Economic Council
of Canada

Conseil économique
du Canada

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Working Paper
Document de travail

Working Paper No. 38

Setting Minimum Living Standards in Canada: A Review

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1992
ISSN 1180-3487

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The findings of this paper are the sole responsibility of the author and, as such, have not been endorsed by the Economic Council of Canada.

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Acknowledgements

I would like to thank Réjean Chamard, Hans Messinger, Brian Powell, and David Beavis for their useful comments on earlier versions of this paper; however, I remain responsible for any errors or shortcomings as well as for the views expressed in the paper.

Foreword

This is one of several studies commissioned under the Economic Council of Canada's project on Poverty Dynamics, which traced the trends in poverty among Canadian families of different age groups and composition over the past two decades; explored the dynamics of poverty (i.e. the patterns of movements into and out of poverty); and evaluated the effectiveness of government transfer programs dealing with poverty as well as employment-related services designed to help the poor become self-reliant. The findings indicate that, although almost half the poor population remains so for extended periods of time, the incomes of low-income families are highly volatile. The major conclusion of the project is that while Unemployment Insurance and Social Assistance have provided needed income for those temporarily unemployed and mitigated the worst effects of poverty over the years, they have not met the need of a large proportion of the low-income population to adapt to current labour market conditions. These findings were published in June, 1992 in a report entitled *The New Face of Poverty: Income Security Needs of Canadian Families.*

At the heart of the design of any income security program is the concept of a minimum living standard that must be supported by the benefit structure of the program. However, the determination of such a standard is largely based on value judgements concerning both the overall approach (e.g. absolute standard vs. relative standard) and what can be considered a measure of minimum need within the context of the particular approach chosen.

In this paper, the author reviews the development of the two main approaches used in Canada, the commodity budget approach (an absolute standard) and the relative income approach, and how income security benefit levels relate to the actual minimum living standards (or poverty lines). He finds that most minimum living standards are above the minimum benefit levels of most social assistance programs, especially for employable workers. He concludes that benefit levels of income security programs tended to be set in relation to, and limited by, the existing wage and incentive structure, rather than minimum living standards.

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Judith Maxwell
Chairman

Introduction

This paper is concerned with the principal ways in which minimum living standards in Canada have been proposed or established, and with the actual levels at which these standards have been set over the long-run. The subject is of importance as a general background to current discussions on the setting of benefit levels for income security programs and on setting poverty thresholds for statistical purposes.

To clarify the focus of the paper, a comment is in order about the meaning of minimum standards. First, the idea of a minimum standard has two senses. In one sense, it refers to a target or desired minimum level, such as a desired minimum wage or a proposed benefit level for social assistance. In the other sense, it refers to a level that actually exists, such as the existing level of social assistance benefits or the existing minimum wage. In the discussion that follows, some of the minimum standards described, particularly the 'poverty lines', are of the first type while others, mainly the minimum standards of public administration, are of the latter type. However, both types of minima are standards in the sense that they reflect a more or less conscious social norm or prescription.

From the standpoint of how their levels are determined, the minima discussed here appear in two forms. The first has a scientific character in the sense that there is an explicit and consistent set of principles underlying the determination of a standard, usually with empirical research to support particular judgements. This is the case with the main poverty-line thresholds. The second is based more on practical or pragmatic considerations, such as budgetary constraints or political pressures, and is typical of the minimum standards implicit in the design of income security programs. Of course, these two categories of standards are not mutually exclusive. 'Practical' matters have figured into the determination of 'scientific' poverty lines, and scientific studies have been a factor in designing income security programs.

In principle, there are many ways to set minimum living standards. In practice, however, there have been only two main 'scientific' approaches used in Canada. These are the commodity budget approach and the relative income approach (which here includes the Engel curve approach). Either or both of these at times have figured into the development of minimum standards used in the public administration of social programs, but generally the minima in public administration have far more varied and contingent determinants.

There is one other distinction that can usefully be made here, that is, the distinction between absolute and relative minimum standards. Absolute standards have often been equated with minimum physical subsistence levels (which are better called 'physical minimum' or 'physical subsistence' standards), while relative standards have often been seen as being at higher levels, particularly in a way more related to average standards of living. There are, in fact, many instances of this pattern; however, it is not necessarily so (as will be seen), i.e., some absolute standards can and have been higher than some relative standards. The essential difference between absolute and relative standards is that absolute minima are assumed or stipulated to be more or less unchanged over time, whether or not other social standards, particularly the average standard of living, change. By contrast, relative minima are assumed or stipulated to change over time, such as annually, in direct relation to some other social standard, such as average income. Thus, relative minima tend to increase or decrease as the general standard of living increases or decreases while absolute standards do not vary.[1]

Following a brief overview of the early development of minimum standards, the paper first discusses the two main scientific approaches, the commodity budget approach and the relative income approach. It will be observed that minimum living standards using these methods have, in practice, tended to rise in real terms. But commodity budget standards, and even some of the relative standards, have not necessarily kept up to the average standard of living.

Next I turn in two sections to minimum living standards implicit in public income security programs. More attention is devoted to these standards as they contain the oldest minima. Here again it will be observed that there have tended to be real increases in the standards, though not by any means continuously. However, these minimum standards are less likely to have kept up to average living standards, and there is at least provisional evidence that several have actually fallen relative to the average standard of living. The paper concludes with a summary of the main observations and a suggested explanation of certain of the tendencies observed.

The early development of minimum standards in Canada

The history of official statistics and government social policy in Canada has been marked by limited leadership and, indeed, a great reluctance to set explicit minimum standards of living or poverty lines. The earliest pressures to establish minimum standards arose outside official circles, primarily from the efforts of the trade union movement and middle-class reformers[2]. The primary impetus for defining minimum standards was found in strikes and other disputes over labour standards, especially over wages and hours of work, and in determining income security (or 'poor relief') benefits and eligibility.

As early as 1885, under pressure from labour, the Ontario Bureau of Industries headed by Archibald Blue conducted a cost of living inquiry that estimated a "workingman's" average standard, which was taken as "the standard of their class."[3] Again under pressure from labour, the 1889 Royal Commission on the Relations of Labour and Capital recommended the federal government establish a Bureau of Labour Statistics (the U.S. had had such a bureau, first in Massachusetts, since 1869, and then nationally, since 1884). But the government did not implement even this rather mild proposal.[4]

However, such pressures for statistics on *average* wages or for labour statistics in general were not directed towards the measurement of minima for those outside or at the margins of the labour force. Since the wage levels of unskilled employed workers were commonly viewed by labour at this time as being at the level of a subsistence minimum, there was little practical interest or need for labour to consider levels lower than those of average unskilled workers as minimum standards.

The investigation of *minimum* social standards as such developed more slowly. One of the earliest appeared in 1896, when Herbert Ames, a Montreal manufacturer and one of the best-known of the reformers, conducted a "sociological study" of a working-class area of west-end Montreal.[5] Ames's study, which was inspired by Charles Booth's work on London, England, suggested that "we may safely fix the limit of decent subsistence at $5.00 per week" for a growing family; families below this were "the poor" or "the submerged tenth." The $5.00 level was based not on a survey but in relation to — somewhat less than — the prevailing minimum wage of an unskilled labourer, which was about one dollar per day [Ames 1972, 68].[6] Ames's approach was similar to the principle of "less eligibility" found commonly in relief or poor law administration, that is, the principal that 'relief' rates (i.e., income security benefits) should be less than the lowest prevailing wage rate so as not to deter the able-bodied unemployed from working.

Beginning in 1900, the newly formed federal Department of Labour started systematic collection of cost-of-living data and, by 1912, began to weight cost-of-living indices according to the budget of the "representative working man." (These early labour statistics are the origin of the modern Consumer Price Index produced by Statistics Canada.) Despite this greater interest in the commodity budgets of workers, the question of cost-of-living data was deliberately separated from that of a minimum or a physical subsistence budget. The interest of the Department of Labour lay more in a measurement of the impact of inflation to assist in regulating industrial disputes over wages than it did in setting minimum living standards or in exposing the ills of poverty.

It was later, in the wake of World War I, that trade unions and social welfare organizations initiated the first general and systematic estimates of minimum standards for Canada, based on the "commodity budget" approach. (Later, the term "commodity basket" was also used.) As well, provincial government initiatives towards minimum wage legislation led to such investigations for certain low-wage sectors, particularly certain sectors where female workers predominated. The commodity budget standards that appeared at the time tended to fall into two general groups: (a) those set at a "subsistence" level, which was oriented towards a bare, physical minimum, and (b) those set at a "health and decency" level, which was oriented towards a less severe minimum that recognized certain social as well as physical needs.

But the resistance to establishing an officially recognized general minimum standard was so considerable that, as late as the 1950s, the Dominion Statistician, Herbert Marshall, could write "there are no official statistics regarding minimum living costs in Canada."[7] It was not until the late 1960s and following the lead of the United States that the federal government through Statistics Canada began the periodic estimation and publication of "low income cut-offs", which were based on a form of Engel curve analysis. The lines were taken by many as being general poverty lines, although Statistics Canada avoided this latter terminology and the lines had no legislated or program status. Soon after, and partially as a criticism of Statistics Canada's approach, there appeared some alternative lines, such as those of the Special Senate Committee on Poverty and the Canadian Council on Social Development. These latter lines were based more on a "relative income" approach than the commodity budget approach.

At the same time, various municipal, provincial, and federal state institutions have long established implicit minimum living standards in delivering various income security programs. Before World War I, this was especially true at the municipal level, which had the primary responsibility for public welfare.[8] The movement of provincial governments directly into the delivering of income security programs was marked by the passage of workers' compensation legislation in Ontario in 1915, which required the setting of benefit levels for killed and injured workers, and by the introduction of mothers' allowances, first in Manitoba in 1916. As well, the first provincial minimum wage legislation was passed by Alberta in 1917. The federal government began to deal seriously with this question in the wake of World War I, in relation to veterans' pensions and, beginning in 1927, old age pensions [Morton and Wright 1987].

As they continued to evolve, these and the other public programs that came to represent Canada's 'welfare state' were crucial indicators of minimum standards in practice.

Commodity budget standards

The World War I years gave rise to increased trade union pressure for the establishing of a general social minimum standard of living. In March 1921, Arthur Martel, vice-president of the Trades and Labour Congress, proposed a minimum standard of $1,744.38 for a family of five. Martel [1922] used the "commodity (or quantity) budget method," whereby the particular quantities of food, clothing, shelter, transportation, etc. determined to be necessary were then costed to give a total minimum income level required. Martel's budget was based on U.S. studies of the budgets of working-class families, but costed using Dominion Bureau of Statistics price data.

While the official price statistics played an important role in setting minimum standards, the efforts towards improving the measurement of the cost of living were, as mentioned, consciously separated from the issue of determining a minimum income or "poverty line."[8] The government's lack of political will in establishing such a minimum was recognized at the time. In one of the earliest Canadian reviews of standard of living studies, Margaret Gould, researcher for the Canadian Brotherhood of Railway Employees, pointed out that such government studies in various countries "had no interest in determining whether a family had a proper or decent standard of living, as we call it. They wanted simply to find out what the changes were in the prices of the items which they bought from time to time."[10] However, because the U.S.-based weights used in the Department of Labour's weekly family budget series were specified as particular physical quantities, this budget series was taken by many to set a minimum standard.[11] Indeed, in order to avoid such a use of the series, the *Labour Gazette* began in the post-World War I years to note on its family budget tables that "The budget is intended to show the changes in the cost of the items included, not to show the minimum cost for an average family."[12]

During the 1926 hearings of a House of Commons Select Committee studying legal minimum wages, Gould presented a commodity budget, again based on U.S. studies, that estimated a minimum for a family of five in 1925 of $2,202.37 [House of Commons 1926; *Labour Gazette*, October 1926, 953]. Health was the primary criterion used to determine what minimum commodities were needed, especially for food items, though the selection was made with due regard to social convention or "in the light of present day conceptions of social decency." This was possible in part because "the vast majority of people buy according to the general prevailing mode, which to-day is fast becoming standardized" [*Social Welfare*, August 1926, 221]. Following the terminology of the U.S. Bureau of Labour Statistics, the proposed budget was called a "minimum health and decency budget."

The Select Committee requested that the Department of Labour provide estimates of different standards of living as defined by the University of Chicago economist, Paul Douglas. A Department official, C. W. Bolton, estimated a workingman's family budget at the "minimum health and decency" level to cost $1,719.23 and at the "minimum subsistence" level to cost $1,396.92 [*Labour Gazette*, October 1926, 953].

At the time, such minimum levels were well above the annual incomes of virtually all unskilled workers and a large portion of skilled workers.[13] The Montreal Council of Social Agencies expressed the view that the levels were "of little practical use to an Agency administering relief, since the lowest amount calculated for a family of five is considerably in excess of the wages earned per annum by unskilled labourers in this country" [Canadian Council on Child and Family Welfare 1931]. Instead, they proposed a lower subsistence minimum of $1,101.76 for a family of five in 1926, which was about half the standard of the Gould budget. This subsistence budget excluded provision for health expenditure (doctors' and dentists' bills, medicines, etc.) and life insurance, union dues, Christmas or birthday gifts for the family, church and charity, magazines, books, postage and stationery. The established assumption behind such a relief-related minimum, which had been echoed in Ames's approach, was the ever-present principle of 'less eligibility,' again, that any standard set for relief should be below the wage-earnings of unskilled workers so as not to act as a disincentive to work.

