



CANADA WITHOUT POVERTY  
CANADA SANS PAUVRETÉ

## ***Debunking Myths About Poverty***

***No Place for Poverty  
Anti-Poverty Workshop  
October 5-7, 2010  
Northern United Place  
Yellowknife, NWT***

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**Myth: There's no such thing as poverty in Canada.  
No one starves to death, like in Africa.**



**Photo: Kevin Carter**

**Poverty is both an absolute and a relative concept.** Absolute in that there is clearly a set of basic needs that every individual must have satisfied, in order to be not poor, and relative in that inequality in society – growing in Canada at a rocketing pace – means that some individuals are “deprived of the resources, means, choices and power necessary to acquire and maintain economic self-sufficiency and participation in society” (quote from Québec Bill 112, A National Strategy to Combat Poverty and Social Exclusion).

Canada has several million people who lack the satisfaction of basic needs, to the detriment of their health and security, and/or who are unable to maintain economic self-sufficiency and full participation in society due to some level of material and/or social deprivation.



**Homeless in the Downtown Eastside of Vancouver (photographer unknown)**

## **Myth: People in poverty in Canada are just a little bit poor.**

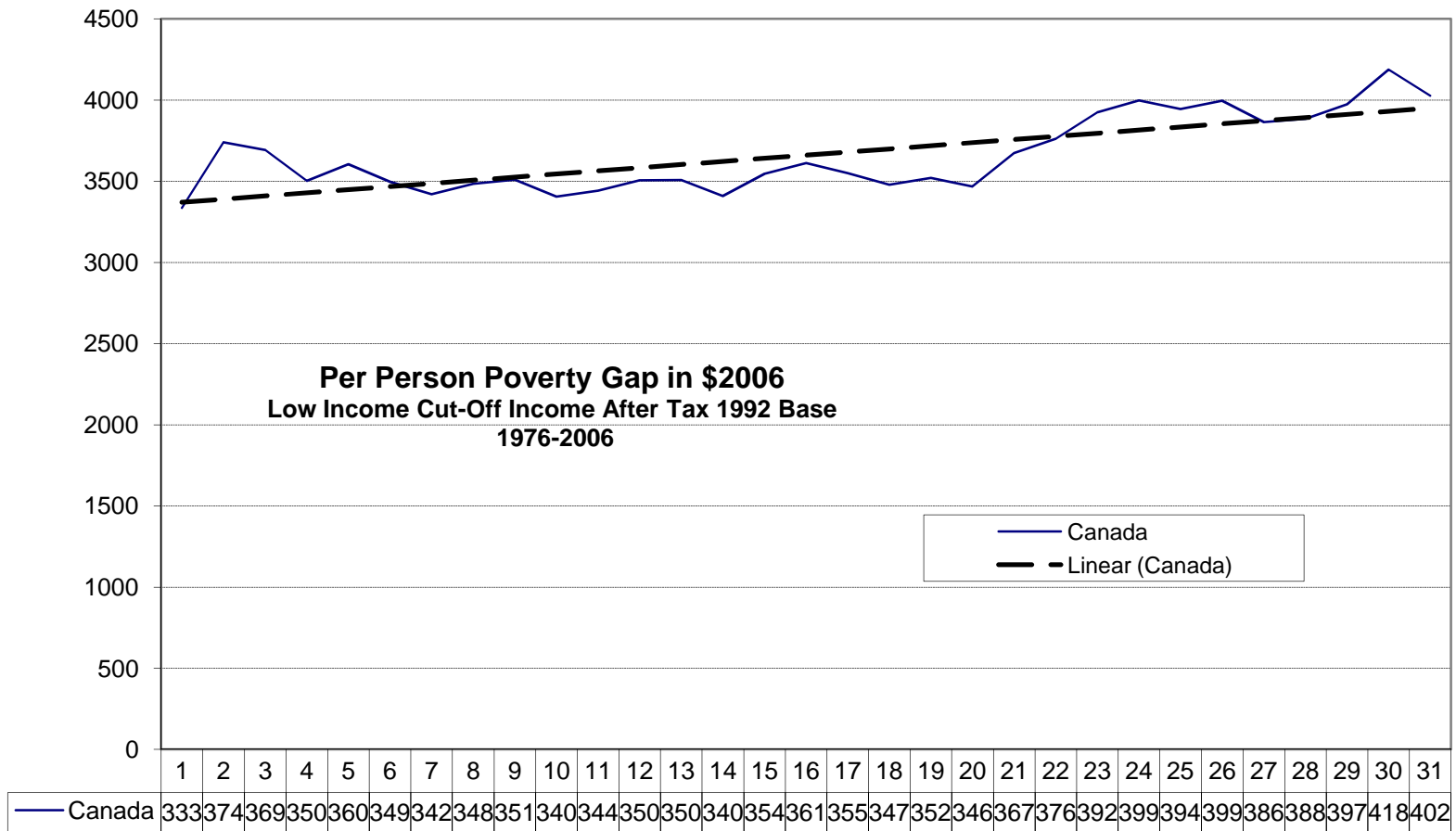
The average depth of poverty in Canada – how far below Low Income Cut-off After Tax thresholds Canadians in poverty live – was nearly \$4,000 in 2006. On an individual basis, roughly speaking, for every \$100 a person in poverty needed absolutely to meet basic needs in 2006, he or she was missing \$20. The poverty gap is even greater for many households: in 2007 the gap for female lone-parent families was \$7,500, and for male lone-parent families, \$8,600.



