

MAY 12 1939

62-D-67

CANADA
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS

FAMILY LIVING EXPENDITURE

IN

CANADA

Wage-earner Family Expenditure and Income



Published by Authority of the HON. W.D. EULER, M.P.,
Minister of Trade and Commerce.

+++

OTTAWA

1939

Price 25 cents

TABLE OF CONTENTS

	<u>Page</u>
Summary	1
Introductory	1
Types of Family in the Survey	1
Characteristics of Wage-Earner Families at Progressive Income Levels	1
Distribution of Family Expenditures at Progressive Income Levels	3
Family Income	6
(a) Numbers of Survey Families at Different Income Levels	6
(b) Composition of Family Income	6
(c) The Relation of Family Income and Expenditure Averages	7
Financial Summary	8

Published by Authority of the Hon. W. D. Euler, M.P.,
Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - CANADA
DEPARTMENT OF TRADE AND COMMERCE

FAMILY LIVING EXPENDITURES IN CANADA

WAGE-EARNER FAMILY EXPENDITURE AND INCOME

(A preliminary analysis)

SUMMARY

Results from the recent Dominion Bureau of Statistics survey of family living expenditures show that incomes of Canadian wage-earner families tend to centre between \$1,200 and \$1,600 a year, with the proportion receiving less than \$1,200 being larger than the proportion receiving above \$1,600. This was true for families of both British and French origin.

The father provided about 93 per cent of income for the 1,135 British families and 91 per cent for the 211 French families in the survey.

Among the British families 32 per cent owned their own homes and 33 per cent owned motor cars. Six per cent of the French families owned their own homes and 10 per cent operated motor cars.

Living expenditures of British and French families were similar in character. Food accounted for 27.2 per cent of British family expenditure and 30.3 per cent for French families. Corresponding percentages for shelter were 17.3 and 16.7; and for clothing 10.1 and 11.9. Savings (including life insurance premiums) for both groups amounted to 9.4 per cent of total expenditure. Approximately the same proportion of expenditures was financed from credit or from savings of preceding years.

INTRODUCTORY

The family must be considered as a unit for many types of social and market analysis. This is true, for example, of investigations concerned with housing standards and household maintenance costs. Records from the 1,439 Canadian wage-earner families contributing to the Dominion Bureau of Statistics survey of family expenditures, therefore, have been grouped according to amounts of family income, and expenditures have been examined at various income levels. This preliminary study will be supplemented later by an analysis of expenditure records according to income per person which gives a more accurate basis than total family income of appraising economic circumstances.

TYPE OF FAMILIES IN THE SURVEY

Expenditure records were collected only from self-supporting wage-earner families with annual earnings in the year ended September 30, 1938, ranging from \$450 to \$2,500. In all of the 1,439 families both parents and one or more children were present in the home, and one lodger or domestic lived with some of the families. Completed records were obtained from 1,135 families of British origin in Charlottetown, Halifax, St. John, Montreal, Ottawa, Toronto, London, Winnipeg, Saskatoon, Edmonton, and Vancouver; an additional 211 records were collected from French families in Montreal and Quebec; and 93 from families of other racial origin in Montreal and Winnipeg. Separate analyses of records for the English and French family groups have been made, but the similarity of family living expenditure patterns in these cities (shown in earlier releases) was considered sufficient to justify computation of composite averages including data for all cities. The number of "other race" family records was not considered sufficient to form significant averages for the family income groups chosen.

CHARACTERISTICS OF WAGE-EARNER FAMILIES AT PROGRESSIVE INCOME LEVELS

Differences in the composition of the family and evidence also of differences in economic position may be observed at progressive levels of family income. Families of British origin averaged approximately the same number of persons throughout annual income ranges from \$400 to \$2,400. This was paralleled by an equally consistent average number of children, which centred closely around 2.3. For French families, however, the number of children rose sharply from an average of 2.1 in the \$400-\$799 income group to 4.9 for families with \$2,000 or more per annum. Earnings of members other than the father in French families averaged slightly higher than those for other members of British

families, but the difference was not sufficient to account for the variation in relationships between income and family size in the two racial groups. The average age of the father moved gradually higher in progressive income groups in both British and French families. The number of rooms per family increased gradually from 4.3 for the \$400-\$799 income group to 6.0 for families with annual incomes of more than \$2,000, while corresponding averages for French families were 3.8 and 6.4 respectively. A much sharper rate of increase in actual shelter costs indicated that there was more concern over qualitative attributes of the home than the provision of more living space as income increased. The average number of rooms per person was almost constant at 0.9 for French families, while for British families it increased moderately from 1.0 in the \$400-\$799 income range to 1.3 for families with \$2,400 or more per annum. The proportion of home owners tended to rise materially as income mounted; and the same was true of motor car owners.

