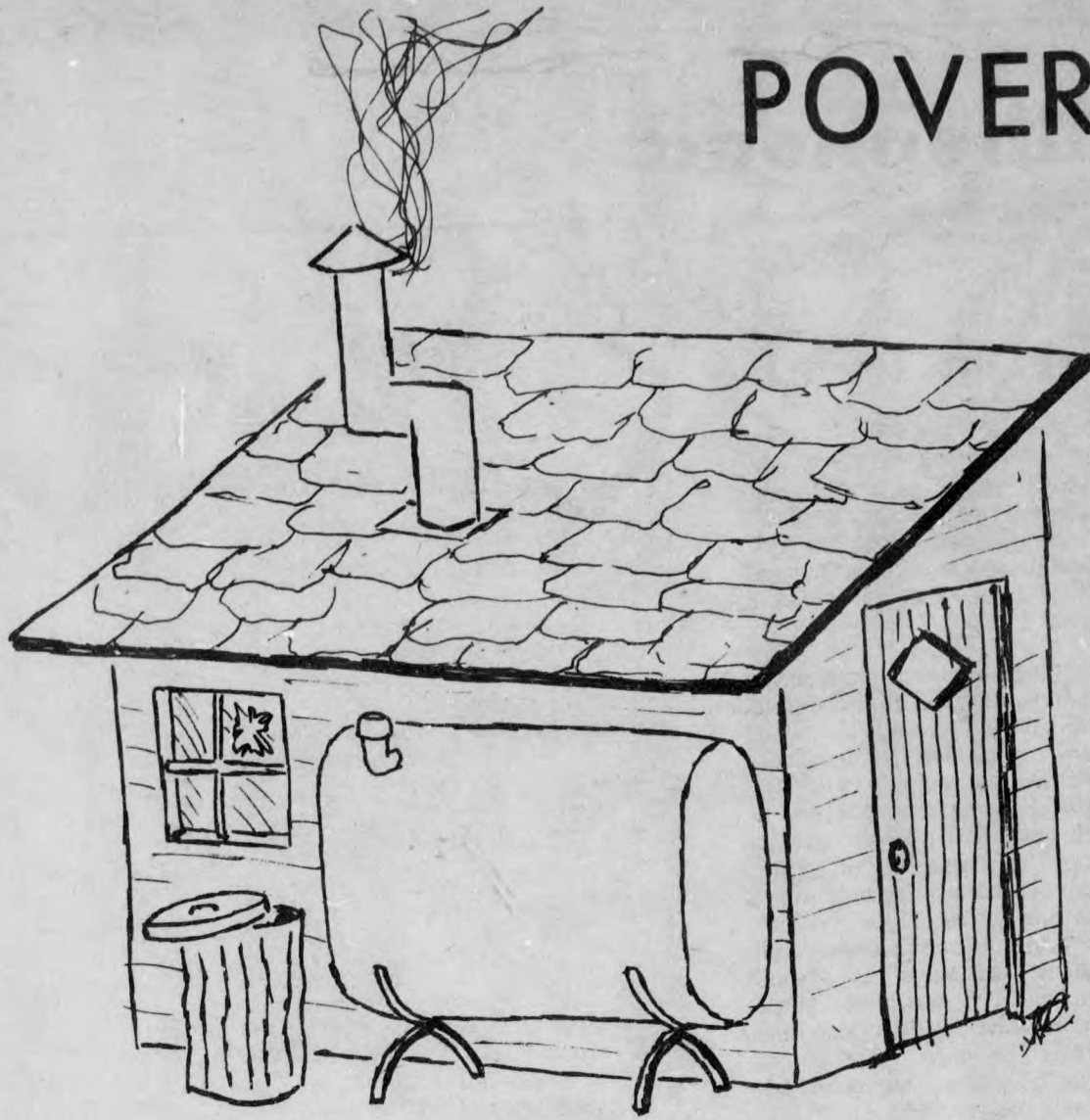


POVERTY, POVERTY EVERYWHERE



The economic forecast for the 1970's is not encouraging for New Brunswick. Despite federal and provincial promises and programs, economic disparity with the rest of Canada is increasing, not decreasing.