The commodity budget approach to establishing minimum standards was continued largely by non-governmental social welfare organizations, particularly the Social Planning Council of Metropolitan Toronto, which came to be the leading Canadian organization using such an approach, and the Montreal Diet Dispensary.[14] Other cities have published commodity budgets (Halifax, Hamilton, and Winnipeg, for instance), but the Toronto and Montreal studies have been done more regularly over more years. These latter two are used here for a comparison with the early studies of the 1920s. The year 1985 was chosen as a recent basis for comparison because it was the latest year in which all the published data were available.[15]

Table A-1 (see Appendix A) summarizes the minima proposed by the various commodity budget studies. As a means of relating the standards to the general standard of living, the total budget figures are presented as a percentage of selected average wage-earnings figures (i.e., annual income of a full-time worker). Wage-earnings data are used here in order to provide consistency over time. Adequate family income data is not available for the pre-1950s decades. As well, family incomes have risen faster than (individual) wage-earnings reflecting the rapid growth in two-earner families after the 1940s. If they were available, family income data would accentuate further the relative decline in minimum living standards as measured by the commodity budget approaches.

Further, the wage-earnings data used here, particularly the manufacturing industry series, provide the only reasonably consistent annual wage-earnings data covering the entire period since World War I. While it would be desirable to have consistent series for all sectors, the manufacturing series, particularly that for production workers, probably provides, at least provisionally, a reasonable indication of the central tendency of general living standards. The manufacturing sector was by far the largest sector of employed wage-earners, of whom a very high though diminishing proportion were production workers, for most of the period, until the 1970s. As well, data from the decennial censes suggest that average manufacturing wage-earnings were close to the all-industry averages in the earliest years of the period (within 3 per cent in 1911 and 1921), then diverged above the all-industry average in the 1930s and 1940s, and then moved back towards the all-industry average in the post-World War II years.[16] The industrial composite series, which begins in 1939 (see Statistics Canada [1983, E86-103] and Table A-3), also suggests average manufacturing wages moved closely with the all-industry average. As for production workers in manufacturing, the industrial composite series indicates a converging pattern, with the average of production workers moving from about 10 per cent below the industrial composite in 1946 to about 1 per cent below it in 1981. However, the industrial composite series must be viewed with caution as its coverage changed considerably over the period; overall, its coverage tended to include increased numbers of smaller-scale establishments and, hence, the stated averages in earlier relative to later years may have an upward bias.

Wage-earnings here (and in the industrial composite series used later) refers to gross pay in its various forms, including straight-time wages, salaries, piece-rates, commissions, overtime pay, pay for time not worked (such as due to sickness), and various incentive or cost-of-living bonuses. However, the series does not include fringe benefits paid directly by employers, such as payments to pension or welfare plans, or obligatory payments for workers' compensation, unemployment insurance, or the Canada/Quebec Pension Plans, virtually all of which have increased significantly over the period.[17] The use of total labour compensation figures that included such fringe benefits would thus accentuate the relative decline in standards suggested by the wage-earnings data used here. Also used here are comparisons with two representative manual occupations. These latter are based on wage-rate data, then annualized assuming full-time, full-year employment.

It would also be possible to compare the minima in this or other sections of the paper with series based on national accounts data, particularly gross national product (GNP) per capita. However, the GNP per capita series, like family income and total labour compensation series, have risen relative to the manufacturing wage-earnings series; the GNP per capita series too would accentuate further the relative decline of these minimum standards. In this sense, the manufacturing wage-earnings series used in this analysis makes for a fairly 'conservative' standard of comparison for the minima.

Table A-1 and subsequent tables in Appendix A concentrate on one principal type of family in order to focus the discussion.[19] Families of five, in particular, were chosen because the two-adult, three-child family was more typical for a longer part of the whole period than the currently more typical two-adult, two-child family. From the Toronto Social Planning Council's *Guide for Family Budgeting* for 1987, adjusted to 1985 prices, a minimum for a family of five with a composition comparable to that in the Gould study was $22,134 or $21,143 (depending on whether one uses a three- or two-bedroom rental unit as comparable) and comparable to that in the Montreal Council of Social Agencies study was $23,864.[20] These minima fit into the higher, "minimum health and decency" tradition of the Martel, Gould, and Bolton(a) studies. The Montreal Diet Dispensary minima, following their *Budgeting for Basic Needs* for 1987, and also adjusted to 1985 prices, were $11,258 or $10,886 for the Gould-type family and $11,965 for the MCSA-type family. These latter minima, which are characterized as being the levels necessary "to maintain health and self-respect," more closely resemble the lower, subsistence minima of their predecessors from the Montreal Council of Social Agencies.

Not surprisingly, the minimum standards established by the commodity budget approach have risen in real terms during the period (as measured in 1971 dollars). But both for those using a "health and decency" basis between the mid-1920s and 1985 and for those using a "subsistence" basis over the same period, the increase in the minima has been less than the increase in the level of average wage-earnings, as reflected by the comparisons with both the average production and non-production wage-earnings in manufacturing and by wage rates for carpenters and labourers in Montreal and Toronto. Relative to average wage levels, the two commodity budget standards have fallen dramatically, by as much as roughly half in terms of production worker wage-earnings.[21] Further, while the commodity budget minima in the 1920s were much higher than wage-earnings in most unskilled occupations and even in some skilled occupations, by 1985 the minima had fallen to the point where they were below or approximately equal to the unskilled averages, and well below the skilled averages.

It is also interesting to examine the extent to which the individual budget components varied over time. For food, there was remarkably little change in the proportion of the total budget over this sixty year period, although the Bolton subsistence budget had such a low sum devoted to food that it suggests the proportion allocated to food perhaps increased. For clothing, there was a major decline in the proportion for both types of budgets; in fact, there was probably little change or even a decline in the absolute levels of expenditure in this category. For shelter, there was little change for the minimum health and decency budgets but an increase for the minimum subsistence budgets. Overall, for the minimum health and decency budgets, the basic necessities of food, shelter, and clothing occupied a smaller portion of the total budget in 1985 compared to the mid-1920s: new requirements had been added to the list of commodities considered necessary for minimum health and decency. These latter are particularly evident in such areas as personal care, reading, recreation, and communication. However, for the lower, subsistence standard, the proportion allocated to food, clothing, and shelter changed little.

The commodity budget method of establishing minimum standards of living has been criticized on the grounds that the estimates obtained are unrealistically high relative to actual wage levels, despite their emphasis on physical needs. In a 1951 review of the early history of such studies in the U.S., Brady [1951, 35] concluded "The annual cost of a modest standard of living, estimated by pricing a budget, has, almost without exception, equalled or exceeded the average annual income of the occupational group whose needs were described in the budget." But for the longer period the above historical comparison suggests that, in Canada, the leading commodity budget minimum standards (at least for the higher, health and decency minimum standards) have fallen from being generally above to being below or near average wage-earnings over the period.

Overall, it is not surprising to find that the minimum living standards as measured by the commodity budget approach have fallen relative to average incomes. The commodity budget approach is based primarily on the measurement of physical needs, which tend to diminish as a proportion of individual or family budgetary expenditure as the average standard of living (or income) rises. However, the minima did increase in real terms. This reflects the fact that, despite their emphasis on physical subsistence, the commodity budget measures, in practice, are not purely absolute measures; rather, they have been influenced significantly by increases in the general standard of living, where there is a progressive expansion of the goods and services included in the basket. At the same time, however, it can be said that these minima, whether at a very low subsistence level or at a less low health and decency level, generally became less "generous" relative to the average standard of living over the period of this analysis.

Relative income standards

In the mid-1960s, a DBS official, Jenny Podoluk, produced what came to be viewed widely as the 'official' poverty line in Canada — Statistics Canada's low income cut-off.[22] Podoluk's approach was influenced by developments in the U.S., such as the work of Mollie Orshansky of the U.S. Social Security Administration. Orshansky proposed a line based on the cost of a minimum adequate food budget and the general principle of (Ernst) Engel's law as applied to family budget data (i.e., that the proportion of family income spent on food declines as income rises). Orshansky estimated that a minimum level for total income was reached when the minimum food budget was one-third of the total income.[23]

Podoluk did not use a minimum food budget but argued more broadly that low-income families were those in income groups "in which, on average, most of the income received must be spent upon essentials such as food, clothing and shelter" [1968, 185]. Based on 1959 family expenditure data from a sample of about 2,000 spending units in urban centres of 15,000 or over, she found that, for families of different sizes, expenditures on food, shelter, and clothing averaged about half of family income. She then made the assumption that "where expenditures on these components were well above average, that is, where they accounted for 70 per cent or more of family income available, such families might be in straitened circumstances. They would have little 'discretionary income' left after expenditures on basic essentials, or income to pay for medical care, education of children, recreation and so forth or for savings." Family expenditure and income distribution data were then used to determine an income threshold or cut-off below which persons generally would be spending 70 per cent of their income on food, shelter, and clothing (the FSC ratio).[24] Once established, the line was adjusted annually for changes in consumer prices to prevent it from falling in real terms, but it was not changed, at least initially, for increases in the general standard of living.

The official cut-off actually became a multiple-category poverty line, varying according to family and community size, with the lines set at higher levels the larger is the family and degree of urbanization. The most recent sets of low income cut-offs consist of 35 lines, the result of seven categories for family size (from one to seven and over persons per family) and five categories for extent of urbanization (a rural category plus four categories of urban centres by population)[25]. Nonetheless, Statistics Canada emphasized that its poverty lines were purposely called "low income cut-offs":

> Note that these cut-offs are referred to as *low income* cut-offs and not *poverty* lines (although the terms are used interchangeably). These lines can be considered one set of roughly equivalent incomes for families of different sizes at the low end of the income spectrum. They are not necessarily points of minimum (relative or absolute) subsistence levels of income in general and even less so in specific circumstances, e.g., for a family of four consisting of a mother and three children living in a large metropolitan area, renting accommodation, etc. Clearly, these lines are not designed to be used as support levels by policy makers; they lack specificity and are not designed to guarantee adequacy. [Love and Oja 1977, 40.]

The 1971 report of the Special Senate Committee on Poverty was critical of the Statistics Canada poverty lines. It was argued that because of increases in average family income, the proportion spent on food, shelter, and clothing declined over time, hence, the criterion of 70 per cent was "obsolete in 1971" and "not satisfactory as a permanent yardstick" [Special Senate Committee 1971, 7]. While this poverty line was adjusted for changes in the consumer price index, it did not take into account changes in the general standard of living; hence, it was argued, the line "marks time" and "the gap between these poverty lines and the general living standard tends to widen."[26]

For a "more relevant poverty level" the Senate Committee proposed an alternative: a more pure relative-income poverty line that worked out to be about "50 per cent of the average disposable income for each family size" [Special Senate Committee 1971, 215]. No adjustments were made for community size. To obtain the level, the Senate Committee's research staff determined a subsistence benefit level related to the highest of the varied provincial welfare levels. This amount (of $3,500 for a family of four in 1969) represented "items of basic need," not itself a "poverty line," and was taken to cover 70 per cent of the poverty line (of $5,000). A weighting or equivalence system of family size equalizer points (FSEPs) was then used to establish levels for different family sizes. The base-year poverty line was to be updated for increases in the average standard of living (as measured by total disposable income divided by the number of FSEPs).

Around 1973, Statistics Canada moved to revise its low-income cut-offs. Based on its 1969 family expenditure survey, Statistics Canada found that the ratio of expenditure on food, shelter, and clothing (the FSC ratio) had fallen to 42 per cent (from 50 per cent in 1959). The spread between the general FSC ratio and the low-income FSC ratio was arbitrarily maintained at 20 percentage points and the cut-off level was lowered from 70 per cent to 62 per cent [Oja and Love 1977, 1976]. This was a shift towards a more 'relative' approach. Later, Statistics Canada made another revision based on 1978 family expenditure data. The low-income FSC ratio was reduced to 58.5 per cent [*Income Distribution by Size* (CS13-207), 1980, 120ff]. Despite the two revisions, the Statistics Canada low-income cut-off in its essentials was oriented towards a modified subsistence or Engel curve approach. The constant real value of the cut-offs in between revisions acts in such a way that if there is any general increase or decrease in real incomes, the proportion of those below the cut-off tends to fall or rise (see, for example, ibid., 1985, Table 85 and Osberg [1981, 51-53]); this pattern assumes a given structure of income distribution, although such decreases (or increases) in the proportion of poor persons can also occur even when there is a polarization of incomes or a relative (to the non-poor) worsening of the position of poor persons. Thus, the 'official' line developed as a compromise between a purely absolute line based on unchanged consumption standards and a purely relative line based on movements in average incomes.

In 1973, the Canadian Council of Social Development (CCSD), a non-governmental social policy organization, proposed a more 'purely' relative definition of the poverty line set at 50 per cent of the average family income [CCSD 1973, 147]. The line was adjusted for family size but, as in the Senate Committee approach, the CCSD made no adjustment for community size. Initially, the family-size adjustment was made on the basis that the average family size was four persons, but by 1979 the average family was 3.3 persons and the trend was continuing downward; hence, a technical change was made beginning in 1979 to recognize the declining size of families and to avoid the problem that "not continuously adjusting to family size is to understate the real value of average family income and to artificially depress poverty lines" [Ross 1983, 6].[27] The CCSD established and has updated its poverty line using pre-tax family income data from Statistics Canada's survey of consumer finances.

But the Statistics Canada low income cut-off has been regarded by most as representing an 'official' general poverty line.[28] The other relative income approaches, that of the CCSD has probably had the most prominence. Table A-2 summarizes the main changes in these two relative income approaches.

Here it can be seen that the Statistics Canada poverty line has fallen somewhat relative to average (individual) wage-earnings. This is most apparent for the selected years 1969, 1973, and 1978, when the minima remained constant in real terms; but it is also apparent for the years 1961, 1969, and 1981, when the revisions to the FSC ratio were made. (The slight relative increase in 1979 occurred because the consumer price index used to update the minima rose faster than average wage-earnings.)