TABLE 1. FAMILY CHARACTERISTICS AT PROGRESSIVE INCOME LEVELS

1,135 British Families

Family Income	:\$400-799	:\$800-999	:\$1000-1199	:\$1200-1399	:\$1400-1599	:\$1600-1799	:\$1800-1999	:\$2000-2399	:\$2400+	Total
Number of Families	45	108	184	236	212	118	91	100	41	1135
Number of Persons per Family	4.5	4.3	4.4	4.3	4.3	4.3	4.6	4.7	4.6	4.4
Number of Children per Family	2.4	2.2	2.3	2.2	2.2	2.2	2.4	2.4	2.4	2.3
Average Age of Father	36	39	39	40	42	41	42	44	42	41
Number of Rooms per Person	1.0	1.1	1.1	1.1	1.2	1.3	1.2	1.3	1.3	1.2
Percentage of Families in Owned Homes	8.9	23.1	28.3	25.8	34.9	41.5	45.1	38.0	46.3	32.0
Percentage of Families with Motor Cars	4.4	24.1	13.0	32.2	38.2	42.4	41.8	55.0	63.4	33.2

211 French Families

Family Income	:\$400-799	:\$800-1199	:\$1200-1599	:\$1600-1999	:\$2000+	Total
Number of Families	27	62	68	34	20	211
Number of Persons per Family	4.2	4.9	5.1	6.6	6.9	5.3
Number of Children per Family	2.1	2.8	2.9	4.4	4.9	3.2
Average Age of Father	35	35	40	41	48	39
Number of Rooms per Person	0.9	0.9	0.9	0.8	0.9	0.9
Percentage of Families in Owned Homes	3.7	0	8.8	11.8	10.0	6.2
Percentage of Families with a Motor Car	7.4	0	11.8	23.5	15.0	10.0

DISTRIBUTION OF FAMILY EXPENDITURES AT PROGRESSIVE INCOME LEVELS

Actual expenditures in all budget groups showed substantial increases at successive family income levels. Proportions of total expenditure upon some of the most important living requirements declined steadily, however, as family incomes mounted. This was true of foods, shelter costs, fuel and light. Proportions of expenditure on nearly all other budget groups moved steadily upward with family income. This was particularly marked for household requirements and transportation costs. Proportions for health and personal care mounted gradually until annual incomes reached approximately \$1,600 and then receded slightly. There were few appreciable differences between expenditure patterns for English and French families. Actual expenditure averages and percentage proportions at different income levels may be examined for both racial groups in Tables 2 and 3. Expenditure averages correspond with averages of gross income, but are considerably higher than net income which is the basis of classification for Tables 2 and 3. The principal constituents of income and expenditure may be summarized as follows:

<u>Income</u>	<u>Expenditure</u>
<u>Net</u>	
Earnings	Outlays for commodities and services required for family living
Value of payments in kind	
Income from investments	
Other cash	<u>Savings</u>
<u>Gross</u>	Bank
Loans and credit outstanding (for purchases in the survey year only)	Investments
Reductions in bank savings and investments	Life insurance
Value of trade-in allowances	Re-payment of old debts (considered as saved from <u>current income</u>)

The following list will give an indication of the more important items entering into expenditure averages in Tables 2 and 3. Families were asked to report total costs of all purchases during the survey year.

Food and Clothing: All such purchases for the family.

Housing: Interest, repairs, taxes, insurance for owners. Rent and water taxes for tenants. Capital expenditure on the home included down payments on new homes, and the cost of additions, but not repairs.

Household Operation: Ice, telephone, laundry, domestic help.

Furniture: In addition to furniture, textile furnishings, chinaware, electrical and kitchen equipment.

Health: Medical care, dentists, glasses, etc.

Personal Care: Toilet articles, barber, hairdresser.

Transportation: All fares, bicycles, motor cars--new purchases and current costs.

