

AN ASSESSMENT OF THE ECONOMIC STATUS OF THE ELDERLY,
WITH PARTICULAR REFERENCE TO THE CAPITAL
REGIONAL DISTRICT

by

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ABSTRACT

This study examines how the economic conditions for the elderly have changed during the past decade in the Capital Regional District of B.C. The elderly in 1971 are compared to the elderly in 1981. The elderly are also compared with the younger 45-64 year old group to determine how the economic status of the elderly compares with a younger population. The data for this study have been obtained from the Statistics Canada 1971 and 1981 census data base. The results indicate that while the economic standing of the elderly as a group remained relatively stable over the period 1971-1981, the income level of those elderly who rented their home decreased.

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CONTENTS

Abstract	ii
Contents	iii
Figures	iv
Tables	v
Acknowledgements	vi
Chapter I: INTRODUCTION	1
1.1 POPULATION PROJECTIONS	3
1.2 INCOME DISTRIBUTION	9
1.3 WEALTH DISTRIBUTION	13
1.4 THEORIES OF INCOME DISTRIBUTION	15
1.5 STUDIES ON INCOME DISTRIBUTION	18
Chapter II: METHOD	22
Chapter III: THE RESULTS	33
Chapter IV: DISCUSSION	64
4.1 GOVERNMENT SOURCES OF INCOME FOR THE ELDERLY	67
4.2 PRIVATE SOURCES OF INCOME FOR THE ELDERLY	69
4.3 CONCLUSION	70
Chapter V: FOOTNOTES.....	75
5.1 CHAPTER ONE	75
5.2 CHAPTER TWO	76
5.3 CHAPTER FOUR	77
5.4 BIBLIOGRAPHY	79

FIGURES

1.	Distribution of Type of Dwelling for the Households by Municipality. CRD, 1981.	24
2.	Percentage Increase in Rents between 1971 and 1981 by Municipality and Age.	47
3.	Average Rents in CRD 1971 and 1981 by Age.	49
4.	Homeowners Major Payment by Age and Municipality CRD 1981.	52
5.	Percent of Income Used for the Shelter by the Elderly by Tenure and Municipality. CRD 1981.	57

TABLES

1.	Population by Age, CRD, 1971 and 1981	5
2.	Percentage Increase in Population by Municipality, 1971-1981, CRD.	6
3.	Number and Percentage of the Total Population of Private Household Maintainers 65 Years and Over in the CRD,1971 and 1981.	34
4.	Average Incomes, in Constant 1981 Dollars, by Age and Municipality 1971-1981.	35
5.	Home Ownership by Age and Municipality 1971-1981, CRD.	38
6.	Total Number of Renters by Age and Municipality 1971-1981, CRD.	39
7.	Average Income by Tenure and Municipality (in Constant Dollars) 1971-1981, CRD.	41
8.	Percentage Difference in the Average Income by Age and Municipality, 1971-1981, CRD.	43
9.	Average Monthly Gross Rents and Homeowner's Major Payments by Municipality and Age, 1971-1981, CRD.	45
10.	Rent as a Percentage of Income by Age and Municipality 1971-1981, CRD.	50
11.	Percentage of Income Used for Rent or Major Payment by Municipality and Age, 1981, CRD.	53
12.	Increase in Rents as Compared to Increase in Consumer Price Index 1971-1981, CRD.	55
13.	Increase in Incomes Compared with C.P.I. by Tenure and Municipality 1971-1981, CRD.	58
14.	Standard of Living in CRD 1981 as Compared to 1971 by Age and Municipality.	60
15.	CRD Summary Table.	61

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Chapter I

INTRODUCTION

Since the turn of the century, in nearly all developed countries, there has been a dramatic increase in the number of elderly (1) people, both in absolute and relative terms. Today, in countries like Sweden and Austria more than 16% of the population is over 65 years old, compared to nine percent in Canada. With continued advances in medical and nutritional science and declining birth rates, such a development will soon be commonplace in many other industrial nations.

This changing age distribution in the population can be expected to create new demands in the social, political and economic systems. Society's capacity to respond adequately has been questioned because the systems presently are oriented to the needs of younger people.

There are social and economic questions which are closely related to this development, for example: Will older peoples' standard of living decline relative to everyone else's? How will the increasing numbers of dependent elderly be cared for? Can they continue to rely on political sympathy and economic support from younger people? Or will modern societies perversely reduce a large segment

of their populations to poverty, creating disadvantaged groups whose members may find it increasingly difficult to attain adequate nutrition and health care? It is important to understand what the outlook regarding population aging is, and to consider possible social and economic implications of this phenomenon.

This study will survey available evidence to determine how economic conditions for the elderly have changed during the past decade. It will focus in some detail on the particular situation as it has developed in Victoria (The Capital Regional District). Trends here may be suggestive of a more general experience. Further, our city is of particular interest: it has the highest proportion of elderly people in Canada. The elderly will be compared with a younger age group in various economic variables i.e. average incomes, home ownership and rents in 1971 and 1981. This comparison will give us some indication whether the economic inequality between the elderly and the younger population is increasing; whether elderly are poor as compared to younger people; and whether the economic status of the elderly has declined between 1971 and 1981.

Chapter one reviews current population projections for Canada and the Capital Regional District. It also gives an overview of some of the opposing theories and ideas concerning income distribution in our society and outlines prominent studies available on the economic well-being of the elderly. Chapter two outlines the method used in this study. It also includes the definitions of concepts that are used. The data and the results are presented with the aid of charts and graphs in chapter three, and the discussion and possible explanations for the results are given in the last chapter. Chapter four will also include discussion of

the effects of the social benefits, such as Old Age Security or Quaranteed Income Supplement on the economic status of the elderly.

1.1 POPULATION PROJECTIONS

First, we can describe some specific changes which are expected to take place in the age structure of future populations. Based on assumptions about future demographic developments, demographers attempt to predict age profiles that will apply in the future. Those discussed here are made by various government agencies and, generally, depend on the assumptions that fertility rates will continue slightly below replacement level, that mortality rates will decline slightly with further improvements in health care, and that the migration rate will remain at the current level.

While population projections in general should be viewed as probable outcomes rather than as established facts, we can put a fairly high degree of confidence in those that project the numbers of the elderly within the next sixty years. As Havens (1982:1) has noted, the fact that everyone who will be over 65 before the year 2046 is now alive, lends credibility to the numbers which are forecast. The number of elderly people who will be alive of whatever fertility rates obtain; their

numbers will depend only on mortality rates, and the latter are known to be much more stable.

According to Statistics Canada, population growth in Canada will dramatically slow by the end of the century unless immigration is increased above its present level. 125,000 new immigrants per year would be needed to maintain the current population of 25 million. However, as elsewhere, a significant change will occur in the age structure of the Canadian population.

In 1901, elderly people comprised 5 percent of the total population. By 1951, this percentage had increased to 6.7 percent, and to 8.1 percent by 1971. It became a full nine percent by 1980. Between 1936 and 1971, the total population approximately doubled, but Canada's over-65 cohort increased by much more: 160 percent. (2) According to the projections under discussion, the elderly in Canada will increase as a share of population to 11.5 percent by the year 2001, and to 17.6 percent by 2051.

