Poverty Lines in Canada: A Review of the Literature

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February 9, 1998

"Poverty is an anomaly to rich people. It is very difficult to make out why people who want dinner do not ring the bell."

Walter Bagehot (1826–77),
English economist, critic.

The word "poverty" comes from the Middle English *poverte*, Old French *poverté*, from Latin *paupertat-*, *paupertas*, and from *pauper*, poor. Its origins are traced back to the 12th century. The American Heritage Dictionary (1997) defines poverty as: "The state of being poor; lack of the means of providing material needs or comforts. Deficiency in amount; scantiness." The Merrian-Webster Distionary (1988) has a similar definition: "The state of one who lacks a usual or socially acceptable amount of money or material possessions. Scarsity, dearth. Debility due to malnutrition." While many will find some aspects of these definitions to represent an acceptable meaning of poverty, measurement of such a definition begs greater specificity, and carries with it in all cases, additional stated or unstated assumptions.

The literature review we have compiled has a decidedly Canadian focus. Although the U.S. poverty line is described, and important measurement issues are gleaned from the American and European literature, the chief purpose of this review is to present sufficient background so as to permit the development of an informed policy position and accompanying methodology for the development of a measure of poverty for Edmonton.

The variety of definitions and calculations used to denote a poverty line, typically a measurable distinction between the income of those who live in poverty and those who do not, is influenced to a great extent by social forces. They can, therefore, be best understood in historical context. Although there are several different measures presently used in Canada, they can be described by their similar characteristics. In preperation for the proposal of a methodology for developing a local measure, critiques are offered. A proposed methodology for identifying a poverty line is then described.

Literature Review

This review of the poverty line literature begins by placing the discussion in historical context before briefly reviewing the prominent Canadian measures in use today. The methodology for this review included database searches through the indexed academic and government literature, as well as via the internet and in-person contact with social researchers to obtain representative work from that literature.

Historical Overview

"The history of offical 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" (Leadbeater, 1992, p.2.). Early efforts to establish minimum living standards developed outside of official circles and prominently from the trade union movement and middle-class reformers (Rutherford, 1974), where the impetus was found in strikes and disputes over labour standards and in determining income security eligibility, and benefits (Leadbeater, 1992). These pressures for statistics on average wages for labour were not directed toward the establishment of minimum living standards for those outside of the labor force. Indeed, the wages of unskilled laborers were deemed by labor to be at a susbsistence minimum, and therefore, warranted no attention toward an alternative minimum level.

The first Canadian attempt at the establishment of minimum standards appeared in Canadian history in 1896, when Sir Herbert Brown Ames, a 'well-to-do' social reformer and Montreal manufacturer, conducted a study of "ordinary urban conditions" in a working class Montreal neighborhood (Ames, 1972). Ames accepted class divisions but felt that his societal position carried some reponsibility for the well-being of the industrial class (Guest, 1985). Ames estimated that a "decent subsistence" income of $5.00 per week was minimally necessary for a "growing family" of five (Leadbeater, 1992); this number was not based on survey data, but, on the prevailing standard of minimum wage for unskilled labor which was approximately $1.00 per day.

To Leadbeater (1992), the stated rationale behind the calculations exemplifies the presence of the principle of "less-eligibility", in that the minimum subsistence line was determined to be slightly lower than the prevailing unskilled labor wage, so as to offer an incentive to work. Later research (Copp, 1974), using 1926 data calculated back to 1900 from the Department of Labour's Family Budget Survey, estimated that the cost of basic necessities for a family of five was actually \$9.64 per week, and the cost for meeting total needs was \$13.77. The high death rates reported by Ames (1972) among those living in poverty appear to support the lack of income for basic needs evidenced in the discrepancy between the Ames (1972) and Copp (1974) poverty lines.

