



*Centre for the  
Study of Living Standards  
Centre d'étude des  
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# Five Little Known Developments in Canadian Living Standards

**Andrew Sharpe**

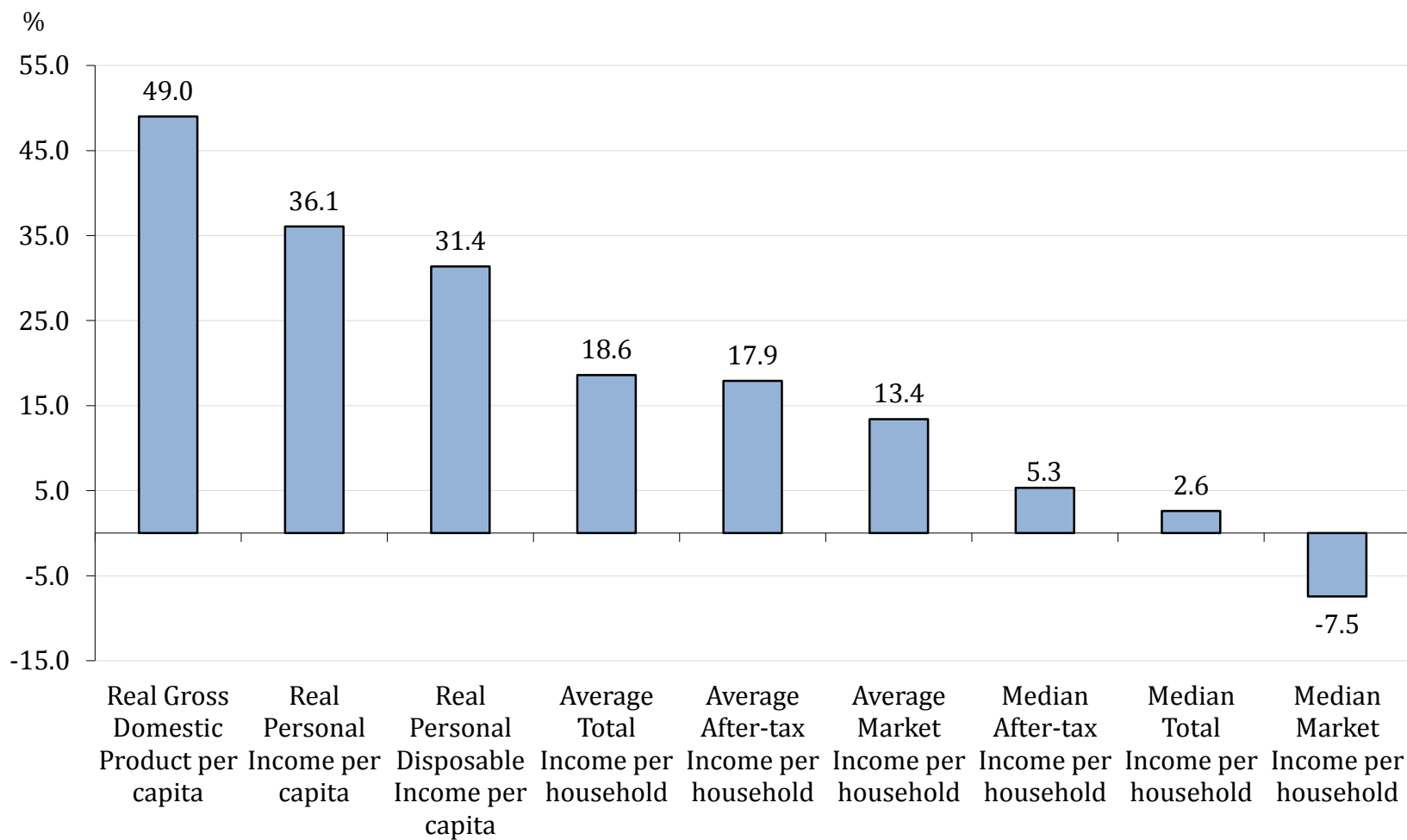
Executive Director, Centre for the Study of Living Standards

Annual Meeting of the Canadian Economics Association  
Montreal, QC  
June 1, 2013

## Outline of Presentation

- I. Sensitivity of Trends in Living Standards to Choice of Income Measure
- II. Most New Jobs Created in Industries with Above-Average Wages
- III. Falling Absolute Poverty Rates
- IV. Stable After-Tax Gini Coefficients Since 2000
- V. Continued Major Role for Government Spending and Taxes in Offsetting Market Inequality

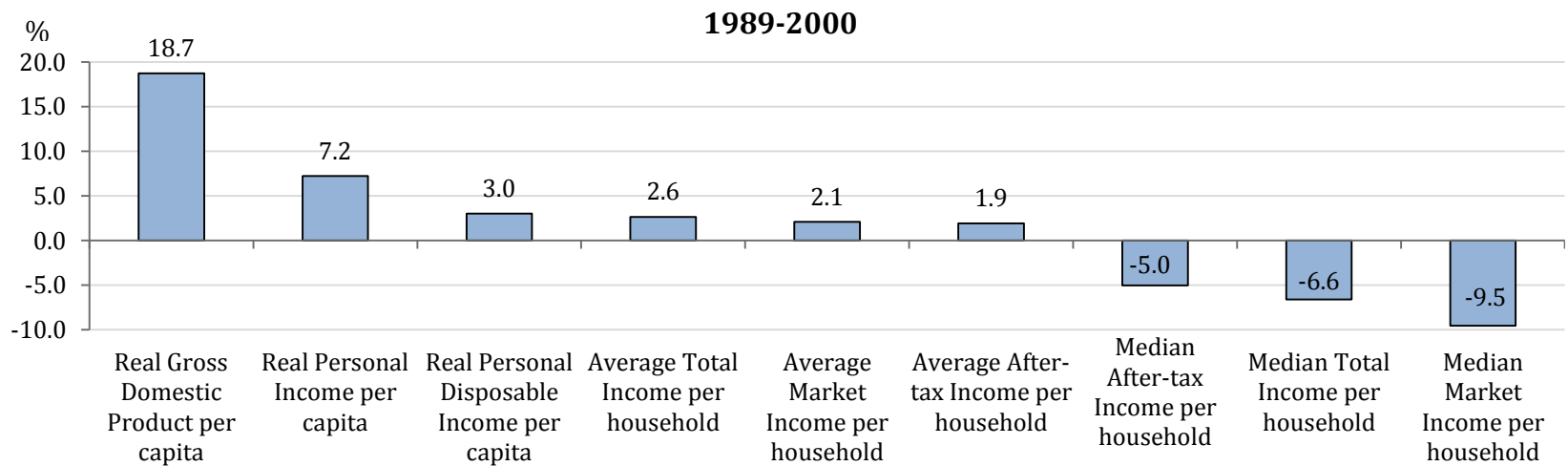
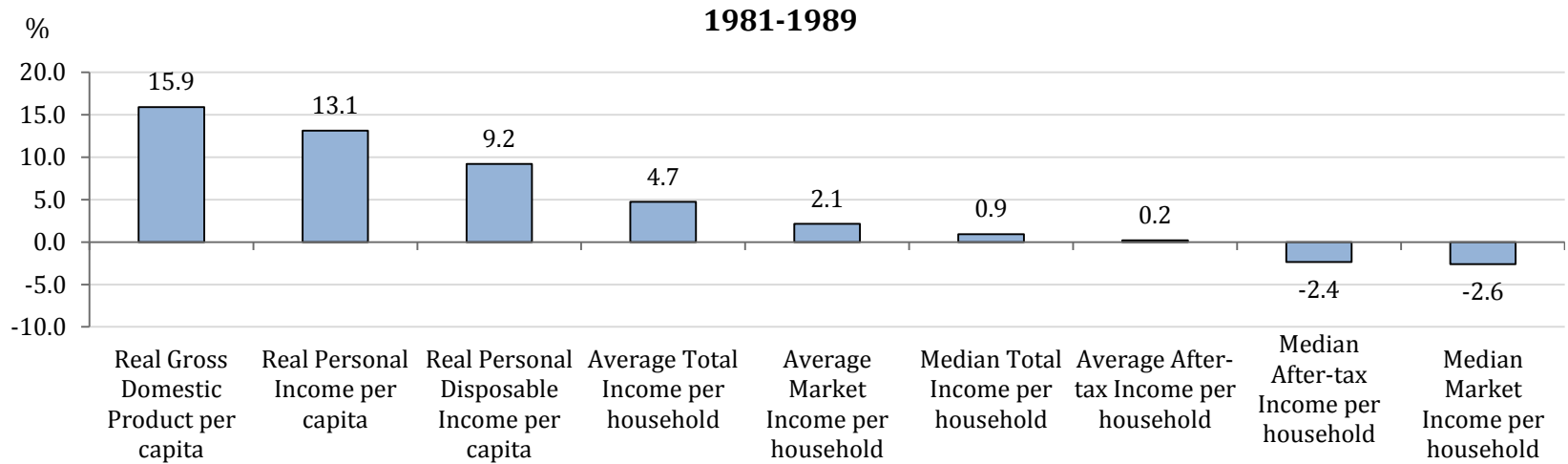
## Measures of Real Income on a per Capita and per Household Basis, 1981-2010 (total growth, per cent)



Source: CSLs Living Standards Database, Tables 7a, 8b, 9b, 11a, 11b, 11c, 12a, 12b.

