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# CHANGES IN INCOME IN CANADA: *1970-1980*



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1981 Census of Canada

# CHANGES IN INCOME IN CANADA: *1970-1980*

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# INTRODUCTION

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Income is the single most important criterion to analyse the economic well-being of families. The 1981 Census of Canada collected information on the incomes of families in 1980. Similar information was obtained in the previous decennial census for 1970 incomes.

The income picture has definitely changed between 1970 and 1980. In 1970, the average income of a census family was \$9,600. In 1980, average family income increased to \$26,700. (See Notes section for definitions of census family and income.) But have certain groups surged ahead while others lagged behind? Whether changes in income lead to real improvements in the well-being of families depends on several factors.

How much a dollar can buy certainly affects a family's welfare. Prices for goods and services are continually moving upwards. This means that the purchasing power of a dollar is constantly going down. For families to come out ahead, their incomes must rise more than prices. Did Canadians stay ahead of inflation during the decade?

Changes in family structure also affect income. Family composition, such as the number of children, determines how many persons share the family income. In addition, certain kinds of families, such as those headed by lone parents, have lower incomes than others. How have families changed over the decade and what do these changes mean to income?

While family structure may have changed, so too has the number of earners in a family. How does increasing participation of wives in the job market help family income? Do changes in family income reflect the effects of changes in the number of earners?

When gains in income occur, they are not always equally felt by all Canadians. Are certain groups falling behind in income? Have there been any changes in the shares of income of certain groups from 1970 to 1980?

This report answers these and other questions about income. It examines the changes in incomes in the light of inflation between 1970 and 1980. Certain groups such as the elderly, lone-parent families and those living alone are discussed. And finally, regional differences in family incomes are examined.

The 1981 and 1971 Censuses of Canada are sources for most of the information, supplemented, on occasion, by figures from the annual Survey of Consumer Finances. Except where otherwise noted, all income figures are stated in terms of constant 1980 dollars, i.e. what a dollar was worth in 1980. A few definitions appear in the Notes section at the end of this study.



# HOW HAS FAMILY INCOME CHANGED?

## Families Increase Their Purchasing Power

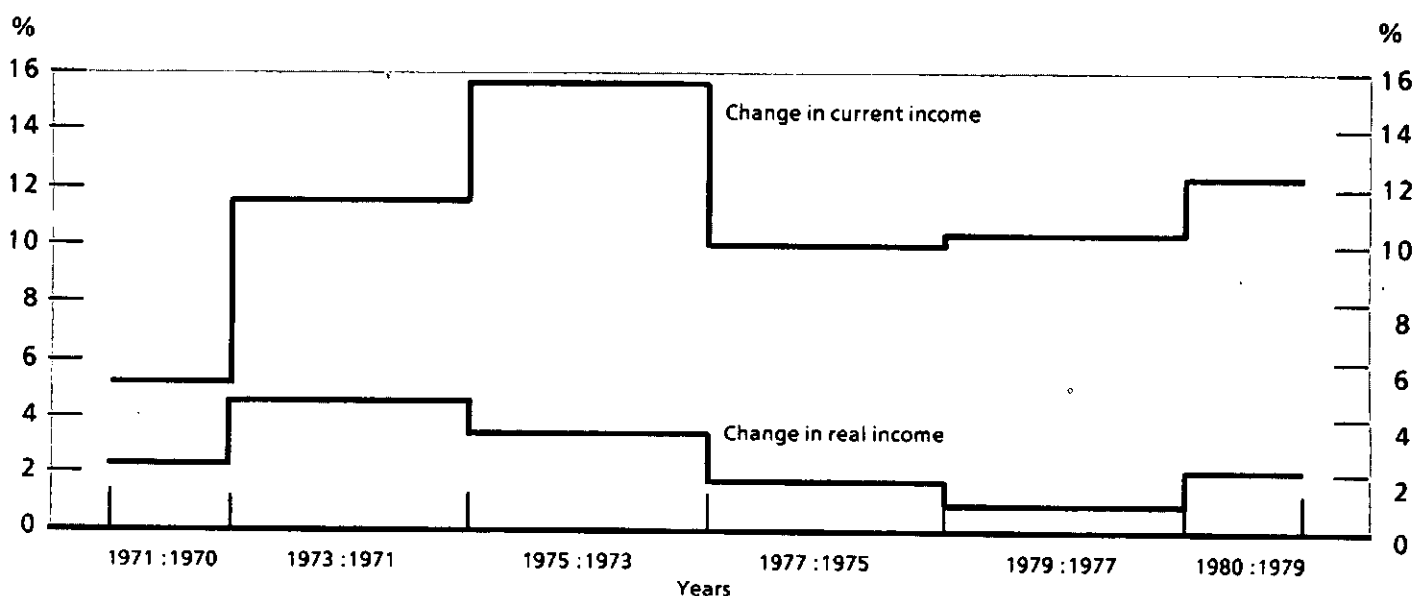
In 1970, the average income of a census family was \$9,600. By 1980, it had almost tripled to \$26,700. However, changes in the prices of goods and services, as measured by the Consumer Price Index, show that a dollar in 1970 bought over twice as much as it did in 1980.

Therefore, the average income of a family in 1970 was \$20,800 in constant (1980) dollars. Thus, over the decade, census families increased their average income or purchasing power by 28%.

However, this increase was not evenly distributed over the decade as displayed in Chart 1. The chart shows percentage changes in current and real average incomes of families for selected years.

Chart 1

Annual Changes in Current and Real Average Incomes of Census Families in Private Households, 1970-1980, Canada



Source : Data for 1970 and 1980 - Census of Canada.  
Data for 1971 to 1979 - Survey of Consumer Finances.