By 1912 the Federal Department of Labour had been collecting cost of living data for 12 years, but began subsequently to weight cost-of-living indices according to the budget of the "representative working man" (Leadbeater, 1992). However, according to Leadbeater (1992) "the question of cost-of-living data was deliberately seperated from that of a minimum or physical subsistence budget...(as 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 exposing the ills of poverty" (pp.3-4).

Around the time of the First World War, efforts to systematically estimate minimum standards for Canada began to be made and were based on the "commodity budget" or "commodity basket" approach. These developments were initiated by trade unions and social welfare organizations. Additionally, other initiatives toward minimum wage legislation were being made and this led to investigations of certain low-wage sectors of the economy. The commodity budget standards that developed at the time appeared to fall into two groups (Leadbetter, 1992): those set at a bare subsistence level or physical minimum, and those set at a health and decency level which included recognition of social needs.

The development of government income security programs and minimum wage legislation suggests that minimum living standards have long been implied, if not explicitly defined, by governments in Canada (Guest, 1985). During World War One, municipalities began to carry less responsibility for public welfare and provincial social security programs began to develop. The passage of workers compensation legislation in Ontario in 1915 preceeded the introduction of mother's allowances in Manitoba in 1916. Another significant event for the establishment of minimum living standards was the passing of the first minimum wage legislation in Alberta in 1917.

The considerable social and political resistance to the establishment of a recognized minimum wage prevented the development of official statistics measuring minimum living costs in Canada (Marshall, 1955). Following the lead of the United States, and initiatives there during Lyndon Johnson's War On Poverty, the federal government began to estimate and publish low income cut offs (LICO's). Although many took them to be poverty lines, Statistics Canada has never endorsed them for that purpose. Shortly thereafter, the Special Senate Committee on Poverty and the Canadian Council on Social Development proposed alternative poverty lines based on a relative income approach. The Canadian public have also been asked to define the amount of family income required.

Contemporary Measures

A discussion of poverty lines may be qualified according to two dimensions. First, minimum standards may be classified in terms of what should be, versus what is. Often this distinction fits the description of "poverty lines" as opposed to income security benefit/minimum wage levels respectively. Although the former is a "pure" measure of poverty while the others imply a necessary subsistence level of income, implied measures are still important to consider because they are among the most high profile indicators that we have.

Second, there is a distinction in the literature between absolute and relative measures of poverty. Different authors use these terms in different ways, but the distinction is still worthy of brief attention here. Absolute measures are frequently associated with the necessary minimum: the materials needed to sustain physical life. Relative measures are frequently associated with a level of poverty that includes attention to issues of social participation, beyond simple physical existence. From this one could expect that absolute poverty lines would consistently be lower than relative poverty lines. However, that is not always the case (see Leadbeater, 1992). Another distinction between absolute and relative measures in the literature concerns the degree to which the measure is context-bound or related to economic or social change. However, as Sarlo (1996) points out, there is no such thing as a completely absolute measure. Indeed, such a measure would quickly become useless if it was not updated with changes in population income or commonly used items and their associated costs.

Because of the difficulties associated with these distinctions for the purpose of classification and discussion, we have selected the distinction employed by Leadbeater (1992) which is more closely related to the development of poverty measures in Canada. Although there are implied lines that distinguish between the incomes for the poor and the non-poor through minimum wage legislation, social assistance rates, and surveys of public perceptions of adequate family income, the more explicit measures of low-income or poverty typically employ one of two approaches: the commodity budget approach or the relative income approach. The following discussion will begin with an introduction to the three major categories of poverty estimates, identifying and discussing several commonly associated measures within each. A critique of each approach follows, preceding a discussion of one measurement issue that is not category-specific.

Implied "Poverty Line" Approaches

Although Canada has never had an official poverty line, churches, private philanthropy, the labour movements, as well as municipal, federal, and provincial governments have played a large role in determining what people need to get by in terms of goods or income. In 1935, for example, it was noted 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" (Canadian Welfare Council).

