

# Child Poverty in Canada and the UK

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Social Statistics, Poverty and Social Exclusion:  
Perspectives from Quebec, Canada and Abroad  
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# Introduction

- ❑ 1989 unanimous resolution of the House of Commons to eliminate poverty among Canadian children by the year 2000
- ❑ UK made similar declaration in 1998 – poverty halved by 2010 and eliminated by 2020
- ❑ neither country hit its target Canada's child poverty rate increased while UK's decreased slightly between mid 1990 and mid 2000

# Similar policies in Canada and UK

- ❑ Canada introduced National Child Benefit to prevent and reduce depth of child poverty and increase LFP of Lone Parents
- ❑ \$2,088 annually for a first child, \$1,848 for the second, and \$1,758 for the third and each additional child.
- ❑ Benefit is clawed back at a rate of 12.2% for one, 23.0% for two, and 33.3% for three or more child families starting at family income of 23,855.

# Similar types of child policies in Canada and UK

- ❑ UK Child benefit is £1056 annually for the first child and £696 annually for each additional child.
- ❑ Not affected by income level or savings.
- ❑ Both countries have child tax credits, maternity benefits, and some child care benefits.
- ❑ Canada's (un)employment benefits are more restrictive than UKs

# Purpose of Study

- ❑ descriptive analysis
- ❑ examines Child poverty rates in Canada and UK
- ❑ examines children not households in poverty
- ❑ move to measuring expenditure poverty – proxy for permanent income – rather than income poverty
- ❑ relative measure of poverty

# Data

- ❑ Canada Survey of Household Spending annual
- ❑ UK Family Expenditure Survey annual 1997–2000
- ❑ UK Expenditure and Food Survey annual 2001–2007
- ❑ UK Living Costs and Food Survey 2008
- ❑ household income and expenditures collected (annually for Canada, weekly for UK)
- ❑ adjusted by Stone Price Index and square root of household size to deflate resources to account for differences in prices and needs

# Sample

- ❑ restrict sample to households with children
- ❑ single family
- ❑ weight the data by the product of the population weight provided and the number of children in the household
- ❑ data set representative of the population of children (and not their parents or the households they live in) are the focus of the study

# Measures

- ❑ Poverty line is 50% median measure of population (before restrict sample to households with children).
- ❑ briefly look at market income (wages and investments)
- ❑ net income for comparison (after taxes/transfers)
- ❑ consumption (expenditure)
  - may be a better indication well-being as households may be able to smooth the transitory fluctuations in income over time, thus maintaining welfare, by saving or borrowing. If we are interested welfare then it is more appropriate to examine the distribution of consumption (expenditure)

# Measures

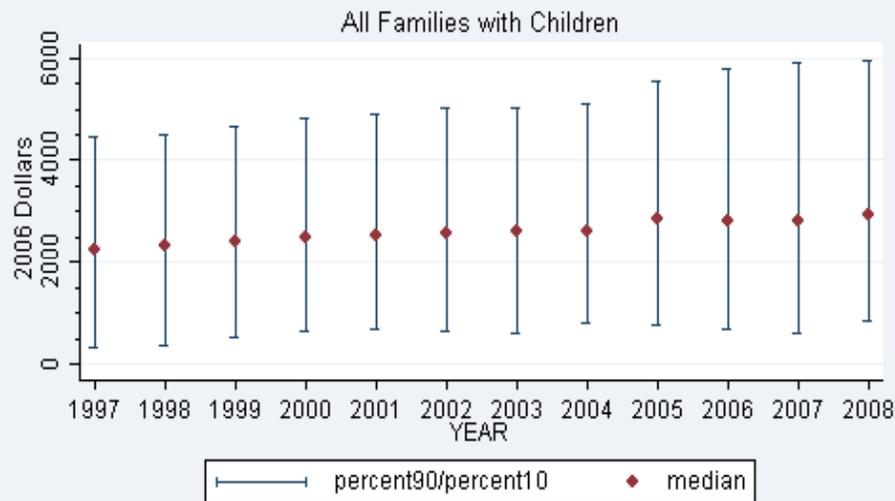
## ❑ total expenditure

❑ all food, shelter (estimate rental value for all), household operations, household furnishings, transportation (public and private), clothing, personal care (supplies and services including health care expenses), recreation (less recreational vehicles but including home entertainment, reading materials and education)

## ❑ expenditure on food

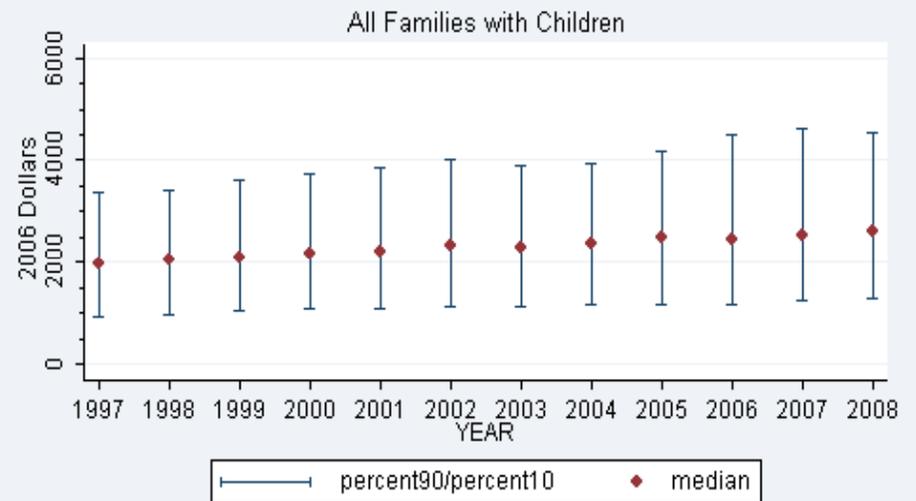
❑ looking for a measure know is available for children – very crude way of checking on intra-household allocations