**House at Cross Lake First Nation, Manitoba (Assembly of First Nations)**

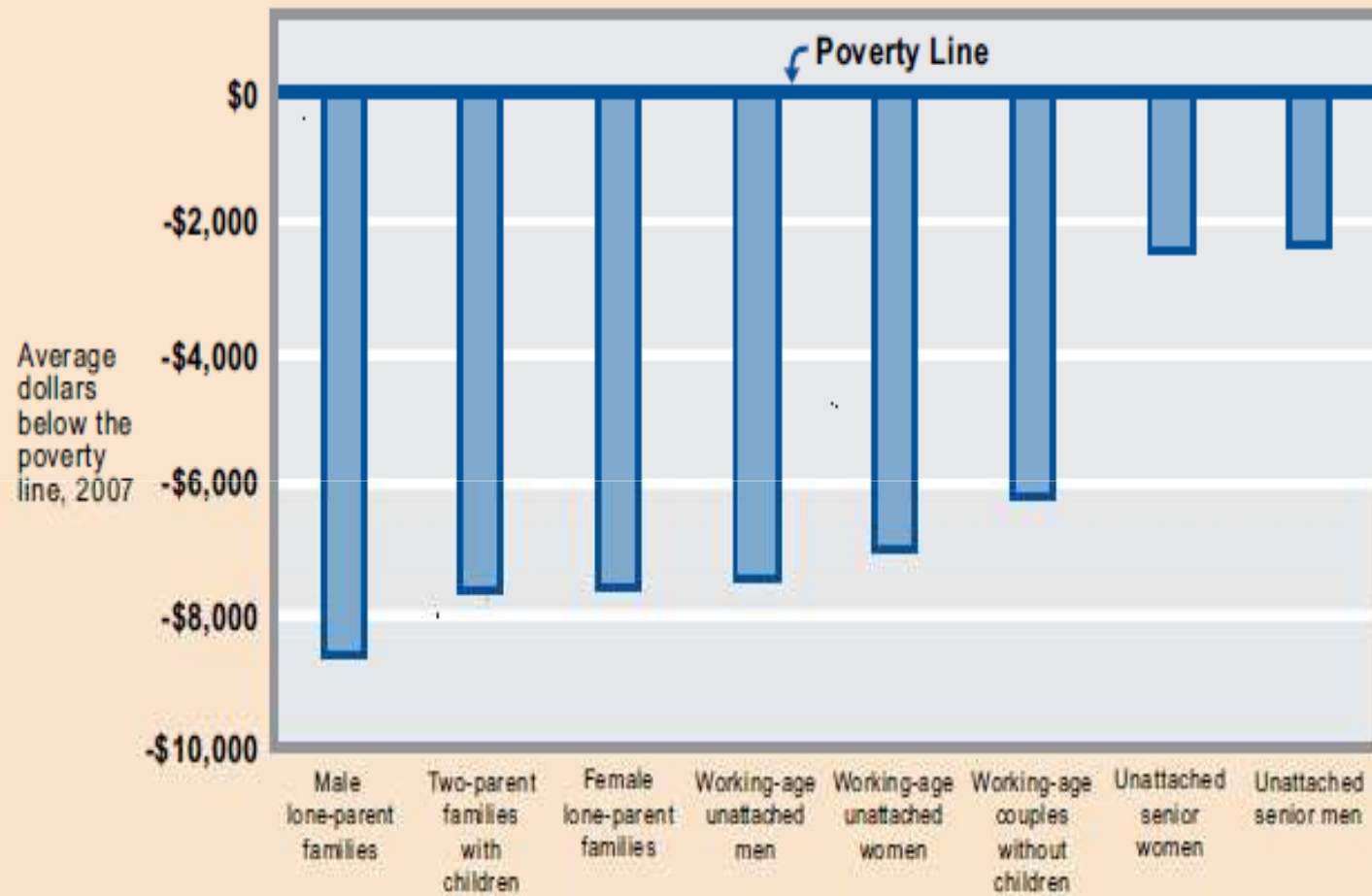
# Depth of Poverty in Canada

The depth of poverty – how far below the “low income cut-off” Canadians are living – is increasing.



Graph courtesy Dr. Lars Osberg, Dalhousie University

## Seniors have the smallest depth of poverty



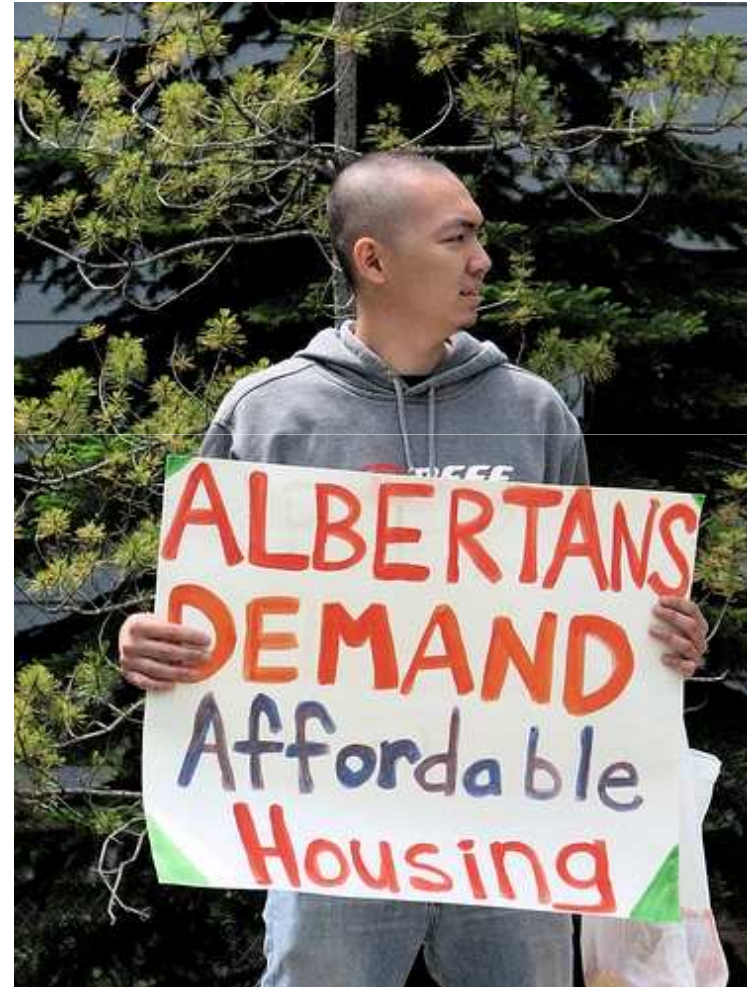
Note: Sample size for senior couples was too small to provide a reliable estimate.

Source: National Council of Welfare

**Myth: Canada is getting richer and the number of people in poverty is decreasing every year. The rising tide of wealth creation is lifting all boats.**

On the whole, Canadian wealth, by net worth, is increasing, but essentially only for the top 50% of Canadian households, in particular for the richest 30% of households, and even more specifically for the top 10% of households, driven principally by massive gains for the top 1%.

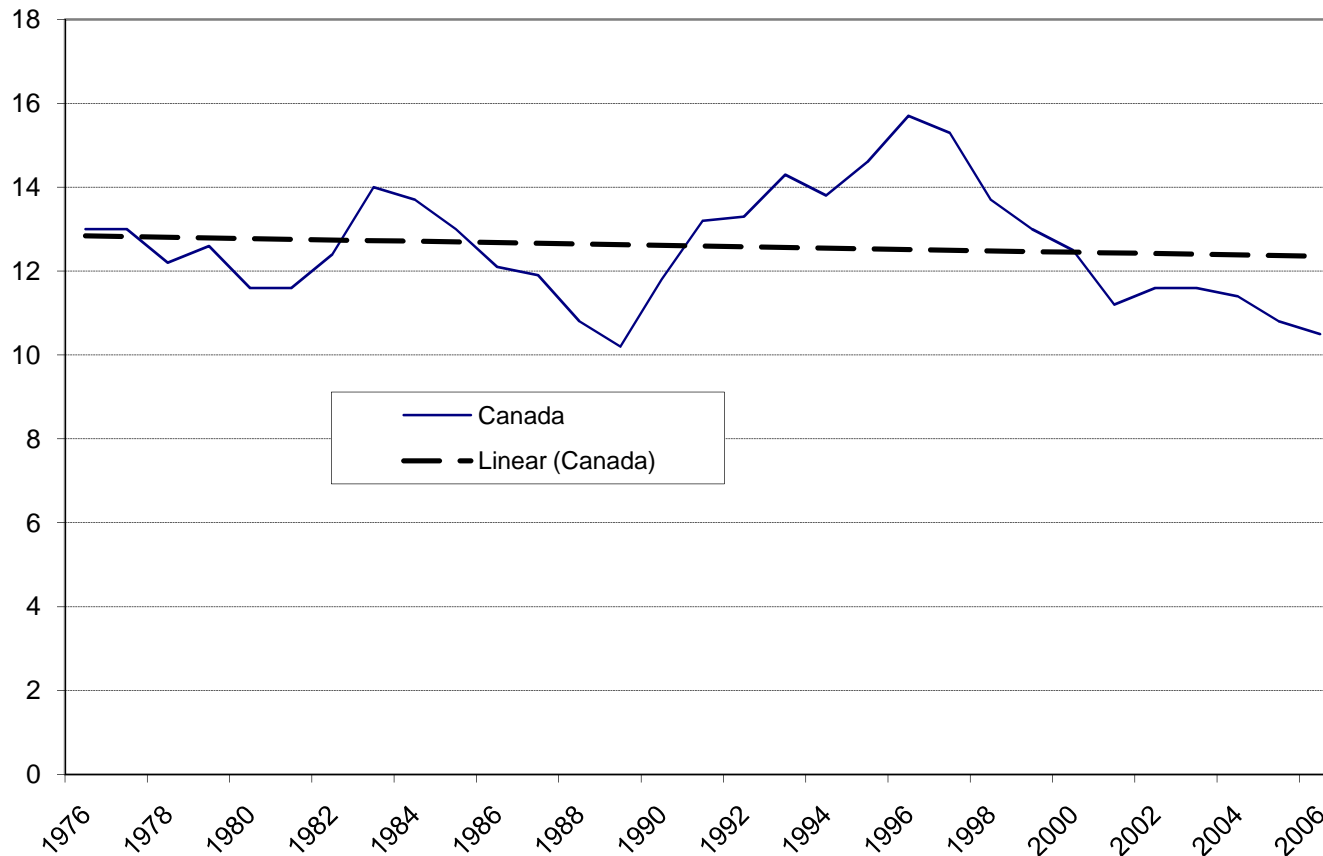
Over the past several decades, Canada's poverty rate (inferred from the Low Income Cut-off After Tax) has generally oscillated between about 10 to 16%.