Such "poverty lines" are implied presently through entitlements to private and government assistance (Canadian Council on Social Development, 1984), legislated minimum wages, and direct surveys of public opinion. While they are not "poverty lines" per se, this group of indicators have probably the highest public profile and the longest history.

"Less-eligibility", social assistance, and minimum wage. The principle of less eligibility, dating back to the late 16th century Elizabethan Poor Laws, is historically associated with the development of social assistance benefit rates in Canada and refers to the need for assistance to be lower than the minimum standard wage so as to provide incentive for people to work (Guest, 1985). When minimum wage legislation was developed in Canada during the close of the first World War, it provided little to lift workers out of poverty (Guest, 1985). However, it did serve to set a precedent for a standard minimum wage.

Some quick rough calculations suggest that current social assistance rates (Edmonton Social Planning Council, 1994) for many single-parent families and most two-parent families in Alberta are lower than minimum wage. The minimum wage is currently $5.00 per hour, which amounts to a gross yearly income, based on 40 hours a week for 52 weeks, of $10,400 per full time worker. The current social assistance rate for a single employable person in Alberta is $4,728 per year. For a single parent with one child, the benefit rates increase to $9,588 per year, but with two children, the single parent receives $12,516. Two-parent families with one and two children respectively receive $12,516 and $14,868, and with 4 children, the benefit increases to $19,452. However, these two-parent families may potentially have two income earners and therefore a potential family minimum wage income of $20,800. Those "worthy" of government assistance in Alberta, according to the principle of less-eligibility, are single-parents with more than one child, and two-parent families with more than 4 children.

Public opinion polls. Until 1988, the Gallup organization conducted an annual poll that contained a question about the minimum amount of weekly income required to sustain a family of four, including two adults and two children (Ross, Shillington & Lockhead, 1994). In 1988, the average response was $452.00 per week or $23,504 per year (Sarlo, 1996). The Statistics Canada Survey of Consumer Finances (Morisette & Poulin, 1991) in 1983, 1986, 1987, and 1988 used different questions to get at this same information, which resulted in data that suggested the public's necessary income estimates exceeded the LICO's for smaller family sizes, but as family size increased, the estimates generally followed them more closely.

Critique of "Implied" Poverty Line Approaches

A recent study (Edmonton Social Planning Council and Edmonton Gleaners' Association, 1996), strongly indicates that public assistance rates in Alberta do not provide enough income to meet basic needs of many Edmonton families. Therefore, these rates underestimate the level of income necessary for providing basic needs, and imply an inaccurate level of necessary income.

The utility of the findings from public opinion polls has been questioned. The accuracy of the income dollar estimates provided by respondents has been challenged by Sarlo (1996) as well as Kapteyn, Kooreman, and Willemse (1987). If estimates of after-tax income are inaccurate, can we expect that income required for basic needs is reported accurately? The authors site considerable anecdotal and empirical evidence from Edmonton Social Planning Council social research (Edmonton Social Planning Council & Edmonton Gleaners' Association, 1996) with low income families that suggests that people can identify what they spend, and do so in a reasonably reliable manner if asked in an appropriate way: through specification of various expenses by category.

Commodity Budget Approaches

Approaches involving the determination of a necessary minimum group of goods and services and calculating their associated costs were first employed in the World War I years in response to increased trade union pressure for general social minimum standards of living. These government initiatives in the U.S. and Canada yielded levels that were generally far in excess of what all unskilled and many skilled workers were earning at the time (Census Canada, 1921). The levels were therefore reduced by eliminating more "discretionary" items such as health expenditure, life insurance, books and postage (Leadbeater, 1992). This brought the levels to a more acceptable standard: below what unskilled labourers were earning. Later efforts employing this approach were almost exclusively undertaken by non-government agencies, most notably: the Metro Toronto Social Planning Council, the Montreal Diet Dispensary, the Fraser Institute, and most recently by the Social Planning Council of Winnipeg.