Canada  
Market Income 90th, 50th and 10th Percentiles



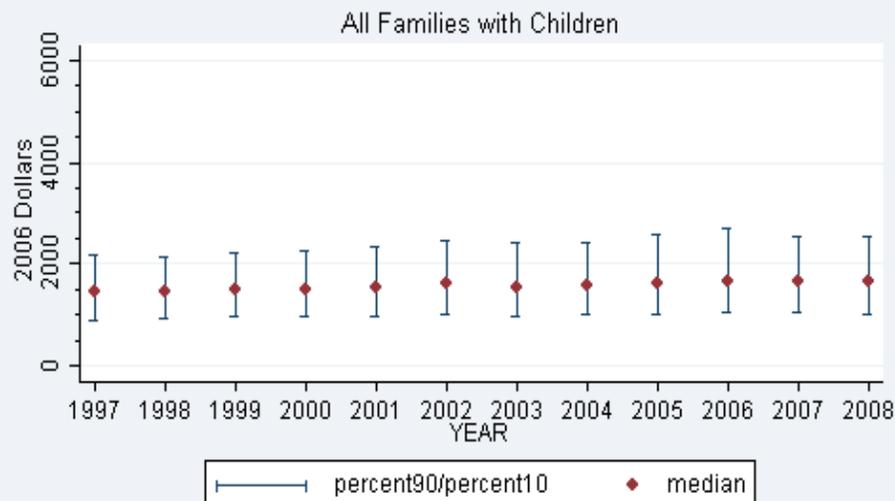
Author's calculations

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Net Income 90th, 50th and 10th Percentiles



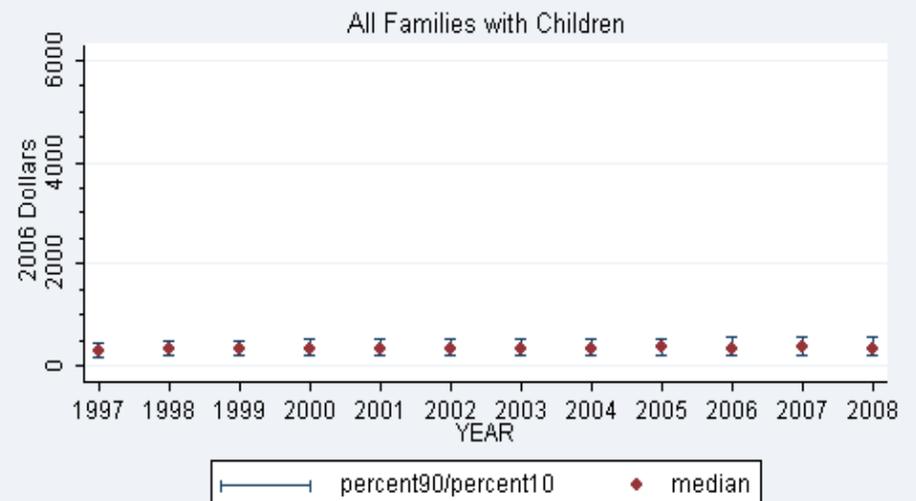
Author's calculations

Canada  
Total Expenditure 90th, 50th and 10th Percentiles



Author's calculations

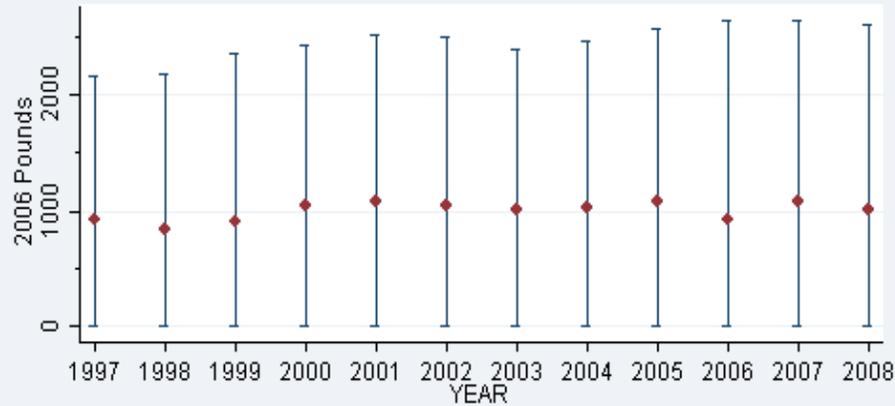
Canada  
Food Expenditure 90th, 50th and 10th Percentiles