(photographer unknown)

# *Persistence of Poverty*

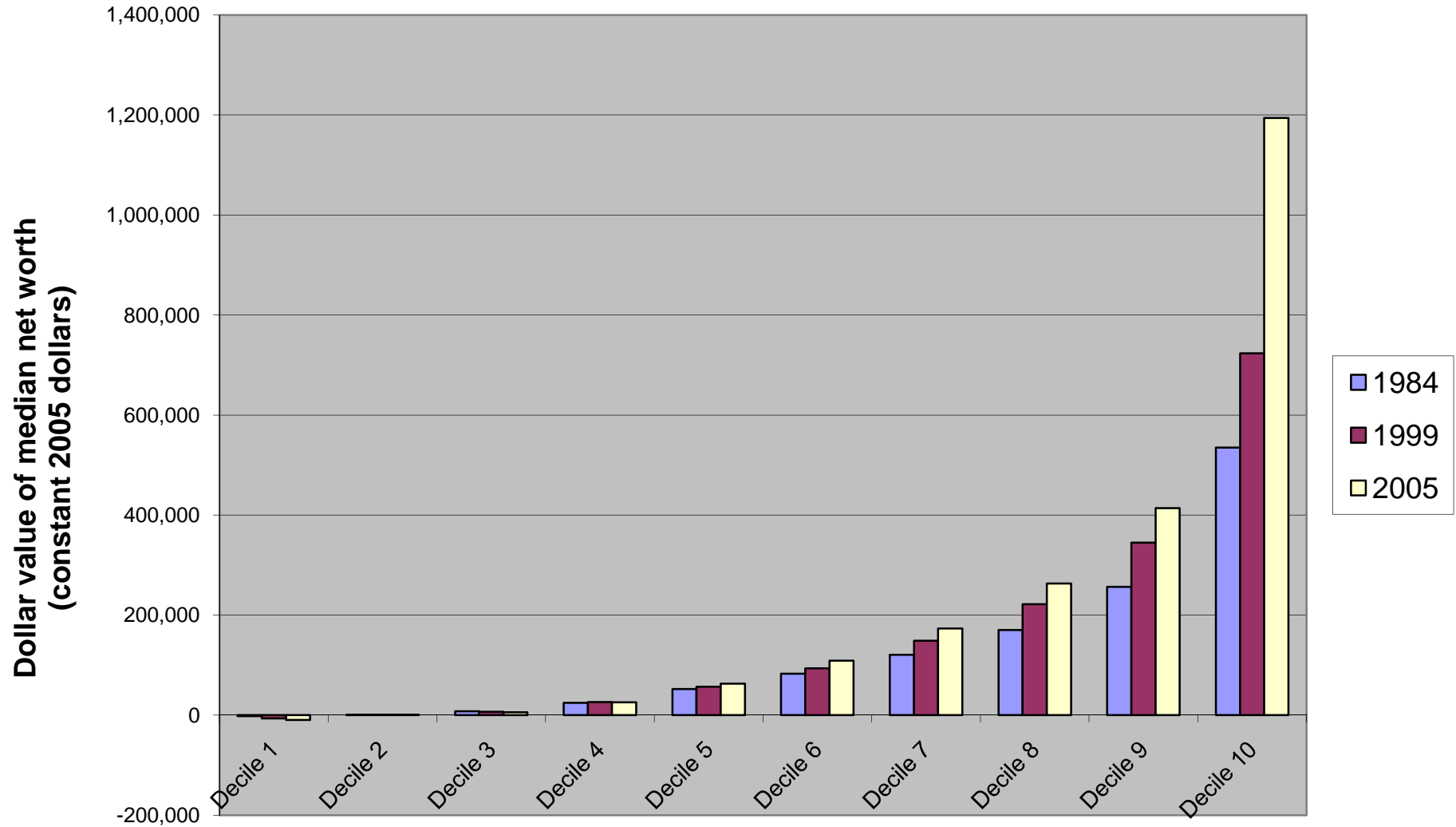
Using the LICO After Tax measure of low-income as a proxy for a poverty measure, Canada's poverty rate has varied from between 10% and 16% over several decades.