By contrast, the CCSD poverty line rose relative to average wage-earnings and maintained a fairly stable relationship with average family income. This stems from the fact that the CCSD line is calculated relative to family income and not individual wage-earnings and that average family income has risen faster than average wage-earnings. It was also affected by the method in which adjustment is made for family size and by changes in the method. The pattern is somewhat different in comparison to manufacturing wage-earnings after 1981, because wage-earnings in manufacturing industries declined more relative to average incomes than did average wage-earnings. As well, the CCSD lines for a family of five, indeed for large families in general, are higher than the Statistics Canada low income cut-offs; the CCSD lines are not necessarily higher for small families, especially when compared with the Statistics Canada cut-offs for large urban centres (see, for example, CCSD [1984, 25]).

In comparing the poverty lines determined by the Engel curve and other relative income approaches, two further points deserve to be kept in mind. First, the cut-offs are based on income distribution data, in which the income figures include not only wage-earnings but also profits, rents, interest and transfer payments. Any comparable minima based on wage-earnings alone would generally be lower. Second, the averages are based on the incomes of both male and female recipients. Any comparable minima based on male incomes or wage-earnings alone would be higher, particularly as there has been only limited change in the female-male wage gap.[29] Consequently, the existing relative minima in Canada are also affected over the long-run by changes in the proportion of females to males in the labour force.

In sum, it appears that only a purely relative minimum, that of the CCSD, did not become less generous overall or for particular years relative to the average living standard.

The development of income security programs

The Canadian state has never had an "official" minimum standard, but, in practice, it has had to develop various programs of relief, welfare, unemployment insurance, pensions, etc.[30] As a result, the various governmental authorities have established *de facto* minimum standards by determining maximum benefit levels for practical purposes, although the standards that have been established have been far from consistent among different provincial and municipal jurisdictions.

Before describing the standards reflected in these various programs, it is useful to review very briefly the context of the development of the 'welfare state', especially social assistance programs, which are the oldest public income security programs and which continue to be the programs of last resort for the poor. In this development can be seen, in particular, the shift from in-kind to cash transfers, the growing centralization and rationalization of benefit levels, and also something of the complexity in the determination of rates.

What in the nineteenth century was called "poor relief" and, later, simply "relief" then "welfare" and then "social assistance," was initially delivered at the local level as a form of *general aid* to the destitute. For instance, in Toronto in 1927-28, the main institution responsible for outdoor relief, the House of Industry, reported that, for the 4,354 families it assisted, there were several causes of destitution: unemployment (67.8 per cent), sickness (including influenza, paralysis, heart disease, etc.—7.6 per cent), widows (7.0 per cent), deserted wives (5.7 per cent), men in prison (0.9 per cent), cripples (0.3 per cent), blind (0.2 per cent), deaf and dumb (0.05 per cent), aged 70 years and up (4.2 per cent), and sundry causes (5.5 per cent).[31] Similarly, the Social Service Department of the City of Ottawa for 1927 reported the "principal factors necessitating relief" were unemployment, widowhood, desertion, old age, sickness, physical disability, delinquency, accident, mental defect, and other.[32]

Before the 1930s, relief was typically given in kind or by voucher. In Toronto, for instance, a maximum list of supplies given a family of five for a week in the late 1920s would consist of such things as 1/2 lb. cocoa, 4 lbs. oatmeal, 2 lbs. rice, 9 lbs. vegetables, 1/2 pk. potatoes, 4 lbs. meat, 2 bars soap, and 600 lbs. coal (every two weeks).[33] During the 1930s, the distribution of relief shifted increasingly to a cash basis [(Guest 1985, 85]. This occurred as a result of mounting popular pressure as well as efforts to impose greater administrative consistency and efficiency on a relief system driven to crisis by the Great Depression.[34]

For many years there had been great variation in the levels of relief, both between urban and rural areas and among urban areas themselves. Relief rates in the cities tended to be higher. However, as Duncan observed in 1938 (51), "The higher standard of living provided by city relief is frequently more apparent than real. Higher urban relief allowances are necessary because opportunity for self-help is more limited." Among small cities in just one province (Quebec), the food schedules for a family of five for one month ranged from $30.34 to $13 [King 1939, 102]. The highest and lowest city food allowance rates for Canada as a whole for a family of five for one week ranged from $6.77 to $3.80 (ibid.). The great disparity of rates continued well past the 1930s, though to a lesser degree. With greater provincial involvement, intraprovincial disparities were reduced, and with greater federal involvement, interprovincial disparities were reduced. Although major interprovincial disparities remained, there was an overall decrease in the spread between the highest and lowest rates. However, this has not eliminated a great deal of inconsistency that continues to exist in benefit structures, even within the same jurisdiction.[36]

The reasons for particular disparities were many, but the general practice was probably well described by E.S.L. Govan, a Toronto welfare official, in 1951. Much of what Govan wrote could also be said generally of variations in other social welfare programs:

> The practice in the establishment of relief scales in different areas across Canada varies a great deal. In most cases, these scales have been set up some time ago, and increases in them, due to increases in the cost of living, are made as a percentage increase above the existing scale, without any revision, or consideration, of the adequacy of the previous scale. ...In other cities, an increase is made largely in terms of what it is felt the city can afford and is not related to actual changes in cost. In those cities where costing is done, the provision for increase is not made specifically by by-law or other regulation, but depends upon the point of view of the administration, and is generally done quite irregularly. The pressure of public opinion has, of course, a great deal to do with this. In certain provinces, the province sets a scale. In Ontario this scale is set as the maximum figure towards which the province will pay the fifty per cent reimbursement to the municipality. ...The scale set by the province was based on two studies on diets and of costs.[37]

The political element underlying the determination of rates has long been recognized. For example, a 1935 report on municipal relief rates for the Canadian Welfare Council in 1935 observed that "The Relief Office in Edmonton gave liberal food orders, and were also liberal in their distribution of clothing.... There was a large Communistic element in the city of Edmonton who had been able to force the City Council to make almost annual increases in the relief scale."[38]

One of the key aspects of setting relief or welfare standards has been 'less eligibility.' Thus, the rates for relief or welfare have continuously been set below minimum wages, especially for single persons and small families. In some circumstances, there has appeared the apparent contradiction of persons on social assistance receiving support rates higher than the wage-earnings of those working at minimum wage. Such cases are almost always related to persons with children and they are not particularly surprising: while support rates are higher the larger is the family (as a recognition of need), the minimum wage is a flat rate, which, in its origins and development, was never intended or permitted to be sufficient as a family wage.

With the gradual emergence and expansion of a range of social programs aimed at specific elements of destitution — so-called "categorical aid" as distinct from "general assistance" — such as workers' compensation, mothers allowances, old age pensions, unemployment insurance, etc., the scope of welfare or social assistance was narrowed. However, throughout the period welfare never ceased to be *residual* aid, generally the last and lowest rung of the income security system.[39]

As for the various categorical programs and related standards (such as the income tax personal exemption), these too were subject to pressures similar to those affecting welfare-type programs, though in a somewhat more complicated form. It can be observed that the initial or "benchmark" standards of the new or revised categorical programs also sometimes had an administrative rationale relating the new standard to some already established social program standard, such as welfare itself, or to a more particular labour market standard viewed as relevant for the category of persons under consideration. For instance, the lowest rates for veterans' pensions, as set during World War I, were related to existing benefit rates under workers' compensation and had the rationale that the pension should provide a standard of living comparable to that earned by an unskilled male wage-earner with a family. By contrast, the first minimum wage rates were based on budget studies of single unskilled female wage-earners without dependants in certain particular industries. Because of the complexity of the various programs and the numerous changes in their standards, some details of their origin and evolution have been relegated to Appendix C, which is available from the author on request.

Minimum standards in income security programs

This section describes how the minimum standards implicit in many of the main income security programs in Canada have changed over the historical long-run, at least since World War I. The list of programs covered here is not intended to be exhaustive, though the programs mentioned are among the main elements of support, supplementation, and stabilization that together have come to be referred to commonly as the income security system (see, for example, Ross and Shillington [1986, Part III]). The programs considered can all make some claim to standalone with benefit levels that are sufficient so as not to require supplementation. One of the areas not discussed here is the Canada and Quebec

Pension Plans, largely because of their comparatively recent introduction (in 1965).[40] Another area not considered is the Family Allowance program, which has been essentially a supplement to wages or other incomes and not a program designed to be a minimum on its own.[41] Since there is a great variety and complexity in the field of income security programs, especially if provincial and municipal variations are taken into account, the programs described here are restricted to those that are either national in scope or applicable in Ontario. Apart from having the largest population and being the most industrially advanced of the provinces, Ontario has had the highest or close to the highest standard of living in Canada and it thus generally presents average if not above average minimum standards. Where there is regional variation within the Ontario rates, the rates used are those for Toronto or large urban centres.[42]

A summary of the programs and changes in the associated annual benefit levels are presented in Table A-3. For each program, the period covered begins with the levels set in the initial year of the program. The main exception to this approach occurs with relief, which, in Ontario, was established in the nineteenth century. For Ontario relief, the initial year of 1936 was selected because of the availability of a major national survey [Canadian Welfare Council 1936] which was done when cash relief was becoming more common. For the programs as a whole, the years 1929 and 1939 were chosen as being immediately before the full onslaught of the Great Depression and World War II, then 1949, 1959, 1969, and 1979 to follow this decennial pattern. However, 1943 and 1946 were included to mark the peak and immediate aftermath of the war. And 1975 was included to mark the immediate aftermath of the 1973–74 crisis, 1981 to mark the last year before the onset of the 'Great Recession,' and 1987 to bring the picture to an end being the most recent year with complete data. Details on the evolution of the benefit levels of each of the programs and on the sources of data available in Appendix B and Appendix C.

It needs to be noted that, for purposes of making a common comparison, all the benefit levels of the various programs have been annualized. This does not mean that the benefits from all the programs have actually been available for a year. For instance, unemployment insurance always has had waiting periods and maximum benefit periods that have restricted the continuous duration of benefits to less than a year. Hence, any judgement about the overall 'generosity' (or parsimony) of the minimum standard embodied in a particular program can be tempered by consideration of the limits of the duration of benefits.

The main overall trend that can be observed of the benefit levels of the various programs since the 1920s (or since their inception) is that, in general, they have risen in real terms (as measured in 1971 dollars) but they have not generally kept up with, let alone exceeded, average wage-earnings. In real terms, all benefit levels increased, with the only exception being the income tax personal exemption. However, there were periods of real decline, some for several years in duration, in every program. Most programs had real declines in the 1940s and in the 1970s. For instance, the real value of welfare benefits and the minimum wage in Ontario stagnated through most of the 1940s and 1950s. By 1987, even with overall increasing real levels, virtually all the programs had family and single benefit rates set below the Statistics Canada low income cut-offs for large urban centres, which would be comparable to the minimum health and decency standard of the commodity budget studies.

However, relative to average wage-earnings, the benefit levels appear generally to have declined or, at best, stagnated over the period. Minimum wages in Ontario dropped from 65.1 per cent of average wage-earnings in 1921 to 39.7 per cent in 1987. A maximum total disability pension under Ontario workers' compensation in 1915 was at 145 per cent of average wages compared to 92.6 per cent in 1981. The 1939 maximum relief rate for a family of five in Toronto was at 64.6 per cent compared to 39.5 per cent in 1987. The decline was less substantial in some programs. The maximum benefit on unemployment insurance in 1941 was at 69.1 per cent for a family, while in 1987 it was at 66.3 per cent. For some other rates there was less overall change. Mothers' allowances at their inception in 1920 were at a level approximate to that in 1987 (49.5 per cent compared 49.8 per cent for a mother with three children), although for some family categories and for some intervening years, higher levels were reached.[43]

While, overall, there was probably a tendency to relative decline or stagnation in benefit rates, the course of change in the various programs was far from being uniform or continuous or even in a single direction. Each of the relative movements in the programs needs careful and individual attention, as the movements are affected by the type of program, the jurisdiction, and the social and political conditions of the particular period. For instance, there are problems of overlapping programs and shifting jurisdictional responsibilities. The relative value of old age pensions declined generally until the 1960s, but a new program, the guaranteed income supplement, raised the total pension rate to a relative position approximate to or slightly higher than that of the 1920s, while the pre-existing old age security pension continued its descent. There is also the problem that some programs change their objectives or target population. For instance, in early years, mothers' allowances were set at an extremely low short-term subsistence level and the need for supplementation of the stated rates, especially in more urbanized areas, was known. In later years, mothers' allowances (or Family Benefits Assistance as they came to be called in Ontario) became more oriented towards long-term support, while general welfare (or General Welfare Assistance) was more oriented towards short-term support. Not surprisingly, from a position of being lower than or near to the levels of relief or welfare, the mothers' allowances levels became significantly higher.

Other factors, such as the historical period, must also be taken into account, especially if a judgement is being made about the 'generosity' of a particular program or government. In particular, increases in relative measures by themselves do not necessarily indicate greater state social activism or purposeful 'generosity'. Relative increases can occur as a result of declining average wage-earnings coincident with unchanged benefit rates. For instance, the period after the mid-1970s saw stagnating or declining real wages. This, together with the maintaining of indexed pensions, led to some relative increase for the pensions, but did not necessarily indicate a more active or 'generous' pension policy. (In fact, the federal government of the day unsuccessfully attempted to de-index old age pensions.) On the other hand, increases in the real value of benefits greater than increases in real average wage-earning during periods of economic growth could offer some evidence of greater activism or generosity (though this was not in fact the general pattern).[44]

Further, the benefit rates used here are as officially stated in laws or regulations. In practice, administrative measures can and have been used to modify the formal standards. For instance, evidence from the Great Depression suggests there was considerable downward pressure on standards. In Ontario, the minimum wage levels as stated formally remained unchanged from the 1920s, but the increased number of regulations and the softening of the minimum wage authorities in enforcing the regulations led to a weakening if not an outright modification of the stated standard. Thus, the stated standards can be thought of as approximations or indicators of actual program standards, not what invariably was or is applied as the standard.