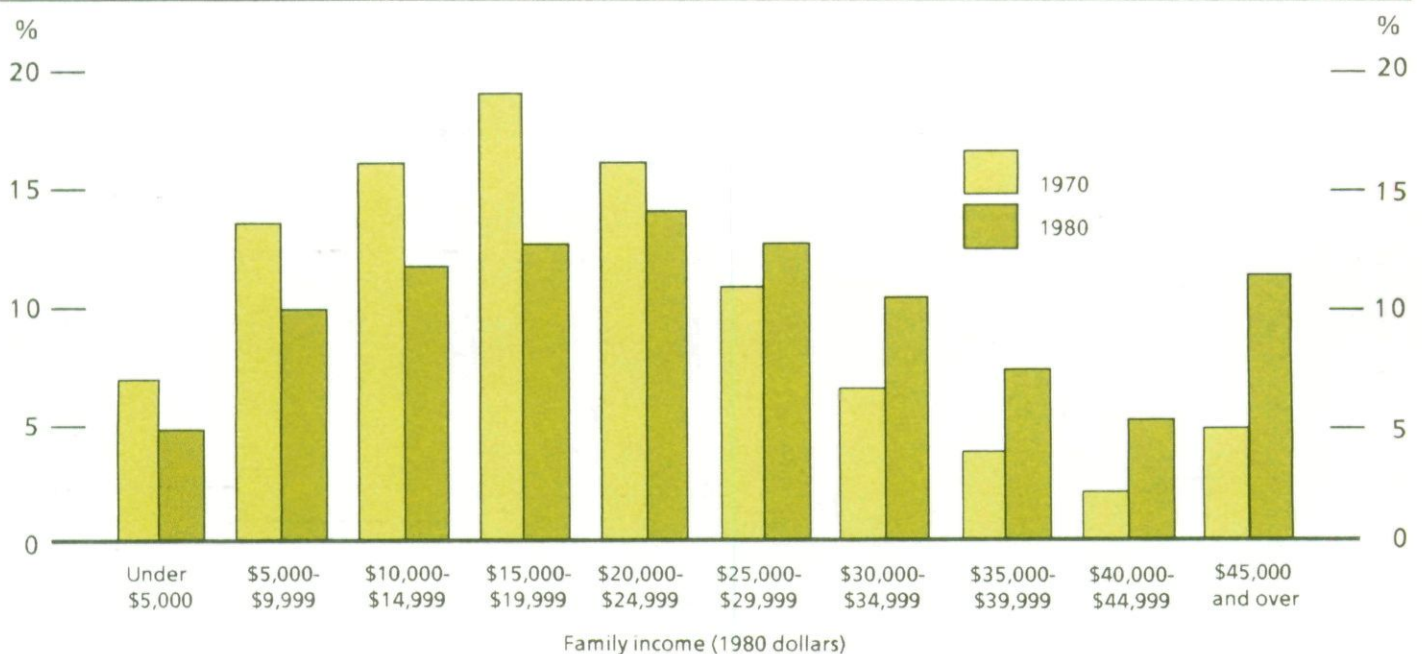
In the first half of the decade, families were receiving significant increases both in their current and real incomes. In the second half of the seventies, the changes in family income kept just ahead of inflation, which hovered around 10%. Thus, families gained more in the first part of the seventies than in the latter. On the whole, however, incomes did stay ahead of inflation throughout the decade so that, on the average, the purchasing power of census families was larger by 28% in 1980 compared to 1970.

## More Families With More Income

Between 1970 and 1980, a large proportion of families moved from the lower to higher income groups. This is apparent from Chart 2 which displays percentage distributions of families by family income groups in 1970 and 1980. Over the decade, the number of families increased by 25%, but this increase is not distributed equally among the different income brackets. In fact, between 1970 and 1980, the number of families with incomes under \$20,000 declined by 13%, while that of families with incomes of \$20,000 or over increased by 73%. The number of families with an income of at least \$35,000 nearly tripled over the decade.

Chart 2

### Percentage Distribution by 1970 and 1980 Family Income Groups of Census Families in Private Households, Canada



Source: 1971 and 1981 Censuses of Canada.



## Family Structure Has Changed

Census families can be divided into two groups: husband-wife families and lone-parent families. Lone-parent families can be further subdivided by sex of the parent. Significant changes have occurred in the structure of families over the decade. The number of husband-wife families increased by 22%, while that of male lone-parent families increased by 25%. However, the number of female lone-parent families jumped by 59%. Thus, the growth rate of female lone-parent families was more than twice that of other families.

Table 1 presents data on the income size distributions of families by family structure. The three groups fared differently with respect to their incomes over the decade. The husband-wife families increased their average income by 30% and male lone-parent families by 35%. The average income of female lone-parent families increased by only 18%. Because of the changes in the structure of families, discussed above, female lone-parent families formed a larger proportion of all families in 1981 than was the case in 1971. This change depressed the overall increase in average income of all families.

The position of each of the three types of families has improved over the decade through the movement of families from lower to higher income groups. However, the degree of improvement varies by family structure. For example, on the one hand, the proportion of families with incomes of \$35,000 and over has increased from 12% to 26% in the case of husband-wife families, but only from 3% to 5% in the case of female lone-parent families. On the other hand, the proportion of families with a total income of less than \$10,000 dropped from 18% to 11% for husband-wife families and from 30% to 20% for male lone-parent families. However, in the case of female lone-parent families, compared to 54% in 1970, there were still 47% with a total income of less than \$10,000 in 1980.

Table 1

### Percentage Distribution by 1970 and 1980 Family Income Groups of Families by Family Structure, Canada

| Family income group<br>(1980 dollars) | All families |        | Husband-wife<br>families |        | Male lone-<br>parent families |        | Female lone-<br>parent families |        |
|---------------------------------------|--------------|--------|--------------------------|--------|-------------------------------|--------|---------------------------------|--------|
|                                       | 1970         | 1980   | 1970                     | 1980   | 1970                          | 1980   | 1970                            | 1980   |
| Under \$5,000                         | 7.1          | 4.8    | 5.5                      | 3.1    | 13.3                          | 7.6    | 26.2                            | 19.9   |
| \$ 5,000 - \$ 9,999                   | 13.6         | 9.8    | 12.4                     | 8.1    | 17.1                          | 12.3   | 27.4                            | 26.8   |
| 10,000 - 14,999                       | 16.0         | 11.7   | 15.7                     | 11.0   | 19.6                          | 13.0   | 19.0                            | 17.5   |
| 15,000 - 19,999                       | 19.0         | 12.7   | 19.5                     | 12.6   | 19.3                          | 15.5   | 11.9                            | 13.0   |
| 20,000 - 24,999                       | 16.0         | 14.1   | 16.8                     | 14.6   | 12.4                          | 15.4   | 6.6                             | 8.7    |
| 25,000 - 34,999                       | 17.4         | 23.0   | 18.5                     | 24.6   | 11.0                          | 19.2   | 5.8                             | 8.9    |
| 35,000 - 44,999                       | 6.1          | 12.6   | 6.5                      | 13.6   | 3.8                           | 9.1    | 1.8                             | 3.2    |
| 45,000 and over                       | 4.8          | 11.3   | 5.2                      | 12.4   | 3.5                           | 7.9    | 1.3                             | 2.1    |
| Total                                 | 100.0        | 100.0  | 100.0                    | 100.0  | 100.0                         | 100.0  | 100.0                           | 100.0  |
| Number '000                           | 5,055        | 6,325  | 4,585                    | 5,612  | 99                            | 124    | 370                             | 589    |
| Average income \$                     | 20,820       | 26,748 | 21,631                   | 28,186 | 17,286                        | 23,243 | 11,714                          | 13,790 |
| Median income \$                      | 18,447       | 23,894 | 19,210                   | 25,250 | 15,002                        | 20,468 | 9,246                           | 10,890 |

Source: 1971 and 1981 Censuses of Canada, unpublished data.

## Families Now Have More Earners

The seventies saw a consistently increasing proportion of families with more than one earner. As displayed in Chart 3, at the beginning of the decade, families with one earner formed the largest single group. By the middle of the decade, families with two earners overtook them and have since remained the largest group.