The Capital Regional District (CRD) of B.C. is known as the retirement center of Canada. As can be seen from Table one, (3) while the largest increase in the population was in the young adult group, the number of children decreased 12.7 percent between 1971 and 1981. At the same time the number of elderly increased 36.8 percent.




TABLE 1

POPULATION BY AGE, C.R.D., 1971 AND 1981

AGE	1971	1981	% CHANGE
Under 15	49,400	43,125	-12.7
15 - 19	18,595	19,770	+ 6.3
20 - 34	38,865	63,405	+63.1
35 - 64	66,960	80,785	+20.6
65+	30,990	42,395	+36.8
TOTAL	204,805	249,475	+21.8

TABLE 2

PERCENTAGE INCREASE IN POPULATION BY MUNICIPALITY,
1971-1981, C.R.D.

MUNICIPALITY	% CHANGE IN OVER 65's	% CHANGE IN TOTAL POPULATION
Central Saanich	+119.4	+92.4
Esquimalt	+ 74.7	+22.8
Sidney	+ 67.4	+63.1
North Saanich	+ 54.5	+70.0
Saanich	+ 50.8	+21.0
Oak Bay	+ 24.0	- 7.8
Victoria	+ 17.4	+ 4.2

The increase of the elderly in the core municipalities of the CRD as compared to the increase in the total population between 1971 and 1981, is presented in Table 2. In every municipality but North Saanich, the percentage of elderly increased much more than that of total population. In 1971, 15 percent of the CRD's population was over 65 years of age. And in 1981 this had increased to 16.9 percent. The proportion is expected to reach 18.4 percent in 1991. The proportion of elderly in the CRD is comparable to the proportions present in Sweden and Austria. To illustrate how atypical this is for Canada, consider that Canada, as a whole, is not expected to attain the CRD's present proportion of elderly people in the general population until the year 2051! The large proportion of old people makes the region an excellent "laboratory" in which to study the problems of the elderly. The CRD is faced with problems now that other Canadian cities do not expect to meet for another 50 years .

An interesting measure, suggesting the kind of economic and social stress which may accompany population development, is the dependency ratio. It is defined as the proportion of those of pensionable age to those of working age. While desirable, projections of dependency ratios are problematic, since fertility rates exercise a major influence on them, yet these may not be easily discernible from historic data. In 1971, for Canada as a whole, there were fifteen persons over 65 for every 100 people between 18 and 64 years of age. This ratio had risen to sixteen by 1981, and it is projected to rise to twenty six by 2021. (It is most interesting to observe that this is the value that characterises the Capital Regional District now.) For Canada, the dependency ratio is expected to increase to twenty three in 2031. (4) For every 100 Canadians that actually are employed, the dependency ratio of elderly remained twenty between 1971 and 1981.

As noted, in the CRD the elderly dependency ratio is already considerably above the Canadian average. In 1981, it was twenty six elderly persons for each 100 working age persons, while the all Canada ratio was sixteen and is expected to reach thirty by year 2000. In Victoria, the dependency ratio is as high for the elderly as for the children; there are 99 elderly persons for every 100 children. As the projections indicate, the "problem" of an aging population is here to stay, and it is likely to affect the nature of Canadian politics and social philosophy profoundly in the future. There has been concern about the increasing social dependency of the elderly population in Canada and the ability of the working age population to meet the demands of increasing medical and pension expenditures. The increasing costs of institutional care are also of concern to several levels of government (see: Health and Welfare Canada, 1976B).

Schwenger (1977) has documented that the higher the age group among the over 65 year olds, the higher will be their demand for medical and institutional services. The oldest age groups are precisely the groups that are growing most rapidly in response to declines in mortality rates. For example, the biggest increase in the elderly population, was in the over-75 group which, by 1971, accounted for 38.3 percent of the elderly population. (5) Denton and Spencer (1980), however, suggest that in the future as there are more old people, there will also be fewer children so the overall dependency burden will not be any worse. A study done in Germany (Wander, 1978) concluded that the total cost of raising a child to the age of twenty is one-fourth to one-third higher than that of supporting a person who is 60 years old for the rest of his or her lifetime.

1.2 INCOME DISTRIBUTION

The continuing trend towards aging of the population increasingly raises questions about the ability of the system of income allocation to adjust to the changing age composition. Will it be necessary to dramatically increase productivity simply to maintain the present standard of living? Will declining fertility rates produce enough savings in the dependency expenditures for young people to offset the costs of a growing number and proportion of older population? Will the income for the poorest of the elderly be adequate to meet their minimum needs, especially, given the continued high rates of inflation?

Myles (1982) asserts that the key economic issue of the future in terms of population aging is not the actual level of wealth available to support an aging population, but rather the way it is distributed by the society.

There are various, highly polarized perspectives about ideal way of distributing income in the society. Such views are basically value judgments and it is not the intention of this study to prove or disprove any of them. Our concern is not evaluative, but simply to describe what the differences between the incomes of the elderly and the younger people are and how the economic status of the elderly has changed.

An income distribution for society as a whole depends on the development of social policies. The Canadian Governmental Report on Aging (1982) outlines the ideals of these policies in regards to the elderly.

Although the stream of earned income is interrupted by retirement, it is a generally accepted principle that those in retirement should be able to maintain the standard of living to which they have become accustomed during their working lives.

These ideals seem to be unrealistically high, and several recent studies indicate that even at the present time, these high ideals are not being met. Increasing numbers of Canadians find it impossible to maintain an accustomed standard of living. Many of them are elderly. (Ross,1980, Osberg,1981; Statistics Canada,1984, Charting Canadian Incomes 1951-1981).

In the study of the redistributive intentions of several government programs, Reuber (1978:506) observes:

As one surveys the full range of government policies, one observes many inconsistencies where what is done with one hand ostensibly to improve the distribution of income is undone, wholly or in part, with the other hand to further some other purpose.

Ross (1979) found that the bottom 60 percent of Canadians gets less than a third of the national income. By contrast, the top 20 percent of the population exceeds this considerably with 42.5 percent of total income, while the bottom 20 percent is left with only 3.9 percent of the national income. Kolko (1962) argues that if various types of benefits and nonmoney income were taken into account, the rich would be even better off than they are now considered. While these findings may not be unusual or may even be favorable to Canada when placed in historical or international perspective (see: Ogmundson 1983), they still reflect considerable inequality.

A main concern of social scientists who have addressed the issue of the adequacy of incomes received by the elderly is whether growing numbers of elderly people will be faced with poverty. When poverty is discussed, a distinction between prevalence of poverty and the degree of inequality in incomes between the top and the bottom of the income distribution needs to be emphasized. Inequality in incomes may be large even if no one is poor by accepted social standards. On the other hand, inequality of incomes may be minimal while poverty is widespread (Reuber, 1977).