Graph courtesy Dr. Lars Osberg, Dalhousie University

# *Whose wealth has increased?*

## Comparison of median net worth of Canadian households 1984, 1999 and 2005



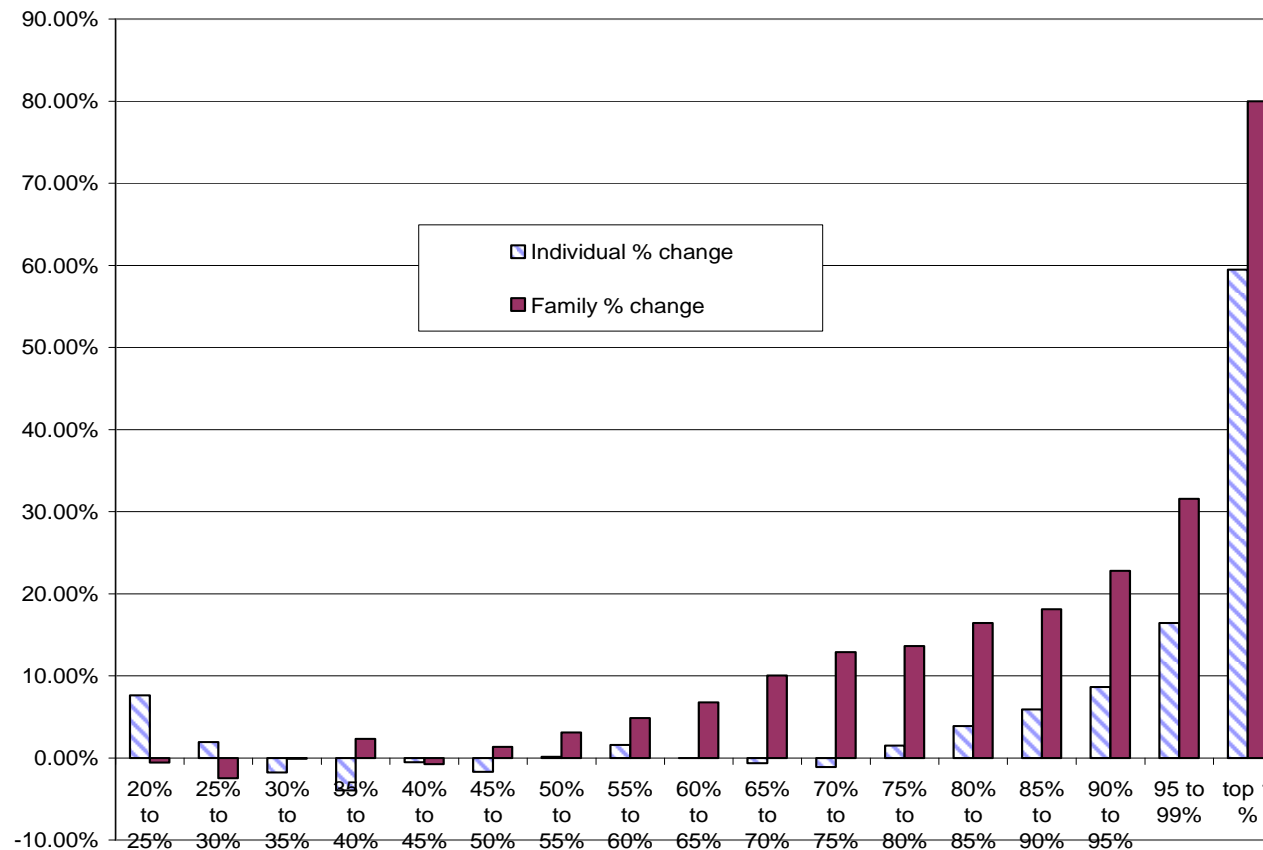
Source: Statistics Canada, Assets and Debts Survey, 1984; Survey of Financial Security, 1999 and 2005

# Inequality in Canada

x

**Income and wealth inequality is being heavily driven by the top 1% of income earners.**

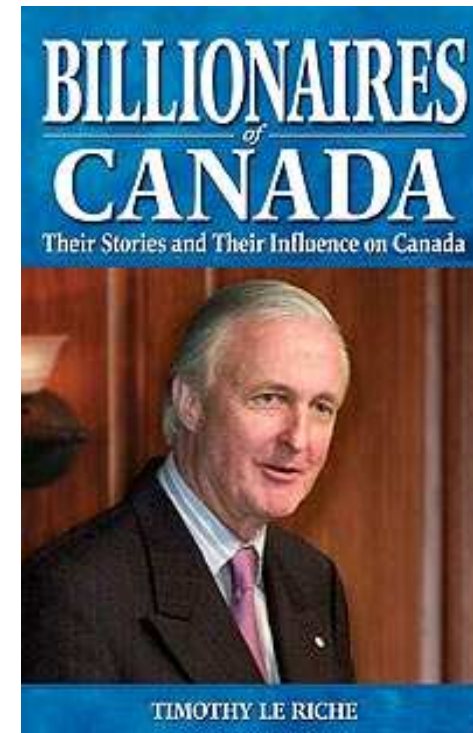
Percentage Change in Real Income  
1982 to 2004



Graph courtesy Dr. Lars Osberg, Dalhousie University

## Inequality in Canada

The highest paid CEOs in Canada only need work about 13 hours to earn what the average Canadian minimum wage worker earns in an entire year. Source: Canadian Labour Congress



## **Myth: Getting a job is the key to avoiding living in poverty.**

True, having a job makes it more likely that an adult will not be poor, and having two working adults in a household makes it even more likely that that household will not be poor. But having a job isn't necessarily a ticket out of poverty.

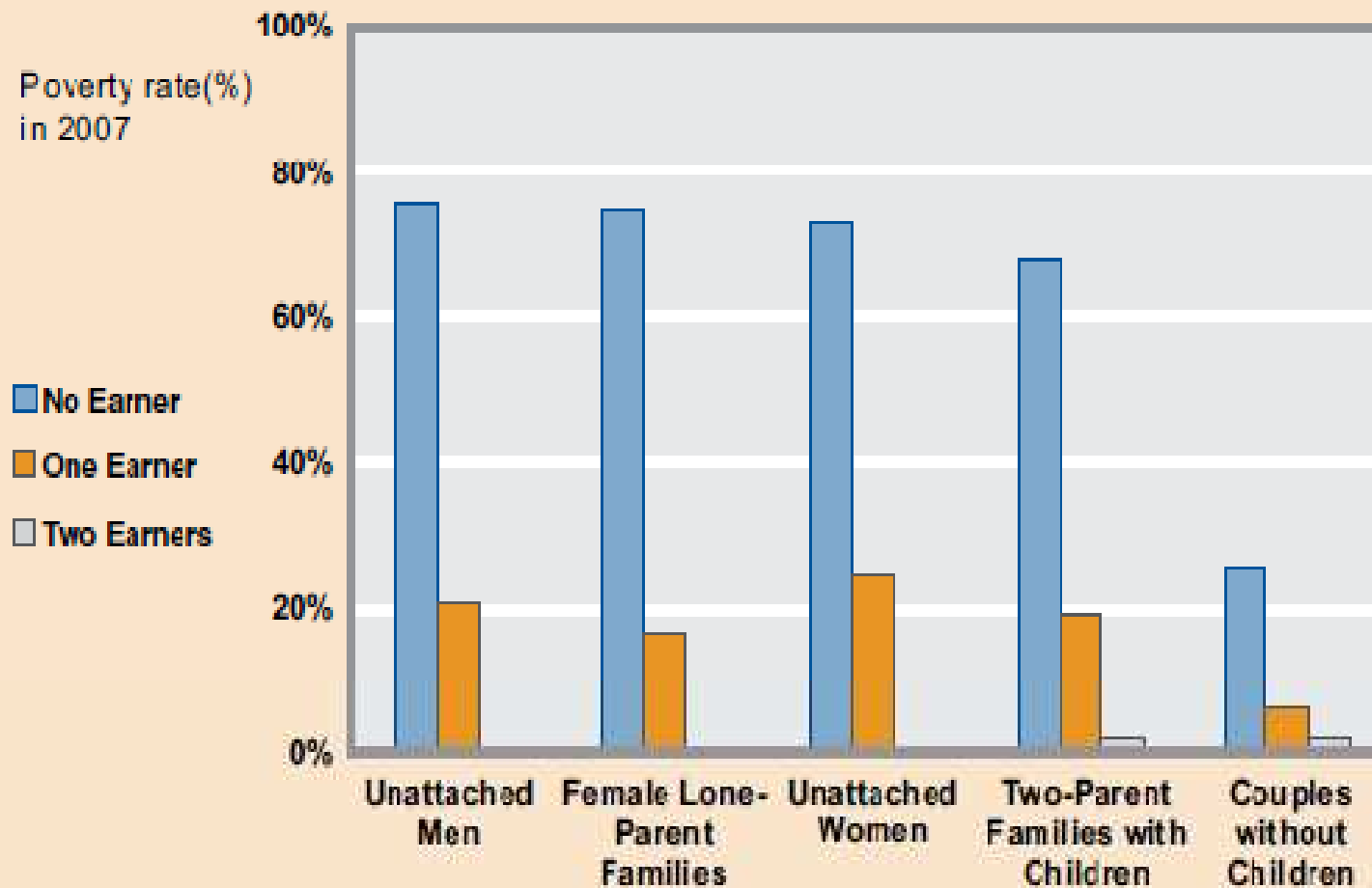
Canada has one of the highest proportions of low-paid workers among industrialized countries. About one in six workers, one in five female workers, and one in 10 full-time workers are low paid and earning poverty wages.