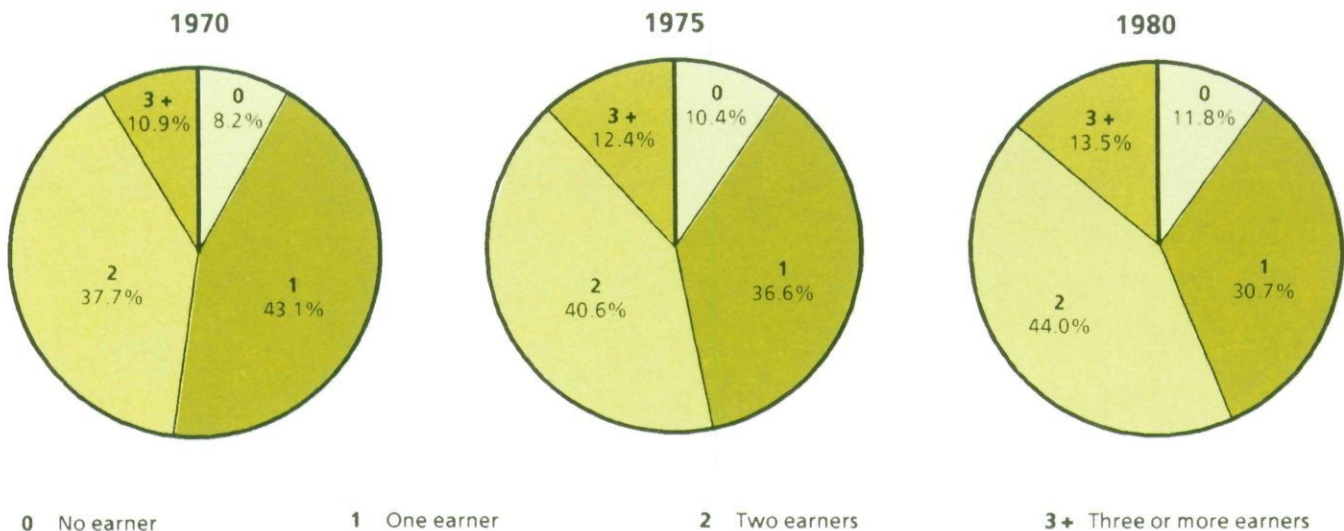
As was explained above, there have been relatively large increases in the number of lone-parent and elderly families. Since it will be more appropriate to examine the impact of changes in the number of earners in terms of mainly labour force participant families, the analysis on this and next page is restricted to husband-wife families with husbands under 65 years of age.

## Incomes and Work Patterns of Couples, Husbands Under 65 Years

The number of husband-wife families with husbands aged under 65 increased by 20% over the decade. However, as shown in Table 2, the number of families with only one earner dropped by 20% during this period. Families with two and three or more earners increased by 48% and 56% respectively. In 1970, well over two-fifths of all families had only one earner; in 1980, such families accounted for less than one-third of all families. Furthermore, although each group of families increased its income over the decade, the rise was lowest for families with only one earner.

Chart 3

Percentage Distribution of Families by Number of Earners, 1970, 1975 and 1980, Canada



Source : Data for 1970 and 1980 - Census of Canada.  
Data for 1975 - Survey of Consumer Finances.

Table 2

**Number and Average Income of Husband-wife Families, Husbands Under 65 Years, by Number of Earners, 1970 and 1980, Canada (1980 dollars)**

| Number of earners | Number of families |       | Average size |      | Average income |        |
|-------------------|--------------------|-------|--------------|------|----------------|--------|
|                   | 1970               | 1980  | 1970         | 1980 | 1970           | 1980   |
|                   | '000               |       |              |      | \$             |        |
| None              | 79                 | 155   | 3.69         | 2.99 | 5,717          | 8,744  |
| One               | 1,768              | 1,413 | 4.06         | 3.51 | 18,962         | 22,951 |
| Two               | 1,731              | 2,565 | 3.54         | 3.18 | 24,054         | 30,555 |
| Three or more     | 495                | 774   | 5.18         | 4.50 | 33,392         | 42,010 |
| Total             | 4,073              | 4,907 | 3.97         | 3.48 | 22,503         | 29,484 |

Source: 1971 and 1981 Censuses of Canada, unpublished data.

The average income of couples with husbands of working age increased by about \$7,000 or by 31% over the decade. At least a part of this increase was due to the increasing number of earners in each family. The average number of earners per family increased from 1.69 in 1970 to 1.88 in 1980. This means that, in these families, there were nearly a million more persons with income from employment than there would have been if there were no change in the average number of earners since 1970. It is estimated that, had there been no change in the number of earners, the average family income of this group of families would have increased by 25% rather than the 31% increase actually observed. This difference can be attributed to the increased number of earners in families.

### More Wives in the Work Force

As was pointed out, many one-earner families in 1970 became two-earner families by 1980. The main cause of this shift is the increasing employment of wives. Work patterns of wives changed significantly over the decade. In 1980, 62% of wives worked as opposed to 47% in 1970.

In 1970, both husband and wife worked in 46% of families. This proportion increased to 60% in 1980. Conversely, the proportion of families in which only the husband worked dropped from 51% in 1970 to 35% in 1980.

Families in which only the husband worked increased their average income by 23% over the decade. Compared to this, families with both husband and wife working gained 32% in average income. Two factors were responsible for this difference in changes in family average incomes. First, a larger proportion of wives worked full-time, full-year: 25% of wives worked full-time, full-year in 1980, up from 18% ten years earlier. Secondly, incomes of wives increased at a faster rate than those of husbands.

Finally, the contribution of wives to total family income increased, averaged over all families, from 15% in 1970 to 22% in 1980. This includes families where wives were not working. In families where both husbands and wives worked, wives' contribution increased from 27% to 30% while that of husbands dropped from 68% to 65%.

### Fewer People Share a Larger Family Income

The welfare of husband-wife families of working age has improved significantly more than the 31% increase shown in their average income. Their average family size has decreased by nearly one-half of a person from 3.97 in 1971 to 3.48 in 1981. Thus, in 1980, a larger average family income was shared by a smaller family. As a result, the income available to each member of a family increased, on the average, by 48% over the seventies.

## Elderly Couples Gain

Income has also increased for husband-wife families, with husbands aged 65 or over. Their average income increased from \$14,700 in 1970 to \$19,100 in 1980, or by 30%.

For elderly families, income from employment is less important than for younger families. As government old age pensions and other transfer payments become more common, earnings from employment assume a secondary role to income from other sources for this group of families. In fact, the data show that the proportion of elderly families without income from employment increased from 46% in 1970 to 61% in 1980. Accordingly, it is more appropriate to examine these families in terms of income recipients rather than in terms of income earners.

On average, the number of income recipients in these families increased from 1.98 in 1970 to 2.07 in 1980. Greater pension coverage is one reason for this change. Another is that wives aged 60 to 64 married to Old Age Security recipients now may receive spouses' allowance.

In 1980, 9 out of 10 elderly families had at least two incomes. The number of all elderly families increased by 37% over the decade but the number of families with two income recipients increased by 57%, while that of elderly families with only one income recipient dropped by 42%.

The average size of elderly families dropped from 2.33 persons in 1970 to 2.23 persons in 1980. As a result, while their family income increased by 30% over the decade, their per capita income increased by 36%.