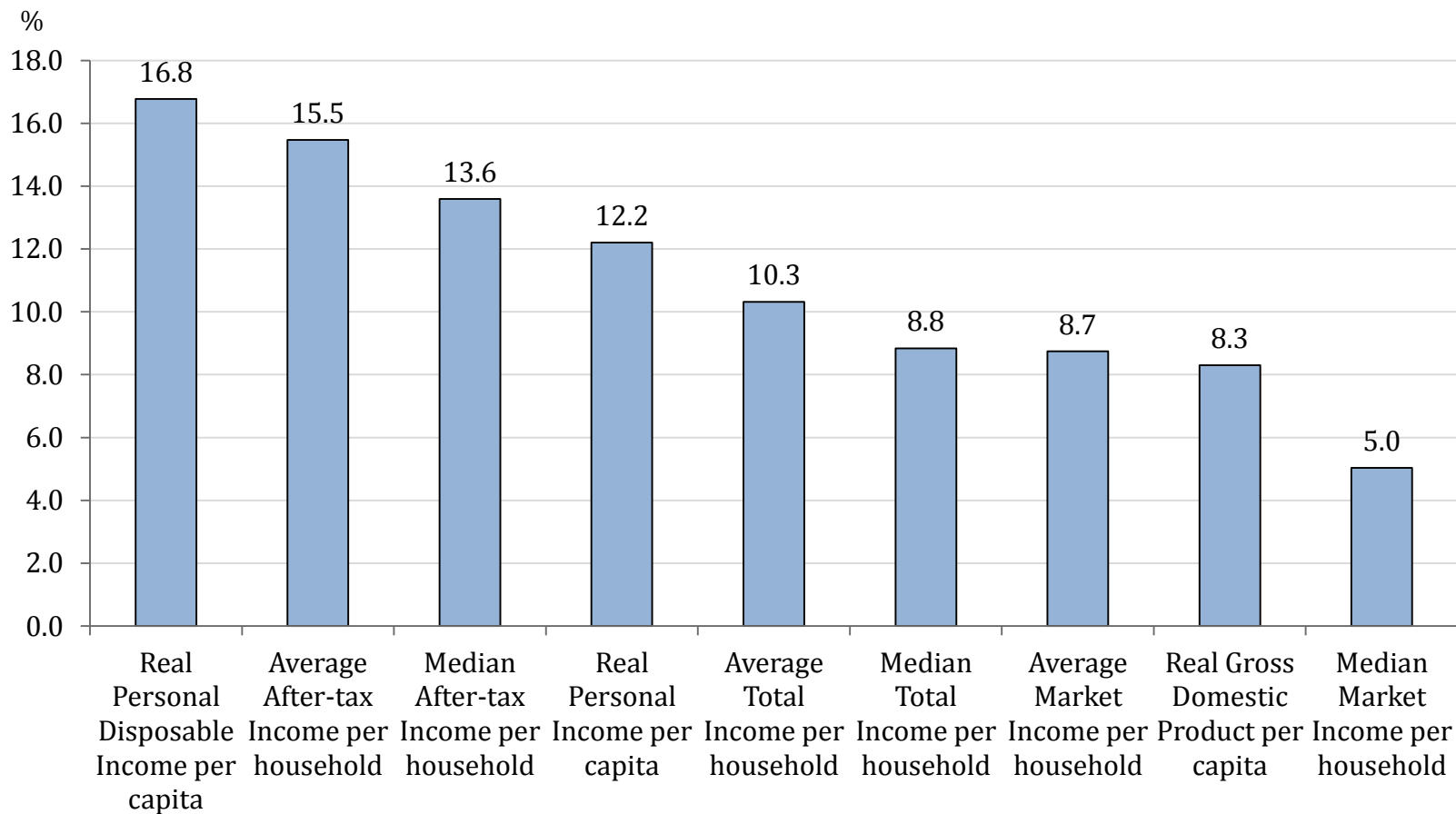
# Measures of Real Income on a per Capita and per Household Basis, 1981-1989 and 1989-2000

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## Measures of Real Income on a per Capita and per Household Basis, 2000-2010 (total growth, per cent)



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## Breakdown of Net Employment Growth by Sector, 2000-2012

	2000	2012	Change, 2000-2012	Change, 2000-2012	Contribution to Total Change
	(persons, thousands)			(per cent)	
<b>Total, all industries</b>	<b>14,760</b>	<b>17,508</b>	<b>2,748</b>	<b>18.6</b>	<b>100.0</b>
Agriculture	371	309	-62	-16.7	-2.3
Forestry, fishing, mining, quarrying, oil and gas	273	369	96	35.1	3.5
Utilities	116	141	25	21.5	0.9
Construction	807	1,268	461	57.1	16.8
Manufacturing	2,242	1,786	-457	-20.4	-16.6
Wholesale trade	546	612	66	12.1	2.4
Retail trade	1,754	2,032	278	15.8	10.1
Transportation and warehousing	773	849	76	9.9	2.8
Finance, insurance, real estate and leasing	858	1,093	235	27.4	8.6
Professional, scientific and technical services	936	1,299	364	38.9	13.2
Business, building and other support services	531	691	159	30.0	5.8
Educational services	970	1,288	318	32.7	11.6
Health care and social assistance	1,517	2,128	611	40.3	22.2
Information, culture and recreation	668	790	123	18.4	4.5
Accommodation and food services	941	1,102	162	17.2	5.9
Other services	683	795	113	16.5	4.1
Public administration	775	956	181	23.4	6.6

Source: Labour Force Survey, CANSIM Table 282-0008.

## Average Hourly Wages in 2012 and Contributions to Gross Employment Growth in the 2000-2012 Period

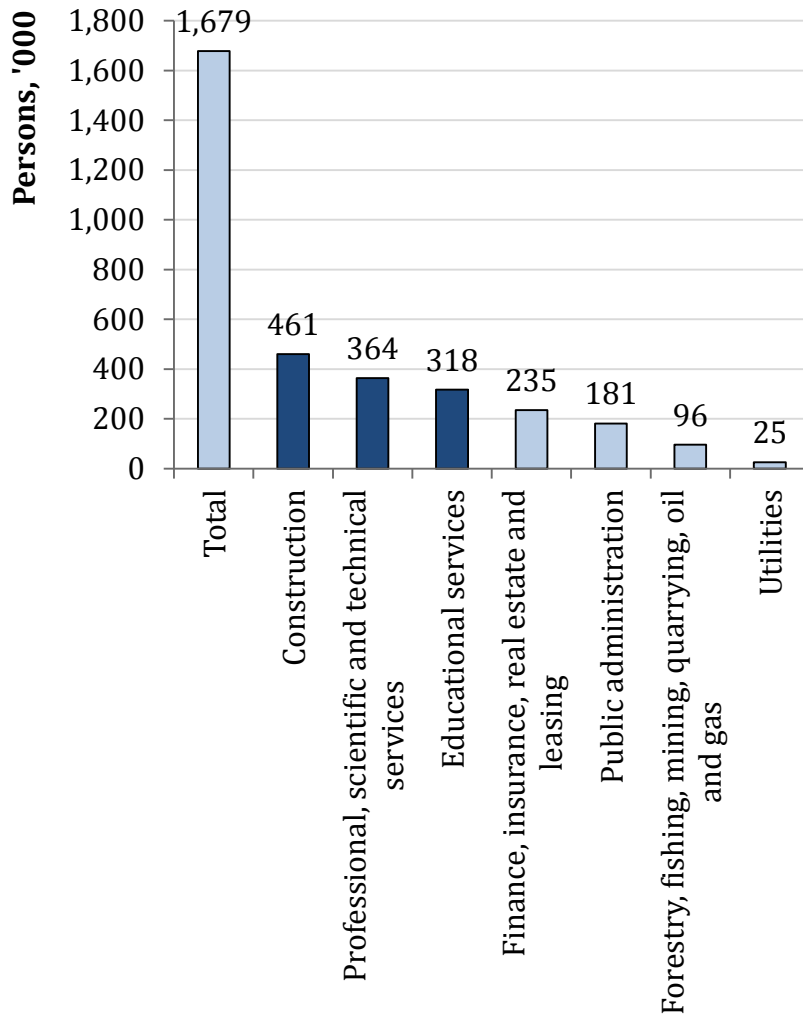
	Average Hourly Wages, 2012		Contribution to Gross Employment Growth, 2000-2012	
	Dollars	Relative to Average Wage	Persons (thousands)	Per Cent
<b>Total Gross Employment</b>	<b>23.65</b>	<b>100.0</b>	<b>3,267</b>	<b>100.0</b>
<i>Sectors with Above Average Wages</i>	<i>28.64</i>	<i>121.1</i>	<i>1,679</i>	<i>51.4</i>
Forestry, fishing, mining, quarrying, oil and gas	33.10	140.0	96	2.9
Utilities	34.60	146.3	25	0.8
Construction	25.47	107.7	461	14.1
Finance, insurance, real estate and leasing	26.42	111.7	235	7.2
Professional, scientific and technical services	29.79	<b>126.0</b>	364	11.1
Educational services	30.14	<b>127.4</b>	318	9.7
Public administration	31.47	133.1	181	5.6
<i>Sectors with Below Average Wages</i>	<i>20.00</i>	<i>84.6</i>	<i>1,588</i>	<i>48.6</i>
Wholesale and Retail Trade	17.74	75.0	344	10.5
Transportation and warehousing	23.33	98.6	76	2.3
Business, building and other support services	17.94	75.9	159	4.9
Health care and social assistance	22.58	<b>95.5</b>	611	18.7
Information, culture and recreation	22.58	95.5	123	3.8
Accommodation and food services	13.63	57.6	162	4.9
Other services	19.95	84.4	113	3.4

Source: Labour Force Survey, CANSIM Tables 282-0008 and 282-0072.