Metro Toronto Social Planning Council Guidelines. The Metro Toronto Social Planning Council (MTSPC) utilizes a commodity budget approach to measure the social minimum level of goods necessary to maintain a health and decency level (Ross, Shillington, & Lochead, 1994). Since 1949, this model has included the assistance of experts and advisory panels drawn from the community to determine what should be the necessary components contained in the basket, based on the contents of what other community members have in theirs (CCSD, 1984). The budgets developed by MTSPC are also specialized for seniors and single parents to recognize differences in these groups. While the approach is specific to Toronto, it has been adjusted for use in Vancouver. Winnipeg, and Hamilton.

The MTSPC commodity budget approach includes 13 categories of family expenses (Social Planning Council of Metropolitan Toronto, 1992). The method permits the inclusion of items like a daily newspaper, dental care, appropriate shelter, recreation, basic personal care items, and a one-week vacation. These items are costed at current prices by professional buyers, trained to purchase based on the realities of a small budget.

The MTSPC calculates an amount of income necessary to pay all applicable taxes and afford the goods described (SPCMT, 1992). It is assumed that families are renting, that there is one adult income earner, and that the family does not own a car.

For 1994, the MTSCP budget guidelines for Toronto were $18,850 for a single employable, $33,630 for a sing parent with two children and $40,560 for two parents with two children (Ross, Shillington, & Lochead, 1994).

Montreal Diet Dispensary Guidelines. The Montreal Diet Dispensary (MDD) has been issuing its guidelines (MDDG) since 1959 (Greene, 1993) in conjunction with a committee of welfare case workers asserted with the Montreal Council of Social Agencies. The stated purpose of the guidelines is "to serve not only as a guide in giving competent help to families on the subject of money management, but as a basis for planning essential assistance for those in needy circumstances" (Montreal Diet Dispensary, 1992, p.1). As with the MTSPC guidelines, they are specific to the city for which they were created. However, distinct from the Toronto Social Planning guidelines, is the separation of the Diet Dispensary guidelines into two levels: a basic needs and a standard for minimum adequate living. For the purposes of calculating dollar amount guidelines, the first level of costs are simply added to the second level.

The physical minimum level that is described by MDDG contains ten items and is intended to "maintain the family as a unit and preserve the health and self-respect of the individuals therein", while the ten items in the health and decency level are designed for "minimal integration into society and to ensure good physical maintenance of the family" (Greene, 1993, p.28). The health and decency level includes items such as personal allowances, reading materials, telephone services, and entertainment. Shelter standards were taken from the Canadian Mortgage and Housing Corporation, and food requirements from the 1975 Dietary Standard for Canada (MDD, 1992). Specific, nutritious food items were taken from the actual spending patterns of individuals in the lowest 30% of incomes. Clothing standards are based on 1959 standards established by the MDD. While these basic reference standards have not been revised, the associated costs have been regularly updated to reflect changes in the cost of living.

For 1994, the MTSCP budget guidelines for Montreal were $8,600 (Basic Need) and $10,350 (Minimum Adequate) for a single employable, $13,660 and $17,360 for a single parent with two children and $15,890 and $19,960 for two parents with two children (Ross, Shillington, & Lochead, 1994).

The Fraser Institute. A relative newcomer on the scene, the Fraser Institute (FI) in Vancouver has published poverty lines in 1988 and 1994. Very clearly, the orientation of this set of measures is to cost out the physical minimum standard of income necessary: "someone is in poverty if he lacks any item required to maintain long term physical well-being" (Sarlo, 1996, p.49). The approach bears strong resemblance to the Montreal Diet Dispensary Guidelines because both approaches estimate the cost of a very narrow commodity basket of goods and services necessary for physical survival. Perhaps most unique about the FI approach is an emphasis on "objective" and "scientific" data to determine necessary items and associated costs while employing specific strategies for economization.