## Lone-parent Families Continue to Be Worse Off

Lone-parent families have increased substantially over the decade. A relatively small proportion of these families are headed by a male parent and, although their number has increased, they have not changed as a proportion of all families over the decade. Furthermore, the general characteristics of the male lone-parent families have remained more or less stable and changes in their incomes are similar to those which occurred in respect of husband-wife families.

It is the group of female lone-parent families which has undergone major changes. As opposed to 22% for husband-wife families and 25% for male lone-parent families, the number of female lone-parent families increased by 59% over the decade.

Although incomes of female lone-parent families have changed over the decade, these families are still concentrated in the lower income groups. In 1970, 1 in 4 female lone parents had a family income of less than \$5,000. In 1980, there were still 1 in 5 families below this income level. In both 1970 and 1980, over one-quarter of female lone-parent families had a total income between \$5,000 and \$10,000.

Table 3

**Number and Average Income of Husband-wife Families, Husbands 65 Years or Over, by Number of Recipients, 1970 and 1980, Canada (1980 dollars)**

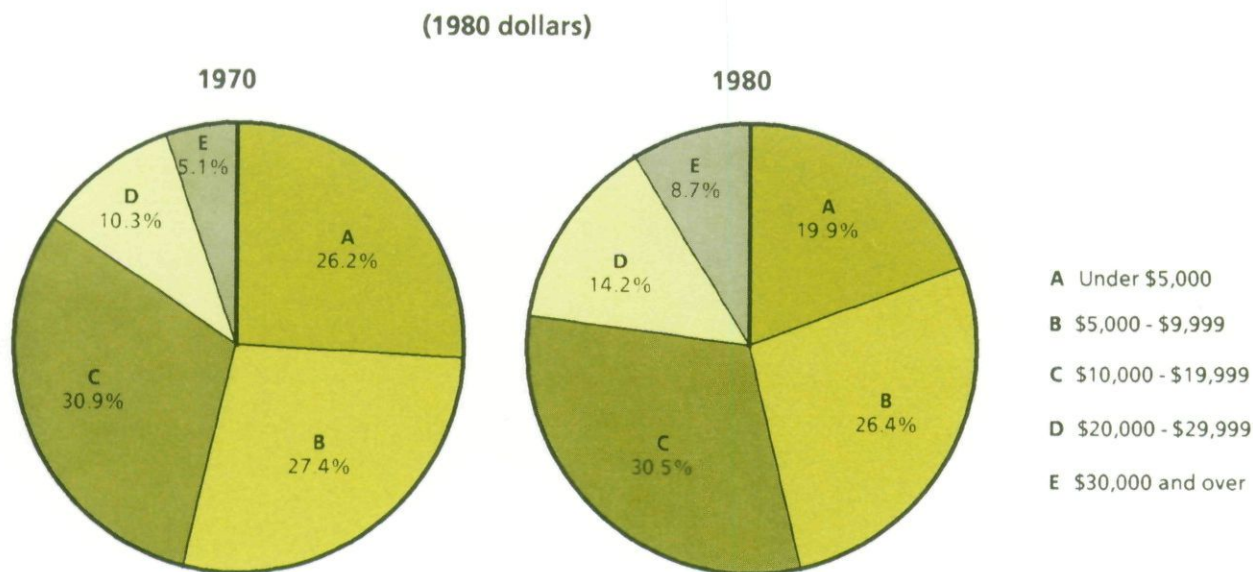
| Number of recipients | Number of families |      | Average size |      | Average income |        |
|----------------------|--------------------|------|--------------|------|----------------|--------|
|                      | 1970               | 1980 | 1970         | 1980 | 1970           | 1980   |
|                      | '000               |      |              |      | \$             |        |
| None                 | 2                  | 3    | 2.04         | 2.08 | -              | -      |
| One                  | 88                 | 51   | 2.19         | 2.15 | 10,296         | 14,506 |
| Two                  | 360                | 564  | 2.13         | 2.05 | 14,067         | 17,990 |
| Three or more        | 63                 | 86   | 3.69         | 3.45 | 24,761         | 30,098 |
| Total                | 512                | 704  | 2.33         | 2.23 | 14,704         | 19,139 |

Source: 1971 and 1981 Censuses of Canada, unpublished data.



Chart 4

# Distribution by Family Income, 1970 and 1980, of Female Lone-parent Families, Canada



Source : 1971 and 1981 Censuses of Canada, unpublished data.

The female lone-parent families gained only about 18% in their average income over the decade. This slow growth is caused primarily by the composition of their income. Non-employment sources, especially government transfer payments, have formed a much larger part of their income than for other families. In fact, their dependence on these sources grew over the decade.

The income position of female lone-parent families relative to other families has worsened. In 1970, the average income of these families was 56% of the income enjoyed by the average family. In 1980, it dropped to 52%.

## No Significant Changes in Income Shares But ...

Certain groups receive a relatively larger share of the total income. Others, such as the elderly who have retired, receive a relatively smaller portion of the income pie than the working population. Has the share of those on the lower rungs of the income scale changed over time?

To answer this question, families were arranged according to the size of their income from lowest to highest and then divided into 10 equal groups. Each group is called an income decile. Distributions of families by selected characteristics within each decile are presented in Table 4.

Table 4

**Percentage Distributions by Selected Characteristics, Within Income Deciles of Census Families in Private Households, 1970 and 1980, Canada**