The benefit levels are compared here, as earlier, with average production wages in manufacturing. This particular wage-earnings series is used not only because of its availability over a longer period, its greater consistency of coverage, and the central importance of manufacturing production workers in the economy, especially in Ontario, but also because manufacturing production workers and their families have been the largest single sector of workers directly affected by virtually all these programs. In any case, Table A-3 also indicates the movement of manufacturing non-production wages and industrial composite wage-earnings from the earlier years for which they were published. There appears to be a downward drift in the industrial composite wage-earnings relative to manufacturing production wage-earnings. However, one can have little confidence in the extent of the decline, particularly because the coverage of the composite series started with being more restricted to higher wage industries and larger establishments. Probably the magnitude of the movement is not large enough to alter the main point. Nonetheless, insofar as this or any other composite series would indicate lower historical increases than the manufacturing production series (and thus a greater decline relative to the manufacturing production series), the generally downward relative movement of the standards would be dampened and certain programs might show relative stagnation rather than decline or even some small increase. In terms of non-production wage-earnings, there was a more rapid decline of non-production manufacturing wages relative to production wages until the 1950s, in part the result of the growing importance of clerical workers, whose relative wages were falling over the period and who were increasingly women. But their numbers were small relative to production workers, especially before the 1950s; as well, there is very little relative movement in the series after the 1940s, perhaps a magnitude similar to that for the industrial composite index.

The benefit levels could also be compared with family incomes. As noted earlier, family incomes have risen in relation to average (individual) wage-earnings, largely because of the growth of two-earner family units. Thus, relative to family or household incomes, benefit levels have fallen even further than when compared to average wage-earnings.

The programs having the least relative decline in benefit rates (as compared to wage-earnings) were those based on compensation for loss or some form of social insurance principle, particularly workers' compensation, veterans' pensions, and unemployment insurance. However, even these were modified downwards in practice by pressures for 'less eligibility,' especially that benefits should be less than the going wage rates for unskilled male workers or the minimum wage.

The programs with the greatest decline in their relative position were those based on some official determination of need and in competition with wage-rates in the labour market; they were subject in practice to even greater direct pressure for 'less eligibility.' In these programs, eligibility was income- or means-tested. Thus, welfare rates for single persons were kept well below the minimum wage and the minimum wage itself was originally established a little below the going wage for unskilled single women workers (see Appendix B). The rates for larger families on welfare and mothers' allowances[46] were usually above minimum wage levels (though not always, particularly when there was a higher minimum wage established for men). The occasions where family heads have received more on welfare than from working at minimum wages have often been targets of criticism regarding the disincentives to work of welfare (usually from the standpoint that welfare rates are too high, not that the minimum wage is too low). As mentioned earlier, such a situation is not surprising since welfare rates have been set with at least some consideration of need, which increases with family size, while minimum wages have tended to be set in relation to single persons, especially female single persons, in unskilled jobs. Nonetheless, even for this situation, there is some provisional evidence of a declining family welfare/minimum wage rate gap in Table A-3. This suggests there may have been increasing pressure over the period to reduce the monetary benefits for family welfare below minimum-wage levels.

Old age pensions deserve special consideration. At their inception in the 1920s, the maximum rates for old age pensions were set close to the levels of relief rates, and applicants were subject to a means-test. The maximum rates remained only a little above the welfare rates for single persons until the late 1960s, then fell below it. Relative to average wage-earnings, the maximum old age pension rates generally declined for most of the period, including after 1952, when the means-test was dropped and the pension was distributed as a demogrant. The decline continued until the implementation of the income-tested guaranteed income supplement in 1967. For the remaining years of the period, the position of the total pension then stabilized or increased slightly relative to average wage-earnings (although the demogrant portion continued its relative decline until 1981, after which average wages tended to decline more then the indexed demogrant).

By contrast, the relative position of the income tax personal exemption fared by far the worst of any other indicator of a minimum standard.

It deserves mention that the pattern of supplementing a declining 'universal' program with a 'targeted' or income-tested program became more important in the 1970s, although the income-testing was often organized as part of the personal income tax system. Most notable was the introduction of the Child Tax Credit in the personal income tax in 1978, which was in part a means of supplementing deteriorating family allowances. As well, the provinces began to supplement the income of old age pensioners with various property tax, sales tax, rental rebate, and shelter assistance schemes (see, Department of National Health and Welfare [1984, Nov.] 26-36). It goes beyond present limits to detail the consequences of increased supplementation. However, the evidence from the 1970s and the 1980s of relatively stable or somewhat deteriorating lower quintile shares in the size distribution of income, coupled with the evidence of the declining position of market income relative to transfer income for persons in those quintiles suggests again that supplementation might have helped keep the relative position of those at or below minimum standards from becoming relatively even worse off.

Finally, the minimum wage has a special importance because it sets a type of lower limit in the labour market, especially for unskilled labour, and thus has had an effect on various social program benefit rates. Table A-4 gives separate attention to the movement of minimum wages by setting it relative to four different wage and income series. From the table it can be seen clearly that, relative to every different wage and income series, both the female and male minimum wages (in Ontario there were separate rates by gender before 1965) tended to fall.[47] This relative movement of minimum wages, with its consequent downward pressures for less eligibility in other programs, adds further weight to the point that the main social program standards in public administration, at least their monetary or cash transfer aspects, have tended to fall or stagnate relative to average wage-earnings and incomes over the period.

Summary

Through all the many movements in the various measures of minimum living standards it is possible to observe certain general patterns. First, the minimum standards based on the commodity budget approach, whether set at subsistence or at health and decency levels, have risen in real terms but have fallen relative to average wage-earnings. This is largely because the estimates of minimum levels have been based heavily on the evaluation of minimum material requirements, especially food, shelter, and clothing, for the physical maintenance of persons. Other components, especially those reflecting 'the higher values,' were treated generally as less necessary or entirely dispensable. Given that the proportion in the average income expended on these basic material requirements has declined over time as average wage-earnings have risen, it is understandable that the minimum standards measured by commodity budgets have lagged behind the increases that occurred in average wage-earnings.

Second, a similar pattern appears, though to a lesser degree, with a compromise absolute/relative minimum standard. The Statistics Canada low income cut-off rose in real terms but was also subject to at least intermittent declines relative to average incomes. This quasi-official poverty line is still dependent in part on family expenditures on the material requirements of food, shelter, and clothing, although the line has been revised occasionally to take into account some increases in average incomes.

Third, and by contrast, only a more 'purely' relative income minimum, such as the standard of 50 per cent of average income used by the Canadian Council on Social Development, did not lag behind increases in aggregate average wage-earnings or even average income. Nonetheless, it deserves note that in periods of an absolute decline in money wage-earnings, as occurred during the 1930s, an exclusively relative income standard would have led to a decline in the standard in real terms more directly and immediately than would have been the case with a commodity budget approach. As well, in earlier decades, such as the 1920s and 1930s, a standard based on 50 per cent of average earnings might well have been below even minimum subsistence levels. For instance, the 1901 Census reported that, in Québec, the average annual earnings of wage-earners were approximately $380 for men and $165 for women with average employment being about 11 months. A standard set at one half of either of these averages would have been considerably lower than even the stringent $1 per pay subsistence minimum used by Ames in his 1896 study of Montreal.[48]

Fourth, the implicit minimum standards set in major income security programs also generally have risen in real terms, though by no means continuously and with some periods of real decline. However, relative to average wage-earnings or incomes, these tended to show overall or long-term periods of declining or stagnating minimum standards. This decline was most apparent in programs where benefit rates were determined by institutional evaluations of need or adequacy, but it also occurred to some degree in programs based at least partially on social insurance principles. Thus, despite the great complexity of the various program benefit standards, one can notice an overall downward or stagnating tendency of relative standards. Once established, most major programs considered here appear to have maintained or even increased minimum-standard/average-standard disparities rather than to have reduced them. Programs were increasingly rationalized, centralized, and interrelated and most were subject directly or indirectly to the pressure for 'less eligibility.' Some programs that did better for a longer period of time, such as the old age pensions since the 1970s, were less directly subject to the pressure of 'less eligibility'.

Fifth, the evidence presented here adds weight to the view that the minima set in income security programs were established in relation to and limited by the existing wage and incentive structure, whose base was the minimum wage-earnings levels for unskilled labour. Benefits higher than labour market minima, especially for employable persons, have long been conceived as possible threats to the incentive system and the stability of the wage structure and profitability (i.e., at least a portion of employers would be forced to pay higher wages to compete with government programs). Most benefit rates, particularly for single employable workers, were lower than this level. Even some family rates, such as for relief (or social assistance) and mothers' allowances, did not go much above the minimum wage. Moreover, the standard for the minimum wage itself has fallen over the long term of the period. Established originally as a minimum health and decency standard (albeit at a low level) for single, unskilled workers, particularly female workers, the minimum wage in 1987 was lower than both of the Social Planning Council of Metropolitan

Toronto's 1987 health and decency minimum for a single women and lower than the Statistics Canada 1987 low income cut-off.[49]

Sixth, although they have tended towards an absolute or subsistence approach, the 'scientific' minimum standards from commodity budgets have generally been higher than the minimum standards set in income security programs, but the gap has been decreasing. Relative to average wage-earnings, the commodity budget standards considered here fell faster than most program minima or relative-income standards. For example, the minimum health and decency standard of the commodity budget approach was, in the 1920s, considerably above the then existing program minima (except for the income tax personal exemption). By 1987, the health and decency standard relative to average wages had declined by about half. This decline was greater than those in most income security programs,[50] yet the health and decency standard in 1987 was still above not only the minimum wage level but most standards implicit from income security programs. The minimum subsistence standard of the commodity budget approach, which can be viewed as approximately half the level of the minimum health and decency standard, also fell by about half. But by 1987, this minimum subsistence standard too, especially for family rates, was still above the levels of some income security programs, particularly such needs-based programs as welfare and mothers' allowances.

Seventh, minimum standards based on a more relative income approach were also above most program minima, but they did not tend to fall relative to average living conditions. The Statistics Canada low income cut-off, since its advent in the 1960s, has approximated the health and decency standard of commodity budgets and, similarly, has been above virtually all social program minima. In fact, since 1969, several program minima have fallen relative to the Statistics Canada low income cut-offs, including for families. For instance, between 1969 and 1987, a hypothetical family of five on the Ontario minimum wage in a large urban centre, would have dropped from 42.3 to 35.9 per cent of the cut-off and on general welfare from 53.7 to 37.2 per cent.[51]

Table A-5 summarizes various standards relative to average (industrial aggregate) wage-earnings and the Statistics Canada low income cut-off. Here it can be seen that most income security program standards, especially for families, were below the Statistics Canada low income cut-off. Further, the lowest standards tended to be those most directly related to the labour market, especially welfare and the minimum wage. Even the insurance basis of unemployment insurance still worked out in practice to leave the maximum benefit levels lower than health and decency standards for families of three or more; average benefit levels were much lower still. On the other hand, programs with a less direct relationship to the labour market, such as those covering fully disabled workers and veterans, had higher standards; but their position relative to average wage-earnings still tended to decline over the period.

This does not contradict the commonly-held view that the emergence of the Canadian 'welfare state' through the introduction of particular social programs contributed significantly to absolute improvements in the living standards of various disadvantaged groups, including the poor. But it could suggest that the expansion of the social 'safety net' did not mean that minimum living standards and the position of the poor were automatically maintained or improved *relative* to average living standards. Once coverage was established, programs not only did not necessarily become more 'generous'; it was actually common for their standards to become less 'generous' relative to average conditions, and even to fall absolutely for years at a time.

Overall, whether the minimum standards have been derived from an absolute approach or a purely relative approach or some combination of the two, they have tended to rise in real terms over time. It is not surprising that, the more purely relative the standard, the more likely it was to have kept up with increases in average wage-earnings or family income. Perhaps more notable is the fact that most of the minimum standards implicit in income security programs have been below, often *much* below, more independently determined health and decency standards, including the Canadian state's own low income cut-off, and below minimum subsistence standards. Most minima in social security programs did rise in real terms, but the minima tended to lag behind average wage and family-income increases; hence, the gap between the program minima and average wage-earning and incomes increased over the period. The pattern of declining relative standards, especially for those programs most subject to 'less eligibility', confirms the origins of the programs: they were geared to providing a minimum subsistence standard and not necessarily to providing ongoing improvements relative to average conditions. Although this pattern was especially characteristic of the principal targeted or residual program of the period — relief or social assistance — most programs, including ones having an insurance basis, have tended at least partially to be affected by the pressures of absolute or subsistence standards, where minimum adequacy is understood largely in material or physical subsistence terms.