Recreation: Newspapers, periodicals, etc., entertainment admissions, hobby expenses.

Savings: Life insurance, bank balance increases, investments, re-payment of debts incurred prior to the survey year.

Children's Education and Vocation: Tuition, board, professional and union dues.

Community Welfare and Gifts: Church and charitable contributions, personal taxes, gifts to persons outside the family.

TABLE 2. DISTRIBUTION OF FAMILY EXPENDITURES ACCORDING TO NET INCOME

Actual Amounts and Percentages - 1,135 British Families

Income Groups	Averages										Total	Percentages									
	\$400-799	\$800-999	\$1000-1199	\$1200-1399	\$1400-1599	\$1600-1799	\$1800-1999	\$2000-2399	\$2400+	Total		\$400-799	\$800-999	\$1000-1199	\$1200-1399	\$1400-1599	\$1600-1799	\$1800-1999	\$2000-2399	\$2400+	Total
Number of Families	45	108	184	236	212	118	91	100	41	1135	45	108	184	236	212	118	91	100	41	1135	
Budget Groups																					
Total Annual Food..	288	351	380	419	442	473	508	517	578	433	37.2	35.2	31.7	29.3	27.2	25.6	24.6	21.7	20.6	27.2	
Housing	165	187	224	254	283	324	315	396	420	276	21.3	18.7	18.7	17.8	17.4	17.5	15.3	16.6	15.0	17.3	
Capital Expenditure on Home	0	4	2	10	11	8	12	23	20	9	0	.4	.2	.7	.7	.4	.6	1.0	.7	.6	
Fuel and Light	70	78	84	94	103	110	116	139	142	101	9.0	7.7	7.0	6.6	6.3	6.0	5.6	5.8	5.1	6.3	
Total Clothing	62	93	120	147	165	187	217	253	260	160	7.9	9.3	10.1	10.2	10.1	10.1	10.5	10.6	9.3	10.1	
Household Operation	5	8	13	21	30	38	48	60	74	29	.5	.9	1.1	1.4	1.9	2.1	2.3	2.5	2.6	1.8	
Furniture	36	47	72	82	99	107	134	128	176	92	4.6	4.7	6.0	5.7	6.1	5.8	6.5	5.4	6.3	5.8	
Health	25	41	60	59	70	77	86	94	95	67	3.3	4.0	5.0	4.1	4.3	4.2	4.2	3.9	3.4	4.2	
Personal Care	13	16	20	23	26	28	30	34	35	24	1.6	1.6	1.7	1.6	1.6	1.5	1.5	1.4	1.2	1.6	
Total Transportation	12	35	39	73	90	125	143	182	306	93	1.6	3.5	3.2	5.1	5.5	6.7	6.9	7.6	10.9	5.9	
Recreation	39	49	62	83	102	114	128	139	179	93	5.1	4.9	5.2	5.8	6.2	6.2	6.2	5.9	6.4	5.9	
Savings	43	69	84	121	143	176	218	307	362	150	5.6	6.9	7.1	8.5	8.8	9.5	10.6	12.9	12.9	9.4	
Children's Education and Vocation	6	7	12	14	19	29	36	40	51	21	.8	.7	1.0	1.0	1.2	1.6	1.8	1.7	1.8	1.3	
Community Welfare and Gifts	11	15	24	32	43	52	71	72	106	42	1.5	1.5	2.0	2.2	2.7	2.8	3.4	3.0	3.8	2.6	
Total Expenditure ..	775	1000	1196	1432	1626	1848	2062	2384	2804	1590	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	

508

14

FAMILY INCOME

(a) Numbers of Survey Families at Different Income Levels

It has been noted that the total income of wage-earner families is almost invariably larger than the actual cash amount of earnings from regular employment. The term gross income is used to indicate all family resources used for family expenditure during the survey year, including net income items of earnings, the value of payments in kind, income from investments, and other cash receipts. In addition, gross income includes the value of loans and merchandise credit outstanding, reductions in savings and investments, and trade-in allowances. Net income has been taken as the basis of subsequent analysis, although the sample of families reporting was originally selected upon the basis of family earnings only.