Terry Hamilton-Smith, of the recently formed New Brunswick Socialists, takes an up-to-date look at the situation in this first of a series of NBS articles on Maritime poverty.

Poverty in New Brunswick is a large and important fact and is significant in the day-to-day lives of most of the people of the province. Poverty is also a hidden fact: the government is not anxious to publicize its inability to deal with the problem and the families that live in poverty are typically not those that produce students for the University of New Brunswick.

Poverty is an ugly fact and there's a great tendency to ignore it. You don't see any bodies lying in the street, people aren't starving to death all over the place - so what's the problem? The problem is just as deadly but more subtle and much more pervasive. You can see it in a lot of ways. This month N. B. Health and Welfare Minister Norbert Theriault announced legislation permitting Vitamin D enrichment of milk because of "the continuing presence of Vitamin D deficiency, 'rickets', within the province." Also this month the Union of New Brunswick Indians expressed dissatisfaction with medical treatment and facilities. Don Junk, director of research and planning, N. B. Health and Welfare department, "defended the provincial medical association and told the Indians many of their problems were not 'unique' to them." One problem that is unique to Canadian Indians is their life expectancy - 36 years.

You can also understand poverty if you've lived that way. However, even in New Brunswick, the university community consists of people from relatively affluent backgrounds. I've never been poor like most of the people in this province are poor and if you're at the University of New Brunswick there's an excellent chance you've never been poor either. For people in our own rather privileged situation it's not very informative to generalize on our own backgrounds. We do have other ways of getting some understanding of poverty: the easiest and most objective way is to use economic statistics.

There are good economic statistics and meaningless economic statistics. Per capita income is an example of the latter. Only about a third of the population actually makes money. Using the per capita income merely obscures the more important fact of what the average worker earns. Averages are often as misleading as significant. An excellent example here in New Brunswick in the recent average increase in personal income, since almost all the increase is in the \$5,000 - \$25,000 income bracket which does not affect the majority of the population at all. However, economic statistics have the advantage of describing how *everybody* is doing, not just the university community or our own families and friends. Most of the statistics here come from standard

sources: the Dominion Bureau of Statistics (DBS) results from the census of 1961 and subsequent studies, the various publications of the Economic Council of Canada, financial studies of the Canadian Tax Foundation, reports to the legislative assembly of New Brunswick and publications of the Office of the Economic Advisor to the Province of New Brunswick. A completely documented analysis will be made available by New Brunswick Socialists in the near future. Since the statistics used were compiled from a variety of sources they can be accurately compared only on a qualitative basis.

Great Leaps: Forward and Backward

"Great leaps forward are not a Chinese monopoly. The Province of New Brunswick has been leaping forward on both the economic and the social welfare front for about seven years." - The Hon Louis J. Robichaud, Premier (1968).

So the Premier of New Brunswick describes the economic "boom" from 1960 to 1967. However, since 1967 the Province of New Brunswick has taken a great leap backward. Unemployment has increased from a low of 6.8% in 1967 to an average of 8.8% in the first ten months of 1969. From 1962 to 1965 the consumer price index increased at a rate of 3 points per year. From 1966 to the present, the increase has been at the rate of 5 points per year. I mention this because the following analysis is based mainly on figures from 1967, the height of the "boom." So in bringing the picture up to date we must assume that conditions are worse. All indications are that conditions are worse. All indications are that the situation will *continue* to get worse for the people in New Brunswick in the future.

The Economic Council of Canada defines poverty as the state where between 60-70% of family income must be spent on food, clothing or shelter, leaving so little discretionary income that proper medical, educational and cultural opportunities are not available. For the average family in New Brunswick (4.2) in an urban setting with taking the 70% definition, the poverty line is \$3500 a year. In a rural setting this figure is about \$2800 a year.

In 1967 in New Brunswick the average urban income earner had an annual income of \$3500 before taxes. Since about 1/15 to 1/20 of the labour force consists of working wives living with their husbands, average urban family income would tend to be a little higher, but certainly no more than one or two hundred dollars above the poverty line. And that's the *average*. More important differences are concealed in this figure.