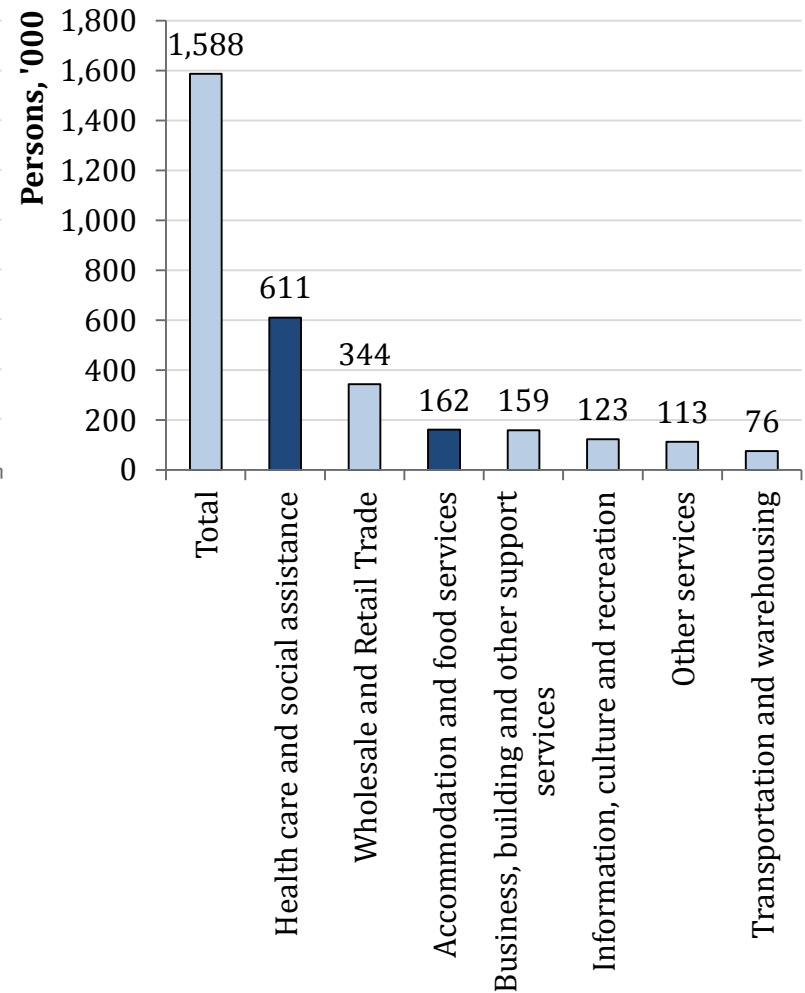
Notes: 1) The above table focus on *gross* employment growth. Since employment in manufacturing and agriculture has actually gone down between 2000 and 2012, these two sectors are not shown in the table; 2) Average wages calculated by the CSLs; 3) In 2012, the average hourly wage in manufacturing was practically equal to the overall average wage (99.8 per cent of the average wage).

# Gross Employment Growth in Canada by Sector, 2000-2012

## A) Jobs Created in Sectors with Above-Average Wages



## B) Jobs Created in Sectors with Below-Average Wages

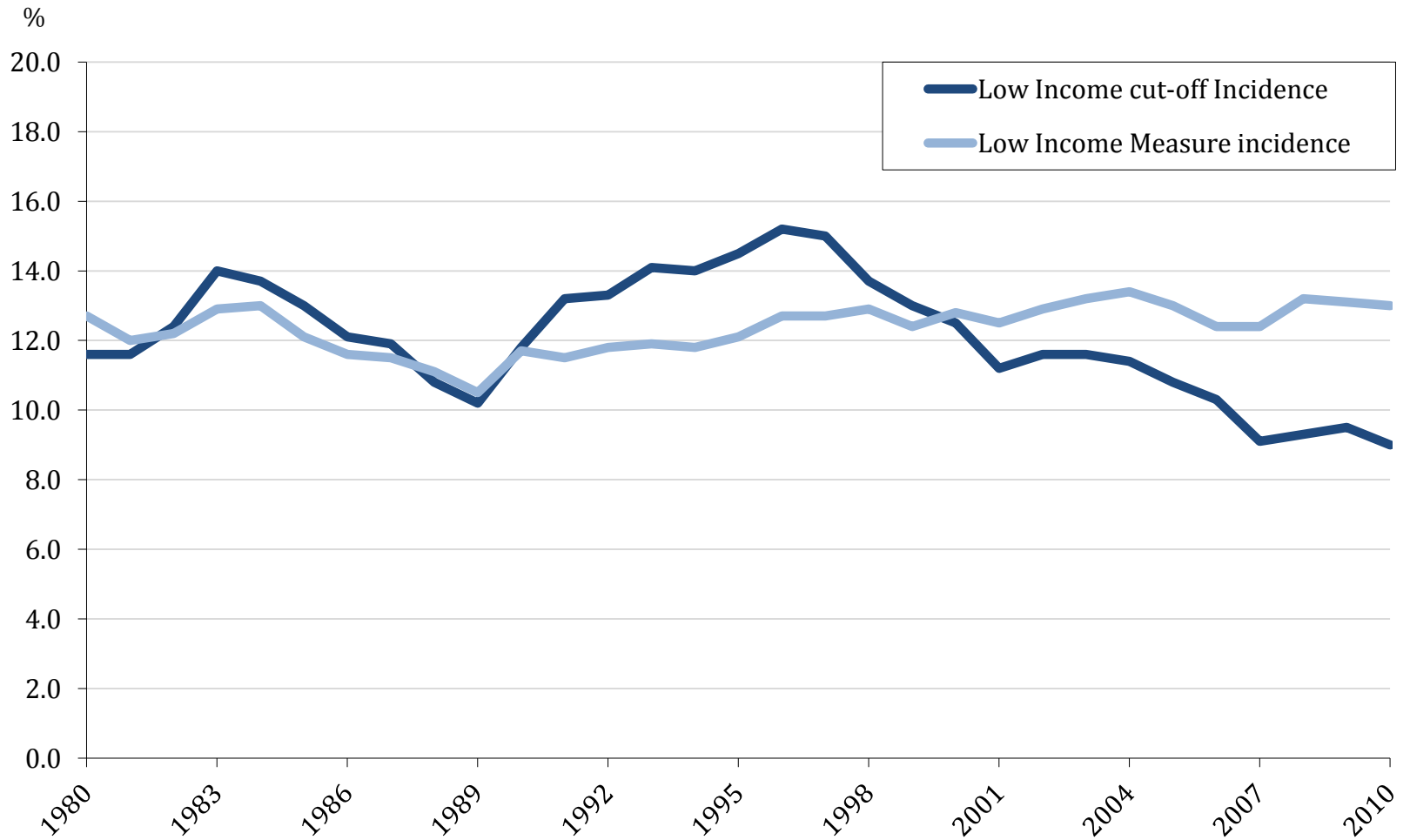


Source: Labour Force Survey, CANSIM Table 282-0008.

Note: The above charts focus on *gross* employment growth. Since employment in manufacturing and agriculture has actually gone down between 2000 and 2012, these two sectors are not depicted in the above charts.