| Characteristic         | Total |       | Lowest decile |       | Second decile |       | Third and fourth deciles* |       | Fifth and sixth deciles* |       | Seventh and eighth deciles* |       | Ninth decile |       | Highest decile |       |
|------------------------|-------|-------|---------------|-------|---------------|-------|---------------------------|-------|--------------------------|-------|-----------------------------|-------|--------------|-------|----------------|-------|
|                        | 1970  | 1980  | 1970          | 1980  | 1970          | 1980  | 1970                      | 1980  | 1970                     | 1980  | 1970                        | 1980  | 1970         | 1980  | 1970           | 1980  |
| Income share           | 100.0 | 100.0 | 1.5           | 1.5   | 3.8           | 3.8   | 12.5                      | 12.3  | 17.7                     | 17.8  | 23.6                        | 24.0  | 15.2         | 15.5  | 25.8           | 25.1  |
| Family structure       | 100.0 | 100.0 | 100.0         | 100.0 | 100.0         | 100.0 | 100.0                     | 100.0 | 100.0                    | 100.0 | 100.0                       | 100.0 | 100.0        | 100.0 | 100.0          | 100.0 |
| Husband-wife           |       |       |               |       |               |       |                           |       |                          |       |                             |       |              |       |                |       |
| Both worked            | 38.1  | 47.3  | 13.8          | 15.2  | 18.2          | 18.1  | 27.8                      | 35.2  | 40.0                     | 51.0  | 52.6                        | 64.3  | 58.3         | 70.9  | 49.5           | 68.1  |
| Husband only worked    | 43.4  | 29.0  | 27.2          | 20.9  | 38.4          | 23.1  | 52.7                      | 36.5  | 50.3                     | 35.4  | 40.9                        | 27.0  | 36.2         | 22.4  | 44.7           | 25.4  |
| Husband did not work   | 9.2   | 12.4  | 31.7          | 24.1  | 26.6          | 42.5  | 8.7                       | 15.2  | 3.6                      | 6.4   | 2.3                         | 4.0   | 2.0          | 3.1   | 2.4            | 3.4   |
| Male lone-parent       | 2.0   | 2.0   | 3.3           | 3.0   | 2.5           | 2.0   | 2.4                       | 2.4   | 1.9                      | 2.0   | 1.4                         | 1.5   | 1.2          | 1.4   | 1.3            | 1.4   |
| Female lone-parent     | 7.3   | 9.3   | 23.9          | 36.8  | 14.3          | 14.4  | 8.3                       | 10.7  | 4.2                      | 5.2   | 2.8                         | 3.1   | 2.3          | 2.2   | 2.1            | 1.7   |
| Age of husband/parent  | 100.0 | 100.0 | 100.0         | 100.0 | 100.0         | 100.0 | 100.0                     | 100.0 | 100.0                    | 100.0 | 100.0                       | 100.0 | 100.0        | 100.0 | 100.0          | 100.0 |
| 15-24 years            | 6.4   | 5.8   | 9.8           | 12.7  | 7.9           | 6.8   | 9.0                       | 8.4   | 7.2                      | 6.4   | 5.2                         | 3.6   | 2.3          | 1.3   | 0.6            | 0.4   |
| 25-34 years            | 23.1  | 25.7  | 18.0          | 27.3  | 18.1          | 17.2  | 24.9                      | 27.1  | 27.7                     | 31.4  | 27.0                        | 29.4  | 22.8         | 23.0  | 13.1           | 13.2  |
| 35-44 years            | 23.1  | 22.3  | 15.4          | 18.2  | 16.6          | 12.4  | 21.1                      | 19.0  | 25.3                     | 23.2  | 26.8                        | 26.6  | 27.0         | 28.2  | 25.8           | 26.8  |
| 45-54 years            | 20.7  | 18.8  | 14.0          | 13.5  | 14.4          | 9.7   | 17.0                      | 14.2  | 19.1                     | 16.9  | 22.4                        | 20.8  | 27.6         | 27.0  | 34.0           | 33.8  |
| 55-64 years            | 15.0  | 14.9  | 16.4          | 15.0  | 14.6          | 12.2  | 15.2                      | 15.2  | 13.6                     | 14.1  | 13.3                        | 14.1  | 15.1         | 15.5  | 19.6           | 19.3  |
| 65 years and over      | 11.7  | 12.5  | 26.5          | 13.1  | 28.3          | 41.7  | 12.8                      | 16.1  | 7.1                      | 7.9   | 5.3                         | 5.5   | 5.2          | 4.9   | 7.0            | 6.5   |
| Major source of income | 100.0 | 100.0 | 100.0         | 100.0 | 100.0         | 100.0 | 100.0                     | 100.0 | 100.0                    | 100.0 | 100.0                       | 100.0 | 100.0        | 100.0 | 100.0          | 100.0 |
| No income              | 0.3   | 0.3   | 2.9           | 2.9   | -             | -     | -                         | -     | -                        | -     | -                           | -     | -            | -     | -              | -     |
| Wages and salaries     | 79.3  | 75.8  | 29.2          | 31.3  | 51.0          | 39.8  | 81.9                      | 75.8  | 92.0                     | 89.2  | 93.8                        | 92.1  | 93.3         | 91.8  | 84.0           | 80.8  |
| Self-employment        | 8.0   | 6.4   | 15.4          | 8.1   | 12.5          | 6.7   | 8.5                       | 6.9   | 5.0                      | 5.0   | 4.3                         | 4.3   | 4.7          | 4.9   | 11.4           | 12.1  |
| Government transfers   | 8.7   | 12.0  | 47.4          | 51.6  | 29.5          | 47.1  | 4.4                       | 9.1   | 0.6                      | 1.2   | 0.2                         | 0.3   | 0.1          | 0.1   | 0.1            | -     |
| Investment             | 2.2   | 3.3   | 2.9           | 3.5   | 3.2           | 3.1   | 2.4                       | 4.4   | 1.3                      | 2.6   | 1.0                         | 2.1   | 1.2          | 2.3   | 3.1            | 6.3   |
| Miscellaneous          | 2.0   | 2.1   | 2.2           | 2.5   | 3.8           | 3.3   | 2.8                       | 3.8   | 1.1                      | 1.9   | 0.7                         | 1.2   | 0.7          | 0.8   | 1.4            | 0.8   |

\* These deciles have been combined as there is very little difference in the composition of each of the three pairs.

Source: 1971 and 1981 Censuses of Canada, unpublished data.

If total income was distributed equally among all families, each decile's share would amount to 10%. However, as Table 4 shows, there is a large variation in these shares. Generally, the lower the decile the lower is its share of aggregate income. Hardly any change has occurred in these shares over the decade. The shares of the families in the two lowest deciles amounted to 1.5% and 3.8%, respectively, in 1970; they were the same in 1980. In order to understand this apparent absence of a move towards greater equality of income, it is important to take into account the changes which have taken place in the composition of various deciles over the decade.

The composition of the lowest income decile has undergone major changes during the seventies. First, in 1970, female lone-parent families made up

less than one-quarter of this group. In 1980, these families accounted for over one-third of this decile. In fact, the number of these families in the lowest income decile has nearly doubled over the decade. Secondly, in 1970, the older families dominated the lowest decile. The position has reversed in 10 years and there is a much higher proportion of younger families in the lowest group in 1980. Again, this reflects the disproportionately large growth of female lone-parent families, who are headed by younger persons. Thus, unlike 1970, female lone-parent families formed the largest group in the lowest income decile in 1980. Low incomes of these families, coupled with the less than average increases they experienced, have held constant the share of this decile in the total income pie.

The most important change in the composition of the second lowest income decile is the substantial increase in the proportions of elderly families. In 1970, about 27% of this group consisted of families in which the husbands did not work or where the husbands and lone parents were elderly persons. In 1980, about 42% of this decile consisted of such families. In 1970, wages and salaries were the major source of income of a majority of families in this decile; in 1980, the major source of income of most families was government transfer payments. These changes in the composition of this decile were the main cause of its constant share of income over the decade.

For the remaining deciles, the major changes have taken place within husband-wife families. As explained earlier, the number of families with both husband and wife working has increased substantially over the decade. The impact of this change has been twofold. First, because such families are more numerous, they now make up a larger proportion of almost every income decile. Secondly, because of their larger incomes, the proportions of these families have naturally increased in the upper income groups. In 1970, husband-wife families with both spouses working made up about half of the highest income decile; in 1980, these families accounted for over two-thirds of the group.

Thus, the lack of any change in the income shares of various deciles should be viewed in the light of the major changes, discussed above, in the composition of families in these deciles over the decade.