Costing estimates are based on food, clothing, and shelter commodities. Food costing estimates were arrived at via "linear programming" analysis after their selection on the basis of variety, nutrition value, and popularity (Sarlo, 1996). The resulting rates are considerably lower than other estimates by the MTSPC and also lower than the MDDG. The shelter rates employed by the FI are significantly less than those of the MDDG. For example, these calculations do not allow for more than a three bedroom apartment. Clothing standards are taken from the MDDG and priced according to a national catalogue.

For 1994, the FI poverty line for Alberta was $6,577 for a single employable, for a single parent with two children and $12,441 and $15,386 for two parents with two children (Ross, Shillington, & Lochead, 1994).

Social Planning Council of Winnipeg. The newly developed Social Planning Council of Winnipeg (SPCW) Acceptable Living Level standards were released in 1997. The purpose of the project was to involve those experiencing poverty in the development of a relevant and appropriate measure of necessary goods and services. The group of seven, comprised of individuals on assistance and the working poor, identified the goods and services to permit an acceptable living standard for a hypothetical, single-parent family with two children (6 year old girl, and a 15 year old boy), where the parent is a non-smoker and does not own a car.

The group began with a discussion of a minimum level of consumption and translated that into an income level necessary to meet needs in several identified areas through "hands-on community research" (Social Planning Council of Winnipeg, 1997). Total costs for expenditures in each area yielded a total income necessary, and the relative proportions of income spent in each area were calculated. Additionally, the total income necessary to purchase the commodity basket included applicable taxes.

The areas included food, personal care, clothing, shelter, health care, child care, transportation, household operations, home furnishings, recreation, communication, risk management, and banking. Existing guidelines were used, including: Manitoba Agriculture's Budget Guide, Statistics Canada's Family Expenditure in Canada 1992, Agriculture Canada's

Food Guide. These guidelines were modified if they were deemed to be out of accordance with the personal experience of the participants.

For 1997, the SPCW poverty line for Winnipeg was $26,945.60 for a single parent with two children (Social Planning Council of Winnipeg, 1997).

Critique of Commodity Budget Approaches

The objectivity and rigor that Sarlo (1996) suggests characterizes the Fraser Institute's research is misleading because value assumptions are made implicitly, if not explicitly, in all of the commodity basket models presented, and in that way, the Sarlo model is indistinguishable from other research utilizing a commodity basket approach. Common to all of these models are a great number of judgments. For example: is taxi fare a bare subsistence level requirement, a health and decency level requirement, or a luxury? Such a judgment really depends on who you ask, and, to a lesser extent, on how you ask. In terms of cost: are explicit economizing strategies involved? What exactly are they? Should it be assumed that a parent living on a low income will obtain and clip coupons for groceries, buy in bulk qualities, and shop at stores where the goods are on sale, even if the stores are many blocks apart? Is there a point at which the time effort and cost are outweighed by any savings made in the interest of economizing (Piachaud, 1987)? Clearly there are many individual and interrelated judgments involved in this approach, and at both commodity identification and costing stages of the process.

However, the specificity resulting from the number of judgments required of models using the commodity basket approach is also one of their more redeeming characteristics. In a research area dominated by researchers and mathematicians, most people without a graduate degree in research design can quickly look, understand, and evaluate the outcome of these poverty lines (with the exception perhaps of the complex calculations used in Sarlo's analysis). While models utilizing this approach may invite greater public scrutiny because of their accessibility, they are concrete and practical measures.

Methodological Alternatives

Traditionally, these models have involved the specification of a commodity basket approach and determined an associated cost for its purchase. One alternative to constructing an exhaustive listing of goods and services is to specify a proportion of necessities, and multiply its cost by a constant (Weinberg, 1996) that has been validated by research evidence. The difference between a physical minimum and a health and decency level income could be made with the simple addition of a an amount of discretionary income to purchase "extras". Again, this could be validated through research evidence.