In Canada there is no absolute poverty as is known in many other countries in the world. The definition of poverty in Canada takes into account the prevalent standard of living in this society; the poor are those whose standard of living is markedly inferior to the level of the surrounding community. The study of poverty in Canada is in fact the study of inequality. Hurst (1979) points out that poverty is a relative rather than an absolute matter. People in the lowest income group may gain from an absolute increase in income, but when the incomes of these same individuals are compared to the incomes of those around them they can still be classified as poor. Their income is not adequate by the accepted standard of their community. The differences in the income distribution as well as the adequacy of the income in relation to the cost of living is used as indicators of the level of economic well-being in industrialized societies.

Several poverty lines have been proposed in Canada (6) in order to determine low income status, but so far Canada does not have an official poverty line. This fact leads to discrepancies in descriptions of the proportion of the population

"below the poverty line". The Statistics Canada poverty line for example is based on notion that families spending over 58.5 percent of their income on food, shelter and clothing are poor. While The First Quintile Cut-offs method places 20 percent of the family units below the cut-off. They are considered poor regardless of the prevailing income distribution. No matter what definition is used, the following groups are persistently over-represented in the population identified as "the poor": unemployed and their families; single parent families; and the elderly, especially the unattached elderly women. (Harp, 1971; Statistics Canada, 1984; Marc-hak, 1975). The incidence of poverty is clearly correlated with the life cycle. It tends to penalize the younger and the older segments of the adult population. Young people under 24 years of age and those over 65 years on average have much lower income earning capacity than those in the group between 25 and 64 years. In 1976, their average income was only about half of the average for all age groups (Caskie, 1979).

In addition to exercising an obvious effect on an individual's quality of life, poverty also significantly affects the duration of life. A study by Wigle and Mao (1980) documented the dependence of the age at death on the income level of an individual. Comparisons made between the highest and the lowest income groups showed a clear advantage for those with higher income. They found the average age at death to vary appreciably, from 66.3 to 70.0 years for men, and from 74.6 to 76.4 years for women, as income increased.

1.3 WEALTH DISTRIBUTION

It is important to note a point that has been forcefully made by Osberg (1981), who states that inequality in wealth in Canada is even greater than inequality in earnings:

a substantial proportion of the population owns little personal property at any age. The acquisition of personal property (houses, automobiles, consumer durables, bank balances) over the life-cycle and the building up of pension rights provide main sources of property for a broad "middle class" for whom the social inheritance of earning power is far more important than inherited property. (p.151)

Ross (1980) gives specific figures. In 1977, ten percent of the population owned more than half of Canada's total wealth. That is, the top tenth owned more than the bottom nine-tenths!

For most Canadians, equity in a home constitutes the majority share of personal wealth. Home ownership is an important factor affecting the economic status of elderly people. While they may have very low income, they have often accumulated equity in their homes during their working years to offset this. In recent years home ownership in Canada has been declining. By using Statistics Canada data, Hulchanski (1984) found that the proportion of home-owners in the lowest income bracket fell from 62 percent to 43 percent between 1967 and 1981. At the same time, home-ownership in the top income bracket increased by ten

percent. In middle income brackets, there was little change. Hulchanski concurs with the idea that the rich are getting richer, while the poor are getting poorer.

A likely reason for the declining home ownership in the lower income level is the dramatic escalation of prices of residential properties during the decade 1970-1980. According to the Victoria Real Estate Board, the average price of a house in the area rose from \$23,620 in 1971, to \$98,300 in 1982 - an increase of 316 percent! During the same period, the average income in the area increased by only 136 percent. Those who were home-owners at the beginning of this period had a substantial gain. Many elderly people own their homes and, on the face of it, it may seem that this group, at least, is not disadvantaged with respect to the general population. But as Moon (1977) points out, elderly home-owners are unable to realize the full value of their equity without a substantial delay until the house is sold. In this sense, the value of real estate property may be overstated.

It seems likely that elderly people who own their homes debt free enjoy a financial advantage over those who rent. For elderly people who are not home-owners, increasing housing prices have caused increases in rents. And, in terms of living standards, they have become increasingly disadvantaged. Determining the extent of home ownership as well as the changes that have occurred in rents in Capital Regional District between 1971 and 1981, will be part of our study of the economic status of the elderly in the area.

1.4 THEORIES OF INCOME DISTRIBUTION

While there is widespread moral condemnation on the part of commentators about the persistence of poverty in Canada amidst general affluence, explanations for this persistence vary. Differences of opinion are often the reflection of different ideological perspectives. The extent of ideological polarization on these issues can be illustrated by contrasting the views of poverty propounded by conflict (e.g. Marxist) and functionalist theories. Marxism identifies poverty as a natural result of conflict arising from the structure of capitalist society. This conflict is manifested in the opposition of interests of different economic classes. According to conflict theorists, the class conflict that characterizes capitalist society, will inevitably lead to revolution - the dominant group will be overthrown by the subjugated group. It is asserted that poverty persists because the structure of capitalist system allows the ownership of the means of production and the control of the government by a small elite, using its power for its own profit. Marxism regards pre-communist industrial society as corrupt and dehumanizing, and the poor as the victims of its economic arrangements. Adams (1971) summarizes the view of the conflict theorists on the treatment of the poor in the capitalist economy:

The poor have had to pay harshly for the way the economy is mis-managed. They are the first to lose jobs when unemployment is high, and they suffer most from cutbacks in government spending. They are also the ones to suffer most from the government's refusal to tackle structural faults in the economy (Adams et al. 1971:82).

According to this view, problems arising from the society's changing age structure are further manifestations of the contradictions that develop in capitalist economic system. Marxists assert that in order to solve problems that are associated with the elderly such as the poverty, there must be a fundamental change in the relationships of the capitalist labour market which at the present serves to reproduce the existing class relationships, that is, the elderly that belong to the ruling class pass the power to their children, while the lower class children inherit the status of their parents. Marxists see the economic status of the elderly as a socially constructed and institutionalized phenomenon that is legitimated by the prevailing ideology. This explanation stresses the allocation of people in the division of labour and socialization of individuals to acceptance of that allocation.

Thus poverty and dependency in old age are not determined by chronological age, but the social construction of age through social institutions and policies and the social division of labour and class structure, which are also derived principally from the social organization of production and related processes. (Walker, 1980).

Some conflict theorists assert that a generational conflict is inevitable in the future because of the increasing dependency ratio (Neugarten,1973), or because of political policies that serve different generational interests. (Tindale and Marshall,1980). The supporters of generational conflict theory see the generations as forming a distinct common consciousness, not unlike the class consciousness. When this happens, they argue, generational conflict becomes a possibility. A generation becomes a separate class with conflicting interests to other generations.

Functionalist theories present a sharp contrast to the viewpoint outlined above. This school of thought is characterized by a strong belief in private enterprise, individual achievement, classlessness, and equal opportunity, as well as the idea that government is truly representative of the popular will. According to the functionalism, society is seen in terms of a living organism. Some parts of that organism have more important functions than others. In order to motivate the most capable people to undertake the most demanding tasks, they must be given greater rewards than those that undertake less important tasks. The size of the reward depends on the importance of the position and the number of the qualified people that are available to fill it. Inequality is viewed as necessary as well as functional. Poverty is explained as the result of individual failure to provide valuable services to society. Rather than advocating revolutionary changes in the structure of the society, conservative theorists, like Kahn, place great hope in the strength of the capitalist system. They believe in its ability to evolve and promote technological advances in productivity to solve social problems like poverty. Kahn believes that if the gap between the rich and the poor is widening, it is merely an expression of the former's rising productivity. He believes that continuation of such developments would have positive benefits for the poor as well "A rising tide lifts all ships". (Kahn, 1979:64).