Author's calculations

United Kingdom  
Market Income 90th, 50th and 10th Percentiles

Families with Children

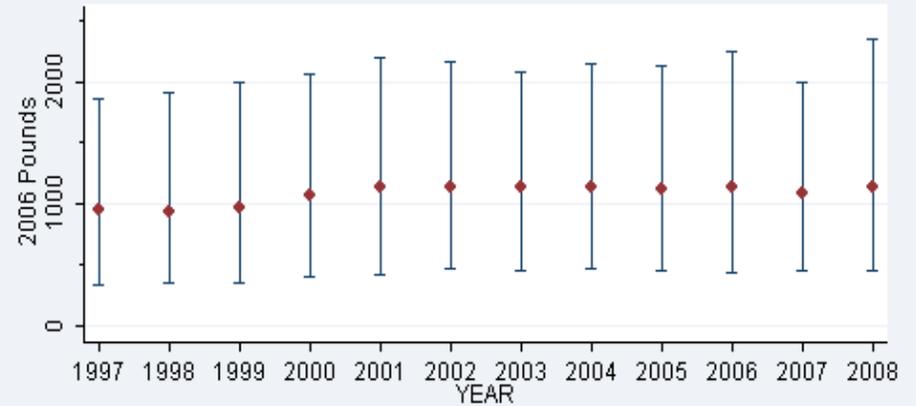


percent90/percent10 median

Author's calculations

United Kingdom  
Net Income 90th, 50th and 10th Percentiles

Families with Children

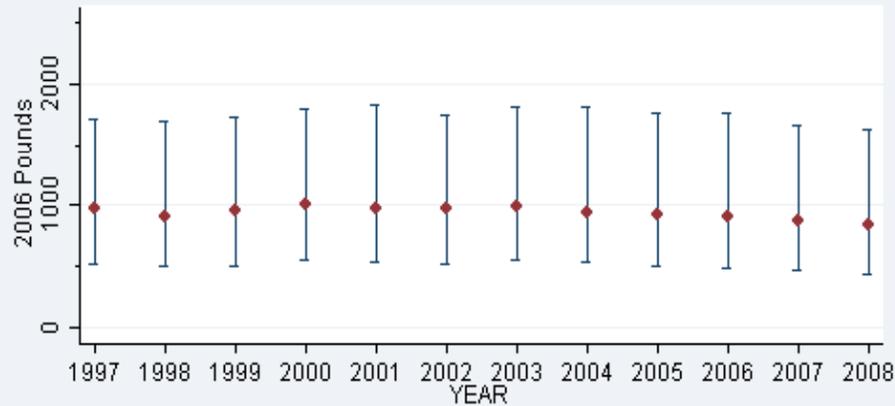


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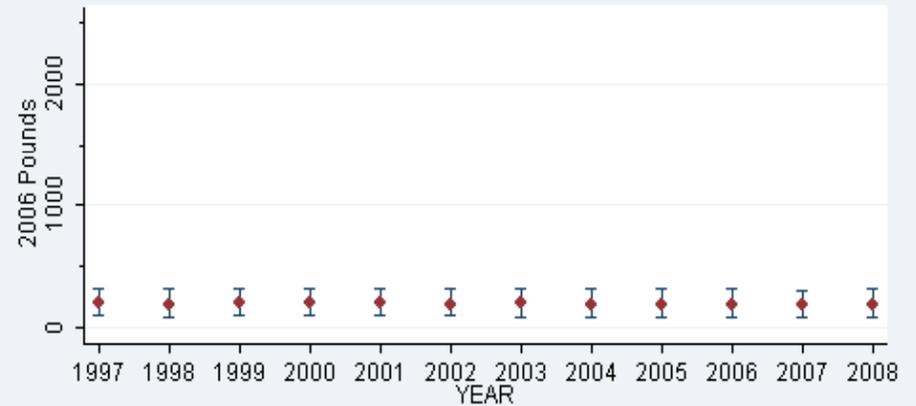