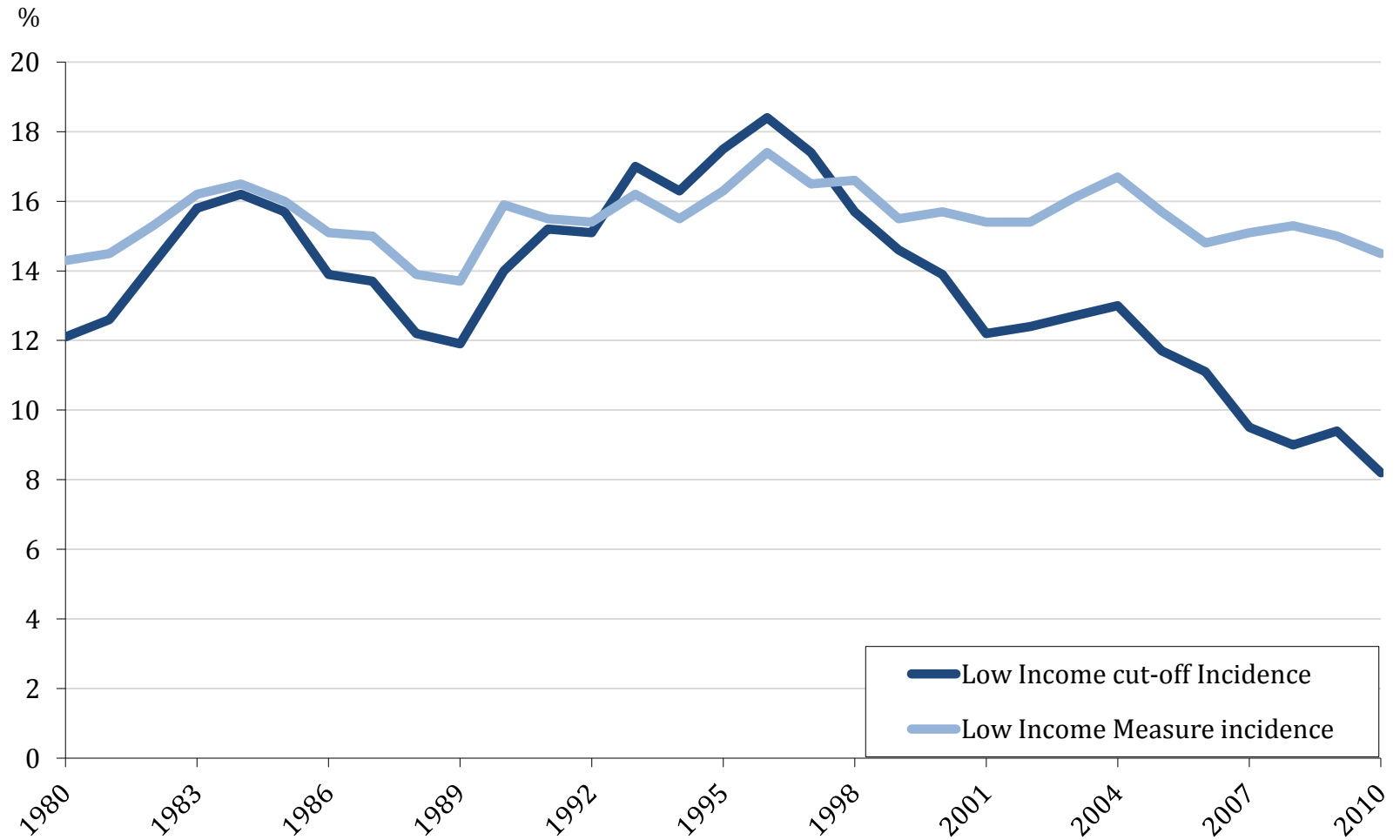


# Percentage of Persons under the After-tax Low Income Cut-Off (LICO) and Low Income Measure (LIM), 1980-2010



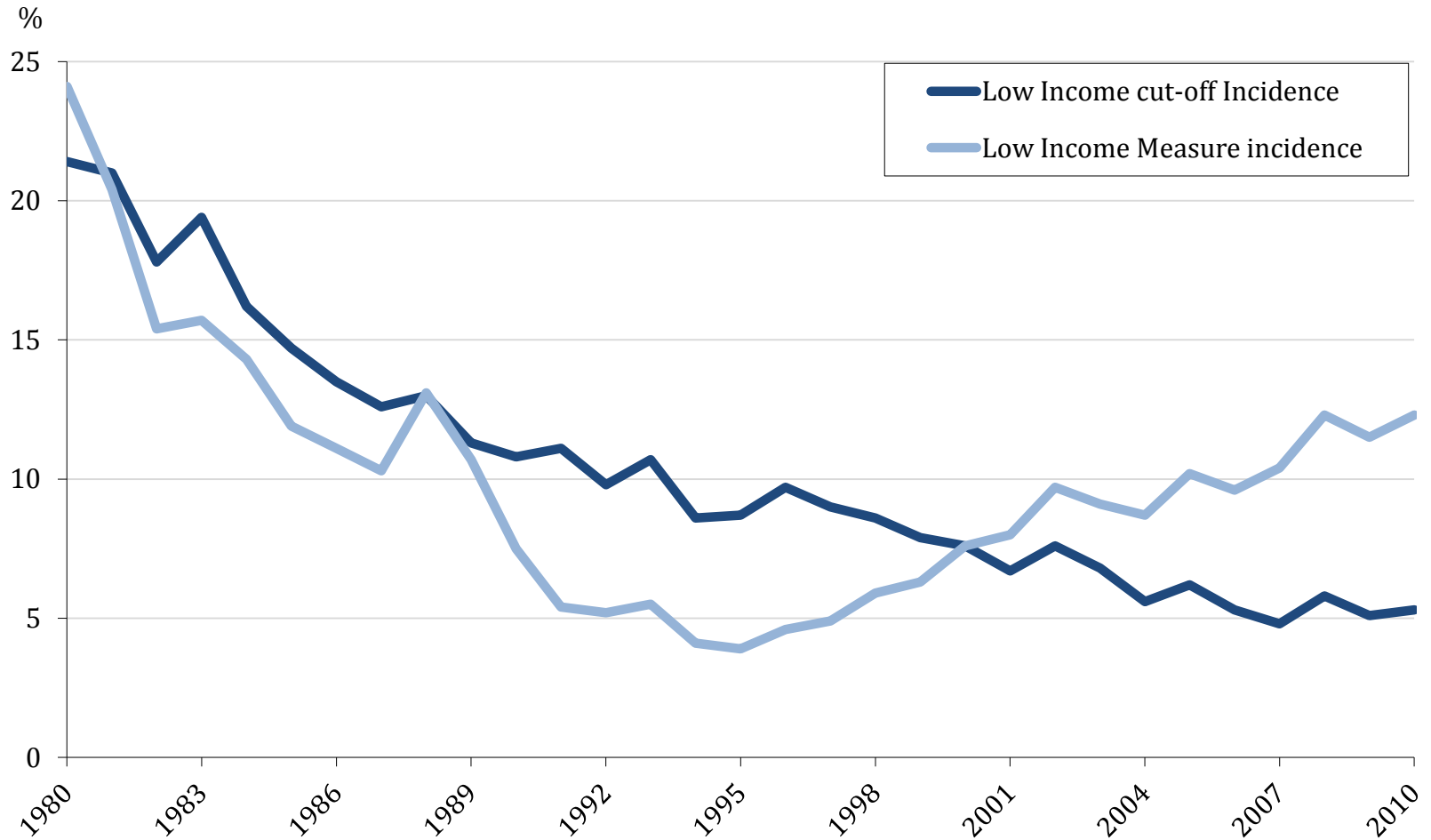
Source: CSLs Living Standards Database, Tables 16B, 16D, and 17A.

# Percentage of Children (under 18 years old) under the After-tax Low Income Cut-Off (LICO) and Low Income Measure (LIM), 1980-2010



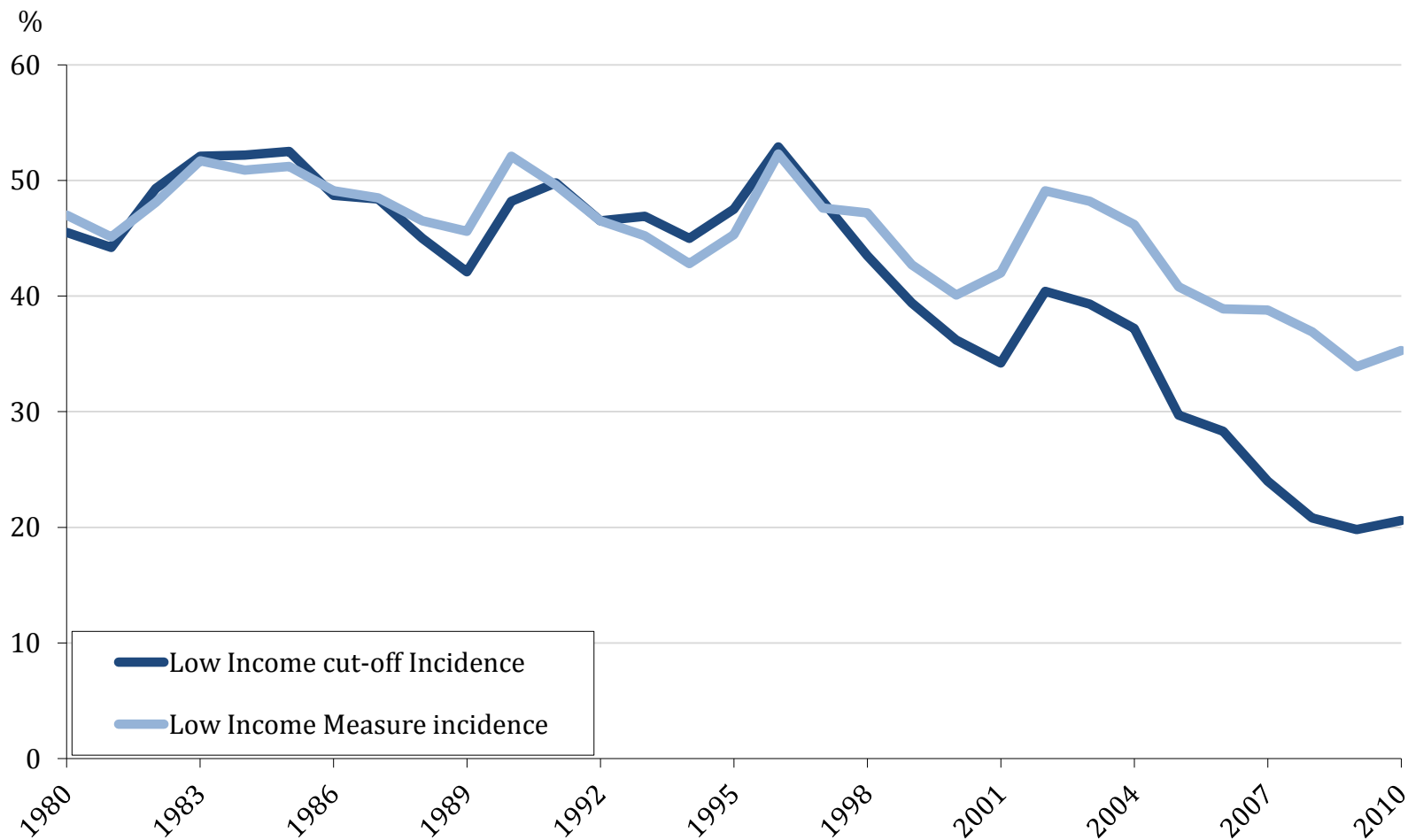
Source: CSLs Living Standards Database, Tables 16B, 16D, and 17A.