Functionalist theories suggest that problems facing the elderly are mainly problems of individual adjustment to the aging process and retirement. The economic status of the elderly is seen as the end result of the individual's marketability during the productive years. The differences in the income levels between age groups are seen as inevitable consequence of old age, and often explained through

theories of different needs based on age, such as disengagement theory. In short, this theory argues that the elderly voluntarily disengage from social participation as they are gradually severing their ties with the society. One product of this process of disengagement is the lowered income in the old age. The process is seen as functional to the society since it allows the more productive segment of the society to take over.

1.5 STUDIES ON INCOME DISTRIBUTION

But apart from ideological exchanges on the issue, there exists the important empirical question of whether the income gap between rich and poor in Canada is actually widening or not. On the one hand, it is commonly believed that income distribution in Canada has become more equal due to government social programs which transfer funds to low income groups. On the other hand, a number of studies indicate that this is not so. (Johnson, 1977; Henderson and Rowley, 1977; Adams et al. 1984). Johnson (1977) concludes that even though per capita income in Canada rose 170% between 1946 and 1971, the poorest workers experienced a dramatic decline in their purchasing power. The disparity between rich and poor increased despite of government social programs. These contentions are rebutted by Hamilton and Pinard (1977). They are highly critical of Johnson's methodology,

which relied on the measurement of individual incomes by taxation data. According to them, this produces a distorted view of the true situation since many individuals reporting low income, and who are classified by Johnson as poor, are young people with part time jobs and living at home. Johnson also disregards the fact that many low income recipients are merely secondary earners in families that are not poor at all. Hamilton and Pinard analyse income by using Census data on family income, rather than taxation data. Taking these measurements as the basis for their investigation, they found that the disparity in income between rich and poor had actually narrowed slightly. They state: "It is possible that Johnson's figures which suggest increasing misery may even hide a real improvement in the condition of the genuine poor" (p.247). Their conclusion is that Johnson's results are invalid and that, to the contrary, income distribution in Canada has become slightly more equal. (7)

Armstrong et al. (1977) also found an overall trend of increasing equality in the study of Canadian family and household incomes. The pattern of income distribution shown in Statistics Canada annual income survey since 1951 is relatively stable. This has been interpreted to mean that the gap between the rich and the poor in Canada is not being closed but, in absolute terms, is widening. Armstrong et al. suggest that the pattern is stable precisely because of the increasing equality of inter-family lifetime earnings. They state that if the income distribution was in fact becoming less equal, the changing age structure and the increasingly uneven pattern of lifetime incomes over time would have resulted in the more uneven pattern.

In a related study of whether income distribution is changing, Schaafsma (1981) analyzed the effects of inflation on a pensioner's standard of living between 1968 and 1978. Taking the hypothetical example of a university professor, conceived to be representative of some portion of pensioners, he concluded that the standard of living remained virtually unchanged over the decade. Schaafsma lists four key factors that are crucial in offsetting the effects of inflation on the pensioner's standard of living. The first is home ownership; as is well known, housing prices increased faster than inflation in this period. Second, sizable reductions took place, between 1968 and 1978, in income tax rates, and there were significant increases in tax exemptions, as well. Third, indexing of Old Age Security (1973) and Canada Pension Plan (1974) payments helped pensioners maintain parity with those depending on income from other sources. And, finally, some private pension plans, including the one applying to Schaafsma's representative case, were indexed, and so participants were able to weather the rapid inflation that occurred in the general price level. The Schaafsma study is valuable, but the results are not generalizable to the elderly population as a whole. (8) More studies, using less limited samples, are needed in order to determine what the actual changes in the economic status of the elderly are. This study addresses this question. It will use census data and, therefore, will have improved generalizability over the Schaafsma study.

The question whether inequality in Canada is increasing or not is far from being settled. The varying results of the studies reflect, not only different methodologies, but also different ideological positions. In regard to the increasing proportion of the elderly population, there are those who trust that the Canadian

society will be well able to deal with the situation as it arises, and there are those that see the population aging as a crisis situation. Gee (1982) identifies a crisis view as originating from our cultural stereotypes of aging and old people, as well as from the ideology that prevails in North America, particularly in the United States. Because in our culture the elderly are seen as disadvantaged, helpless and poor, the growing dependency ratio of elderly creates alarm in the society in which the traditional view strongly opposes the increased role of the state in the distribution of wealth. As mentioned, this study will focus on the economic status of the elderly in a region with an existing high percentage of elderly population. It is hoped that by comparing the elderly with a younger age group with respect to various economic variables i.e. incomes, home ownership and expenses, it will be possible to look at the differences in the income distribution and economic status of the elderly relative to the younger population, and that this will speak to the larger questions mentioned earlier.

Chapter II

METHOD

This chapter outlines the method and the definitions of concepts that are used in this study.

This research is designed to give some insight into financial welfare and the changes in the economic status of the elderly between 1971 and 1981 in the Capital Regional District (CRD). Because this study is not longitudinal and since our data refers to only two points in time, we cannot establish actual trends during the decade. However we can examine how the elderly in 1981 fared relative to the younger people and the elderly ten years before. Our intention is not to put forward any theories explaining how the observed income distribution is determined but to develop more comprehensive descriptions of changes that have occurred in the economic status of the elderly.

Studies of the elderly too often utilize large regions as the unit of analysis (i.e. provinces or Canada as a whole). The result is that valuable detailed information is lost the larger the geographical unit that is used. The present study is at the regional and municipal level. Rather than the Capital Regional District,