TABLE 4. SUMMARY OF THE NET INCOME DISTRIBUTION OF 1,439 WAGE-EARNER FAMILIES IN 12 CANADIAN CITIES

Income Ranges	\$400- 799	\$800- 999	\$1000- 1199	\$1200- 1399	\$1400- 1599	\$1600- 1799	\$1800- 1999	\$2000- 2199	\$2200- 2399	\$2400+
<u>Race Groups</u>										
British	45	108	134	236	212	118	91	66	34	41
French	27	25	37	43	25	16	18	14	4	2
Other	16	12	12	11	21	7	7	3	1	3

The character of this distribution is affected to some extent by the fact that different cities are not represented proportionately to their total wage-earner population. The general similarity of individual city income distributions, however, makes this a point of relatively minor importance. A more serious defect resulted from difficulty in obtaining co-operation from families with incomes ranging from \$400 to \$799. Nearly four of every five in the random selection from this income range refused to co-operate or were unable to give complete records. Among families with incomes above \$800 per annum, almost every second one contributed a satisfactory record. Within the income range of the sample, therefore, there is a definite deficiency of low income families. For purposes of establishing broad averages, however, this is compensated for in large part by the complete absence of families in the sample with reported earnings of more than \$2,500. Above this income limit the proportion of wage-earner families of the type sampled would not exceed 15 per cent in the cities of the survey.

(b) Composition of Family Income

Although earnings of the family head form the major portion of family income they are by no means its only source. This may be observed from the averages obtained from British and French family records presented in Table 5. Other sources accounted for more than 7 per cent of British family net income and more than 9 per cent of the net income of French families.

TABLE 5. COMPOSITION OF WAGE-EARNER FAMILY NET INCOME
1,135 British Families

Income Ranges	\$400- 799	\$800- 999	\$1000- 1199	\$1200- 1399	\$1400- 1599	\$1600- 1799	\$1800- 1999	\$2000- 2199	\$2400+	Total
Number of Families	45	108	184	236	212	118	91	100	41	1135
<u>Source of Income</u>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Earnings of Family Head	690	868	1024	1202	1377	1555	1701	1950	2323	1337
Other Family Earnings	5	23	31	48	56	65	100	113	115	57
Other Income ...	9	17	27	33	50	67	72	80	194	49
Total	704	908	1082	1283	1483	1687	1873	2143	2632	1443

Table 5. Cont'd - 211 French Families

Income Range	\$400-799	\$800-1199	\$1200-1599	\$1600-1999	\$2000+	Total
Number of Families	27	62	68	34	20	211
Source of Income	\$	\$	\$	\$	\$	\$
Earnings of Family Head	635	974	1246	1547	1869	1196
Other Family Earnings	25	35	58	148	170	72
Other Income	5	14	43	74	190	48
Total	665	1023	1347	1769	2229	1316

It will be noted that the proportion which "Other Family Earnings" and "Other Income" bear to total income increases in the higher income groups. The increase in "Other Family Earnings" is associated with larger numbers of children in the higher income ranges for French families, but not to any appreciable extent in the case of British families. The rising tendency in "Other Income" is probably associated with the more firmly established financial position at higher income levels. The savings of families at relatively high income levels were more than proportionately greater than those of families with low income.

(c) The Relation of Family Income and Expenditure Averages

In the present analysis savings from annual income have been treated as items of expenditure, and since considerable credit is utilized by wage-earner families, expenditure averages are materially above corresponding averages of family net income. This difference is accentuated by purchases made from savings and by trade-in-allowances. The margin of expenditure over net income averaged \$147 for all British families, while savings inclusive of life insurance premiums averaged \$150. The detailed examination of the differences between income and expenditure in relation to debt is not yet completed for all cities, and this preliminary statement is limited to records from Halifax, Montreal, Toronto, Saskatoon and Vancouver. If all records were perfectly accurate an exact balance would be obtained between the margin of expenditure over net income and the difference between gross and net income which is made up of (a) debts incurred during the current year, (b) reductions in savings and investment, and (c) the value of trade-in allowances on purchases. The discrepancy between these totals is, therefore, an index of the accuracy which the records possess.