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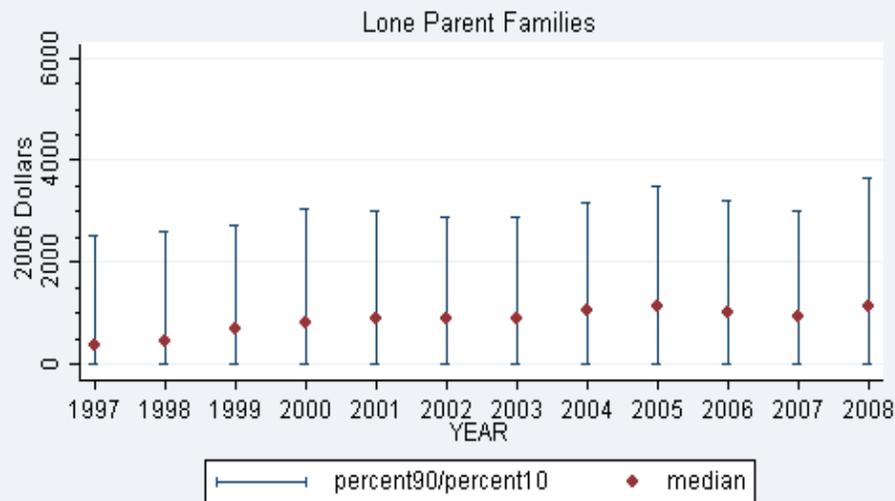
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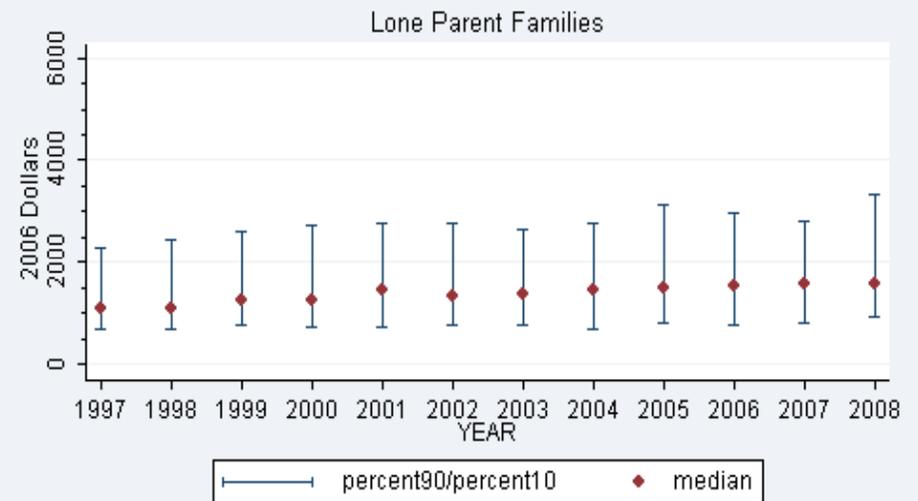
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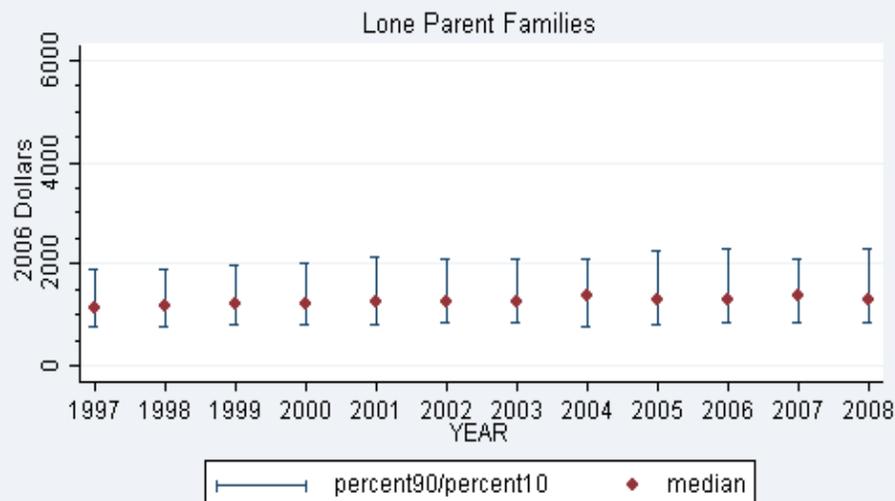
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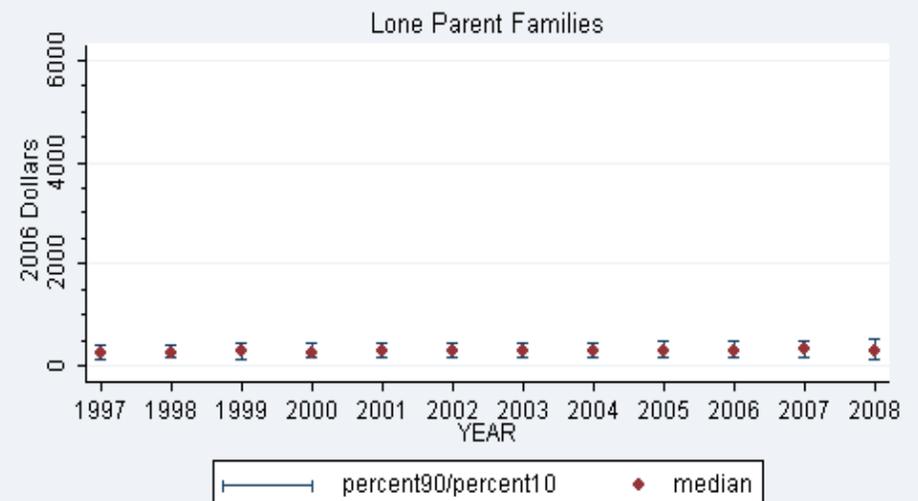
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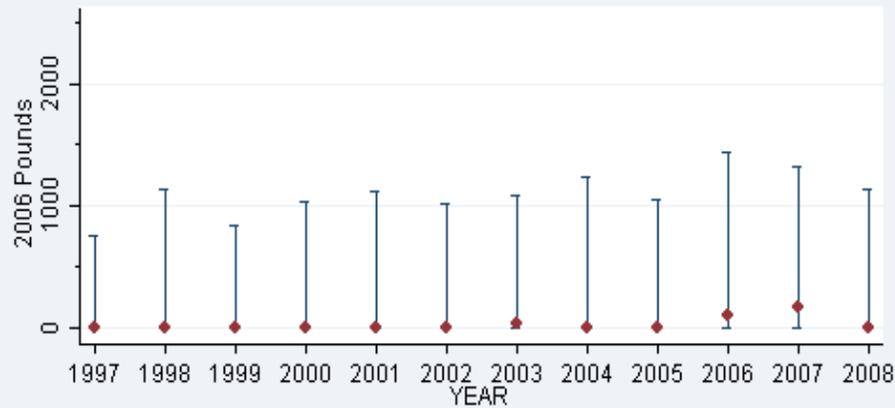
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Lone Parent Families