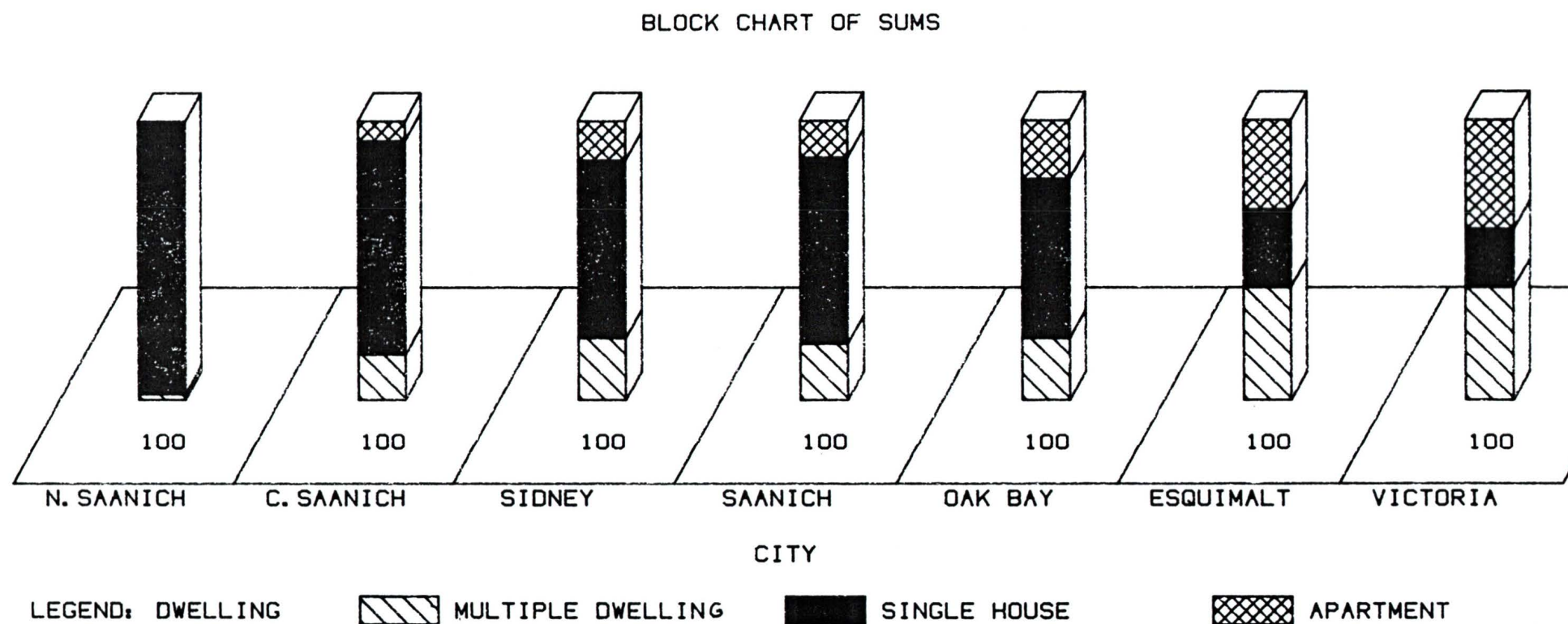
the census information is collected for the Victoria Census Metropolitan Area (CMA). Although The Victoria CMA is not synonymous with the Capital Regional District it covers 97% of the total population of the area. This makes the census data collected for the CMA an excellent source of information for the Capital Regional District.

The Capital Regional District is divided into seven core municipalities: Victoria, Oak Bay, Saanich, Esquimalt, North Saanich, Central Saanich and Sidney. About 90% of the elderly in the CRD reside in these municipalities.

Each municipality is unique with respect to its size and type of the population, as well as to the type of housing it provides. Figure one shows the differences in the types of housing in each municipality. As can be seen, there are some extreme differences; for example, North Saanich has very few multiple dwellings, while Victoria is characterized by mainly multiple dwellings and apartments.

FIGURE 1

DISTRIBUTION OF TYPE OF DWELLING FOR THE HOUSEHOLDS BY MUNICIPALITY. CRD. 1981.



The differences between municipalities also seem to reflect the occupational and economic status of the residents. Oak Bay, for instance, has more professional people than Esquimalt. These differences are also reflected in the average incomes of the householders, for instance, the average household income in Oak Bay in 1981 was nearly double of that in Victoria. It is necessary to look at the data on the municipal level in order to see what really is happening in the CRD. Because of the vast differences in the size of the elderly population in the seven municipalities, the aggregate means for the CRD will be skewed to some extent. In order to detect changes in the economic status of the elderly, the data for each municipality are given separately. This approach will enable us to extract more accurate information and leads to construction of a more detailed picture of the problem at hand.

The data for this study have been obtained from the Statistics Canada 1971 and 1981 census data base. While data are mostly shown over ten years, for some topics, depending on the availability, only 1981 data have been selected. Some special tabulations for these municipalities were custom made for this study by Statistics Canada. This previously unpublished data base will allow in detail study of the seven core municipalities.

For the purposes of this study, the elderly are defined as those aged 65 years and over. This division is a common one because the retirement age for most people is 65. It should be remembered, however, that this division is arbitrary and that the "elderly" do not constitute a homogenous group; there are as many differences within the group of elderly as there are between different age groups.

This study is examining the economic status of the elderly as a group in each of the seven municipalities, but it is clear that some of the aged are more economically stable than others. For instance, while most people over 65 years of age are retired, there are professional people that continue to work long past this age.

According to census data, 93 percent of the elderly men and 90 percent of the elderly women in Canada live in the private households. The basic unit used in this study is private households. According to the Statistics Canada definition a private household is:

"A person or a group of persons (other than foreign residents) who occupy a private dwelling and do not have a usual place of residence elsewhere in Canada. The number of private households equals the number of private dwellings." (1)

The data on the elderly refer to those households in which the head of the household is sixty-five or over. The head of the household is the person in the household who pays the rent, or the mortgage, or the tax, or the electricity etc. for the household.

Because this study will only look at those elderly people that are in private households, people living in institutions or shared accommodations are excluded.

Economic variables used as indicators of economic status are: average household income, home ownership, homeowner's major payment and gross rent.

When economic status and income distribution are studied, it would be ideal to include in the concept of income all types of income, that is money income,

income in kind from public and private sources, imputed income and capital gains. As Miller and Roby (1970) point out, the money income alone may be misleading as an indicator of the economic status:

Current income does not include economic benefits created in the past or future; it only offers a cross-sectional view of one's economic situation. This may lead to under- or over-estimation of economic inequality because some things that contribute directly to economic well being are not incorporated in the concept of money income. (cited in Hurst, 1979, p.22).

However, the available data do not permit this kind of definition of income. The analysis of this study is limited, therefore to money income and this must be remembered when interpreting the results.

The main criticism offered by Hamilton and Pinard on Johnson's (1977) study on poverty in Canada was the methodology which relied on individual incomes from taxation data. They advocate the use of family incomes from the census data base. However, the family income figures are also inadequate for assessment of the economic status or income distribution because the family income excludes single people or people living alone. Studies show that many poor are elderly women living alone and exclusion of this population will result in distorted, overly positive, results.

The present study uses average household incomes which include both families and single people. Average household income represents the post-transfer income; that is, it includes the government transfer payments such as family allowance and social security payments received by the household.

By definition average household income is

The weighted mean (2) total of the total income that is received by all members of a private household. Total income is the sum of incomes from the following sources: total wages and salaries; net non-farm self-employment income; family allowances; old age security pension and guaranteed income supplement and benefits from Canada or Quebec Pension Plan; benefits from unemployment insurance; other income from government sources; dividends, interest and other investment income; retirement pensions, superannuation and annuities, and other money income. (3)

The definition of total income was identical in 1971 and 1981 censuses. (4).

People may have little income but possess large amounts of wealth (wealth means the total amount of one's assets minus debts). Statistics on wealth are rare. In 1977 Statistics Canada conducted a limited study on the distribution of income and wealth in Canada.(5). Its findings show that the wealth distribution for the elderly is very similar to that for the general population; 29.9 percent have less than 10,000 dollars worth of wealth holdings. 18.7 percent have 10,000-30,000, 39.4 percent have 30,000-100,000, and 11.9 percent have over 100,000 dollars worth of wealth. The median wealth for over the 65 group was 31,518 dollars compared to 21,754 for the total population.