The 1967-68 increase in average nonagricultural personal income was 4.6%, once the increase in the consumer price index is accounted for. This sort of thing is widely proclaimed by the government as a mark of success, but is actually misleading. Almost all of the increase bypassed the majority of the population.

In economics as in the society of our country, some people are more equal than others. The economic "boom" that climaxed in 1967 was somewhat selective in its distribution of benefits. In 1967 the average annual cash income for the agricultural labour force was \$900.

Only about \$2,000 below the poverty line! The agricultural labour force has been declining for years under the weight of extreme poverty and did not benefit from the "boom" of the 1960's. In 1967-68 the real change in the value of farm cash receipts was -1.5%, only part of a continual decline. The government response has been "to aid the movement of surplus rural population to industrial growth centres." When this was done throughout the USA in the 1930-1940 period one result was the production of massive poor-white slums in mid-Western cities such as St. Louis and Kansas City. The growth of the Killarney Road area on the other side of the river suggests we can anticipate similar developments here.

Let's consider a more "progressive" sector. In 1967 the average weekly wage in manufacturing establishments with more than 20 employees was \$85.27 or about \$4,000 a year. Not poverty. But not an adequate living. A recent cost-of-living survey done by the New Brunswick Public Employees Association estimates that average family income in New Brunswick must be \$8,200 annually for a "comfortable life." The average of \$4,400 a year also conceals important internal differences.

The 1967-68 growth of real average weekly wages was 1.4%. Since the change in farm cash receipts was -1.5%, most of the 4.6% increase in average personal income must have occurred in the relatively affluent white collar sector. However, even *within* the white collar sector the increase is concentrated in the higher income brackets, as will be discussed.

The best way to get around the misleading tendency of averages is to know the *distribution* of family income throughout the entire population. A good first approximation comes from incomes stated on income tax returns. In 1966 the labour force consisted of 204,000 people of which 14,000 were unemployed and 11,000 were agricultural workers with an average cash income of about \$900, most of who probably did not file returns. Of the remaining 179,000 about 137,000 filed returns. The female labour force in 1966 was 59,000, more than 80% of whom did *not* file joint returns as working wives supplementing their husbands' incomes. Since the 1961 census returns show that across Canada 25% of working women made less than \$1,000 a year and since 1963 studies showed women's wages to be significantly lower in New Brunswick than in the rest of Canada, many of the remaining 42,000 income earners not filing returns probably were working women who did not generate taxable income. The rest of the gap can be accounted for by joint filing of returns and very low-income male workers.

Of the 137,000 income earners who filed tax returns in 1966, most fall in *two distinct income groups*. The larger group (70% of returns and 96,000 income earners) made less than \$5,000 and \$25,000 a year, averaging about \$7-8,000. The first, larger group has increased at the rate of population growth since 1961 and is relatively stagnant. The second, smaller group has *more than doubled* since 1961. As far as the income of the people of New Brunswick are concerned this is the only manifestation of the "great leap forward." The smaller, more affluent group certainly accounted for most of the increase in average personal income during the "boom."

Recognizing Poverty

In 1966 the labour force of New Brunswick included 204,000 people. Of these, at least 60% (and the 60% of the population dependent on them) were in a state of poverty. This group included 14,000 unemployed supported by sub-poverty level government subsidies, 11,000 agricultural workers with an average annual cash income of about \$900, 42,000 under-employed low income earners, mainly women, who did not succeed in generating any taxable income, and 51,000 income earners who paid taxes but made less than \$3,000 a year. An additional 25% of the labour force made between \$3,000 and \$5,000 a year and were part of a large income group characterized by low mobility and marginal gains in real income. This group would be very vulnerable to any economic crisis.

As far as the "great leap forward" is concerned, 85% of the labour force (and of the population) did not benefit substantially from the increased capital spending which was the main characteristic of the "boom." 60% of the population of New Brunswick lived in a state of poverty in 1966: conditions have only become worse since.

That's part of the truth about poverty in New Brunswick. We can now see that poverty is a huge and