No minimum wage rate in Canada comes close to reaching the level of a living wage: the highest minimum wage rates pay about 66% to 75% of living wage rates.

Moreover, it is clear that social policy, or the strength or weakness of the social safety net, is as important as employment, and perhaps even more important, in poverty prevention, alleviation or reduction.

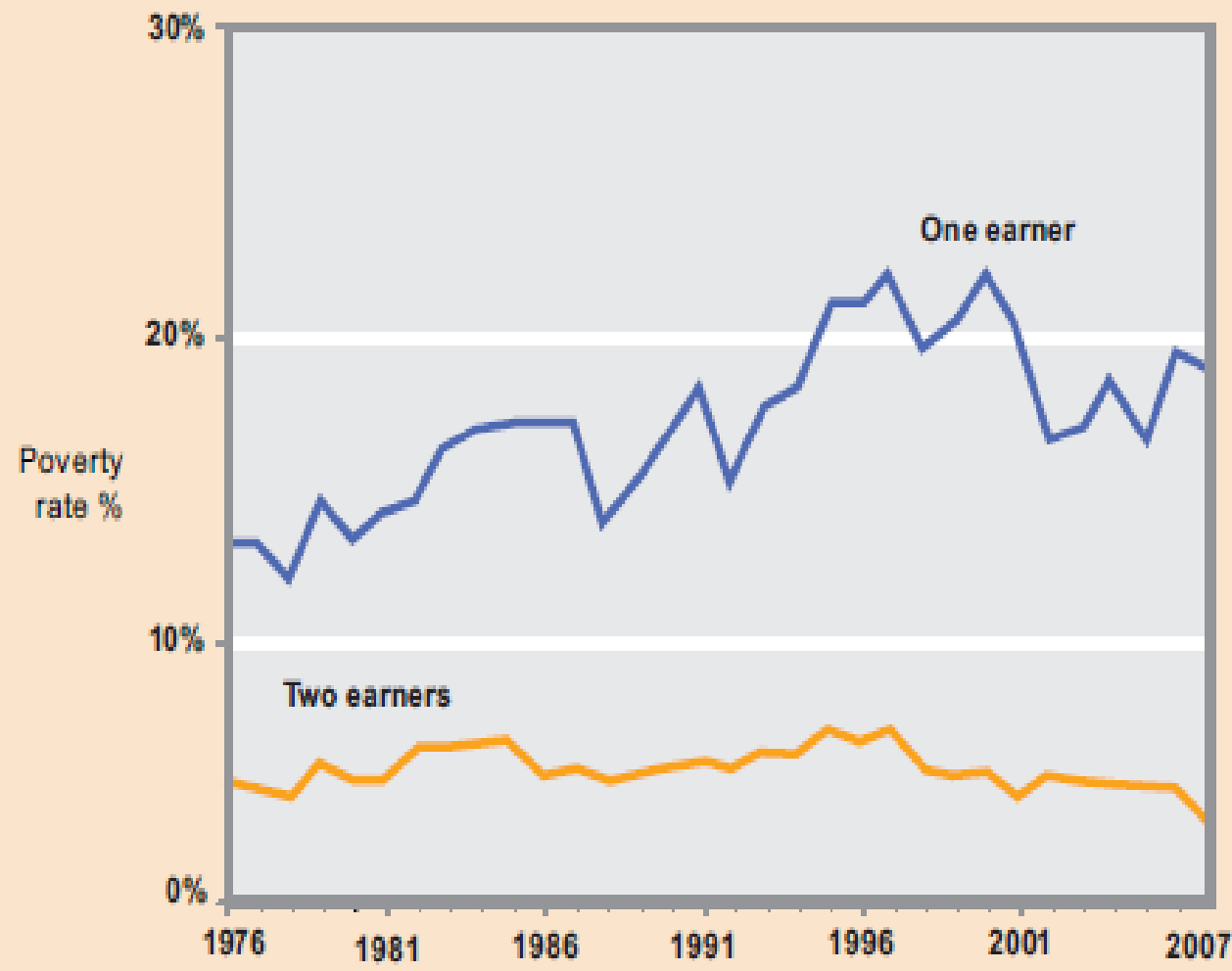


## Families without an earner have the highest poverty rates



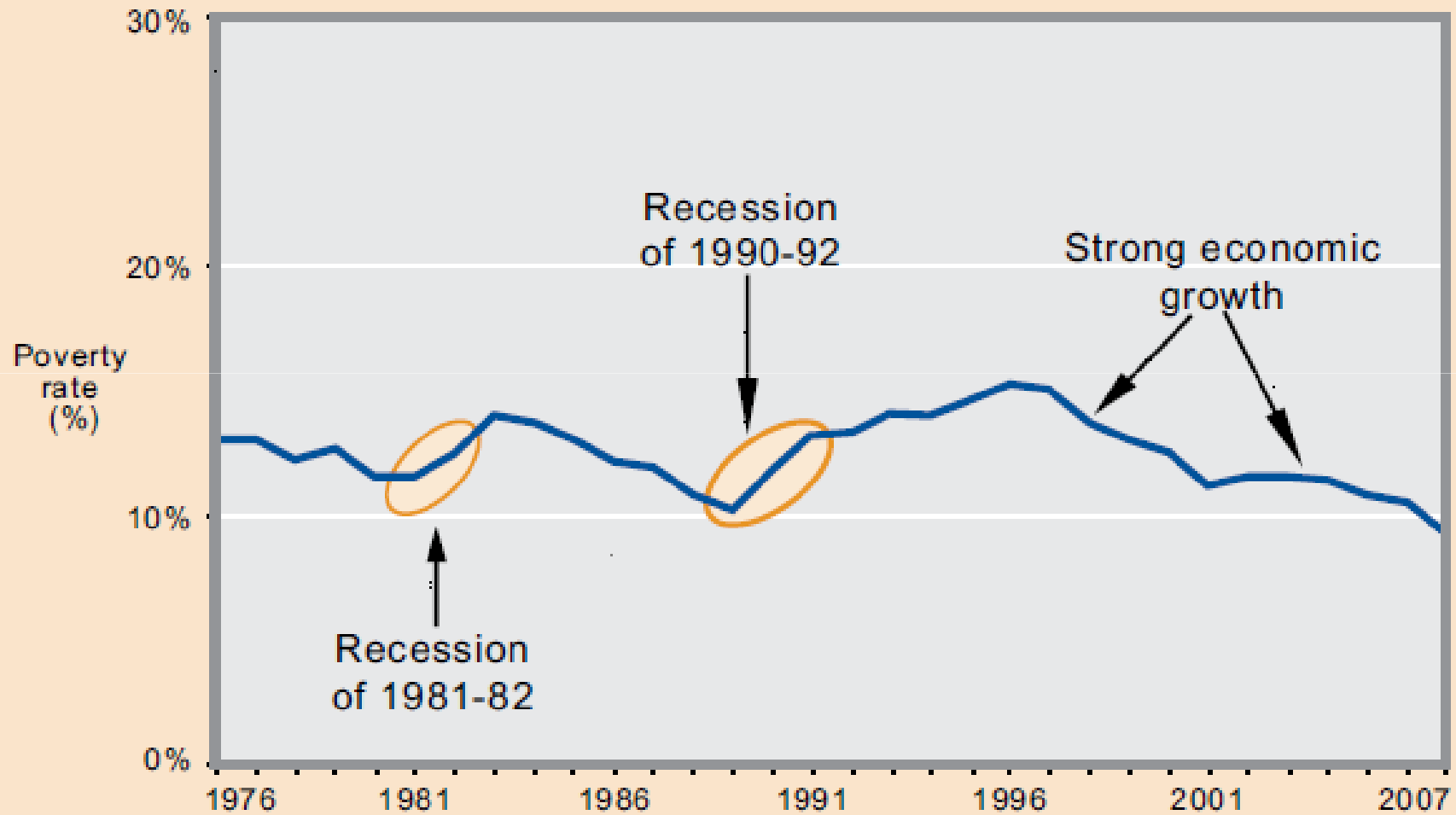
Source: National Council of Welfare

## Poverty rates for two-parent families with one earner have been slowly increasing



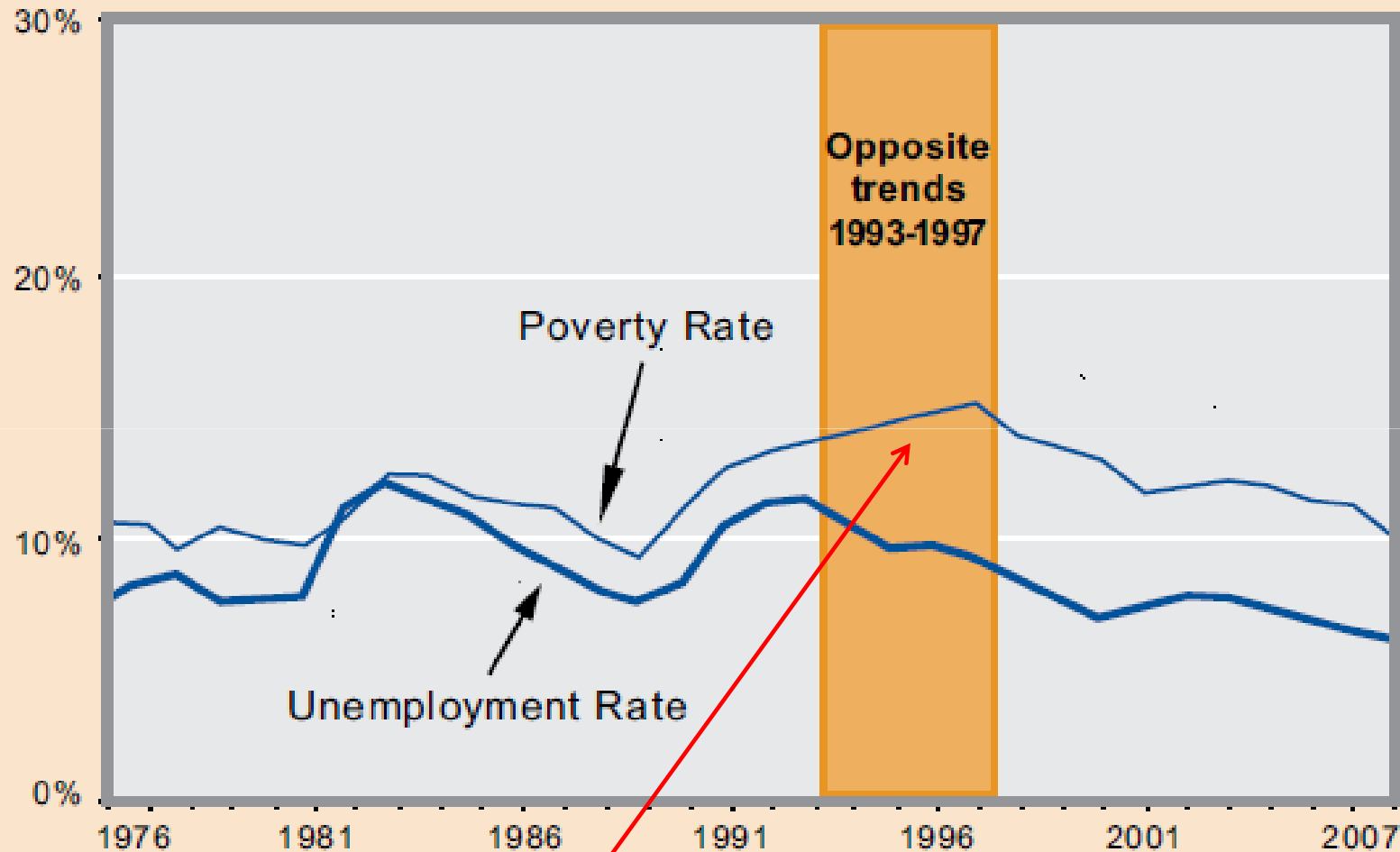
Source: National Council of Welfare

## The state of the economy influences poverty trends



Source: National Council of Welfare

## Poverty trends for working-age adults usually mirror unemployment rates



Major changes in social policy contribute to increased poverty rate in early to mid-1990s.

Source: National Council of Welfare

**Employment and family status are key factors as to whether a household with children is poor.  
Poverty due to absence of employment can be mitigated through a robust social safety net.**