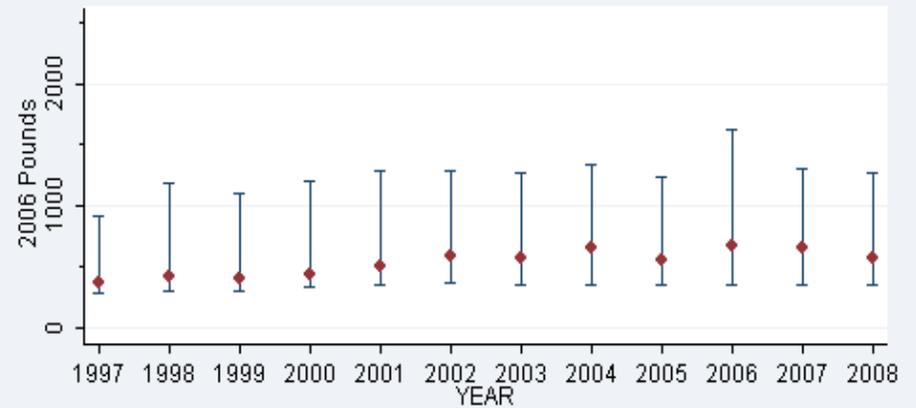


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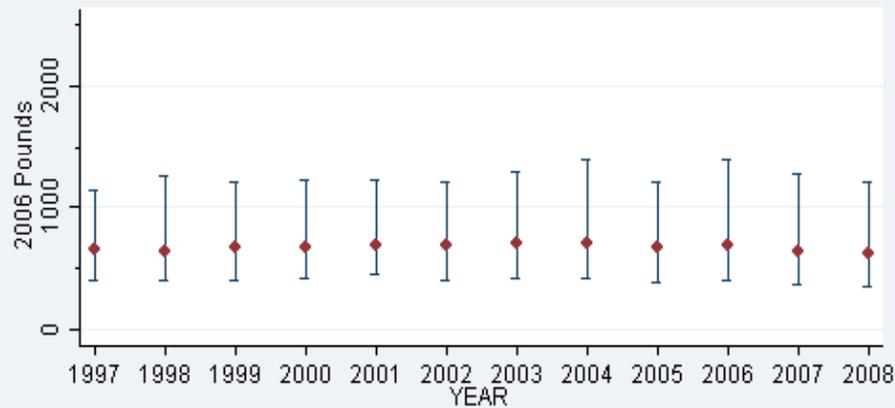


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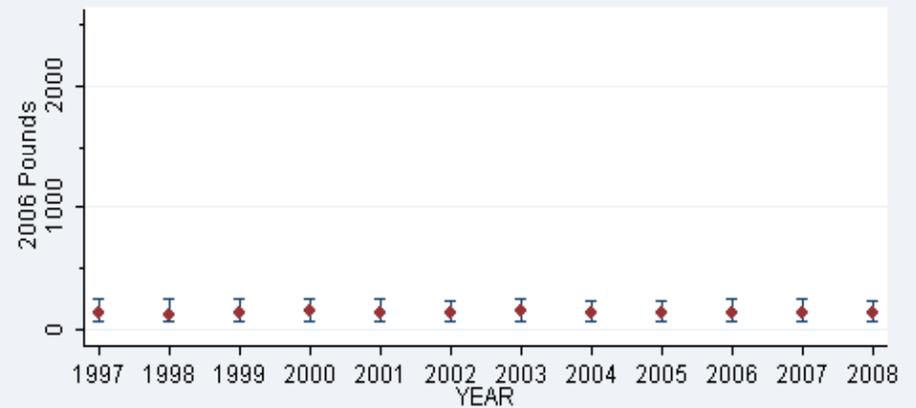


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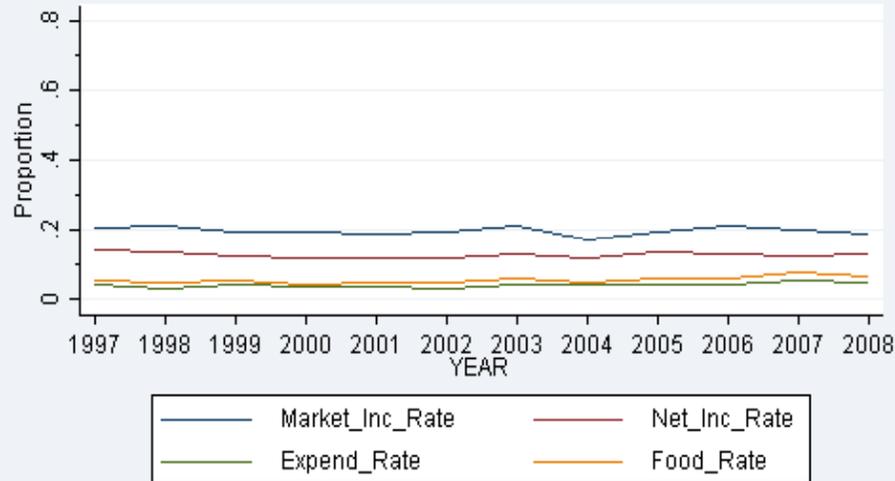
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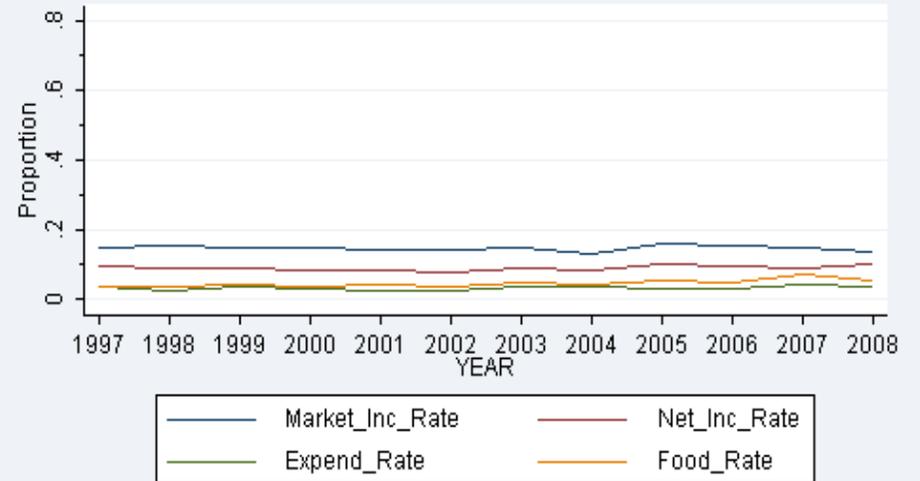
Author's calculations