The type of wealth owned by different socio-economic classes differs. The very rich have ownership of property critical to the economy, that is, stocks, real estate holdings, mortgages and security credits which enable them to accumulate

more wealth. (Hurst 1979). For most Canadians, wealth holdings are limited to a car and a home.

It is difficult to assess wealth since the census does not include information about wealth holdings. While it is acknowledged that homeownership represents only a very small proportion of the holdings of the very wealthy, homeownership is used in this study as an indicator of wealth since owning a home represents the major portion of wealth for most Canadians. The division of populations under study by tenure will enable the study of economic changes for those with wealth possessions (i.e. homeowners) compared with those with no wealth possessions (i.e. renters).

The variable homeownership has two categories: rents and owns.

Comparison of the expenses used for shelter by homeowners versus renters will further clarify the changes in the economic situation of the elderly in the Capital Regional District.

Gross rents and homeowner's major payment are used as indicators of the proportion of income that is used to secure shelter.

Homeowner's major payment means the total average monthly payments made by an owner household to secure shelter. It also includes payments for electricity, oil, etc. water, municipal services, monthly mortgage and property taxes. Unfortunately, these data are only available for 1981 but they will be used to reflect the difference between owners and renters.

Gross rent means the average monthly payment by tenant households to secure shelter. It includes payments for electricity, oil etc. water and other municipal services and monthly cash rent. These data were collected in 1971 as well as 1981.

People that are over 65 years of age will be compared at two points in time in 1971 and 1981.

In order to see how the economic status of elderly compares with a younger population, they will also be compared with 45-64 year olds. This group will be referred to as "the younger group" and, in tables and graphs as "45+", while the elderly will be labelled as "65+". The group aged 45-64 is at the peak of its economic activity and this comparison will reflect changes in the economic conditions of the elderly in relation to the changes that was experienced by this younger group. It will also give some indication about the changes in the economic status that are connected to the retirement.

The percentage change in the average household income will be compared with the percentage change in the consumer price index during the study period. The consumer price index reflects movements in prices of a wide range of goods and services. The consumer price index is divided into the following major expenditure categories: food; housing; clothing; transportation; health and personal care; recreation, education, and reading; and tobacco and alcohol.

The consumer price index is designed to provide a broad measure of the changes in retail price conditions that urban consumers encounter. As such it is

widely used as a measure of changes in the purchasing power of urban consumers. Since 1973, personal income tax exemptions levels have been adjusted in accordance with changes in the consumer price index, thus directly affecting the amount of tax that an individual pays. Old age security payments are also adjusted each year to take account of the changes in this measure. Personal tax or savings are not included in the consumer price index while property tax is included. (6).

The consumer price index is calculated as follows: $\text{new price/old price} \times 100 = \text{CPI}$. For instance the change in the living standard in Victoria between 1981 and 1971 using average household incomes as basis of calculation is:

1981 average income divided by 1971 average income, multiplied by 100. This gives us the CPI for income. When this CPI is divided by the aggregate CPI for 1981, which is 237, and multiplied by 100, we will get the level of the living standard (based on the average income) in 1981 as compared to 1971.

$$\$23,282/\$8,721 = 2.669 \times 100 = 267 \quad 267/237 = 1.1265 \times 100 = 112.7$$

The living standard in 1981 thus was 112.7% of that it was 1971, an increase of 12.7 percent.

Since the comparisons made in this study happen to start from the base period (1971) of the consumer price index, when the index was 100, the point change in the index and the percentage change will be identical.

The results of this study will be presented in chapter three as graphs and tables. They will lead to the analytical description of the economic position of the elderly in our society. And now let us look at the tables.

Chapter III

THE RESULTS

In this chapter we are going to present the data and to describe differences and changes in the economic conditions of the elderly in the CRD. Possible explanations for these changes will be given in the last chapter.

AS Table 3 indicates the seven core municipalities differ considerably in the number and proportion of private households whose head is over 65 years old. The majority of these households in the CRD live in Victoria, Saanich, Oak Bay and Esquimalt. On the other hand, Sidney, North Saanich and Central Saanich are characterized by rather small numbers of such households. Oak Bay continued to have the highest ratio of elderly households to the total 43.4 percent in 1981. The biggest increases in the proportion of elderly households since 1971 were in Oak Bay and Esquimalt (5.2 and 4.4 percent respectively). A possible reason for this increase may be the increased development of new rental housing units in these municipalities. The urban quality of these municipalities also ensures the easy access to the shopping areas and other services. The volume of traffic and the noise level are lower than in the downtown area. These are important considerations for the elderly. For the same reasons, perhaps, the proportion of the elderly households in Victoria decreased 3.4 percent.

TABLE 3

NUMBER AND PERCENTAGE OF THE TOTAL POPULATION OF PRIVATE
HOUSEHOLD MAINTAINERS 65 YEARS AND OVER IN THE C.R.D.,
1971 AND 1981

MUNICIPALITY	PERSONS		PERCENTAGE		% CHANGE
	1971	1981	1971	1981	
Victoria	8,785	10,620	35.6	32.2	-3.4
Oak Bay	2,545	3,175	38.2	43.4	+5.2
Saanich	3,935	6,020	20.1	21.3	+1.2
Esquimalt	670	1,365	16.7	21.1	+4.4
Central Saanich	280	635	17.9	18.1	+0.2
North Saanich	345	530	28.5	23.6	-4.9
Sidney	585	985	34.1	31.2	-2.9
TOTAL	19,065	23,230	27.4	26.1	

TABLE 4

AVERAGE INCOMES, IN CONSTANT 1981 DOLLARS, BY AGE AND MUNICIPALITY
1971-1981

MUNICIPALITY	45+		65+		% INCREASE	
	-71	-81	-71	-81	45+	65+
Victoria	20,668	23,287	12,025	14,220	12.7	18.2
Oak Bay	35,139	38,996	23,029	23,562	11.0	2.3
Saanich	27,565	33,688	13,772	17,800	22.2	29.2
Esquimalt	25,617	25,855	13,558	14,320	0.1	5.6
C. Saanich	24,169	31,630	15,402	19,470	30.8	26.4
N. Saanich	29,018	37,827	16,644	25,977	30.3	56.1
Sidney	24,420	25,738	11,586	17,733	5.4	53.0
C.R.D.	25,415	29,977	13,935	16,873	17.9	21.1

The questions asked in this study are: How did the standard of living of the elderly in the CRD fare over ten year period? What is the economic status of the elderly in the CRD? And, is the inequality between the elderly and the younger age group increasing? The following tables attempt to answer these questions.

Compared to the people that are between 45 and 64 years of age, the elderly have considerably smaller incomes. As can be seen from Table 4, the average income of the elderly is roughly one half of that of the younger age group. Smaller incomes are, of course, not surprising, considering that most people over 65 years old are pensioners, while the people between 45 and 64 of age are at the peak of their income earning capacity. It is notable, however, that over the period 1971-1981, the average money income for the elderly increased more than for the younger group. The increase for the former was 21.1 percent, from \$13,935 to \$16,873, as compared to 17.9 percent for the latter, from \$25,415 to \$29,977, in terms of 1981 dollars.

