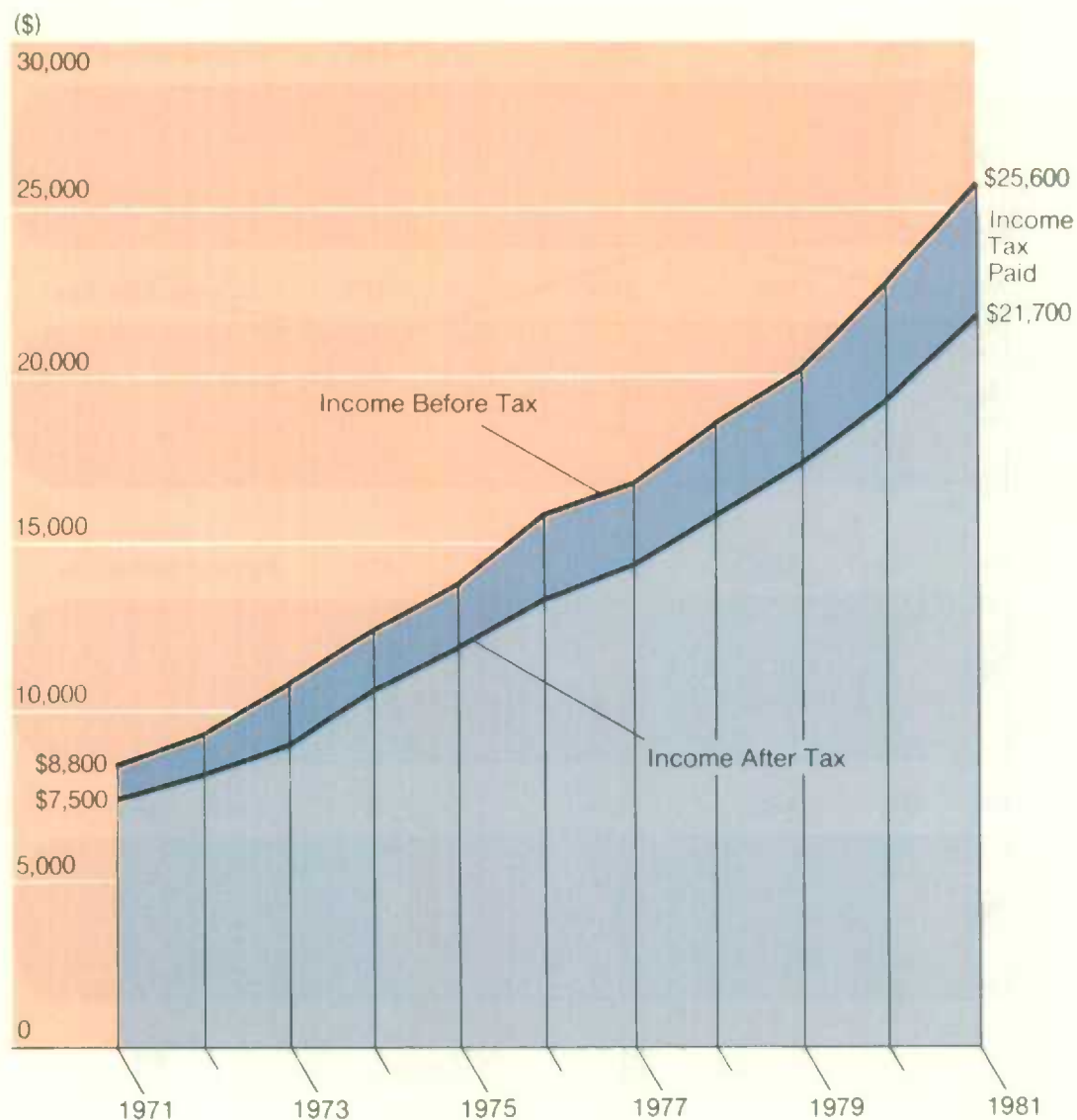
How Husband's Unemployment Affects Family Income

How Do Income Taxes Affect Income?