Canada  
Poverty Measures  
All Families with Children



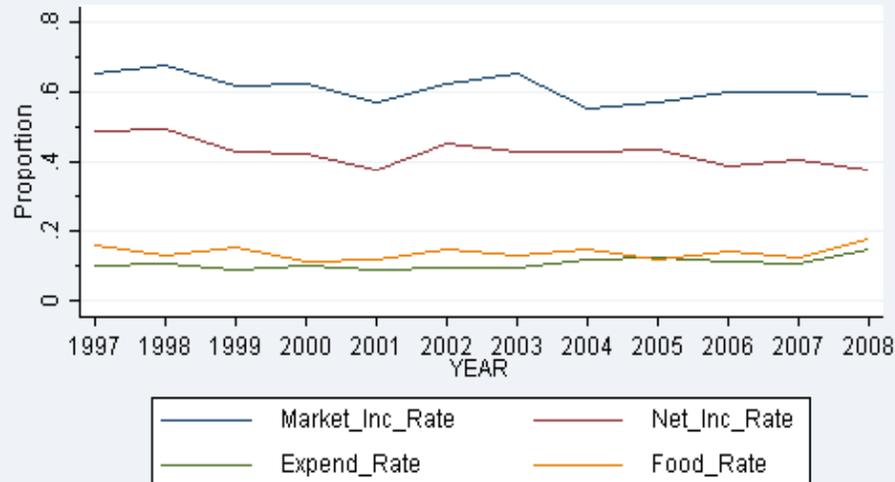
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Canada  
Poverty Measures  
Two Parent Families



Author's calculations

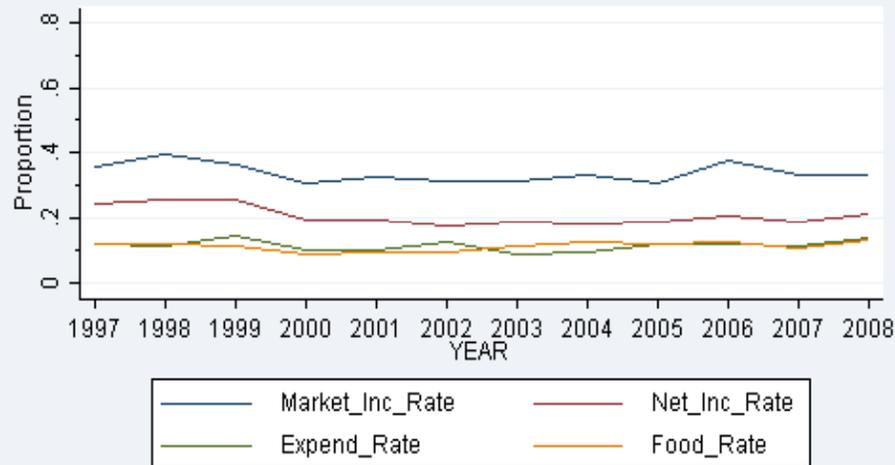
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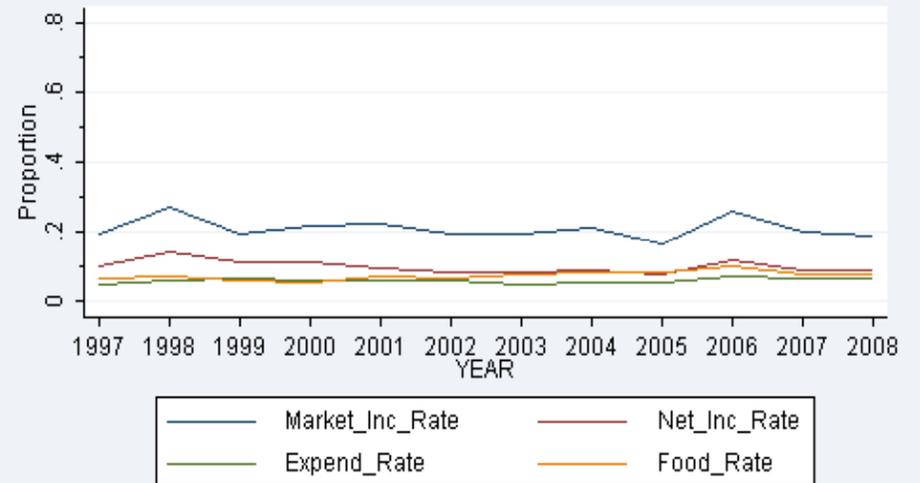
Families with Children