Poverty among children			Poverty in households with children									
Mid-2000s	Point changes since mid-1990s	Level, mid-2000s	change from 1995	Single		Couple			By number of children			
				Not working	Working	No workers	One worker	Two and more workers	One	Two	Three and more	
												Level, mid-2000s
Australia	12	-1.2	10	-1.0	68	6	51	8	1	9	10	11
Canada	15	2.2	13	1.6	89	32	81	22	4	11	13	18
Denmark	3	0.8	2	0.7	20	4	21	5	0	2	2	4
Finland	4	2.1	4	1.9	46	6	23	9	1	5	3	3
New Zealand	15	2.3	13	1.5	48	30	47	21	3	..	..	..
Norway	5	0.9	4	0.6	31	5	29	4	0	4	2	6
Sweden	4	1.5	4	1.5	18	6	36	14	1	4	3	3
UK	10	-3.6	9	-3.7	39	7	36	9	1	4	6	20
US	21	-1.7	18	-1.1	92	36	82	27	6	14	15	26
OECD	10	0.4	8	0.2	50	15	45	13	2	7	7	11

Note: Poverty thresholds are set at 50% of the median income of the entire population.  
Source: Computations from OECD income distribution questionnaire.

### **Myth: Education is the way out of poverty.**

A higher level of education decreases the risk of poverty. However, no matter how high the level of education, poverty rates are greatest for unattached persons and lone-parent families. Family status is thus a more important factor than education.