Another approach to measuring the income needed to purchase necessary commodities would be through tracking family expenditures (Citro & Michael, 1995). Although this is a labor intensive process, it does have some originality in the poverty line research area (Weinberg, 1996), and removes some judgment involved in the traditional process.

Relative Income Approaches

Approaches involving the calculation of a necessary income based on standing relative to others in the population on a particular index are known as relative income approaches. These approaches first appeared in the 1960's with the work of Mollie Orchansky of the U.S. Social Security Commission which resulted in the creation of the official U.S. poverty line, and the pioneering work of Jenny Podoluk on what came to be Statistics Canada's low income cut offs. Ten years later, the Senate Committee on Poverty proposed a different poverty line in response to perceived shortcomings of the LICO, and shortly thereafter, the Canadian Council on Social Development proposed a purely relative poverty line.

U.S. Official Poverty Line. Orchansky proposed a poverty line based on the principle of Ernst Engel's law as applied to family budget data: the proportion of family income spent on food declines as family income rises (Leadebeater, 1992). Typical middle income families in the 1950's were spending about 33% of their income on food as defined and costed by the Department of Agriculture's economy food budget. It was assumed that if families could reduce their spending on food to that level, they could similarly reduce their spending on other necessities by a proportionate amount. Therefore, it was estimated that a minimum level of total income was reached when a minimum food budget was one-third of the total income. This measure has been annually updated according to the Consumer Price Index for urban areas. Its distinguishing characteristic is its use of a multiplier: instead of calculating a cost for food, clothing, shelter and perhaps other costs, it is defined by the cost of a economical food basket.

A recent criticism levied against this measure by the U.S. Congress Joint Economic Committee (1989) included the finding that the one-third rule is no longer valid; the typical American family presently spends about one-fifth or one-sixth its income on food. This same study proposed a move to a purely relative approach to poverty measurement placing it at one half of the median family income. This proposal is the same as what is referred to in Canada as the Statistics Canada Low Income Measure (LIM).

<u>Statistics Canada Low Income Measure.</u> Statistics Canada's LIM is a purely relative poverty indicator that is calculated simply by cutting the median Canadian family income in half. The measure is specific to different family sizes, but does not take geographical location into account (Greene, 1993).

<u>Statistics Canada Low Income Cut Off.</u> The LICO is probably the most frequently cited measure of poverty in Canada. Statistics Canada indicate that the LICO is not intended to be, nor should it be used as, a poverty line (Fellegi, 1997). Jenny Podoluk, the Dominion Bureau of Statistics official who developed the measure, rejected the U.S. poverty line noting that low income families were those income groups "in which, on average, most of the income received must be spent on essentials such as food, clothing, and shelter" (1968, p. 185). In 1959, family expenditure data for about 2000 families in urban centers indicated that the average proportion of income spent on essentials was 50%. Podoluk made the judgment that "where expenditures on these components were well above average, that is, where they accounted for 70% or more of the 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" (1968, p. 185). Family income data

were used to determine a cut off at which point a family was spending 70% or more of its income on food, clothing and shelter. The line is adjusted annually for changes in income (since 1971) and expenditure patterns directly through the Family Expenditure Survey (every 2nd or 4th year since 1971) or indirectly using the Consumer Price Index. LICO's are further adjusted for family size (since its inception) and degree of urbanization (since 1973). Presently, 35 separate LICO's are calculated. Over the years, the proportion of discretionary income has increased, and the most recent expenditure survey yielded a discretionary spending proportion of 65.3%; the 1992 LICO figure is 54.7%. That is, the average Canadian family spends 34.7% of its income on food, clothing and shelter.

For 1994, the LICO for a single person in a city with a population of 500,000+ was $16,609 for a single person, for three people (e.g. a single parent with two children) $25,821, and $31,256 for four people (e.g. two parents with two children) (Ross, Shillington, & Lochead, 1994).