# Percentage of Elderly Persons (65 years old and over) under the After-tax Low Income Cut-Off (LICO) and Low Income Measure (LIM), 1980-2010



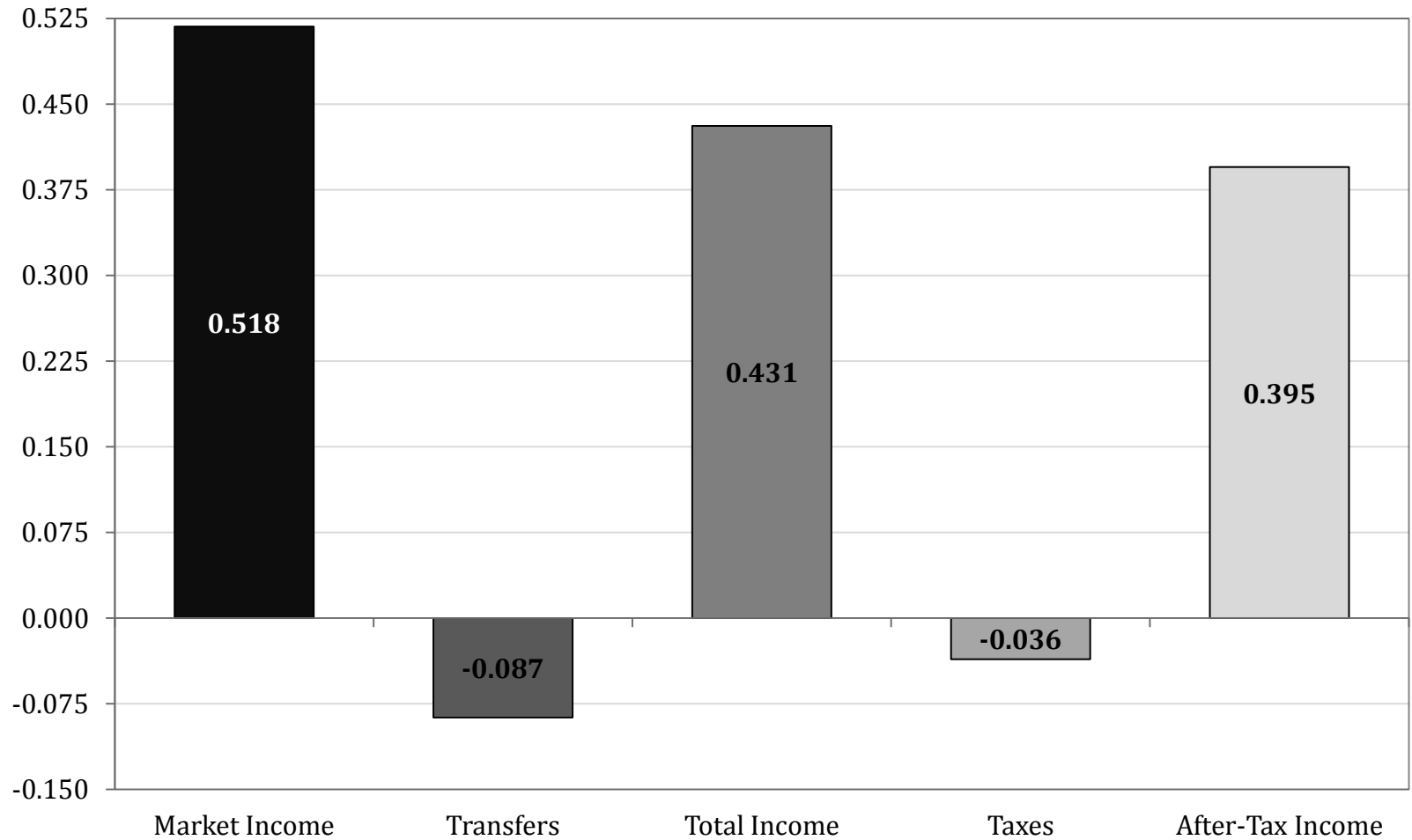
Source: CSLs Living Standards Database, Tables 16B, 16D, and 17A.

## Percentage of Persons in Female Lone-Parent Families under the After-tax Low Income Cut-Off (LICO) and Low Income Measure (LIM), 1980-2010



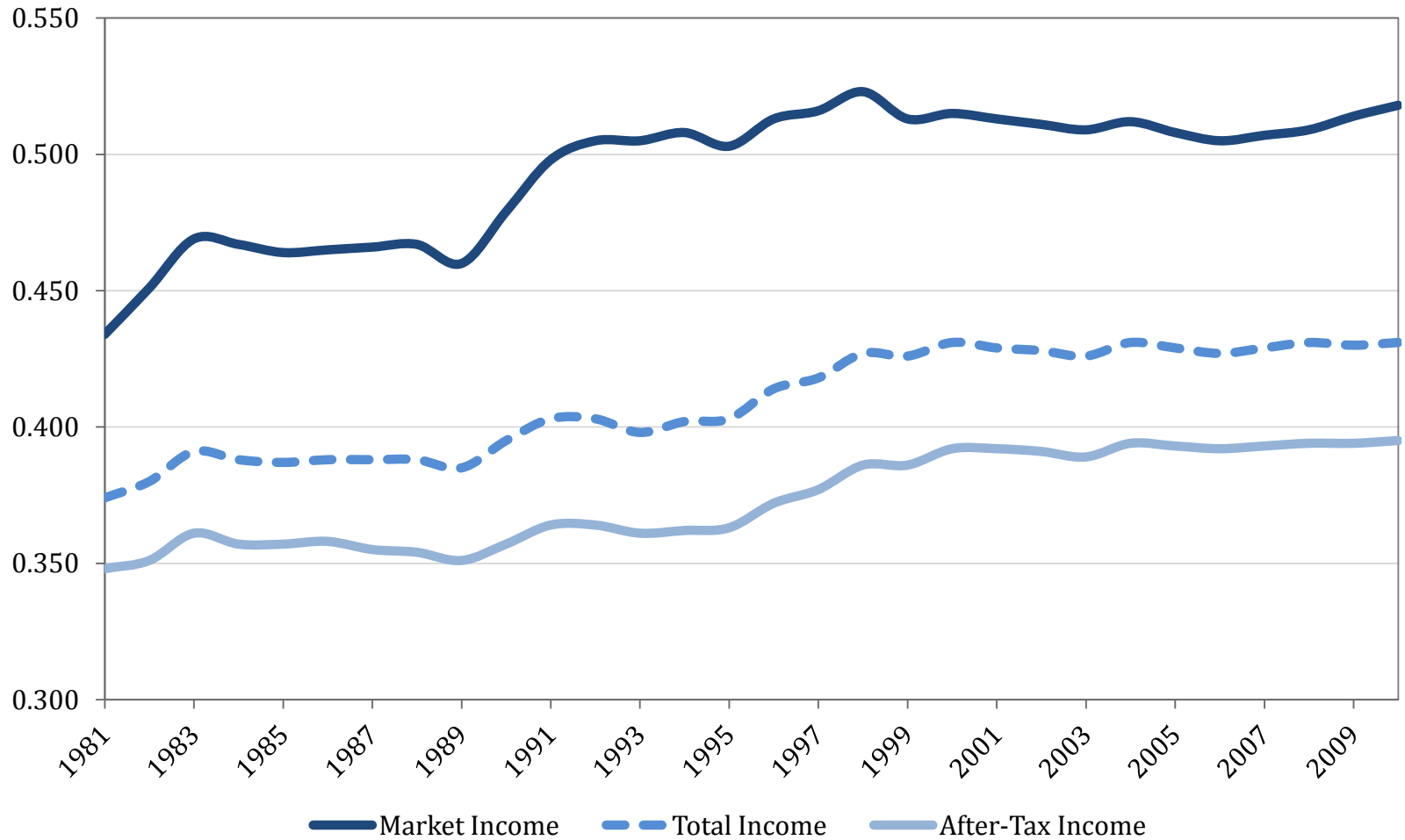
Source: CSLs Living Standards Database, Tables 16B, 16D, and 17A.