Income Taxes Keep Pace With Increases in Income

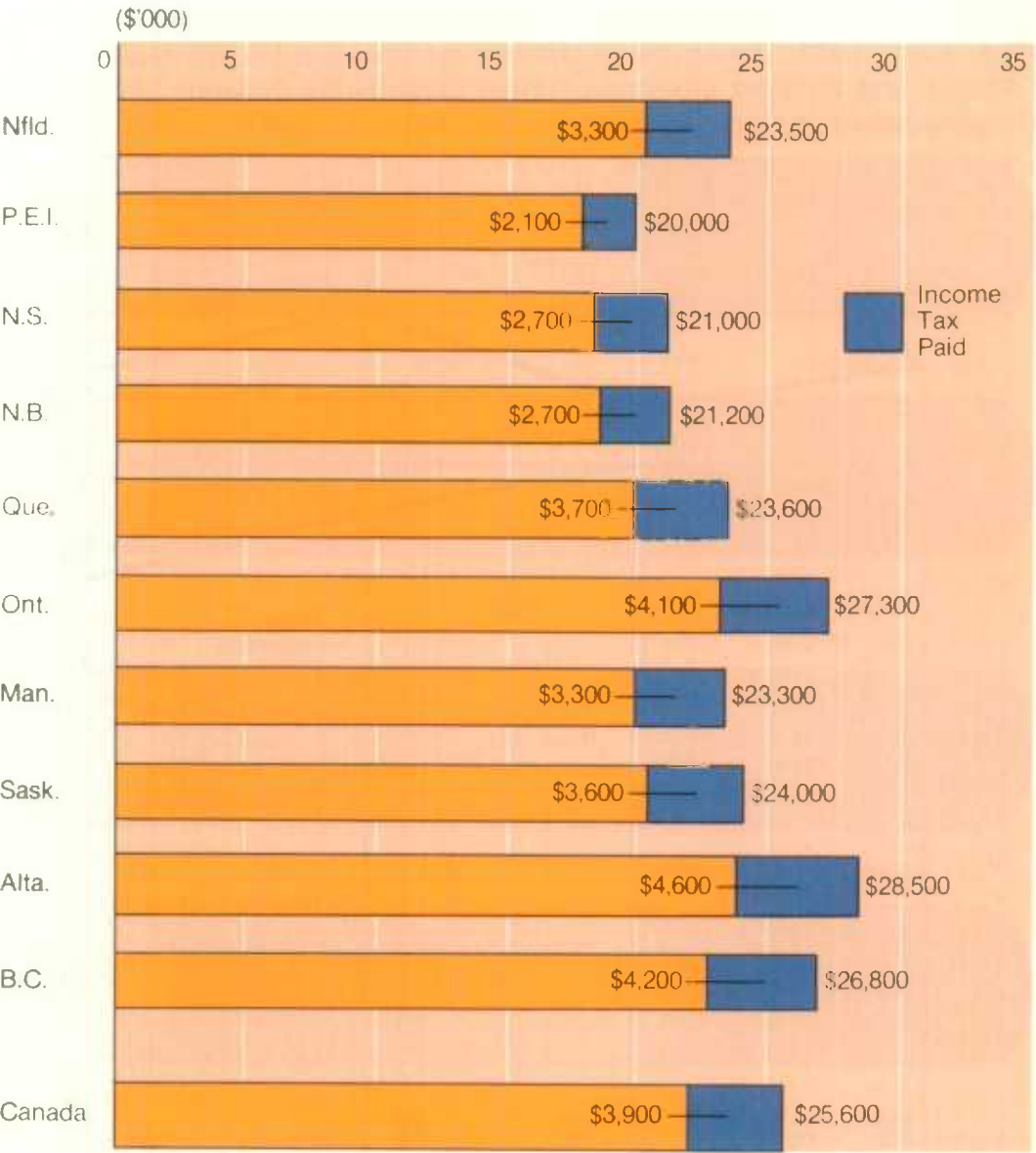
For families and the unattached, income tax rose at the same rate as income during the 1970s. The proportion of income going towards income taxes remained at 15%.



Average Income Before and After Taxes

Provincial Disparities Narrow After Income Taxes

In provinces such as Ontario, Alberta and British Columbia, where average family incomes are higher, families pay out more dollars in income tax. This means that after income taxes, differences in income among families in the various provinces narrowed somewhat.



Average Provincial Income and Income Tax Paid, 1981

Glossary



Earnings	Wages and salaries and/or net income from self-employment.
Family	A group of individuals related by blood, marriage or adoption sharing a common dwelling. All relatives living together are considered a family whatever their relationship. (Prior to 1965, data includes only non-farm families. Beginning in 1965, data also covers farm households.)
Family Income	<p>All income received by individuals 15 years or over (14 years or over prior to 1976) who formed a family. Sources of income include wages and salaries, net income from self-employment, cash social benefits, investment income, retirement pensions and annuities.</p> <p>Income does not include inheritances, bequests, capital gains, income tax or pension fund refunds. Non-money income, such as free meals, living accommodation, or food and fuel produced on one's own farm, is also excluded.</p>
Head of Family	In husband-wife families, the husband is considered the head for statistical purposes. In all other families it is the parent or other family member mainly responsible for the maintenance of the family. (This definition, although perhaps not fully reflecting the realities of today's family, has remained consistent for the Survey of Consumer Finances since 1952.)
Income After Taxes	Total money income less personal income tax payable (the sum of federal and provincial income taxes).
Income Groups	<p>To create income groups or quintiles, those with the lowest income were placed at one end and those with the highest at the other.</p> <p>Families were counted as one unit as were the unattached, then divided into five units of equal portions. At times, the focus is on just three of the five groups created — those with the lowest, middle and highest incomes.</p> <p>These groups correspond to the quintiles used in the report Income Distributions by Size in Canada: families and unattached individuals in the lowest income group are those in the first quintile; those in the middle income group belong to the third quintile; and finally those in the highest group, the fifth quintile.</p>