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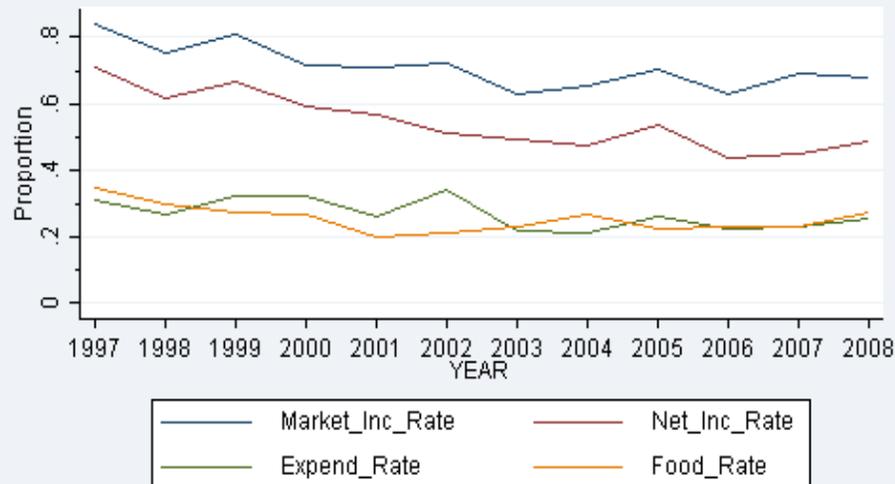
Two Parent Families



Author's calculations

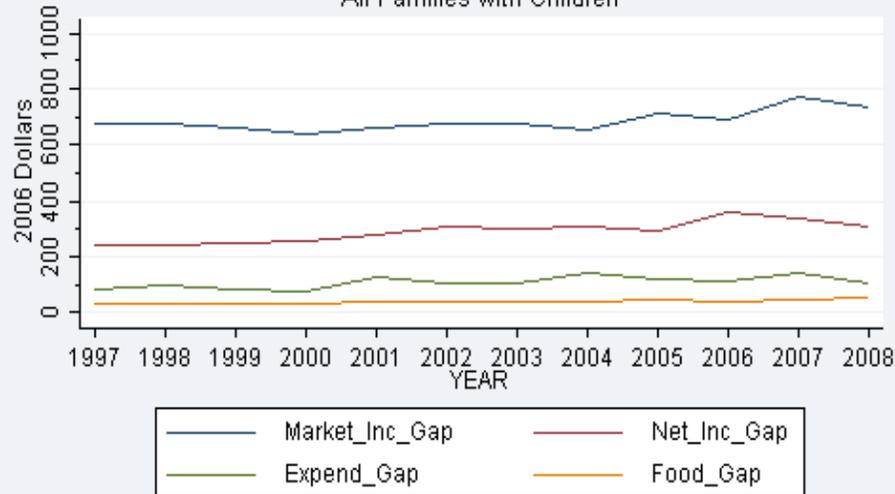
United Kingdom  
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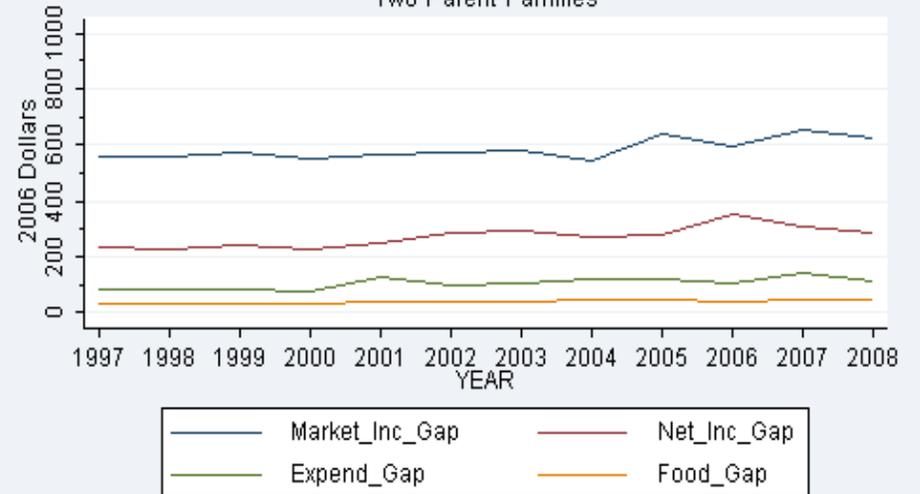
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Canada  
Poverty Gap  
All Families with Children