# Market and After-Tax Income Gini Coefficients and the Impact of Redistribution Policies, Canada, 2010



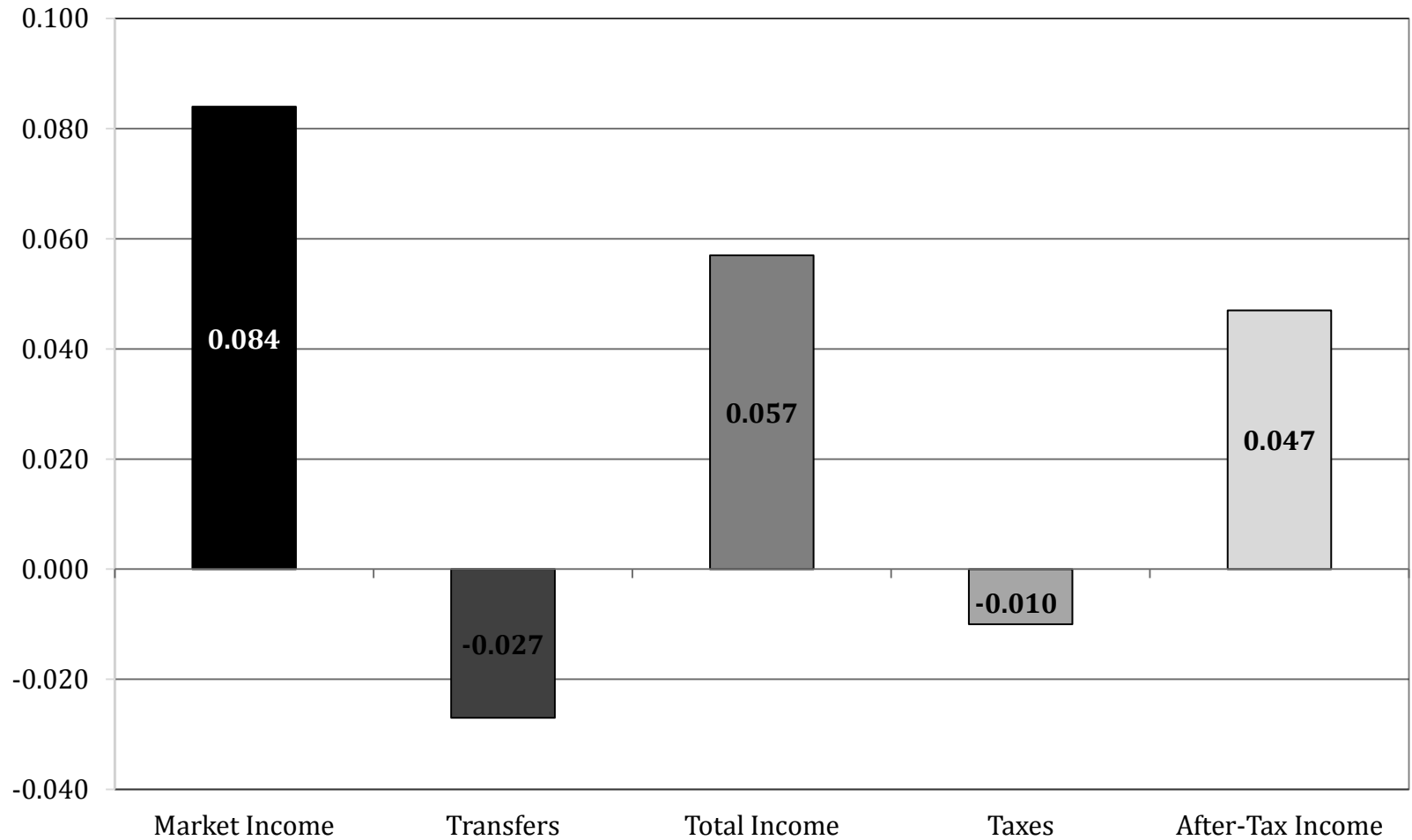
Source: Statistics Canada, CANSIM Table 202-0705.

# Comparing the Market, Total and After-Tax Income Gini Coefficients, Canada, 1981 to 2010



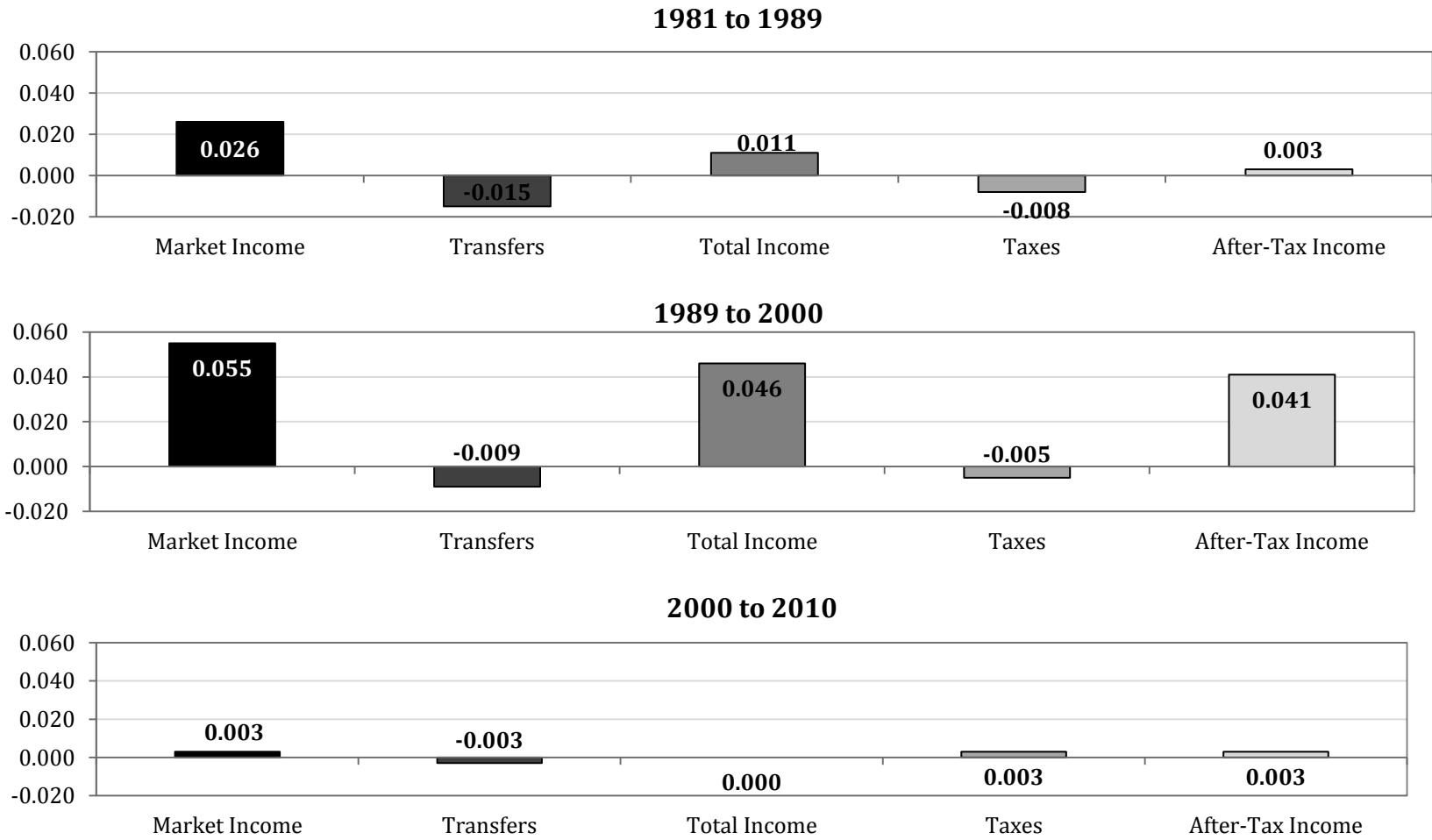
Source: Statistics Canada, CANSIM Table 202-0705.

## Change in the Market and After-Tax Income Gini Coefficients and the Impact of Redistribution Policies, Canada, 1981 to 2010



Source: Statistics Canada, CANSIM Table 202-0705.