In sum, the paper and its data, constitute a provisional survey of the principal means by which and the levels at which minimum standards have been set in Canada. It is hoped that the preliminary work done here will help provoke much more research into such important questions. The next stage might involve further study of individual social programs to obtain more detailed estimates by region and by family type of minimum standard/average standard disparities as well as the effect of taxation, which has increased over time.[52]

APPENDICES

Table A-1

A Comparison of Annual Minimum Standards for Average Families of Five From Various Commodity Budget Studies in Canada, 1920s and 1985

	Total budget minima			Food only			Clothing only			Rent, light, heat only			Food, clothing, shelter only			Relation of budget minimum to existing average wage-earnings							
																Manufacturing industries (Canada)				Two manual occupations (minimum as percentage of)			
																				Carpenter		Labourer	
Budget studies	Current dollars	1971$	As % of total	Current dollars	1971$	As % of total	Current dollars	1971$	As % of total	Current dollars	1971$	As % of total	Current dollars	1971$	As % of total	Production worker current $	Min. as % of	Other workers current $	Min. as % of	Montréal	T.O.	Montréal	T.O.
1920s																							
Martel (1921)	1,744	3,649	100													999	175	1,854	94	103	85	184	117
Gould (1925)	2,202	5,063	100	639	1,469	29.0	453	1,041	20.6	565	1,300	25.7	1,657	3,810	75.2	967	228	1,872	118	116	113	220	163
Bolton (1925)																							
a) Health and decency	1,719	3,952	100	551	1,268	32.1	321	737	18.7	477	1,097	27.7	1,349	3,102	78.5	967	178	1,872	92	91	88	172	116
b) Subsistence*	1,397	3,211	100	490	1,125	35.0	273	628	19.6	359	825	25.7	1,122	2,579	80.3	967	144	1,872	75	74	72	140	103
Montreal Council of Social Agencies (1926)*	1,102	2,504	100	528	1,200	47.9	182	415	16.6	307	697	27.8	1,017	2,311	92.3	999	110	1,890	58	58	57	110	81
1985																							
Montreal Diet Dispensary*																							
a) Gould-type family	11,258	3,736	100	5,169	1,716	45.9	1,112	369	9.9	4,305	1,429	38.2	10,585	3,513	94.0	23,808	47	32,789	34	43	43	53	54
b) Gould-type family (two bedrooms)	10,886	3,613	100	5,169	1,716	47.5	1,112	369	10.2	3,933	1,305	36.1	10,213	3,390	93.8	23,808	46	32,789	33	42	42	51	52
c) MCSA-type family	11,965	3,971	100	5,693	1,889	47.6	1,229	408	10.3	4,305	1,429	36.0	11,227	3,726	93.8	23,808	50	32,789	37	46	46	56	57
Social Planning Council of Metro Toronto																							
a) Gould-type family	22,134	7,346	100	5,996	1,990	27.1	1,999	663	9.0	6,113	2,029	27.6	14,128	4,689	63.8	23,808	93	32,789	68	85	85	104	106
b) Gould-type family (two bedrooms)	21,142	7,017	100	5,996	1,990	28.4	1,999	663	9.5	5,142	1,707	24.3	13,137	4,360	62.1	23,808	89	32,789	64	81	81	99	101
c) MCSA-type family	23,864	7,920	100	6,740	2,237	28.2	2,268	753	9.5	6,113	2,029	25.6	15,141	5,025	63.4	23,808	100	32,789	73	91	92	112	114

Table 1-1 (cont'd.)

Note Those studies having a minimum subsistence basis are marked with a * while the others have a 'health and decency' basis. The family specified by Gould consisted of an employed husband, housewife, boy 12, girl 6, and boy 2. The family of the Montreal Council of Social Agencies (MCSA) consisted of an employed husband, housewife, girl 13, boy 11, and boy 9. The minima of the Social Planning Council of Metropolitan Toronto (SPCMT) assume 'moderate activity' for the husband and wife, a blue-collar occupation for the husband, and no car; this is approximate to the earlier 'health and decency' studies. Both the Montreal Diet Dispensary and the SPCMT assume a 3-bedroom rental unit based on actual costs for lower rental housing (30th percentile rent costs for the SPCMT). Gould specified a 2-bedroom (5-room) house, so here is also included the minima for a Gould-type family with an approximation for this type of shelter; the Montreal Diet Dispensary minimum assumes their suggested rent for 2 bedrooms with no services plus the utilities for 5 rooms, while the SPCMT assumes the average private market 2-bedroom rent (services assumed to be included). Unlike the Martel, Gould, and Bolton studies, the 1985 studies made no allowance for union dues. The Montreal Diet dispensary minima were based on June 1985 prices. The SPCMT minima were based on Sept/Oct. 1984 prices; they have been adjusted upwards by 3.25 per cent based on the Canada CPI to bring it into line with June 1985.

Source The deflator for obtaining 1971 constant dollars: *Historical Statistics of Canada* (1983), K8 and, for 1976 on, from the *Consumer Price Index* (CS62-001), December 1982, December 1988. Average Manufacturing wage-earnings for production and other (supervisory and office) workers: *HSOC* (1983), E44,48 and *Manufacturing Industries of Canada* (CS31-203), 1985. The Carpenter and Labour wage-earnings were calculated based on average wage-rates, average weekly hours, and 52 weeks employment from data in: *HSOC* (1983), E248-267; *The Labour Gazette*, 1927, January Supplement; *Wages and Working Conditions in Canada* (L2-36), 1985, Table B. The 1985 figures are for maintenance carpenters and non-production labourers at average standard hours.

Table A-2

A Comparison of Annual Minimum Standards for Average Families of Five as Set by Statistics Canada and the Canadian Council of Social Development, Selected Years, 1961–1987.

	1961	1969	1973	1978	1979	1981	1983	1985	1987
Statistics Canada low income cut-off									
— Current dollars	4,000	5,347–6,393	6,409–7,661	9,963–11,909	10,873–12,997	15,684–19,066	18,383–22,346	19,952–24,252	21,678–26,349
— Constant (1971) dollars	5,333	5,682–6,794	5,687–6,798	5,687–6,797	5,687–6,798	6,621–8,048	6,622–8,050	6,622–8,049	6,621–8,047
— FSC ratio	(.70)	(.62)	(.62)	(.62)	(.62)	(.585)	(.585)	(.585)	(.585)
As per cent of average income:									
a. Average wages (and salaries)	98	87–105	77–92	72–86	73–87	85–103	91–110	92–111	94–114
b. Manufacturing-production workers	106	92–110	81–97	73–87	73–87	85–104	85–104	84–102	N/A
c. Manufacturing-other workers	76	66–79	59–71	55–66	55–66	64– 78	63– 77	61– 74	N/A
d. Pre-tax family income	83	60–72	50–60	44–53	45–54	52– 63	53– 64	51– 63	50– 60
e. Post-tax family income	N/A	N/A	60–71	52–62	53–63	61– 74	63– 77	63– 76	61– 74
CCSD poverty line									
— Current dollars	N/A	N/A	6,880	12,800	16,160	20,296	21,168	25,853	29,069
— Constant (1971) dollars			6,105	7,306	8,452	8,567	8,346	8,580	8,879
As per cent of average income:									
a. Average wages (and salaries)			82	93	108	110	114	119	126
b. Manufacturing-production workers			87	94	108	111	107	109	N/A
c. Manufacturing-other workers			63	71	82	83	80	79	N/A
d. Pre-tax family income			54	57	67	67	67	67	67
e. Post-tax family income			64	67	79	79	79	81	82

Note The ranges for the Statistics Canada low income cut-off are from small urban (under 30,000) to large urban (50,000 and over) populations. FSC ratio refers to the portion of income spent on food, shelter and clothing. The 0.70 FSC was based on 1959 expenditure data, the 0.62 FSC on 1969 expenditure data, and the 0.585 FSC on 1978 expenditure data.

Source SC low income cut-offs: Oja and Love (1977); SC, *Income Distributions by Size in Canada* (CS71-001). CCSD poverty lines: CCSD (1973); inquiries with CCSD. Average industrial composite wage-earnings: *Historical Statistics of Canada* (1983), E49; *Employment, Earnings and Hours* (CS72-002). Manufacturing earnings: *HSOC* (1983), E44,48; *Manufacturing Industries of Canada* (CS31-203). Not yet available for 1987. Pre-tax family income: for 1961, *Incomes of Non-Farm Families* (CS13-529); others, *Income Distributions by Size in Canada* (CS13-207). Post-tax family income: available for 1971 to 1987, *Incomes After Tax, Distributions by Size in Canada* (CS12-210). Deflator: the CPI, *HSOC* (1983), K8; *Consumer Price Index* (CS62-001), December 1982, December 1988.

Table A-3

Annualized Benefit Levels of Principal Income Security Programs in Canada and Ontario in Relation to Average Production Wage-Earnings in Manufacturing in Canada, Selected Years, 1915–1987*

	Initial year			1929			1939		
	1971($)	($)	% of (a)	1971($)	($)	% of (a)	1971($)	($)	% of (a)
Production wages in manufacturing (a)					1,041			975	
— Supervisory and office as % of (a)					190			179	
— Industrial Composite as % of (a)					N/A			125	
— Constant 1971 ($)					2,371			2,657	
— CPI (1971 = 100)					43.9			36.7	
Relief/welfare: (Ontario)		**1936**							
— Family of five	1,876	666	(74.3)				1,834	673	(64.6)
— Single person	679	241	(26.9)				657	241	(23.2)
Workers' compensation: (Ontario)		**1915**							
Permanent total disability									
— Per cent of gross income		55%			66⅔%			66⅔%	
— Maximum	3,741	1,100	(145)	3,036	1,333	(128)	3,632	1,333	(137)
— Minimum		none		1,481	*650	(62.4)	1,711	*650	(66.7)
Survivor benefits									
— Maximum	55%	480	(63.2)		66⅔%			66⅔%	
— Spouse and 3 children	1,429	420	(55.3)	1,913	840	(80.7)	2,289	840	(86.2)
Veterans' pensions:		**1919**							
Full disability									
— Single	1,535	720	(78.3)	2,050	900	(86.5)	2,452	900	(92.3)
— Family of five	2,687	1,260	(137)	3,745	1,644	(161)	4,480	1,644	(169)
Survivor benefits									
— Widow(er)	1,228	576	(62.6)	1,640	720	(69.2)	1,962	720	(73.8)
— Widow(er) with 3 children	2,072	972	(106)	2,651	1,164	(112)	3,172	1,164	(119)

Minimum wages:		**1921**							
Ontario — Female	1,360	650	(65.1)	1,481	650	(62.4)	1,771	650	(66.7)
— Male							2,267	832	(85.3)
Federal (began in 1965)	3,230	2,600	(57.9)						
Mothers' allowances: (Ontario)		**1920**							
— Mother with 3 children	994	540	(49.5)	1,230	540	(51.9)	1,471	540	(55.4)
— Family of 5, father unemployable	994	540	(49.5)	1,230	540	(51.9)	1,471	540	(55.4)
Old age pensions:		**1928**							
Maximum pension	553	240	(23.5)	547	240	(23.1)	654	240	(24.6)
— GIS (maximum)									
— single									
— couple									
— Pension plus max. GIS									
— single									
— couple									
Unemployment insurance:		**1940**							
Maximum insurable wages	5,236	2,000	(185)						
Maximum benefit — single	1,665	636	(58.7)						
Maximum benefit — single with dependant	1,961	749	(69.1)						
Per cent of insurable income									
— single		31.8 - 75.6%							
— family		37.5 - 88.9%							
Income tax personal exemption:		**1917**							
One earner									
— Single	3,979	1,500	(197)	3,417	1,500	(144)	2,725	1,000	(103)
— Married	7,958	3,000	(395)	6,834	3,000	(288)	5,450	2,000	(205)
— Family of five	7,958	3,000	(395)	10,251	4,500	(432)	8,719	3,200	(328)

* For notes and sources, see Appendix C.

Table A-3 (cont'd)

Annualized Benefit Levels of Principal Income Security Programs in Canada and Ontario in Relation to Average Production Wage-Earnings in Manufacturing in Canada, Selected Years, 1915–1987*

	1943			1946			1949		
	1971($)	($)	% of (a)	1971($)	($)	% of (a)	1971($)	($)	% of (a)
Production wages in manufacturing (a)		1,526			1,516			2,067	
— Supervisory and office as % of (a)		132			152			137	
— Industrial Composite as % of (a)		105			111			108	
— Constant 1971 ($)		3,549			3,369			3,564	
— CPI (1971 = 100)		43.0			45.0			58.0	
Relief/welfare: (Ontario)									
— Family of five	1,927	829	(54.3)	1,969	886	(58.4)	2,071	1,201	(58.1)
— Single person	642	276	(18.1)	633	285	(18.8)	738	428	(20.7)
Workers' compensation: (Ontario)									
Permanent total disability									
— Per cent of gross income		66⅔			66⅔%		1950 (75%)	66⅔%	
— Maximum	3,874	1,666	(109)	3,702	1,666	(110)	2,872	1,666	(80.6)
— Minimum	1,512	*650	(42.5)	1,444	*650	(42.9)	2,069	*1,200	(58.1)
Survivor benefits									
— Maximum	66⅔% with min: greater of 660 or earnings						2,069	*1,200	(58.1)
— Spouse and 3 children	2,093	900	(59.0)	2,000	900	(59.4)	1,779	1,032	(49.9)
Veterans' pensions:									
Full disability									
— Single	2,093	900	(59.0)	2,000	900	(59.4)	1,945	1,128	(54.6)
— Family of five	3,823	1,644	(108)	3,653	1,644	(108)	3,538	2,052	(99.3)
Survivor benefits									
— Widow(er)	1,674	720	(47.2)	1,600	720	(47.5)	1,552	900	(43.5)
— Widow(er) with 3 children	2,707	1,164	(76.3)	2,587	1,164	(76.8)	2,503	1,452	(70.2)

Minimum wages:									
Ontario — Female	1,512	650	(42.6)	1,444	650	(42.9)	1,507	874	(42.3)
— Male	1,935	832	(54.5)	1,849	832	(54.9)			
Federal (began in 1965)									
Mothers' allowances: (Ontario)									
— Mother with 3 children	1,256	540	(35.4)	1,200	540	(35.6)	1,309	759	(36.7)
— Family of 5, father unemployable	1,256	540	(35.4)	1,200	540	(35.6)	1,516	879	(42.5)
Old age pensions:									
Maximum pension	698	300	(19.7)	667	300	(19.8)	828	480	(23.2)
— GIS (maximum)									
single									
couple									
— Pension plus max. GIS									
single									
couple									
Unemployment insurance:									
Maximum insurable wages	5,581	2,400	(157)	5,333	2,400	(158)	5,379	3,120	(151)
Maximum benefit — single	1,479	636	(41.7)	1,413	636	(42.0)	1,291	749	(36.2)
Maximum benefit — single with dependant	1,742	749	(49.1)	1,664	749	(49.4)	1,641	952	(46.1)
Per cent of insurable income									
— single	26.5 - 75.6%			26.5 - 77.8%			24.0 - 77.8%		
— family	31.2 - 88.9%			31.2 - 88.9%			30.5 - 88.9%		
Income tax personal exemption:									
One earner									
— Single	1,535	660	(43.3)	1,467	660	(43.5)	1,724	1,000	(48.4)
— Married	2,791	1,200	(78.6)	2,667	1,200	(79.2)	3,448	2,000	(96.8)
— Family of five	1,000 + tax credit of 324			1,000 + tax credit of 324			4,224	2,450	(119)

* For notes and sources, see Appendix C.