Special Senate Committee. A recommendation from the Economic Council of Canada's Fifth Annual Review was to establish a special Senate Committee to study the problem of poverty in Canada. The Committee was chaired by Senator David Croll in 1968. The Committee's 1971 report described the need to establish a more "satisfactory...(and)...permanent yardstick" (p. 7) than the LICO's to measure change in poverty levels. The committee proposed a more purely relative poverty line that worked out about 50% of the average disposable income for each family size. The lines were not adjusted for community size like the LICO's. A subsistence level covering basic needs was calculated, based on the highest of the provincial social assistance levels; this line was referred to as an income guarantee line and was designed to provide a basis for the committee's guaranteed annual income program. The amount, $3,500 for a family of four in 1969, was taken to represent items of need, and was taken to cover 70% of the calculated "poverty line" ($5,000 in 1969). The higher line was defined as the "poverty line". A weighting system was developed and used to establish lines by family size. The system involved dividing the income guarantee line by seven, somewhat arbitrarily, and called the quotient of $500.00 a family size equalizer point. Under the national guaranteed annual income scheme proposed, an individual would receive three equalizer points of income, and a family of two would receive five points, and so on. The base year poverty line was updated for increases in the standard of living measured by the total disposable income divided by the number of weightings for additional family members.

The lines have been updated occasionally since 1971, but have not been formally updated since 1987. Updated figures based on the 1987 lines are $13,300 for a single person, for three people (e.g. a single parent with two children) $26,620, and $31,050 for four people (e.g. two parents with two children) (Ross, Shillington, & Lochead, 1994).

Canadian Council on Social Development. In 1973 the Canadian Council on Social Development proposed a measure of minimum standard of income based on 50% of the average family income (CCSD, 1973). The measure was developed to address the problem of severe and persistent income inequality in Canada. Initial family size adjustments were based on four people, but as the average family size was seen to decline in Canada, a decision was made in 1979 to adjust the line to the average family size annually. Most recently, it has been adjusted for a family of three (Ross, Shillington, & Lochead, 1994). In adjusting the line for household size, an individual is assigned 50% of a three person line, and a family of two 83%. Families with more than three members are assigned increments of 16.7% per additional member, assumed to be a rough estimate of the annual living costs of an additional family member. The lines are not adjusted for community size. The lines are updated using pre-tax family income from Statistics Canada's survey of consumer finances.

For 1994, the CCSD measures were $13,770 for a single person, for three people (e.g. a single parent with two children) $27,540, and $32,130 for four people (e.g. two parents with two children) (Ross, Shillington, & Lochead, 1994).

Critique of Relative Income Approaches

The biggest decision involved in constructing or interpreting a relative income measure of poverty is to determine the fraction of overall average or median that constitutes poverty (Fellegi, 1997). Indeed, this is only one decision as opposed to many that are part of the commodity basket approach, but one that carries considerable weight and has implications that can be very complex.

A completely relative approach, one that is based on some central tendency measure of the income distribution, will always *by definition* have people who fall below that acceptable standard. One could argue then that the income needed to participate meaningfully in society is always relative to that distribution. However, if the purpose is to measure the extent to which people climb out of poverty, in the interest of ridding society of its presence, purely relative definitions cannot ever provide the data to accomplish this.

Specificity Versus Generalizability

Once the poverty line is determined, how will it be adjusted to fit subgroups in the population (Ross, Shillington, & Lochead, 1994)? Family composition and geography are frequently utilized, and in and of themselves can make many "poverty lines" from one single measure. The U.S. poverty line has 124 measures based on family size, number of children, age and sex of head, and farm or non-farm residence (Weinberg, 1996).Gender is another potentially qualifying factor. There is always a trade-off between generalizability and accuracy; if a method is selected so that it most clearly represents a narrowly defined sub-population's income needs, then it may not generalize well to other sub-populations or the population as a whole. Certainly, resource availability (time, research budget) plays a role, and usually the purpose of the measure is the other major factor that prescribes the level of aggregation necessary.

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