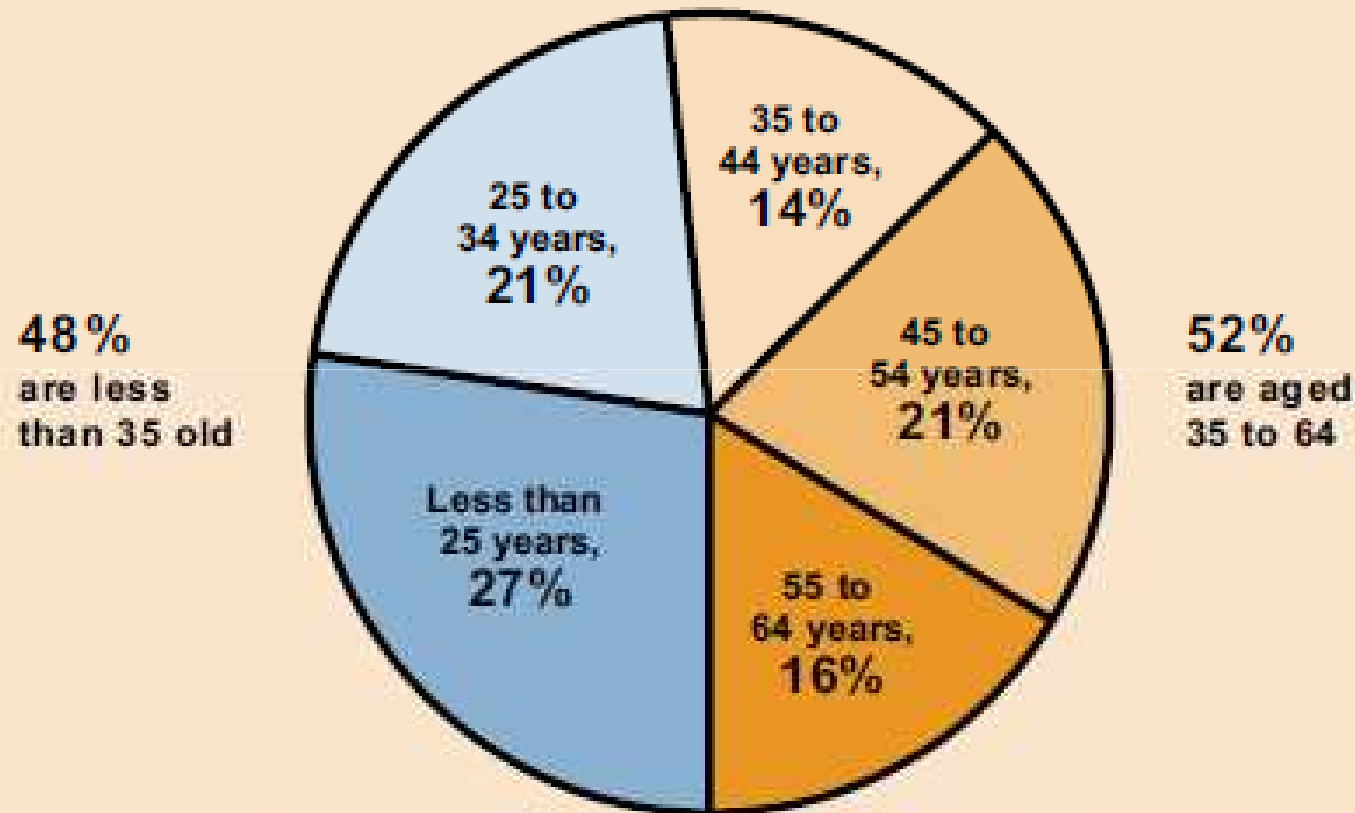
#### **Number of poor working-age families by highest level of education, 2007**

<b>Education level</b>	<b>Families</b>	<b>Unattached individuals</b>
Less than high school graduation	105,000	230,000
High school graduate	91,000	114,000
More than high school	261,000	636,000
Unknown	46,000	160,000

Note: Poverty rates for families are based on the highest level of education of the family's major income earner.

Source: National Council of Welfare

## Unattached individuals living in deep poverty span all age groups

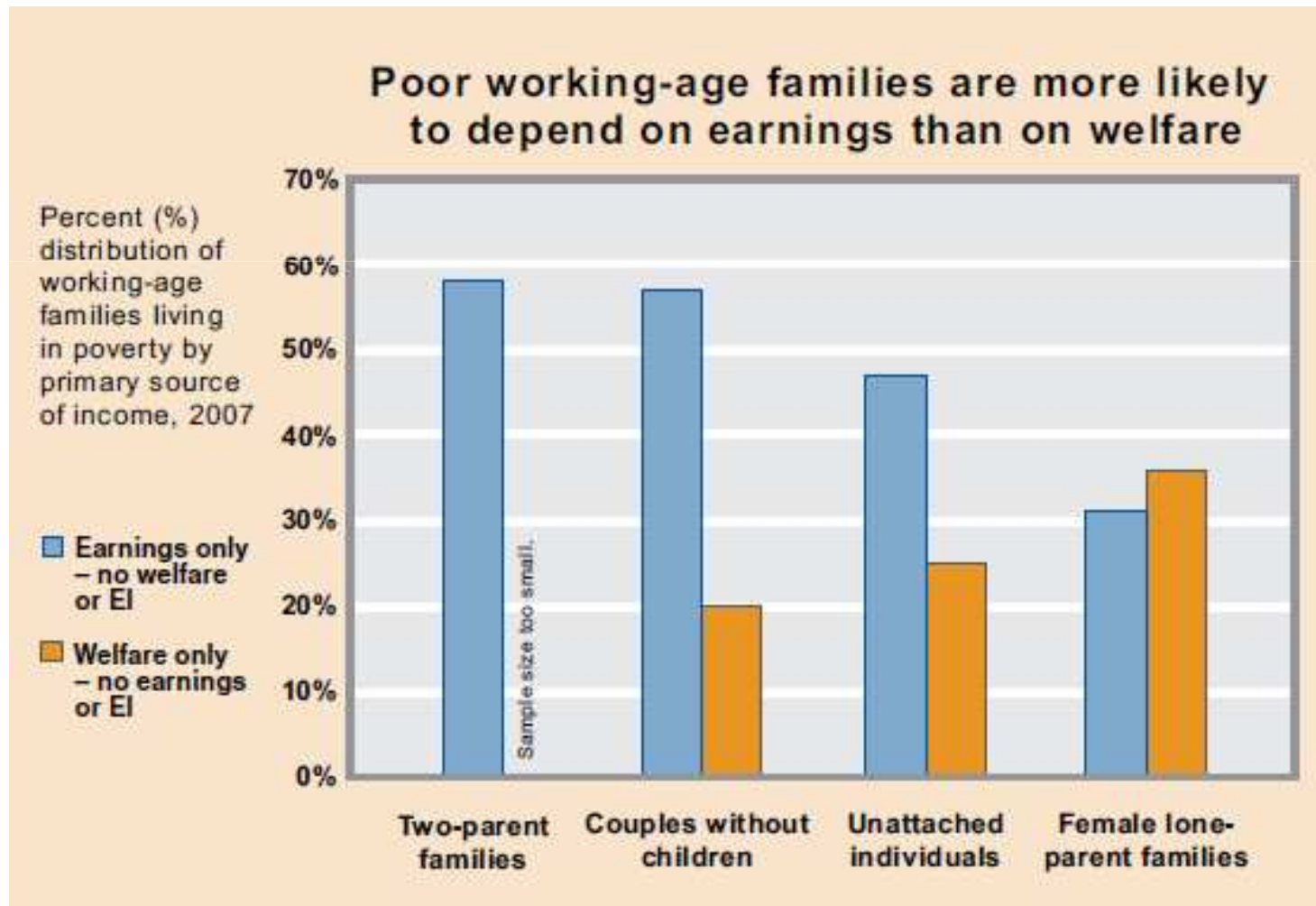


Percentage distribution, by age group, of poor unattached working-age individuals with incomes of less than half the poverty line, 2007