Table A-3 (cont'd)

Annualized Benefit Levels of Principal Income Security Programs in Canada and Ontario in Relation to Average Production Wage-Earnings in Manufacturing in Canada, Selected Years, 1915–1987*

	1959			1969			1975		
	1971($)	($)	% of (a)	1971($)	($)	% of (a)	1971($)	($)	% of (a)
Production wages in manufacturing (a)		3,551			5,817			9,962	
— Supervisory and office as % of (a)		141			139			139	
— Industrial Composite as % of (a)		107			105			106	
— Constant 1971 ($)		4,838			6,182			7,193	
— CPI (1971 = 100)		73.4			94.1			138.5	
Relief/welfare: (Ontario)									
— Family of five	2,033	1,492	(42.0)	3,645	3,430	(59.0)	3,812	5,279	(53.0)
— Single person	790	580	(16.3)	1,337	1,258	(21.6)	1,532	2,122	(21.3)
Workers' compensation: (Ontario)									
Permanent total disability									
— Per cent of gross income		75%			75%			75%	
— Maximum	5,109	3,750	(106)	5,579	5,250	(90.3)	8,123	11,250	(112.9)
— Minimum	1,635	*1,200	(33.8)	2,232	2,100	(36.1)	3,466	4,800	(48.2)
Survivor benefits									
— Maximum	2,452	1,800	(50.7)	3,507	3,300	(56.7)		none	
— Spouse and 3 children	2,452	1,800	(50.7)	3,507	3,300	(56.7)	4,479	6,204	(62.3)
Veterans' pensions:									
Full disability									
— Single	2,452	1,800	(50.7)	3,379	3,180	(54.7)	3,990	5,526	(55.5)
— Family of five	4,038	2,964	(83.5)	5,330	5,016	(86.2)	6,184	8,565	(86.0)
Survivor benefits									
— Widow(er)	1,771	1,300	(36.6)	2,550	2,400	(41.3)	2,993	4,145	(41.6)
— Widow(er) with 3 children	2,540	1,864	(52.5)	3,571	3,360	(57.8)	4,189	5,802	(58.2)

Minimum wages:									
Ontario — Female	1,559	1,144	(32.2)	2,874	2,704	(46.5)	3,755	5.200	(52.2)
— Male				2,874	2,704	(46.5)	3,755	5,200	(52.2)
Federal (began in 1965)				2,763	2,600	(44.7)	3,905	5,408	(54.3)
Mothers' allowances: (Ontario)									
— Mother with 3 children	2,452	1,800	(50.7)	3,826	3,600	(61.9)	4,159	5,760	(57.8)
— Family of 5, father unemployable	2,649	1,944	(54.7)	3,953	3,720	(64.0)	4,332	6,000	(60.2)
Old age pensions:									
Maximum pension	899	660	(18.6)	995	936	(16.1)	1,040	1,441	(14.5)
— GIS (maximum)									
single				397	374	(6.4)	730	1,011	(10.1)
couple				796	749	(12.9)	1,296	1,795	(18.0)
— Pension plus max. GIS									
single				1,392	1,310	(22.5)	1,770	2,451	(24.6)
couple				2,785	2,621	(45.1)	3,376	4,676	(46.9)
Unemployment insurance:									
Maximum insurable wages	7,439	5,460	(154)	8,289	7,800	(134)	6,946	9,620	(96.6)
Maximum benefit — single	1,913	1,404	(39.5)	2,321	2,184	(37.5)	3,755	5,200	(52.2)
Maximum benefit — single with dependant	2,550	1,872	(52.7)	2,929	2,756	(47.4)	3,755	5,200	(52.2)
Per cent of insurable income									
— single		25.7 - 66.7%			28.0 - 65.0%			66⅔%	
— family		34.3 - 88.9%			35.3 - 85.0%			66⅔%	
Income tax personal exemption:									
One earner									
— Single	1,362	1,000	(28.2)	1,063	1,000	(17.2)	1,356	1,878	(18.9)
— Married	2,725	2,000	(56.3)	2,125	2,000	(34.4)	2,543	3,522	(35.4)
— Family of five	3,747	2,750	(77.4)	3,082	2,900	(49.9)	3,305	4,578	(46.0)

* For notes and sources, see Appendix C.

Table A-3 (cont'd)

Annualized Benefit Levels of Principal Income Security Programs in Canada and Ontario in Relation to Average Production Wage-Earnings in Manufacturing in Canada, Selected Years, 1915–1987*

	1979			1981			1987		
	1971($)	($)	% of (a)	1971($)	($)	% of (a)	1971($)	($)	% of (a)
Production wages in manufacturing (a)		14,973			18,345			24,957	
— Supervisory and office as % of (a)		131			133			133	
— Industrial Composite as % of (a)		100			101			N/A	
— Constant 1971 ($)		7,831			7,744			7,623	
— CPI (1971 = 100)		191.2			236.9			327.4	
Relief/welfare: (Ontario)									
— Family of five	3,291	6,292	(42.0)	3,137	7,431	(40.5)	2,995	9,807	(39.3)
— Single person	1,678	3,209	(21.4)	1,409	3,339	(18.2)	1,227	4,016	(16.1)
Workers' compensation: (Ontario)									
Permanent total disability									
— Per cent of gross income		75%			75%			90% of net	
— Maximum	7,257	13,875	(92.7)	7,661	18,150	(98.9)	7,059	23,111	(92.6)
— Minimum	3,584	6,852	(45.8)	3,789	8,976	(48.9)	3,575	11,706	(46.9)
Survivor benefits									
— Maximum		none			none			none	
— Spouse and 3 children	4,682	8,952	(59.8)	4,817	11,412	(62.2)	5,044	16,514	(66.2)
Veterans' pensions:									
Full disability									
— Single	4,263	8,151	(54.4)	4,111	9,738	(53.1)	4,546	14,885	(59.6)
— Family of five	6,608	12,634	(84.4)	6,371	15,093	(82.3)	7,047	23,072	(92.4)
Survivor benefits									
— Widow(er)	3,197	6,113	(40.8)	3,047	7,219	(39.6)	3,410	11,164	(44.7)
— Widow(er) with 3 children	4,476	8,559	(57.2)	5,549	13,145	(71.7)	6,138	20,095	(80.5)

Minimum wages:									
Ontario — Female	3,264	6,240	(41.7)	3,073	7,280	(39.7)	2,891	9,464	(37.9)
— Male	3,264	6,240	(41.7)	3,073	7,280	(39.7)	2,891	9,464	(37.9)
Federal (began in 1965)	3,155	6,032	(40.3)	3,073	7,280	(39.7)	2,541	8,320	(33.3)
Mothers' allowances: (Ontario)									
— Mother with 3 children	3,452	6,600	(44.1)	3,546	8,400	(45.8)	3,794	12,420	(49.8)
— Family of 5, father unemployable	3,609	6,900	(46.1)	3,723	8,820	(48.1)	4,233	13,860	(55.5)
Old age pensions:									
Maximum pension	1,050	2,007	(13.4)	1,024	2,426	(13.2)	1,130	3,698	(14.8)
— GIS (maximum)									
single	861	1,647	(11.0)	1,028	2,435	(13.3)	1,342	4,395	(17.6)
couple	1,433	2,740	(18.3)	1,585	3,755	(20.5)	1,749	5,725	(22.9)
— Pension plus max. GIS									
single	1,911	3,654	(24.4)	2,052	4,861	(26.5)	2,472	8,094	(32.4)
couple	3,532	6,753	(45.1)	3,633	8,607	(46.9)	4,008	13,122	(52.6)
Unemployment insurance:									
Maximum insurable wages	7,207	13,780	(92.0)	6,914	16,380	(89.3)	8,417	27,560	(110)
Maximum benefit — single	4,324	8,268	(55.2)	4,149	9,828	(53.6)	5,051	16,536	(66.3)
Maximum benefit — single with dependant	4,324	8,268	(55.2)	4,149	9,828	(53.6)	5,051	16,536	(66.3)
Per cent of insurable income									
— single		60%			60%			60%	
— family		60%			60%			60%	
Income tax personal exemption:									
One earner									
— Single	1,386	2,650	(17.9)	1,338	3,170	(17.3)	1,289	4,220	(16.9)
— Married	2,599	4,970	(33.2)	2,512	5,950	(32.4)	2,419	7,920	(31.7)
— Family of five	3,384	6,470	(43.2)	3,259	7,720	(42.1)	2,932	9,600	(38.5)

* For notes and sources, see Appendix C.

Table A-4

The Minimum Wage in Ontario Compared to Average Wage-Earnings and Incomes of Various Types, Selected Years, 1921–1988

	Ontario minimum wage — weekly[a]				Ontario minimum wage as per cent of various average wage-earnings and incomes: Manufacturing industries of Canada												
	Current $		Constant (1971) $		Annual earnings: Production workers[b]		Annual earnings: Other workers[b]		Weekly earnings Hourly-rated workers[c]		Industrial composite weekly earnings[d]		Wage-earner annual income[e]		Family unit annual incomes[f]		Federal minimum wage[g] -weekly current $
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
1921	12.50	—	26.15	—	65.1	—	35.1	—	N.A.	—	N.A.	—	98.3	—	N.A.	—	
1929	12.50	—	28.47	—	62.4	—	32.9	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—	
1931	12.50	—	31.73	—	68.4	—	34.5	—	N.A.	—	N.A.	—	91.6	—	N.A.	—	
1934	12.50	—	36.13	—	78.3	—	40.2	—	105.9	—	N.A.	—	N.A.	—	N.A.	—	
1939	12.50	16.00	34.06	43.60	66.7	85.3	37.2	47.7	97.8	78.8	55.3	68.3	N.A.	—	N.A.	N.A.	
1941	12.50	16.00	30.94	39.60	53.3	68.2	36.1	46.2	83.1	57.7	46.9	60.1	89.9	61.9	N.A.	N.A.	
1946	12.50	16.00	27.78	35.56	42.9	54.9	28.2	36.1	62.3	44.2	38.5	49.3	N.A.	—	N.A.	N.A.	
1949	16.80	—	28.97	—	42.3	—	30.8	—	61.8	—	39.1	—	N.A.	—	N.A.	—	
1951	16.80	—	25.45	—	35.9	—	26.5	—	53.7		33.6	—	66.0	—	27.4	—	
1954	16.80	—	24.93	—	30.6	—	22.7	—	46.8	—	28.5	—	55.0	—	23.9	—	
1957	22.00	—	30.30	—	35.0	—	22.6	—	55.7	—	32.4	—	60.7	—	26.8	—	
1959	22.00	—	29.61	—	32.2	—	22.9	—	50.7	—	29.9	—	57.7	—	25.3	—	
1961	30.00	—	39.53	—	41.5	—	29.7	—	N.A.	—	38.3	—	73.7	—	32.4	—	
1965	40.00		49.68		46.3		33.6		72.9	40.2	44.0		84.3	40.8	34.4		50.00
1967	40.00		46.24		41.4		29.8		63.5	35.8	38.9		69.8	34.6	31.9		50.00
1969	52.00		55.26		46.5		33.4		71.8	40.3	44.2		79.2	39.7	35.2		50.00
1971	66.00		66.00		51.3		36.7		—	—	48.0		85.6	43.4	38.8		70.00
1975	96.00		69.31		50.1		36.1		—	—	47.2		77.6	40.3	36.2		104.00
1979	120.00		62.76		41.7		31.7		—	—	41.6		66.2	36.1	30.9		116.00
1981	140.00		50.43		39.7		29.9		—	—	39.4		59.8	34.1	28.4		140.00
1985	160.00		53.10		34.4		25.4		—	—	38.2		54.5	32.0	25.7		140.00
1988	190.00		55.77		N.A.		N.A.		—	—	41.0		N.A.	N.A.	N.A.		160.00

Notes and Sources to Table A-4

Notes

a The minimum was specified in weekly terms from 1921 until 1963, when an hourly basis began to be used. The weekly minimum for 1963 to 1988 assumes a 40-hour week. The minimum used when there were several categories by geography and occupation is the highest minimum, which was generally for experienced adult workers in Toronto or the largest urban centres in Ontario. A single province-wide general minimum wage was first established in late 1965. Until 1964, minimum wages under Ontario's minimum wage legislation applied almost exclusively to females. The only exception, which is noted here, was for the textile industry, where a male minimum was passed in 1937 but discontinued in the 1940s. Where the minimum changed during the year, the figure used was the highest level set during the year. N.A. means not available.

b This is based on annual wage and salary earnings. For calculating annual earnings on the minimum wage, a 52-week working year was assumed. The female and male minimum are compared with the aggregate series for production workers and for supervisory and office workers.

c This is based on weekly wage-earnings. The female minimum wage is compared with the earnings of the female hourly-rated worker and the male minimum wage (where it exists) with the earnings of the male hourly-rated worker.

d The industrial composite earnings are on a weekly basis. The series has gone through several changes, including a major one after 1986, when the industrial composite became the "industrial aggregate." The Ontario industrial composite is very close to the industrial composite for Canada.

e This refers to the total annual incomes of female wage-earners and male wage-earners from wage-earnings and other sources of income.

f Family units include both families and unattached individuals. The income here includes annual wage-earnings and other sources of income.

g The federal minimum wage, since it was established in 1965, has been set in hourly terms. The weekly minimum stated here assumes a 40-hour week.

Sources

Ontario minimum wage: Ontario Minimum Wage Board, *Annual Report*, various years; Ontario Department of Labour, *Annual Report*, various years; *Labour Gazette*, various years; Canada Department of Labour; *Provincial Labour Standards*, various years; Ontario Department of Labour, Employment Standards Branch, *Interpretation Manual*, February 1989.