As noted in the Chapter One, people with low incomes are not necessarily poor. It is possible that their position in terms of assets (such as house) is favorable. The Canadian Survey of Household Facilities and Equipment data indicate that 60 percent of the household heads aged 65 and over owned their homes mortgage free. This is important since owning one's own home has been a symbol of personal achievement as well as a contribution to community stability. Most mortgage free homes represent long occupancy; often one's home represents the investment of a lifetime.

Table 5 shows that the CRD, in general, experienced a slight increase in home ownership between 1971 and 1981 for both young and old people. The increase for the former was two percent from 75 percent to 77.1 percent. The percentage of elderly home owners increased from 57.3 percent in 1971 to 58.3 by 1981. The data show that people are least likely to own their own home in Victoria and most likely to do so in North Saanich. Victoria had the lowest proportion of elderly home owners, 36.6 percent, in 1981. The younger age group is more likely to own their own home than the older group; this is markedly the case in those municipalities with the highest concentration of elderly people for example Victoria (51.3 compared to 36.6 percent) and Oak Bay (87 compared to 65.8 percent).

However, home ownership declined in some municipalities. In the younger age group, home ownership declined in three municipalities; Saanich (decline was 1.1 percent, Esquimalt 8.4, and Central Saanich 3.6). Esquimalt also experienced the biggest decrease of home ownership in the elderly group, 11.4 percent. The biggest increase for the elderly was in Saanich, 3.9 percent, and for the younger group in North Saanich, 15.6 percent.

TABLE 5

HOME OWNERSHIP BY AGE AND MUNICIPALITY
1971-1981, C.R.D.

MUNICIPALITY	45+		65+		45+%		% CHANGE	65+%		% CHANGE
	1971	1981	1971	1981	1971	1981		1971	1981	
Victoria	3,815	3,775	2,965	3,895	51.3	51.3	0.0	33.8	36.6	2.9
Oak Bay	2,240	2,125	1,720	2,090	84.0	87.0	3.0	67.6	65.8	1.5
Saanich	6,960	3,230	8,900	4,635	89.0	87.9	-1.1	82.0	76.9	3.9
Esquimalt	990	1,175	465	785	69.7	61.4	-8.4	69.4	57.5	-11.4
C. Saanich	585	990	250	505	89.3	85.7	-3.6	89.3	79.5	- 4.8
N. Saanich	465	860	320	490	81.6	98.2	15.6	92.8	92.4	- 4.8
Sidney	405	810	405	730	76.4	84.8	8.4	69.2	74.1	3.7
C.R.D.	18,345	21,770	10,915	14,470	75.0	77.1	2.1	57.3	58.3	1.0

TABLE 6

TOTAL NUMBER OF RENTERS BY AGE AND MUNICIPALITY
1971-1981, C.R.D.

MUNICIPALITY	45-64			65+			% CHANGE	65+			% CHANGE
	1971 #	%	1981 #	%	1971 #	%		1981 #	%		
Victoria	3,620	48.7	3,595	48.8	+0.1	5,820	66.2	6,725	63.3	- 2.9	
Oak Bay	420	15.7	320	13.1	-2.6	820	32.2	1,085	34.2	+ 2.0	
Saanich	860	10.9	1,220	12.0	+1.1	705	17.9	1,385	23.0	+ 5.1	
Esquimalt	425	30.0	740	38.6	+8.6	205	30.6	580	42.5	+11.9	
C. Saanich	65	10.0	165	14.3	+4.3	35	10.7	125	19.7	+ 9.0	
N. Saanich	100	17.5	20	2.0	-15.5	25	7.0	45	8.0	+ 1.0	
Sidney	125	23.6	145	15.2	-8.4	180	30.8	200	20.3	-10.5	
C.R.D.	6,075	24.9	6,455	22.8	-2.1	8,145	42.7	10,350	41.7	- 1.0	

Table 6 shows that the number of elderly households that rented in 1981, was much larger than that of younger households, (10,350 v. 6,455). In 1971, the elderly were 1.3 times more likely to rent than the younger group. This likelihood had increased to 1.6 in 1981. Most renters lived in Victoria, Saanich, Esquimalt and Oak Bay, while North Saanich had an insignificant number of renters of any age. The percentage of renters that belong to the particular age groups in question increased most in Esquimalt, over 20 percent, while their percentage in the CRD in general decreased 3.1 percent.

Unfortunately, it was not possible to obtain income data by tenure and age but, as Table 6 indicates, the percentage of elderly that rent is very high; for example, it was over 60 percent in Victoria during the decade under study, and almost one half of elderly households in the CRD in general. Thus, it is worthwhile to look at the average incomes of the renters of all ages and to compare them with the average incomes of the home owners in order to determine differences in the economic standing of these two sub-populations.

TABLE 7

AVERAGE INCOME BY TENURE AND MUNICIPALITY (IN 1981 CONSTANT DOLLARS)
1971-1981, C.R.D.

MUNICIPALITY	1971		% DIFFERENCE	1981		% DIFFERENCE
	RENT	OWN		RENT	OWN	
Victoria	\$18,042	\$20,678	14.6	\$14,854	\$25,457	71.4
Oak Bay	20,024	32,523	62.4	17,285	36,628	111.9
Saanich	18,234	25,126	37.8	18,182	31,311	72.2
Esquimalt	20,249	22,195	9.6	16,551	26,458	59.9
C. Saanich	20,410	25,510	24.9	24,711	35,732	44.6
N. Saanich	18,279	23,607	29.1	19,863	30,577	53.9
Sidney	18,177	19,441	6.9	18,194	24,464	34.5
C.R.D.	15,905	24,171	51.9	18,520	30,089	62.46

Some of the basic differences observed in 1971 data are even more strongly present in 1981. Table 7 shows that there is a significant difference in the average incomes of renters and home owners. In 1971 in the CRD, home owners earned 51.9 percent more than renters on the average. By 1981 this difference had increased to 62.46 percent. The greatest discrepancy was in Oak Bay, 112 percent in 1981; the least in Sidney, 34.5 percent. A fact that should be noted is that the difference between the incomes of home owners and renters grew during the decade, and that the renters' income is only about \$1,600 above the average income of the elderly as a group. This seems surprising since more than a half of the renters are between the ages 24 and 64.

TABLE 8

PERCENTAGE DIFFERENCE IN THE AVERAGE INCOME
BY AGE, TENURE AND MUNICIPALITY, 1971-1981, C.R.D.