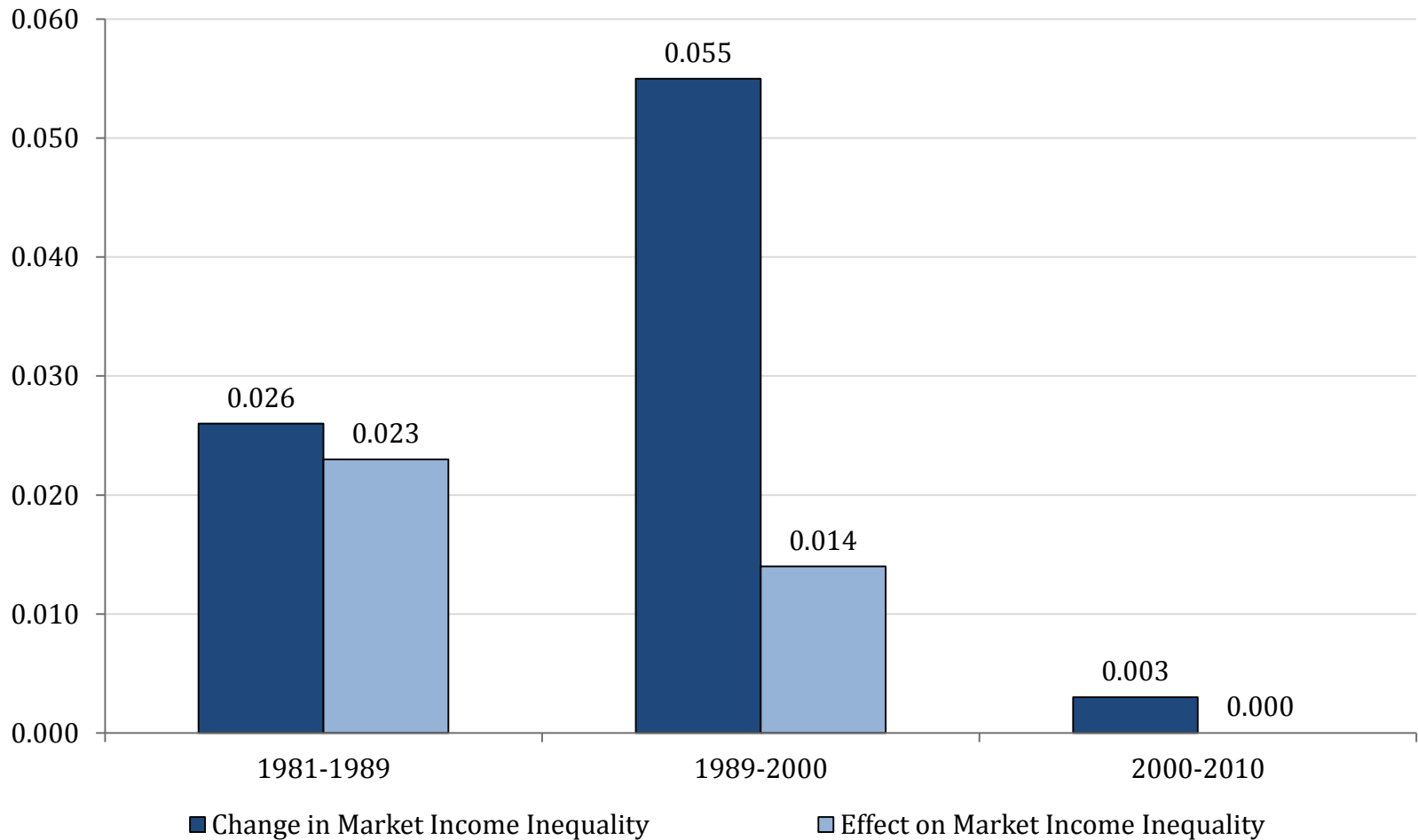
# Change in the Market and After-Tax Income Gini Coefficients and the Impact of Redistribution Policies, Canada, 1981 to 1989, 1989 to 2000 and 2000 to 2010



Source: Statistics Canada, CANSIM Table 202-0705.

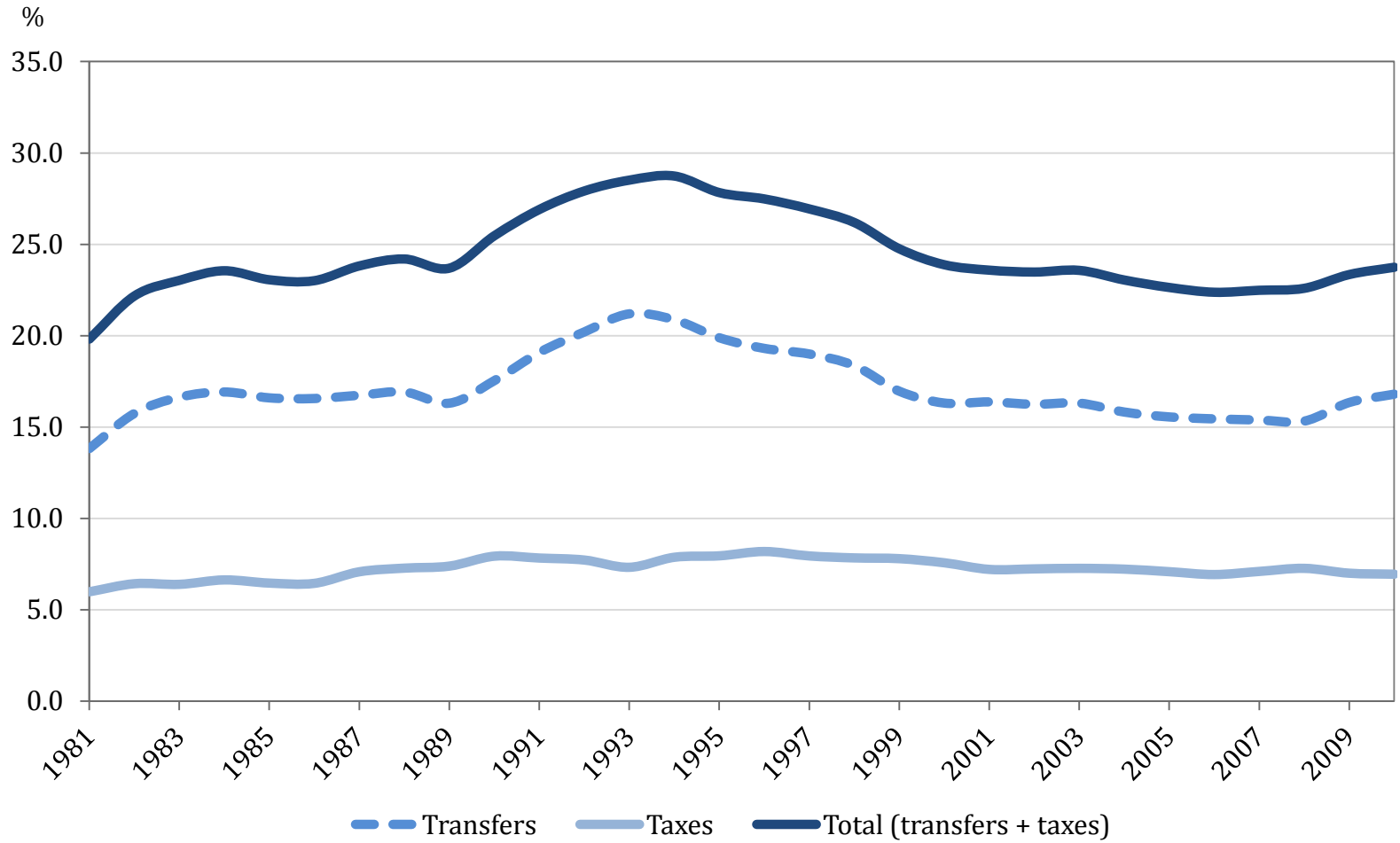


## Increase in Market Inequality and the Declining Impact of Income Redistribution in Canada (percentage points), 1981-1989, 1989-2000 and 2000-2010



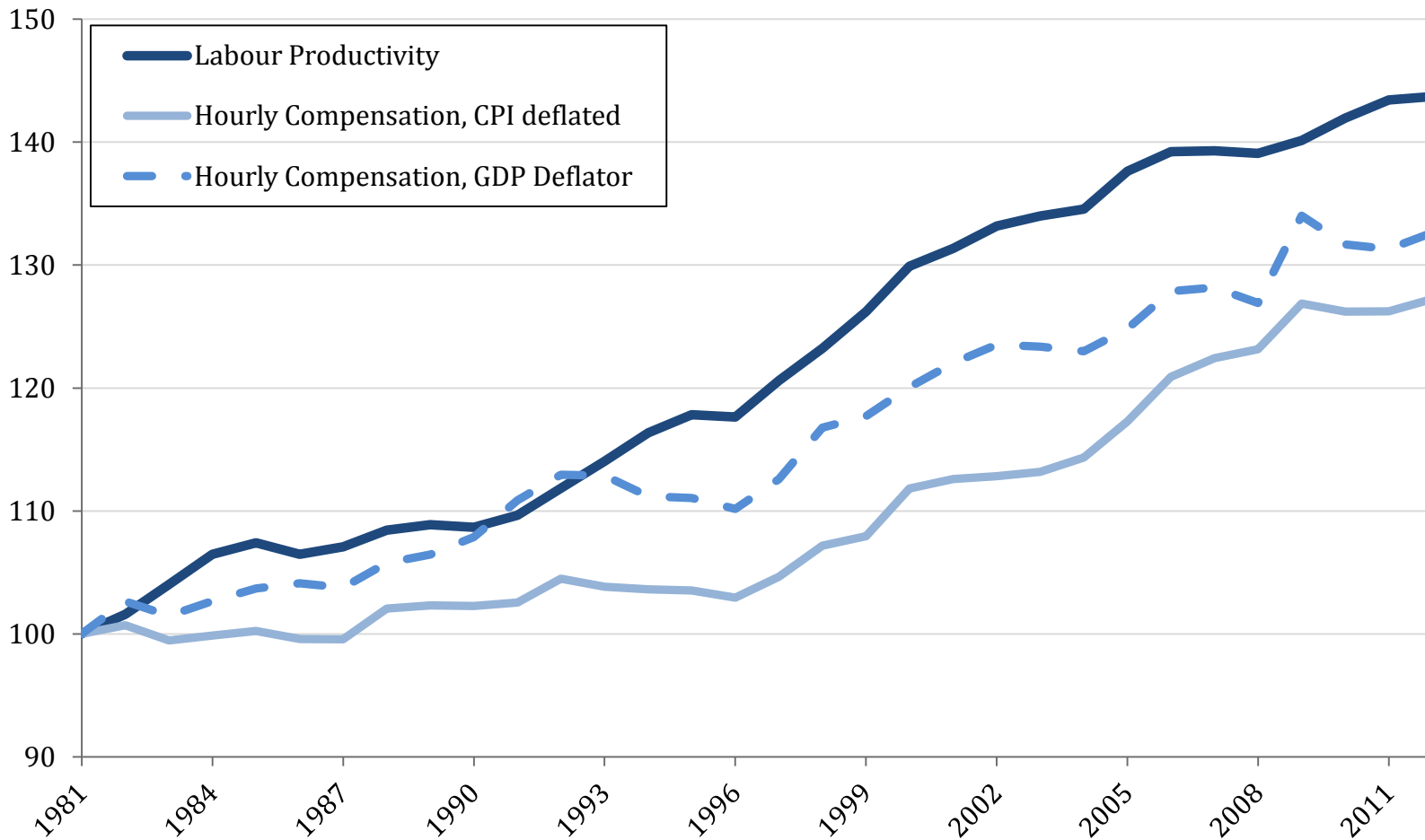
Source: Sharpe, Andrew, Evan Capeluck (2012) "The Impact of Redistribution on Income Inequality in Canada and the Provinces, 1981-2010," CSLs Research Report 2012-08.