Other Money Income	Investment income, retirement pensions, superannuation, alimony and scholarships.
Per Capita Income	Income per person in a family is obtained by dividing the total family income by the number of persons in the family (both adults and children).
Quintile	See Income Groups
Social Benefits	<p>All social benefit payments from municipal, provincial and federal governments such as Old Age Security, Guaranteed Income Supplement, Canada/Quebec Pension Plans, Family Allowances and Unemployment Insurance benefits.</p> <p>Not included are non-cash social benefits from government spending in such fields as health, education or subsidized housing.</p>
Taxes	Personal income taxes payable. Other taxes, such as corporate, sales or property taxes are excluded.
Unattached Individual	A person living alone or in a household where he/she is not related to other household members.
Unemployment	A person has experienced unemployment if he/she has had no work, but has been looking for a job for one or more weeks during the year.
Wife Participating in Labour Force	A wife is participating in the labour force if she has reported some earnings for the reference year.

List of Reference Publications



Catalogue Occasional

- 13-525 Incomes, Assets and Indebtedness of Non-farm Families in Canada, 1963, E.
- 13-528 Income Distributions by Size in Canada, 1965, E.
- 13-529 Incomes of Non-farm Families and Individuals in Canada, Selected Years 1951-65, E.
- 13-534 Income Distributions by Size in Canada, 1967, E.
- 13-535 Earnings and Work Experience of 1967 Labour Force, E.
- 13-536 Statistics on Low Income in Canada, 1967, E.
- 13-537 Econometric Study of Incomes of Canadian Families, 1967, E.
- 13-538 Family Incomes (Census Families), 1967, E.
- 13-539 Comparative Income Distributions, 1965-1967, E.
- 13-540 Household Facilities by Income and Other Characteristics, 1968, E.
- 13-541 Socio-economic Characteristics of the Population Age 14 to 24, 1967, E.
- 13-544 Income Distributions by Size in Canada, 1969, Bil.
- 13-546 Family Incomes (Census Families), 1969, Bil.
- 13-547 Incomes, Assets and Indebtedness of Families in Canada, 1969, Bil.
- 13-550 Survey of Consumer Finances, Volume I, Selected Reports, 1970, Bil.
- 13-551 Survey of Consumer Finances, Volume II, Selected Reports, 1970, Bil.
- 13-552 Incomes of Unemployed Individuals and Their Families, 1971, Bil.
- 13-553 Statistics on Low Income in Canada, 1969, Bil.
- 13-554 Earnings and Work Experience of the 1971 Labour Force, Bil.
- 13-557 Earnings and Work Histories of the 1972 Canadian Labour Force, Bil.
- 13-559 Income Inequality: Statistical Methodology and Canadian Illustrations, Bil.
- 13-560 Household Facilities by Income and Other Characteristics, 1972, Bil.
- 13-561 Distributional Effects of Health and Education Benefits, Canada, 1974, Bil.
- 13-565 Household Facilities by Income and Other Characteristics, 1974, Bil.
- 13-570 The Distribution of Income and Wealth in Canada, 1977, Bil.
- 13-572 Incomes, Assets and Indebtedness of Families in Canada, 1977, Bil.
- 13-575 Expenditure Patterns and Income Adequacy for the Elderly, 1969-1976, Bil.
- 13-576 Income Estimates for Subprovincial Areas, 1976, Bil.
- Income Estimates for Subprovincial Areas, 1977, Bil.
- Income Estimates for Subprovincial Areas, 1978, Bil.
- Income Estimates for Subprovincial Areas, 1979, Bil.

Catalogue

- 13-577 Earnings of Men and Women, Selected Years, 1967 to 1979, Bil.
13-578 Wealth of Families With Working Wives, 1977, Bil.

Annual

- 13-206 Income Distributions by Size in Canada, Preliminary Estimates, annual since 1971, Bil.
13-207 Income Distributions by Size in Canada, annual since 1971, Bil.
13-208 Family Incomes (Census Families), annual since 1971, Bil.
13-210 Income After Tax, Distributions by Size in Canada, annual since 1971, Bil.

Biennial

- 13-567 Household Facilities by Income and Other Characteristics, biennial since 1976, Bil.

Other

- 99-544 Incomes of Canadians, by Jenny R. Podoluk, 1961 Census Monograph, E.
99-755 Income Distribution and Inequality in Canada, by Roger Love, Census Analytical Study, E.

E. - English F. - French Bil. - Bilingual

In addition to the selected publications listed above, Statistics Canada publishes a wide range of statistical reports on Canadian economic and social affairs. A catalogue of current publications is available free from Statistics Canada, Ottawa (Canada), K1A 9Z9.

Revenue Canada, Taxation releases an annual publication entitled "Taxation Statistics, Part 1 - Individuals" which may be obtained from local authorized agents and other community bookstores or by mail order.



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Inquiries about this publication and related statistics or services should be directed to:

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Statistics Canada, Ottawa, K1A 0T6 (Telephone: 996-5294) or to the Statistics Canada reference centre in:

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