# WHAT ABOUT THOSE WHO ARE NOT PART OF FAMILIES?

## Incomes of Persons Not in Families

While most of the population is part of census families, a significant proportion lives outside the nuclear family. The number of persons not in families has been growing faster than census families or the overall population. (See Notes section for definition of non-family persons.) Compared to 25% for census

families, the number of adults who are not part of a family increased by 44% from 2,134,000 in 1971 to 3,079,000 in 1981.

Table 5 presents income size distributions for persons not in families for 1970 and 1980 by sex and age. On the whole, the average income of non-family persons increased from \$8,200 in 1970 to \$11,000 in 1980 or by 34%. Like families, more

Table 5

## Percentage Distribution by 1970 and 1980 Income Groups of Non-family Persons 15 Years and Over in Private Households by Sex and Age, Canada

| Income group<br>(1980 dollars)  | All non-family<br>persons |        | Sex    |        |        |        | Age         |        |                   |        |
|---------------------------------|---------------------------|--------|--------|--------|--------|--------|-------------|--------|-------------------|--------|
|                                 |                           |        | Men    |        | Women  |        | 15-64 years |        | 65 years and over |        |
|                                 | 1970                      | 1980   | 1970   | 1980   | 1970   | 1980   | 1970        | 1980   | 1970              | 1980   |
|                                 | %                         | %      | %      | %      | %      | %      | %           | %      | %                 | %      |
| Without income                  | 7.2                       | 4.7    | 5.8    | 4.2    | 8.3    | 5.1    | 9.7         | 5.9    | 1.5               | 1.7    |
| Under \$2,000                   | 7.9                       | 5.8    | 7.6    | 5.8    | 8.2    | 5.9    | 10.1        | 7.7    | 3.0               | 1.1    |
| \$ 2,000 - \$ 3,999             | 25.4                      | 8.2    | 18.8   | 8.0    | 30.6   | 8.4    | 12.6        | 10.7   | 54.4              | 1.7    |
| 4,000 - 5,999                   | 10.5                      | 21.4   | 9.4    | 14.2   | 11.3   | 27.2   | 8.8         | 9.0    | 14.4              | 53.4   |
| 6,000 - 9,999                   | 17.5                      | 16.8   | 16.5   | 15.1   | 18.2   | 18.0   | 19.2        | 14.7   | 13.5              | 22.1   |
| 10,000 - 14,999                 | 15.9                      | 16.8   | 18.7   | 16.8   | 13.7   | 16.8   | 19.8        | 19.3   | 7.1               | 10.2   |
| 15,000 - 19,999                 | 8.9                       | 11.5   | 13.0   | 14.3   | 5.7    | 9.3    | 11.6        | 14.3   | 2.9               | 4.4    |
| 20,000 - 24,999                 | 3.4                       | 7.1    | 5.2    | 10.0   | 2.1    | 4.7    | 4.4         | 9.0    | 1.3               | 2.2    |
| 25,000 and over                 | 3.3                       | 7.7    | 5.0    | 11.6   | 1.9    | 4.5    | 3.9         | 9.4    | 1.9               | 3.2    |
| Total                           | 100.0                     | 100.0  | 100.0  | 100.0  | 100.0  | 100.0  | 100.0       | 100.0  | 100.0             | 100.0  |
| Number '000                     | 2,134                     | 3,079  | 941    | 1,384  | 1,193  | 1,694  | 1,481       | 2,218  | 653               | 860    |
| Average income \$               | 8,209                     | 10,984 | 9,988  | 13,045 | 6,806  | 9,301  | 9,235       | 12,038 | 5,884             | 8,268  |
| Median income \$                | 5,791                     | 8,131  | 7,983  | 10,653 | 4,479  | 6,576  | 7,842       | 10,529 | 3,567             | 5,748  |
| Average employment income \$    | 6,157                     | 7,839  | 8,457  | 10,728 | 4,342  | 5,479  | 8,347       | 10,588 | 1,192             | 753    |
| Average transfer payments \$    | 1,000                     | 1,606  | 740    | 1,145  | 1,205  | 1,983  | 294         | 598    | 2,602             | 4,204  |
| Average investment income \$    | 710                       | 1,111  | 496    | 847    | 879    | 1,328  | 404         | 636    | 1,402             | 2,337  |
| Average retirement and other \$ | 342                       | 427    | 295    | 325    | 379    | 511    | 189         | 215    | 689               | 974    |
| Average household income \$     | 19,339                    | 19,675 | 21,750 | 22,401 | 17,437 | 17,447 | 21,408      | 21,469 | 14,649            | 15,049 |

Source: 1971 and 1981 Censuses of Canada, unpublished data.

persons not in families had higher incomes in 1980. In 1970, less than one-quarter of these persons had an income of \$12,000 or more; a decade later, more than one-third had reached this level of income.

Women accounted for about 55% of all persons not in families both in 1970 and 1980. Over the decade, the average income of females increased by 37% compared to 31% for males, thus narrowing the income differences between the two.

Persons not in families can be divided into two main age groups - those who are under 65 years of age and likely working, and those who are elderly and, most likely, retired. The younger persons account for more than two-thirds of all persons not in families. Their numbers have increased faster (50%) than those of the elderly (32%). However, the incomes of the elderly persons not in families increased by 41% compared to 30% for the younger group. More than half of the elderly persons not in families are concentrated in a single income size group in both 1970 and 1980. This is because most of these persons are dependent on government old age pensions as their major source of income. Compared to 44% in 1970, 51% of the total income of the elderly persons not in families came from government transfer payments in 1980. In fact, compared to 1970, these payments increased in importance as a source of income in 1980 for all persons not in families.

It is also important to examine the living arrangements of persons not in families. The financial ease or constraint likely to be experienced by two persons not in families with identical incomes will depend on whether or not they share certain household expenditures with other individuals. Accordingly, these persons were divided into three groups: those who lived alone, those who lived with unrelated individuals, and those who lived with relatives.

As shown in Table 6, the seventies saw some major shifts in the living arrangements of persons not in families. More and more of these persons are living alone. Compared to about 38% in 1971, nearly 55% of these persons maintained their own households in 1981. Women accounted for about two-thirds of this group. Average income of persons living alone was \$12,500 in 1980, about 30% more than in 1970. About one-third of the persons living alone were aged 65 or over, with government old age pensions as their major source of income. (A more detailed study of these persons, entitled Living Alone, has been published in this series.)

The remaining non-family persons were almost equally divided, in both 1970 and 1980, between those living with unrelated individuals and those living with relatives. Most of these were of working age. Those living with unrelated individuals had an average income of \$10,300 in 1980, up by 24% from 1970, while the average income of those living with relatives was \$8,100, an increase of 26% since 1970.

It is important to look at the household incomes for these three different living situations. The household income of a person living alone is his or her own income. For these individuals, income increased by about 30% over the decade compared to the 21% increase in the average income of all households. However, the average income of these one-person households is less than half that of other households. In comparison to those living alone, non-family persons living with others had quite low average incomes. Yet the average income of the households in which they lived was significantly higher than that of all households and, of course, very much higher than that of one-person households.