# Per Cent Offset of Taxes and Transfers on the Market Income Gini Coefficient, Canada, 1981 to 2010



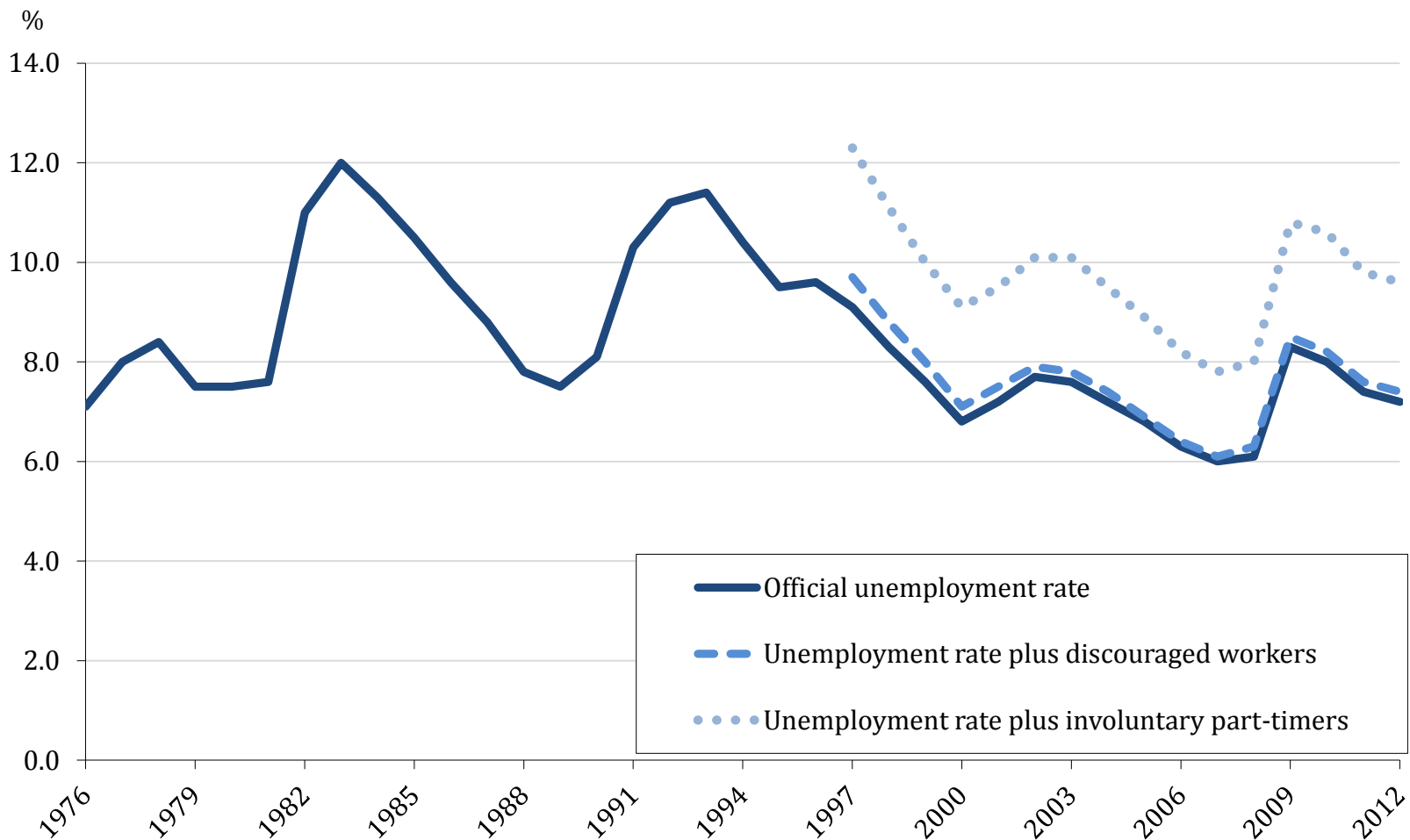
Source: Statistics Canada, CANSIM Table 202-0705.

# Real Hourly Compensation and Productivity Indexes, 1981-2012 (1981=100)



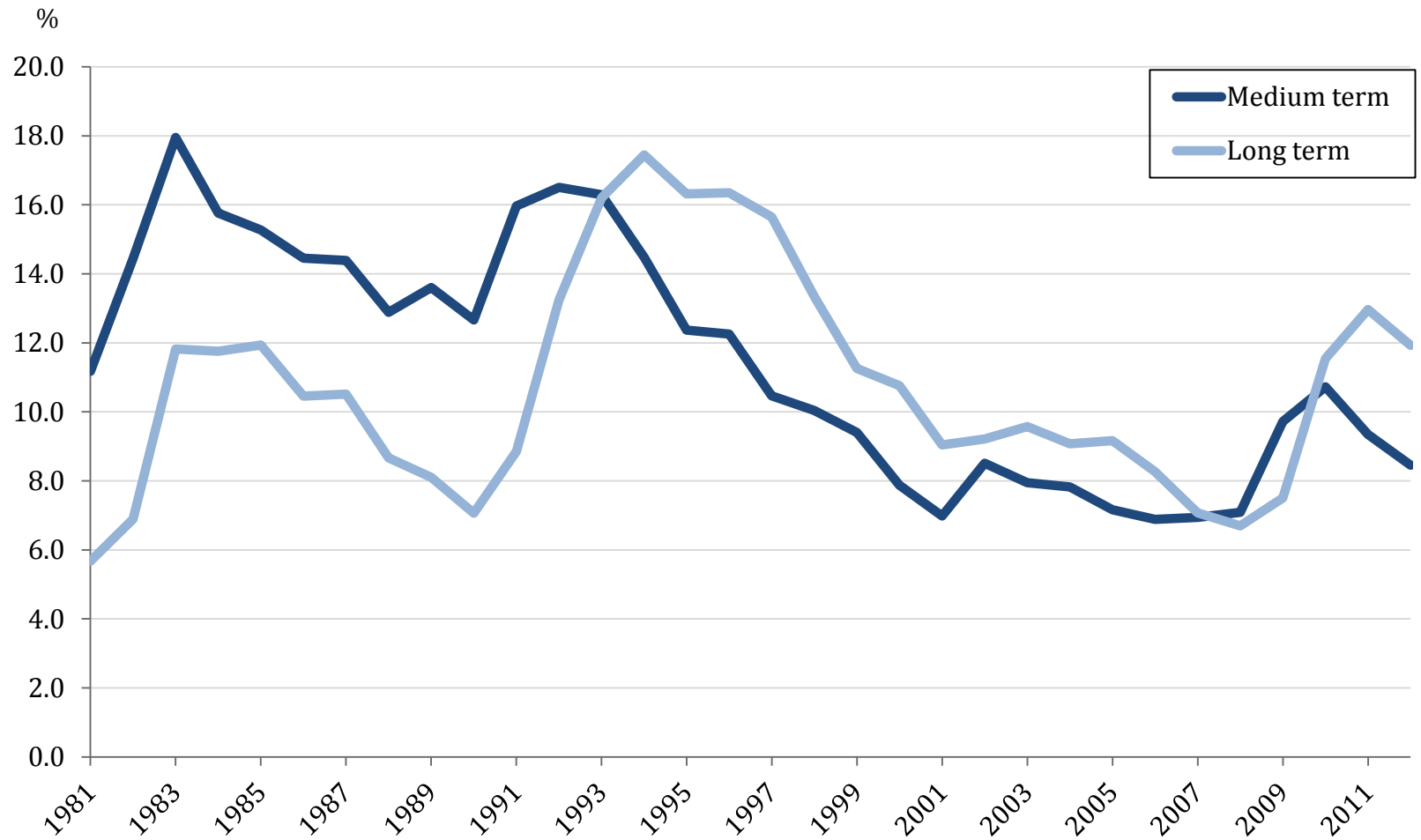
Source: CSLS Living Standards Database, Table 23.

# Official and Supplementary Measures of Unemployment Rate, 1981-2012



Source: CSLs Living Standards Database, Tables 22A and 22B.

# Medium (26-51 weeks) and Long Term (52 weeks and over) Unemployment as a Proportion of Unemployment, 1981-2012, in Per Cent



Source: CSLS Living Standards Database, Table 25c.