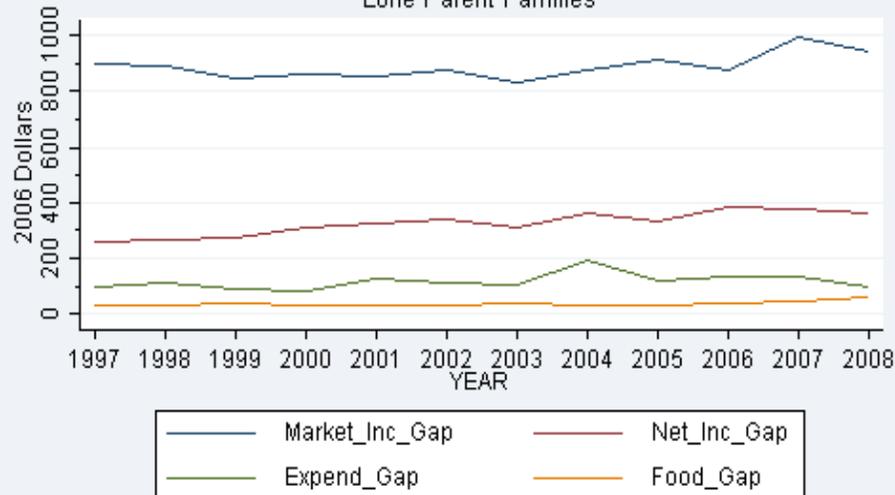
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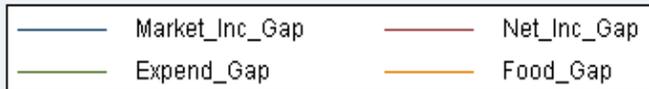
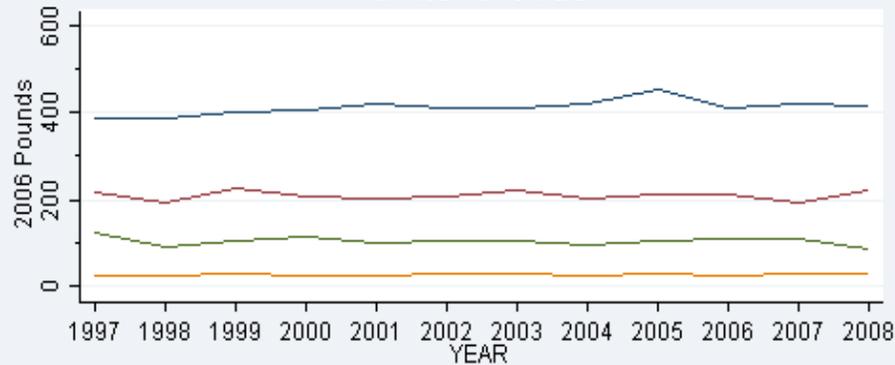
Canada  
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Author's calculations

### United Kingdom Poverty Gap

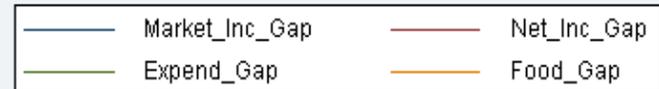
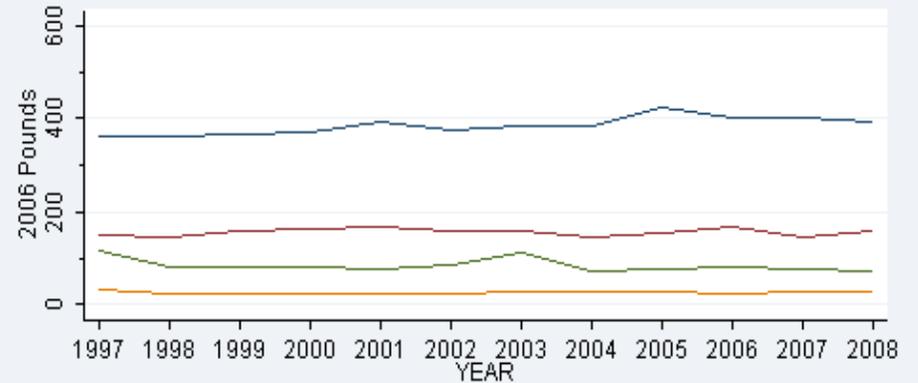
#### Families with Children



Author's calculations

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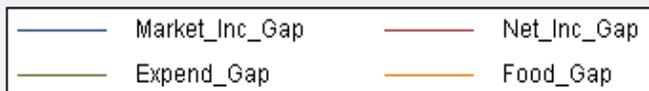
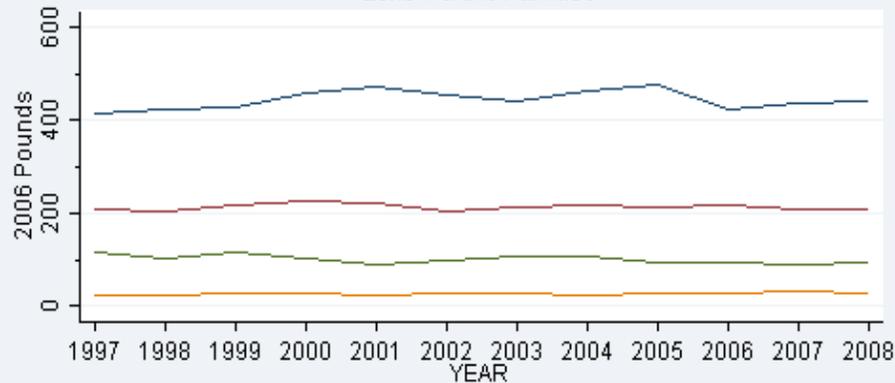
#### Two Parent Families



Author's calculations

### United Kingdom Poverty Gap

#### Lone Parent Families



Author's calculations

# Conclusions

- ❑ median incomes have increased over time more so in Canada than the UK
- ❑ poverty rates in UK are higher than in Canada no matter the measure
- ❑ relative child income poverty has remained constant in Canada and has fallen slightly in the UK
- ❑ relative expenditure poverty is growing slightly in Canada and substantially in UK
- ❑ income poverty is converging but expenditure poverty is diverging

# Conclusions

- ❑ the poverty gap in income poverty has widened in Canada and narrowed in the UK
- ❑ expenditure poverty gaps have risen in both countries
- ❑ poverty rates for lone-parent families are 5X two-parent families in UK and 3X in Canada
- ❑ without substantial policy shifts neither country will reach the goal of eliminating child poverty