Table 6

**Percentage Distribution by 1970 and 1980 Income Groups of Non-family Persons 15 Years and Over in Private Households by Living Arrangements, Canada**

| Income group<br>(1980 dollars)  | Living arrangements |       |             |        |                   |       |                           |        |                         |        |        |
|---------------------------------|---------------------|-------|-------------|--------|-------------------|-------|---------------------------|--------|-------------------------|--------|--------|
|                                 | Alone               |       |             |        |                   |       | With unrelated<br>persons |        | With related<br>persons |        |        |
|                                 | Total               |       | 15-64 years |        | 65 years and over |       |                           |        |                         |        |        |
|                                 | 1970                | 1980  | 1970        | 1980   | 1970              | 1980  | 1970                      | 1980   | 1970                    | 1980   |        |
|                                 | %                   | %     | %           | %      | %                 | %     | %                         | %      | %                       | %      |        |
| Without income                  | 2.4                 | 1.5   | 3.6         | 2.1    | 0.4               | 0.3   | 8.4                       | 6.5    | 11.9                    | 10.8   |        |
| Under \$2,000                   | 5.4                 | 3.7   | 7.4         | 5.2    | 2.6               | 0.8   | 9.4                       | 8.6    | 9.5                     | 8.1    |        |
| \$ 2,000- 3,999                 | 26.4                | 6.6   | 11.6        | 9.2    | 49.5              | 1.5   | 18.4                      | 11.0   | 31.0                    | 9.5    |        |
| 4,000- 5,999                    | 11.0                | 22.5  | 8.0         | 8.1    | 15.6              | 50.9  | 10.5                      | 14.0   | 9.9                     | 25.9   |        |
| 6,000- 9,999                    | 17.7                | 16.9  | 18.9        | 13.6   | 15.8              | 23.7  | 19.5                      | 16.9   | 15.0                    | 16.1   |        |
| 10,000- 14,999                  | 17.1                | 17.5  | 22.5        | 20.6   | 8.6               | 11.4  | 18.1                      | 18.1   | 12.4                    | 13.8   |        |
| 15,000- 19,999                  | 10.5                | 12.9  | 15.0        | 16.9   | 3.6               | 5.0   | 9.7                       | 11.9   | 6.2                     | 7.9    |        |
| 20,000- 24,999                  | 4.6                 | 8.5   | 6.4         | 11.4   | 1.6               | 2.6   | 3.3                       | 6.8    | 2.1                     | 4.1    |        |
| 25,000 and over                 | 4.9                 | 9.9   | 6.6         | 13.0   | 2.4               | 3.7   | 2.6                       | 6.3    | 1.9                     | 3.8    |        |
| Total                           | 100.0               | 100.0 | 100.0       | 100.0  | 100.0             | 100.0 | 100.0                     | 100.0  | 100.0                   | 100.0  |        |
| Number                          | '000                | 814   | 1,690       | 495    | 1,123             | 318   | 568                       | 657    | 681                     | 664    | 707    |
| Average income                  | \$                  | 9,577 | 12,470      | 11,529 | 14,311            | 6,540 | 8,830                     | 8,286  | 10,271                  | 6,456  | 8,120  |
| Median income                   | \$                  | 6,965 | 9,644       | 10,096 | 12,951            | 3,886 | 5,888                     | 6,601  | 8,264                   | 3,774  | 5,674  |
| Average employment<br>income    | \$                  | 6,726 | 8,539       | 10,212 | 12,456            | 1,298 | 790                       | 7,194  | 8,832                   | 4,435  | 5,212  |
| Average transfer<br>payments    | \$                  | 1,236 | 1,857       | 345    | 650               | 2,622 | 4,245                     | 545    | 809                     | 1,162  | 1,775  |
| Average investment<br>income    | \$                  | 1,124 | 1,514       | 694    | 913               | 1,793 | 2,702                     | 351    | 448                     | 557    | 789    |
| Average retirement<br>and other | \$                  | 492   | 561         | 277    | 292               | 828   | 1,092                     | 197    | 183                     | 302    | 344    |
| Average household<br>income     | \$                  | 9,577 | 12,470      | 11,529 | 14,311            | 6,540 | 8,830                     | 27,532 | 29,437                  | 23,202 | 27,494 |

Source: 1971 and 1981 Censuses of Canada, unpublished data.

Thus, the increases in the average incomes of the three types of households, in which the non-family persons lived, ranged from 7% to 30%. On the one hand, the average income of one-person households was less than half that of other households and, on the other, the number of such households experienced a very substantial increase over the decade. Therefore, it is not surprising that, when all households with non-family persons are taken as a group, their average household income, as shown in Table 5, increased by less than 2% in the seventies.





# HAVE REGIONAL DIFFERENCES NARROWED?

## Income Increases Vary in Different Regions

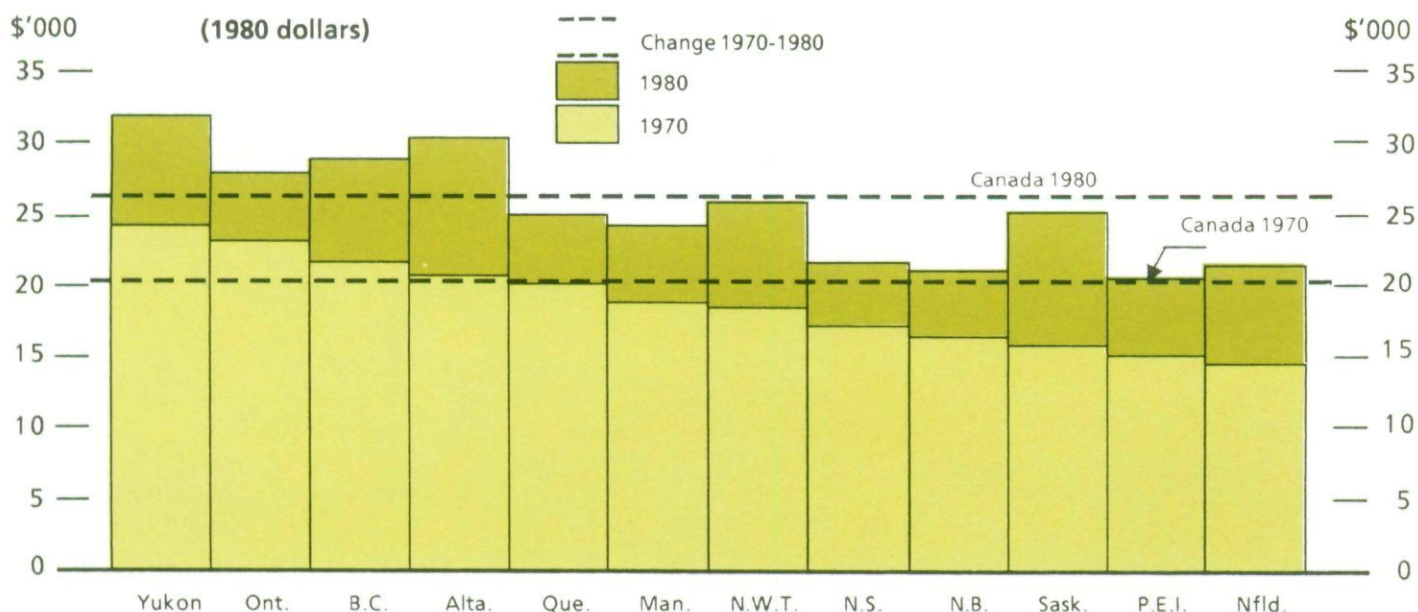
The average family incomes differed substantially in various provinces and territories both in 1970 and 1980. In 1970, average family income ranged from \$14,500 in Newfoundland to \$24,300 in the Yukon (see Chart 5). Although family incomes increased throughout Canada over the seventies, the increases varied from province to province. As opposed to the 28% for Canada as a whole, the provincial increases ranged from a low of 21% in

Ontario to a high of 60% in Saskatchewan.