Table A-4f (cont'd.)

Consumer price index: *Historical Statistics of Canada* (1983 edition), K8; Statistics Canada, *The Consumer Price Index* (CS62-001), December 1982, December 1983.

Manufacturing industries, production and other workers: 1921–1975 — *HSOC* (1983, E44, E48); 1976–1985 — SC, *Manufacturing Industries of Canada* (CS31-203), 1985, Table 1.

Manufacturing industries, hourly rated workers: *HSOC* (1983, E67, E64). Survey not conducted in 1961 and 1962.

Industrial composite weekly earnings: *HSOC* (1983, E49); *Canada Year Book*, 1980–81, 1985; inquiry with Statistics Canada.

Female and male wage-earner incomes: 1921–1941, figures are for Ontario, from the 1941 *Census of Canada*, Vol. VI, Table 1; 1951–1965 - SC, *Incomes of Non-Farm Families and Individuals in Canada, Selected Years, 1951–65* (CS13-529), Table 2 (for paid workers); 1967–1987, SC, *Income Distributions by Size in Canada* (mainly CS13-207), 1967 (Table 40), 1969 (Table 34), 1971 (Table 61), 1972 (Table 40), 1973 (Table 54), 1974 (Table 40), 1975 (Table 54), 1976 (Table 39), 1977 (Table 55), 1978 (Table 40), 1979 (Table 57), 1980 (Table 40), 1981 (Table 57), 1982 (Table 57), 1983 (Table 40), 1984 (Table 57), 1985 (Table 57), 1986 (Table 50), 1987 (Table 50).

Family unit incomes: 1951–1965 — SC, *Incomes of Non-Farm Families* (CS13-529), Table 3; 1967–1987 — SC, *Income Distributions by Size* (CS13-207), 1977 (Table 37), 1980 (Table 25), 1987 (Table 50).

Table A-5

Various Minimum Standards in Canada in Relation to Average Wage-Earnings and to the Statistics Canada Low Income Cut-Off, 1987

		Annual current dollars	As % of average wage-earnings	As % of Statistics Canada LICO: Family of five	As % of Statistics Canada LICO: Unattached individual
Average wage-earnings (industrial aggregate)		23,022	100.0		
Statistics Canada low income cut-offs (by size of family unit)	5	26,349	114.5	100.0	
	4	22,612	98.2		
	3	19,623	85.2		
	2	14,669	63.7		
	1	11,118	48.3		100.0
Average income					
— Families — pre-tax		43,604	189.4	165.4	
— post-tax		35,505	154.2	135.0	
— Unattached individuals					
— pre-tax		18,682	81.1		168.0
— post-tax		15,462	67.2		139.1
Median income					
— Families pre-tax		38,851	168.8	147.4	
— Unattached individuals post-tax		12,734	55.3		114.5
CCSD poverty lines (by size of family unit)	5	30,291	131.6	115.0	
	4	26,504	115.1		
	3	22,718	98.7		
	2	18,932	82.2		
	1	11,359	49.3		102.2
Social Planning Council of Metro Toronto					
— Family of five		27,038	117.4	102.6	
— Unattached individuals		11,399	49.5		102.5
Montreal Diet Dispensary					
— Basic needs budget					
— Family of five		13,767	59.8	52.2	
— Unattached individuals		5,177	22.5		46.6
— Minimum adequate budget					
— Family of five		16,789	72.9	63.7	
— Unattached individuals		6,708	29.1		60.3
Welfare in Ontario — Maxima					
— General welfare (short-term)					
— Family of five		9,807	42.6	37.2	
— Unattached individual		4,016	17.4		36.1
— Family benefits (longer term)					
— Family of five		13,860	60.2	52.6	
— Mother + 3 children		12,420	53.9	54.9[a]	
Workers' Compensation in Ontario					
— Permanent total disability					
— Per cent of net earnings		90.0%	—	—	—
— Maximum		23,111	100.4	87.7	207.9
— Minimum		11,706	50.8	44.4	105.3
— Survivors' benefits					
— Widow(er) + 3 children		16,514	71.7	73.0[a]	

Table A-5 (cont'd.)

Veterans' pensions				
— Full disability				
— Single	14,885	64.7		133.9
— Family of five	23,072	100.2	87.6	
— Survivors' benefits				
— Widow(er)	11,164	48.5		100.4
— Widow(er) + 3 children	20,095	87.3	88.7[a]	
Minimum wages (experienced adult worker, 40 hours, 52 weeks)				
— Federal	8,320	36.1	31.6	74.8
— Ontario	9,464	41.1	35.9	85.1
Old age pensions				
— OAS	3,698	16.1	14.0	40.9
— Maximum GIS				
— Single	4,395	19.1		39.5
— Couple	5,725	24.9	39.0[b]	
— Maximum OAS + GIS				
— Single	8,094	35.2		72.8
— Couple	13,122	57.1	89.5[b]	
Unemployment insurance				
— Maximum insurable earnings	27,560	119.7	104.6	247.9
— Maximum benefit	16,536	71.8	62.8	148.7
— Benefit as % of insurable wages	60.0%	—	—	—
— Average benefit paid	9,894	43.0	37.5	89.0
Income tax personal exemption (Federal)				
— Single earner	4,220	18.3		38.0
— Earner with dependent spouse	7,920	34.4	54.0[b]	
— Earner with dependent spouse and 3 children	9,600	41.7	36.4	

a As per cent of LICO for family of four.

b As per cent of LICO for family of two.

Note The Statistics Canada low income cut-off used here is that for large urban areas (populations 500,000 and over) with the 1978 base. The figures for post-tax income are income after income tax (and not other taxes); they are from *Income after Tax, Distributions by Size in Canada* (CS13-210), 1987. The SPCMT and Montreal Diet Dispensary figures assume a family with two adults (moderate activity), the male adult doing paid work (blue collar), with a girl 13, boy 11, and boy 9 (the MCSA family) living in a three bedroom rental unit. The unattached individuals in both assume a working male living in a serviced bachelor rental unit. Unless otherwise specified, rates given are maximum benefit standards. Other sources or details are as described for Table 3 in Appendix II.

B Notes and Sources to Table A-3

In order to provide a basis for comparison, all programs and wage-earnings are stated in annual terms, even if particular programs limit benefits to less than a full year (such as UI) or leave rates set at short-term subsistence levels (such as relief/welfare). Where rates changed during a year the rate used was generally that applying at the end of the calendar year. As noted earlier, some background to each of the programs and a more detailed review of the movement of their standards is given in Appendix C (which is available from the author on request). For wages, the production and office/supervisory figures are from *Historical Statistics of Canada* [1983, E44 and E48] and *Manufacturing Industries of Canada* (CS31-203). However, for 1987, data from these series were not yet available; hence, the table uses as a proxy the September 1987 figures for weekly earnings (multiplied by 52) for hourly paid and salaried workers, respectively, from *Employment, Earnings and Hours* (CS72-002), November 1987. The industrial composite wages figures are from *HSOC* [1983], E49; *Employment, Earnings and Hours* (CS72-002); and an inquiry with Statistics Canada. The consumer price index used for deflating program rates is based on *HSOC* [1983], K8, and *The Consumer Price Index* (CS62-001), December 1982, and December 1988.

Relief/Welfare in Ontario — 1936 was one of the first years when the various municipal rates were surveyed on a systematic basis and with a cash evaluation of relief rates. The figures for 1936 and 1939 are for Toronto; where there was urban variation in regulations for later years, the benefits for the largest urban population category was used, so the later years would also apply to Toronto. The figures for 1949 are based on the regulations as consolidated in 1950. A family of five is taken to be a husband, wife, girl 13, boy 11, and boy 9 (the composition used in the 1926 study of the Montreal Council of Social Agencies). For purposes of calculating heating costs, the family is assumed to rent and live in a detached house with four rooms; coal prices were taken from the Labour Gazette in November of the relevant years. Cooking is assumed to be done by the alternative of electricity, kerosene, or gas. Single persons are assumed to rent heated, furnished quarters (heating included in rent). As a general principle, upper limit or maximum benefit levels were used for each category where calculations were necessary. Sources: Canadian Welfare Council, *Schedules of Relief and Assistance in Typical Areas*, Autumn 1936; PAC, MG28, I10, Vol. 121, 1938-48, "Food Relief for Two Weeks' Period"; *Ontario Regulations* 33/44 in *Ontario Gazette* [1944, 1085-88]; *Consolidated Regulations of Ontario* [1950, Reg. 362]; Wisner [1964, 86] for single person rates for 1949 and 1959; *Ontario Regulations* 115/57 in *Ontario Gazette* [1957, 1191-1203]; *Ontario*

Regulations 239/67 in *Ontario Gazette* [1967, July 15]; consolidations of the *General Welfare Assistance Act and Regulations*, August 1975, December 1978, July 1980, November 1987.

Workers' Compensation in Ontario — The starred (*) figures are not really minima. The actual minima was either the stated figure or the workers' total wage-earnings level prior to injury, whichever was less. For survivors benefits the figures given are the flat amounts for a spouse and three children; the maximum where it existed refers to the total for any single claim regardless of family size. Sources: *Statutes of Ontario*, Canada Department of Labour, *Labour Legislation in Canada, Provincial Labour Standards*; Labour Canada, *Changes in Workmen's Compensation in Canada*; inquiry with Labour Canada.

Veterans' Pensions — The initial year begins with the Pension Act, 1919, though Canadian military pensions existed in a less developed form prior to this time. The figure for 1919 includes the cost-of-living bonus. For many years, pension disability and survivor pensions varied according to rank; the figures presented here are for the lowest class by rank and rating. The full disability refers to Class 1 or 100 per cent disability. Sources: *Statutes of Canada* for 1975 to 1981, inquiries with the Department of Veterans' Affairs.

Minimum Wages — The figures are for experienced workers assuming a 52-week year. For minima stated in hourly terms (Ontario beginning in 1964 and federal beginning in 1965) only a 40-hour week was assumed. Until the mid-1960s, Ontario minima were varied by size of urban area; the figures here are for Toronto or the urban grouping with the largest population. In 1921 and 1929, experienced females working in laundry and dry-cleaning had a minimum 50 cents per week lower, i.e., $624 compared to the $650 given here. The $832 minimum for males shown beginning in 1939 applied only to the textile industry. Sources: Ontario Minimum Wage Board, *Reports; Labour Gazette*; Canada Department of Labour, *Provincial Labour Standards*; Ontario Ministry of Labour [1989]; Labour Canada [1989].

Ontario Mothers' Allowances — The official maximum rates are reported. For 1949, a four-room detached house with the coal price in Toronto as of November 1949 is assumed, but the allowable $10 per month addition for special hardship is excluded. Sources: Ontario Mothers' Allowances Commission, *Annual Reports*; Ontario Department of Public Welfare, *Annual Reports; Labour Gazette; Statutes of Ontario; Ontario Regulation* 198/47, 191/57, 102/67, 417/75, 992/78, 634/81; consolidation of the *Family Benefits Act and Regulations* [December 1986].

Old Age Pensions — Figures here do not include any provincial supplements. (For instance, Ontario paid a small supplement between 1946 and 1949.) The couple figures assume both persons are pensioners getting the full guaranteed income supplement. Sources: Statistics Canada, *Social Security, National Programs* (CS86-201); Health and Welfare Canada, *Old Age Security Report* and *Old Age Security, Guaranteed Income Supplement, Spouse's Allowance* (H76-48).

Unemployment Insurance — The maximum benefits are those stated for the highest contribution category. The range given for the per cent of insurable income is from the maximum benefit as a percentage of the maximum insurable income (for the highest contribution category) to the maximum benefit as a percentage of the lowest insurable income for the lowest closed contribution category. For comparability with other annual rates a 52-week year is assumed; hence, there is no reduction for the "waiting period" or for other restrictions on the maximum duration of benefits. Sources: Dingledine [1981]; *Social Security National Programs* (CS86-506); *Statutes of Canada*; Employment and Immigration Canada, *Annual Reports*; inquiries with CEIC.

Income Tax Personal Exemption — Levels for the family of five assume a husband, wife, and three children under 16 years of age with one of the adults being employed. Sources: *Canada Year Book; Statutes of Canada*; Department of National Revenue, *Taxation Statistics* (Rv44); copies of personal income tax forms.

Notes

1. Although the concepts of absolute and relative are of particular use here in making comparisons or in classifying how standards change over time, they are also applicable in making comparisons across regions. In neither case does it matter whether the original level of the absolute or relative standard is determined with reference to some existing social standard, such as average income, or in a purely arbitrary fashion.

2 Aspects of the background of the movement to establish social minima are described in Guest [1985] and Rutherford [1974].

3 Ontario Bureau of Industries, *Annual Report* [1886, 219-27]. This inquiry followed the 1883 request of the Canadian Labour Congress for the Ontario and Dominion governments "to take steps for the collection and publication of statistics of the working classes of the country" (ibid., 216). See also, Davidson [1898] and Dick [1986]. Blue was aware that his estimates were "average figures, the mere fact of which implies that, taking families apart, many are below the standard of their class" (227).

4 See Kealey [1973, xix-xxx].

5 For details see the Introduction by Rutherford in Ames [1972].

6 Ames reasoned that: "Since a dollar a day is regarded as the minimum wage of an unskilled labourer, it would seem that $6.00 per week might be taken as the point below which comfort ends and poverty commences. But a dollar a day is by no means equivalent to $6.00 per week, since few are those, among this class of labourers, who can count upon regular work throughout the year. It is also an undeniable fact that there are frugal households, not a few, wherein $6.00 per week means independence and comfort. Below $5.00 per week, however, it is hardly possible for the weekly income to fall and yet permit of proper provision being made for a growing family, and although there are those who do this also, and all honour to such as can, yet we may safely fix the limit of decent subsistence at $5.00 per week and regard such families as, throughout the year, earn no more than $260.00, as properly to be termed 'the poor'."