Source: National Council of Welfare

## Myth: People in poverty depend on welfare.

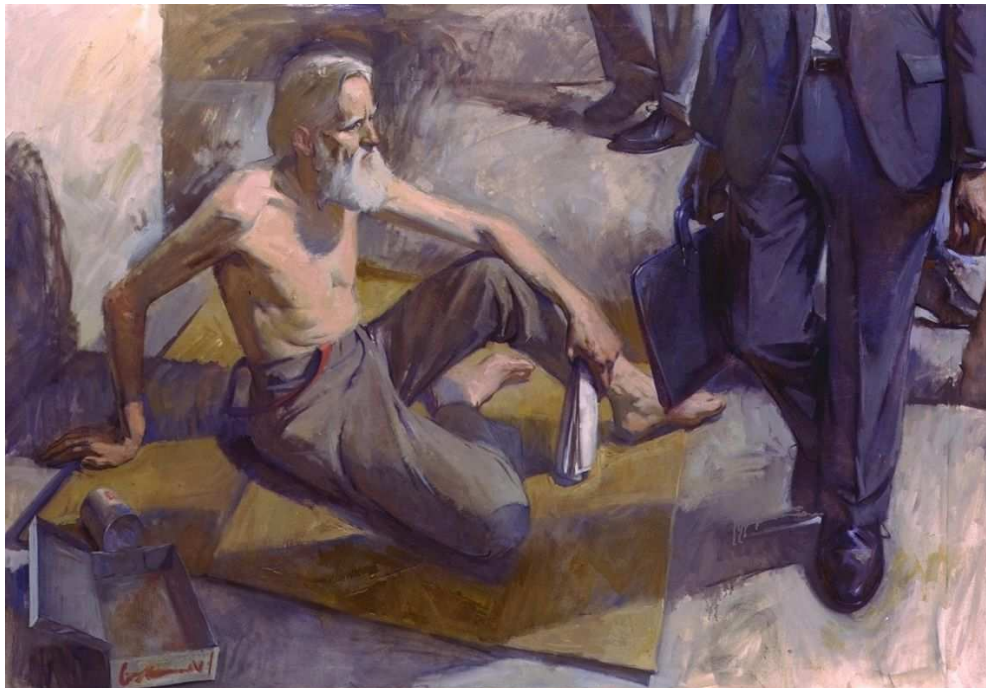
More than half (58%) of poor families relied mainly on employment earnings in 2007. Only 20% of poor couples without children depended mainly on welfare, while 57% relied mainly on earnings. Just 25% of poor unattached individuals relied mainly on welfare compared to 47% who relied on earnings. Just 31% of poor female lone-parent families relied mainly on welfare compared to 36% who relied on earnings.



Source: National Council of Welfare

## **Myth: Poverty is too expensive a problem for Canada to fix.**

Canada's total poverty gap – the amount of money needed to bring all people living in poverty up to the poverty line – was \$12.3 billion in 2007. This was the lowest gap since 1990. By way of comparison, Canada's gross domestic product in 2007 was \$1.5 trillion, 124 times higher. The poverty gap was also the equivalent of only 1.5% of the total market income earned by all Canadians in 2007.

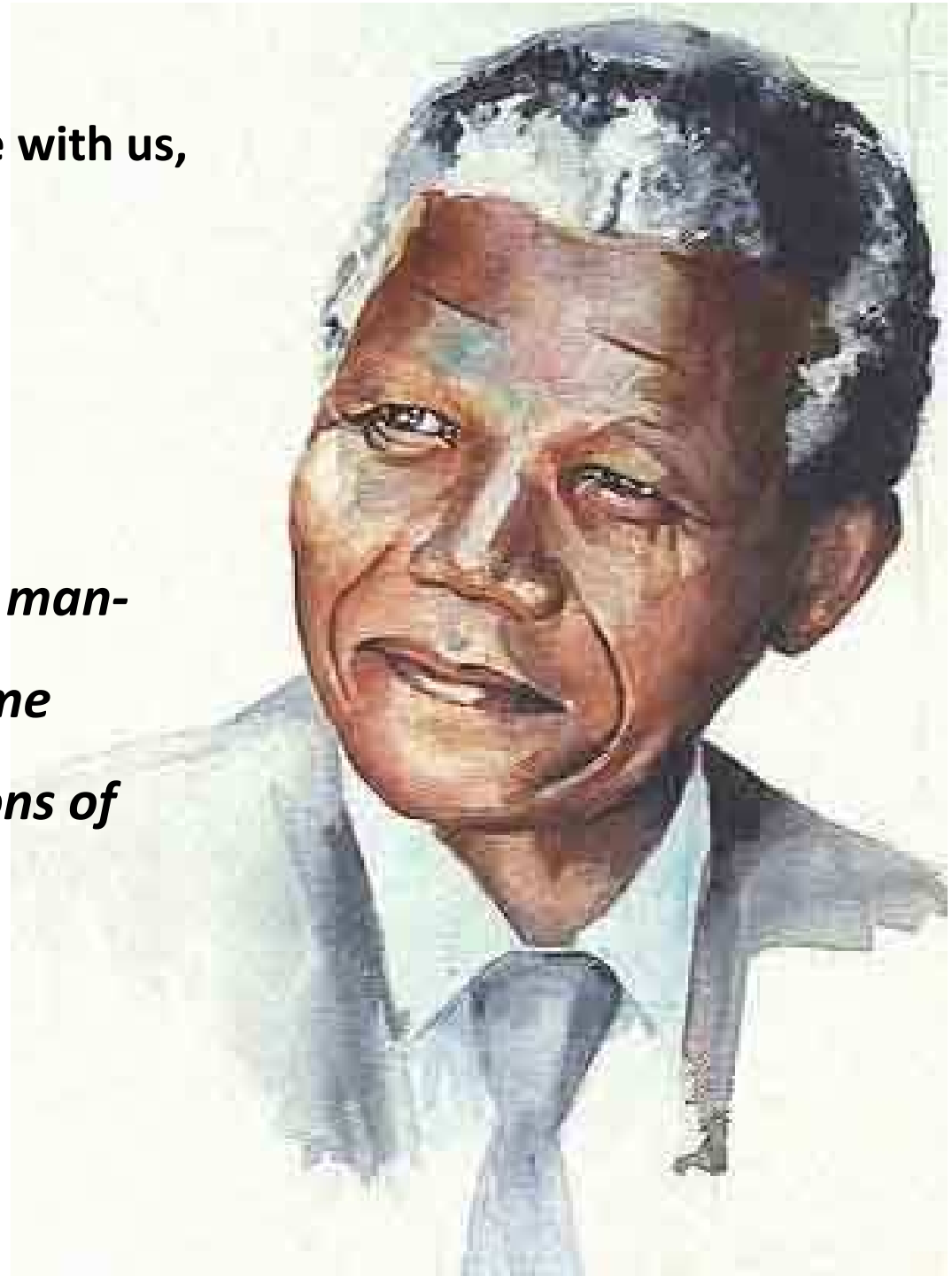


Artist unknown

**Myth: The poor shall always be with us,  
as the Bible says.**

***Like slavery and apartheid,  
poverty is not natural. It is man-  
made and it can be overcome  
and eradicated by the actions of  
human beings.***

**Nelson Mandela**





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CANADA  
WITHOUT  
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*Our logo symbolizes the rising above  
of a poverty line to a brighter, better life.*

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