Family incomes in the Atlantic region remained the lowest in the country in 1980 as was the case in 1970. However, the two provinces with lowest incomes, Newfoundland and Prince Edward Island, experienced substantial gains and moved closer towards the national average. Also, as a result of these changes, the average family incomes in the four provinces have moved closer to each other.

Chart 5

Ranking of Provinces and Territories in Order of Size of Average Income of Census Families  
in Private Households, 1970 and 1980, Canada



Source: 1971 and 1981 Censuses of Canada.

Average incomes of families in both Quebec and Ontario increased at a lower rate than the national average. Quebec families gained 25% over the decade. Average family income had started below the national average in 1970. As a result of the lower increase during the decade, average family income in Quebec moved somewhat further away from the national average in 1980. In Ontario, the 21% increase in family income over the decade was significantly lower than the national rate of 28%. Consequently, Ontario is the only province where family income has been pulled down towards the national average.

In Western Canada, Saskatchewan and Alberta experienced very substantial increases of 60% and 48%, respectively, over the decade. The large increase in Saskatchewan is partly due to the major losses suffered by the farm sector in that province in 1970 making the average family income abnormally low that year. In 1970, average family income in Saskatchewan was about three-quarters of the national average; in 1980, it was less than 5% below the national average. In Alberta, the average family income leaped from below the national average in 1970 to well above it in 1980. Both British Columbia and the Yukon continued to enjoy family incomes well above the national average. Finally, the average family income in the Northwest Territories moved, from 12% below to very close to the national average.

## **Provinces Change Rank**

Over the decade, most provinces have changed their position with respect to family income. This is displayed in Chart 5. Only the Yukon and British Columbia have maintained their first and third place rankings. Ontario and Alberta, second and fourth respectively in 1970, switched positions in 1980, as did Quebec and the Northwest Territories. Saskatchewan moved up the ladder from tenth position in 1970 to sixth in 1980. The remaining provinces at the lower end of the income scale shifted up or down a position over the decade. The number of provinces and territories with incomes above the national average increased from three in 1970 to four in 1980.

## **Regional Disparities Changed Slightly**

The overall disparity between the various provinces and territories has been reduced slightly. For example, in 1970, the lowest average family income (Newfoundland) was about 60% of the highest (Yukon). In 1980, the lowest (Prince Edward Island) was still only about 65% of the highest (Yukon). Most of the regions with family incomes below the overall Canadian average in 1970 have moved closer to the national average in 1980.

# *SUMMARY AND CONCLUSIONS*

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To summarize, an analysis of 1970 and 1980 income data from the last two decennial censuses points to the following conclusions:

- Changes in current incomes kept ahead of inflation in the seventies. Real gains in average family income amounted to 28% over the decade.
- There were proportionately more families with high incomes in 1980 than in 1970. One of the reasons for this improvement is the increase in the average number of workers per family over the decade.
- Husband-wife families gained more than other family types. This was partly due to a substantial increase, over the decade, in the number of families where both husband and wife worked.
- Older husband-wife families (husbands aged 65 and over) also gained about 30% in average income over the decade. Nearly 93% of these families had at least two income recipients in 1980.
- While the number of female lone-parent families increased much faster than other groups, their average family income increased at a much lower rate. As a result, the income position of female lone-parent families worsened relative to other families.
- Average family size declined over the decade so that, compared to 1970, a larger average family income was shared by fewer family members.
- On the surface, there has been no change, over the decade, in the income shares received by lower and higher income groups. However, there were important changes in the composition of the various income deciles.
- The number of persons not in families increased substantially over the decade. A major part of this increase was accounted for by young persons. The average income of persons not in families increased by 34% from 1970 to 1980.
- A major shift occurred in the living arrangements of persons not in families. Compared to 38% in 1970, about 55% lived alone in 1980, with females dominating this group. The remaining persons not in families, that is those living with related or unrelated individuals, had small individual incomes but their household incomes were above average.
- Increases in average family incomes in the provinces and territories varied between 21% in Ontario to 60% in Saskatchewan. Provinces changed their positions relative to each other by size of average family income. Saskatchewan, Alberta and Newfoundland moved up the ladder.
- Regional disparities continue although most of the regions with family incomes lower than the overall Canadian average moved closer to the national average in 1980.





# NOTES

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- (1) A census family consists of a husband and a wife (with or without children who have never married, regardless of age), or a lone parent of any marital status, with one or more children who have never married, regardless of age, living in the same dwelling. For census purposes, persons living in a common-law type of arrangement are considered as now married, regardless of their legal marital status; they accordingly appear as a husband-wife family in census family tables.
- (2) A non-family person is a household member who does not belong to a census family. He/she may be related to the household reference person - Person 1 - (e.g., brother-in-law, cousin, etc.), or unrelated (e.g., lodger, room-mate, etc.). A person living alone is always a person not in family.
- (3) Total income consists of money income received during the calendar year 1980 by persons 15 years of age and over from one or more of the following sources: wages and salaries (before deductions for income tax, social security contributions, etc.), net income from farm or non-farm self-employment, investment income (bond and bank interests, dividends, rent, etc.), government transfer payments (old age pensions, family allowances, unemployment insurance benefits, etc.), private pensions and other miscellaneous income.

Canada has taken a census of population every ten years from 1851 and every five years from 1956. The last census was taken on June 3, 1981. The census data constitute the most important single source of information on the population of Canada by many geographic areas from the national and provincial levels down to smaller groups such as cities, towns and municipalities. These data include: information on the number of people who live in Canada; their characteristics such as age, sex, marital status, language, educational level and occupation; number and types of families; and types of dwellings. Census information is used for a variety of purposes by private individuals, governments at all levels, educational institutions, business people and other organizations.

As part of a program to supplement 1981 Census statistical reports, a special series of popular studies has been undertaken on selected topics of public interest. Each study is a description of major trends and patterns. The data used are from the 1981 Census and other relevant sources. This series is designed for use at the high school and community college levels. However, it could also be of interest to the general public.

**CHANGES IN INCOMES IN CANADA: 1970-1980**, is one of the reports in this series. It brings together under one cover highlights of information about how family incomes have changed over the decade. Other studies in the series are being published at about the same time or within the next few months.

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