7 This was in response to an official request for such information from the German Embassy. Marshall did intimate, however, that there was at least some tacit standard: "The old age pension, of course, is $40 per month, and this fact might be of interest to the German authorities in Bonn, since they are concerned with the adequacy of

pensions paid to Germans living in Canada." (RG 31, Vol. 1424, File: Consumer Price Index 1952-1955, letter to The Undersecretary of State for External Affairs, Ottawa, dated April 5, 1955).

8 On the early development of social welfare see, for example, Strong [1930], Wallace [1950], Splane [1965], Guest [1985], Irving [1987], Fecteau [1989].

9 For instance, in a 1918 memo, Bryce Stewart, editor of the Department of Labour's *Labour Gazette* commented that "It seems a question whether the Department should publish a subsistence budget but in any case, information as to the cost of the typical family's subsistence should be in the possession of the Department." (RG 27, Vol. 158, File: 611.2:3, Memorandum to the Minister and Deputy Minister on "The Department of Labour's Prices Statistics" dated November 15, 1918.)

10 House of Commons [1926, 39]. Elsewhere Gould criticized the backwardness of Canadian governments and university economics departments [*Social Welfare* 1926, (August):220]: "That we in Canada have on the whole considered the problem of low wages as of secondary importance, is evidenced by the fact that neither any Dominion or Provincial government departments, nor University Economic departments have encouraged research in this field. Australia since 1907, England since 1909, the United States since 1903, have made continuous studies until to-day, we have a carefully developed technique by which it is possible to measure the adequacy or the inadequacy of wage levels and living standards."

11 According to a memorandum, possibly dated November 4, 1929, entitled "Weekly Family Budget Published in the Labour Gazette, Monthly Since 1915": "The budget has been subject to considerable criticism not on the ground that it did not correctly show changes in the cost of living but that it was taken to show the minimum cost of living, some parties claiming the amount too low and others too high for the purpose. In reality it has been on the level of expenditure for a skilled workman and the weekly cost (with the 50% allowance for clothing and sundries in addition to food, fuel and rent) has been practically equal to the average wages of printers, $33.00 per week in recent years."

12 See, for example, Labour Gazette [January 1926, 69].

13 According to the 1921 *Census of Canada* (Vol. III, xix-xx), the average annual earnings of heads of families in Toronto and Montreal were for example:

	Toronto	Montreal
Trainmen	$1,813.60	$1,662.88
Electricians	1,341.53	1,252.82
Domestic and personal	1,099.23	1,035.41
Labourers	965.48	881.41

14 For a review of such family budgets, see Wayand [1970]. For a more detailed methodological study of the commodity budget approach, see Social Planning Council of Metropolitan Toronto [1981 (June), esp. Vol. 1].

15 Notably, after 1985, the federal government cut the collection of detailed wage-rate data that, since the turn of the century, had been published by the Department of Labour (most recently as *Wages and Working Conditions in Canada*).

16 Relative to the all-industry average of wage-earnings, the index of average manufacturing wage-earnings were as follows: 1911 — 97.6; 1921 — 102.6; 1931 — 111.5; 1941 — 121.2; 1951 — 110.9; 1961 — 112.7. Calculated from the unpublished census data on wage-earnings and number of wage-earners by consistent industry classes of Professor Marvin McInnis of Queen's University. See also, Statistics Canada [1983, E198-208.]

17. By the mid-1980s, the value of such fringe benefits not included in the wage-earnings series used here might have risen to a level where they would increase the reported wage-earnings figures by as much as approximately 14 per cent (see, for example, Gunderson and Riddell [1988, 342-44]).

18 This is evident from calculations based on Statistics Canada's *National Income and Expenditure Accounts: Annual Estimates 1926-1986* (CS13-531), Tables II and 74.

19 Concentrating on one principal type of family was also a consequence of data limitations for earlier years and a preliminary impression obtained in collecting the data that the general patterns described here would not differ substantially for other sizes of family.

20 For comparison with the Gould study, categories were a male blue-collar head and female homemaker (both moderately active) and a boy 12, girl 6, and boy 2; for the comparison with the Montreal Council study the categories differed for the children only, (i.e., girl 13, boy 11, and boy 9).

21 This uses the Gould [1925] and SPCMT [1987] estimates for the minimum health and decency standard and the Montreal Council of Social Agencies [1926] and Montreal Diet Dispensary [1985] estimates for the minimum subsistence standard.

22 Podoluk introduced the approach in an unpublished paper "Characteristics of Low-Income Families" [1965]. A more widely used statement of the method is contained in her census monograph study *Incomes of Canadians* [1968, Ch. 8].

23 For a brief discussion of the Orshansky and other methods, see Wayand [1970]. Reviews of most contemporary methods are in Cliche and Fugère [1979] and Social Planning Council of Metro Toronto [1984].

24 The Economic Council of Canada in 1968 used the Statistics Canada approach though supplemented it with a similar line based on a less stringent 60 per cent FSC ratio [Economic Council of Canada 1968, 108-10]. However, the latter has not been much used as a poverty line and the Economic Council did not continue independent work on poverty lines.

25 The focus in this paper is on the general level at which various minimum standards have been set, especially as represented by typical families of five. The question of family-size equivalences, community-size equivalences, and other equivalences is important in its own right and would go beyond the limits of the present paper. For a detailed discussion of the setting of equivalences for the Statistics Canada low income cut-off, see Statistics Canada [1983, September].

26 For more details of the Senate Committee's criticism, see Special Senate Committee [1971, 206-7]. See also, Adams et al. [1971, 8-16].

27 In terms of adjustment for family size, the following procedure was adopted: "In 1982 the average Canadian income figure is considered to represent the income of a family of three (the average Canadian family size), and the poverty line for a family of three is calculated as 50 per cent of the average income figure. Adjustments are then made for different-sized families, on the basis of family income units (a family income unit is considered to be the annual amount necessary to sustain a dependent). Family-size adjustment is somewhat arbitrary — a family of one is granted three income units; a family of two has five units; a family of four has seven units, and so on." [Ross 1983, 3.] This leads to adjustments of 50 per cent of the three-person family for an individual, 83 per cent for a two-person family, and 16.7 per cent for each additional person in families with over three persons. See also, Ross and Shillington [1989, 9].

28 At the time of writing, Statistics Canada was engaged in a major exercise to prepare for a possible major change in the existing low income cut-off (see Wolfson and Evans [1990]).

29 In Britain, low pay has been defined taking into account the female-male wage gap. The *Low Pay Review* (20, Winter 1984, 2-6) reports that the Trades Union Congress defines low pay as pay below "two thirds average (mean) male manual earnings." The Low Pay Unit itself defines it as being below "two thirds average (median) all male earnings." The Council of Europe defines it as below "68% of average (mean) earnings of both adult men and women."

30 This point was recognized by the Special Senate Committee on Poverty [1971, 205-6]. For a general overview of the development of most social programs, see Guest [1985]; Bureau et al. [1986]; *Social Security, National Programs* (CS86-201), [1976, 1978].

31 House of Industry, *Annual Report* [1927–28], in the City of Toronto Archives. For more on the House of Industry and relief in Toronto, see Pitsula (n.d.), Piva [1979, Ch. 3], Noble [1979]. "Outdoor relief" was for those who continued to live in their own dwellings. The House of Industry also provided accommodation to "inmates," who were poor persons too old or infirm to look after themselves or without relatives to do so, and to "casuals," the homeless and often transient poor, who received overnight lodging and a meal (Pitsula [n.d.]).

32 Corporation of Ottawa, Annual Departmental Reports [1927], (in the City of Ottawa Archives).

33 Relief was distributed in a variety of ways, but typically it involved either the recipient picking it up at the relief office or delivery by suppliers (for details see Cassidy [1932, Ch. VII]). Vouchers to cover purchases at stores were often used for milk and bread. As the effects of the Depression deepened, more expenditures were required on utility bills and rents, which were paid directly to the relevant owners.

34 For more on the administration of relief in the 1930s and overall, see Cassidy [1932], Ontario Advisory Committee on Direct Relief [1932], Stone [1933], Grauer [1939], Cassidy [1945, Ch. 4], Quebec Commission of Inquiry on Health and Social Welfare [1972, Vol. VI], Macpherson [1975], Riendeau [1979], Taylor [1979], Guest [1985, Ch. 7], MacLennan [1987], and Struthers [1991].

35 In 1979, the social assistance benefits for a family of four with average needs varied from $10,500 in Alberta to $6,400 in Nova Scotia [Ross 1983, 49]. See also *Social Infopac* [1983, Vol. 2, No. 4, October]; Vaillancourt [1985, 39-40].

36 For instance, in summarizing his recent examination of Ontario's social assistance benefits structure, Ross [1987] comments that: "It is not possible to identify a consistent rationale for the benefit structure in Ontario. It has just grown."

37 PAC, MG 28, I10, Vol.121, File: 1950-60, "Relief Schedules," letter February 9, 1951 from (Miss) E.S.L. Govan, Secretary, Public Welfare Division, to Mrs. Agnes Higgins, Home Economist, The Montreal Diet Dispensary. Since 1951, the provincial portion of welfare funding in Ontario rose to 60 percent in 1957 and to 80 percent in 1958 [Wismer 1964, 24].

38 PAC, MG 28, I 10, Vol.120, File: Relief-General 1935-64, "Notes on Relief Services — Northern Ontario — Western Canada," Spring 1935, 8.

39 For instance, despite the extension of unemployment insurance, welfare never changed its character as the final fall-back for UI 'exhaustees' and others of the 'employable unemployed'. For more on post-1930s relief or welfare, see Statistics Canada [1982, June] (CS86-510), Struthers [1987], Health and Welfare Canada [January 1984].

40 For an overview of the Canada and Quebec Pension Plans, see Statistics Canada [1984, March] (CS86-507).

41 However, it can be noted that, from its inception in 1945 until 1973, the highest rate ($8 per month for children 13 to 15) did not once change. This rate as well as the average monthly payment per child (for all rates) declined in real terms as well as relative to average wage-earnings. The family allowance was raised substantially and indexed in 1973; in the same year, however, family allowances were made taxable for income tax purposes. In any case, after 1973, average monthly payments per child continued to decline in real terms (and the rate itself was reduced in 1979); the relative level of the family allowance also continued to decline. Between 1951 and 1980, the family allowance as a portion of family income fell from 4.6 to 1.9 per cent. In 1986, the federal government partially deindexed the family allowance. See Statistics Canada, *Social Security, National Programs* (CS86-201), Kitchen [1977, 1981, 1987] Statistics Canada [1982, June], Battle [1986/87].

42 For relief/welfare, the early rates used are for Toronto and, in later years, for large urban centres in Ontario, which would also include Toronto. For minimum wages, too, the rates used are those for Toronto or the urban zone incorporating Toronto, until the 1960s, when a province-wide rate was introduced.

43 The early program was based on the needs of the mother and children and did not provide a higher maximum rate if an unemployable husband was in the household, which was uncommon in eligible families at that time. Consequently, for the mothers' allowances program, more consistent comparisons can be made by using only the movements for the mother and three children category or by making an equivalence adjustment in earlier years for the unemployable father for the family of five category.

44. In any case, it can also be argued that even if the relative position of a program is similar in two different periods, the program in the period that has a relatively lower average standard of living (or with a smaller economic surplus) (e.g, comparing the 1920s to the 1980s) shows greater "generosity" [in relation to its ability to pay].

45 The industrial composite used here is that for Canada; it is very close to the Ontario industrial composite.

46 In Ontario, welfare came to be separated into two programs, general welfare assistance and family benefits assistance. In provinces where the two are in a common welfare or social assistance program, there is usually a distinction between short-term and long-term assistance, a distinction which underlies the two Ontario programs.

47 This pattern is not usually apparent in income distribution statistics, whose figures for the lowest quintile have been insufficiently detailed by wage-earnings level and by full and part-time employment to obtain a clear picture of the lower range of the income structure. However, it is known that the wage-earnings portion of income for all family units of the lowest quintile has fallen, which would be consistent with the growing disparity between the lowest (full-time) wage-earnings levels and average wage-earnings. This is pertinent to note since, superficially taking income of all types, it appears that the average income in the lowest quintile and the upper limit of the lowest quintile have not changed much relative to the average income for all quintiles.

48 The 1901 census figures are from Bulletin I (*Wage-Earners by Occupations*), Table I, plus an adjustment of one percent higher for earnings from extra employment (as suggested by Bulletin I, xxvi-xxvii). Ames's minimum for a similar length of employment would have been only about $237, assuming a five-day week, or about $283, assuming a six-day week; half the earnings averages would be much less, $190 for men and $83 for women.

49 The minimum wage was about 84 per cent of the SPCMT standard and about 85 per cent of the Statistics Canada low income cut-off. According to the SPCMT [1987], in 1987, for a single employed woman doing moderate activity, the estimated budget was $11,306 (excluding income taxes, Canada Pension, and unemployment insurance premiums less tax credits). The estimated budget for a man was $11,399. The man's budget had a food component about 20 percent larger and a clothing component about 16 percent smaller than a woman's budget. The figures are adjusted upwards by about 2.4 per cent to bring the standards into line with June 1987 prices.

50 For example, between 1929 and 1987, the fall for minimum wages was from about 62 to 38 percent, and for maximum permanent total disability in workers' compensation from about 128 to 93 percent (see Table 3).

51 Based on Tables A-2, A-3, and A-5.

52 An increasing portion of persons receiving social welfare transfers have been subject to income tax, as can be seen by the relative decline in the income tax personal exemption. Also, during the 1970s and 1980s, social transfer income (such as old age pension and UI benefit income), which previously had not been taxable, was deemed taxable income for personal income tax purposes. As well, there has been a stable or increasing portion of personal income taken through indirect taxes; the rates of provincial sales taxes, which most directly — and regressively — affect those with low incomes, have risen considerably (except in Alberta).

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