TABLE 6. CITY COMPARISONS OF GROSS INCOME ITEMS AND DIFFERENCES BETWEEN NET INCOME AND TOTAL EXPENDITURE

City	Halifax	Montreal		Toronto	Saskatoon	Vancouver
		French Families	British Families			
Number of Families	70	141	69	129	122	168
Expenditure Margin over Family Net Income	180	168	133	166	144	157
Current Debts, Savings Reductions, Trade-in Allowances (gross income differential) ..	167	144	102	139	129	131
Difference	13	24	31	27	15	26
Difference as a Percentage of Total Family Expenditures..	.8	1.6	2.0	1.5	.9	1.6

No precise interpretation of the differences between expenditure margins and the gross income differentials can be made. Understatement of current debts and reductions in savings seem rather more probable than overstatements in records of expenditure, but even if expenditure has been overstated it is apparent that any bias in this direction is likely to affect the accuracy of expenditure averages very little. No budget record was used for which gross income and expenditure did not balance within 10 per cent and 88 per cent of all records balanced within 5 per cent.

The excess of family expenditures over net income was remarkably consistent for British families at different income levels. This consistency may be appreciated by reference to Table 7 showing average net family income and expenditures at progressive income levels. In the French sample the margin of expenditure was comparatively high at low income levels and formed a steadily decreasing proportion of net income in progressively higher income ranges. This tendency was more pronounced in Quebec City than in Montreal, although the average margin of expenditure over net income was greater in Montreal.

As already noted the margin of expenditure over net income cannot be taken as a measure of net indebtedness incurred during the survey year, since all investments and bank savings were included as part of expenditure. This may be observed from the financial summary in Table 8 for the same cities included in comparisons of debts and expenditures margins over net income.

TABLE 7. AVERAGES OF FAMILY NET INCOME AND EXPENDITURE AT PROGRESSIVE INCOME LEVELS

1,135 British Families

Income Ranges	\$400-799	\$800-999	\$1000-1199	\$1200-1399	\$1400-1599	\$1600-1799	\$1800-1999	\$2000-2399	\$2400+	Total
Number of Families	45	108	184	236	212	118	91	100	41	1135
Family Net Income	704	908	1082	1283	1483	1687	1873	2143	2632	1443
Family Expenditure.	775	1000	1196	1432	1626	1848	2062	2384	2804	1590
Expenditure Margin over Net Income in Percentage*.....	10.2	10.1	10.4	11.7	9.8	9.6	10.2	11.2	6.5	10.3

211 French Families

Income Ranges	\$400-799	\$800-1199	\$1200-1599	\$1600-1999	\$2000+	Total
Number of Families	27	62	68	34	20	211
Family Net Income..	665	1023	1347	1769	2229	1316
Family Expenditure.	794	1160	1495	1954	2427	1469
Expenditure Margin over Net Income in Percentage* ...	19.4	13.4	11.0	10.5	8.9	11.6

* Reckoned as a percentage of net income. Not comparable with expenditure percentages computed in terms of total expenditure.

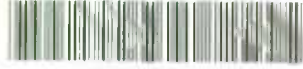
FINANCIAL SUMMARY

In order to make an appraisal of the family's financial position, debit items must include reductions in bank savings and other assets as well as new debts of the survey year still outstanding. Aggregate savings out of current income, on the other hand, rightly include amounts in repayment of old debts incurred before the survey year. A substantial but indeterminate proportion of life insurance premiums should also be grouped with savings, (probably about three-fourths). The following totals which show all life insurance premiums as savings may be somewhat too high to represent savings accurately, although they omit any reference to investments in the home, and also the element of savings contained in purchases of durable goods. This is likely offset by depreciation in equipment already possessed.

TABLE 8. FINANCIAL SUMMARY OF WAGE-EARNER FAMILIES IN SPECIFIED CITIES

Cities	Halifax	Montreal		Toronto	Saskatoon	Vancouver
		French Families	English Families			
<u>Credit Items</u>						
Savings and Investment...	22	30	24	32	33	32
Life Insurance Premiums	111	86	85	85	82	64
Re-payment of Old Debts ...	40	33	25	34	47	41
Total	173	149	134	151	162	137
<u>Debit Items</u>						
Survey Year Debts Outstanding	117	85	67	85	93	76
Reductions in Bank Savings and Other Assets	33	59	26	41	30	45
Total	150	144	93	126	123	121
Credit Balance.	+ 23	+ 5	+ 41	+ 25	+ 39	+ 16

STATISTICS CANADA LIBRARY
BIBLIOTHÈQUE STATISTIQUE CANADA



1010746788