MUNICIPALITY	BY AGE		DIFFERENCE	BY TENURE		DIFFERENCE
	1971	1981		1971	1981	
Victoria	71.8	63.7	- 8.1	14.6	71.4	+56.8
Oak Bay	52.3	65.5	+12.9	62.4	111.9	+49.5
Saanich	100.2	97.3	-10.8	37.8	72.2	+34.4
Esquimalt	88.9	80.5	- 8.4	9.6	59.9	+50.3
C. Saanich	56.9	62.5	+ 5.5	24.9	44.6	+19.7
N. Saanich	74.3	45.6	-28.7	29.1	53.9	+24.8
Sidney	110.7	45.1	+43.9	6.9	34.5	+27.6
C.R.D.	82.3	77.7	- 4.7	51.9	62.46	+10.5

Table 8 gives percentage differences in the incomes by age and by tenure. It also compares changes in those differences between 1971 and 1981. Table 8 shows clearly the necessity of data for the individual municipalities. As can be seen, the difference in the incomes of the CRD renters and home owners is smaller (62.5 percent) than the difference between the two age groups. However, when we look at some of the municipalities that have the major portion of the renters in the CRD, we can see that the percentage difference of the incomes by tenure is much larger. During the decade, the difference between incomes of the younger and older groups in the CRD, in general, narrowed 4.7 percent, but increased 10.5 percent between owners and renters. Also, in many municipalities, the gap between incomes of the two age groups decreased, while the gap in the incomes by tenure increased significantly in all municipalities. For example, in Victoria it grew from 14.6 percent in 1971 to 71.4 percent in 1981, an increase of 56.8 percent, while the difference in the average incomes of the two age groups under study decreased 8.1 percentage points.

Variable costs of maintaining the household have a great effect on the economic well-being of the elderly. In the 1981 Census, home owners, living in non-farm dwellings were asked to report their expenditures on shelter.

TABLE 9

AVERAGE MONTHLY GROSS RENTS AND HOMEOWNER'S MAJOR
PAYMENTS BY MUNICIPALITY AND AGE
1971-1981, C.R.D.

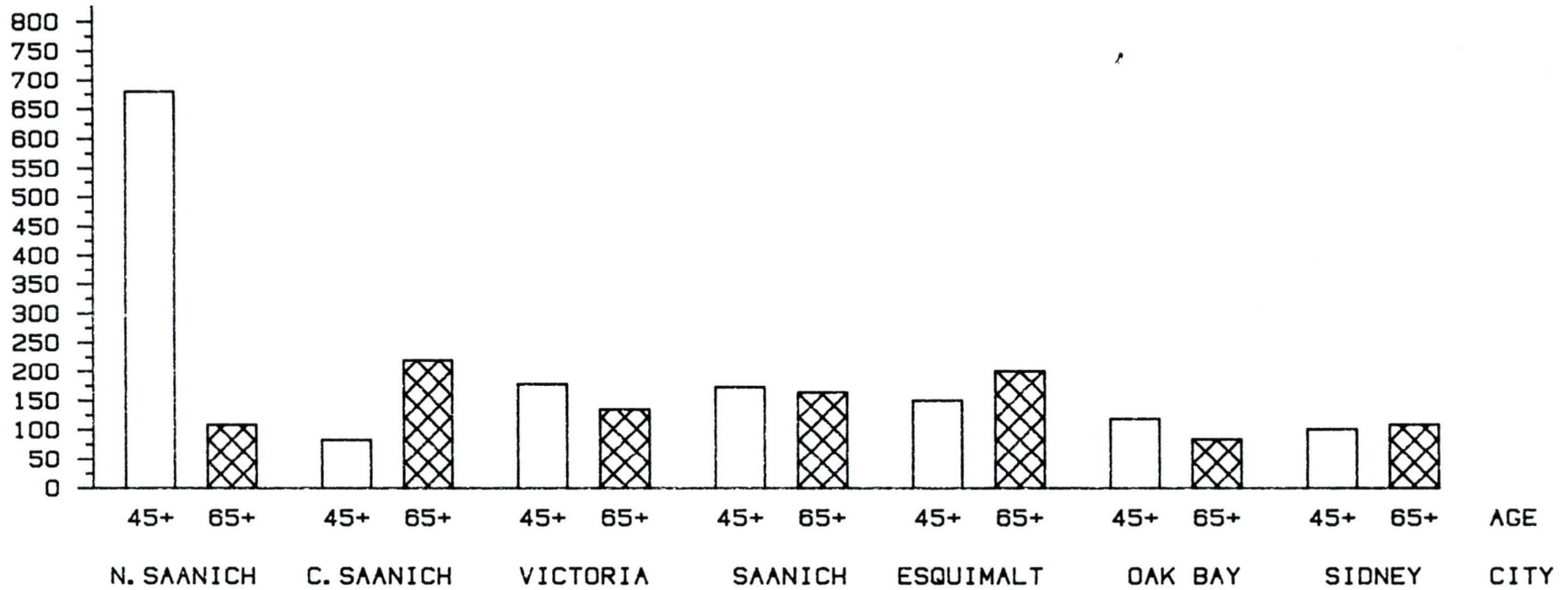
	45+			65+		
	RENT		PAYMENT	RENT		PAYMENT
	1971	1981	1981	1971	1981	1981
Victoria	\$122	\$340	\$325	\$118	\$277	\$163
Oak Bay	162	355	393	162	298	220
Saanich	147	402	358	100	264	182
Esquimalt	137	343	332	115	345	180
C. Saanich	106	406	452	84	269	196
N. Saanich	98	764	375	88	184	192
Sidney	149	302	310	125	261	147
C.R.D.	128	360	354	119	281	177

Table 9 shows the average monthly payments for home owners in 1981, and the changes in the cost of renting in CRD between 1971 and 1981. As may be seen from this table, in the CRD in 1981, the average rents and the home owners major payments were very similar for the younger age group, \$360 and \$354 respectively. However, the elderly home owners have a clear advantage over elderly renters. The average rent for the elderly was \$281 compared to the average elderly home owner's major payment of \$177. The elderly home owners also have a clear advantage when compared to the home owners in 45-64 year age group. In the CRD, the younger group of home owners pays exactly twice as much in shelter costs in dollars than the older group, \$354 compared to \$177. (When the proportion of the income that is used for the home owners' major payment is looked at, the difference is less significant.) Table 9 further indicates that the dollar value of rents were slightly lower for the elderly in all municipalities but Esquimalt. It deserves emphasis that considering the lower average income of the elderly, they pay higher proportions of their income as rent than do younger people. The most expensive municipality from the older renters' point of view was Esquimalt. The average monthly rent there rose from \$115 in 1971 to \$345 in 1981. It should be remembered that the number of the elderly renters in Esquimalt almost tripled between 1971 and 1981.

FIGURE 2

PERCENTAGE INCREASE IN RENTS BETWEEN 1971 AND 1981 BY MUNICIPALITY AND AGE.

PERCENT



As may be seen from figure two, North Saanich is clearly an atypical case. The number of renters is very low but the rents for the younger age group rose from \$98 to \$764 in a decade. The dramatic change reflects the development of some luxury accommodations in the area that attract middle age residents. Rents paid by the elderly renters in North Saanich correspond with those paid by them in other municipalities. As can be seen from figure 3, the dollar value of rents increased more for the younger age group. The elderly paid less rent in dollars than people in their mid-life.

FIGURE 3

AVERAGE RENTS IN C.R.D. 1971 AND 1981 BY AGE.

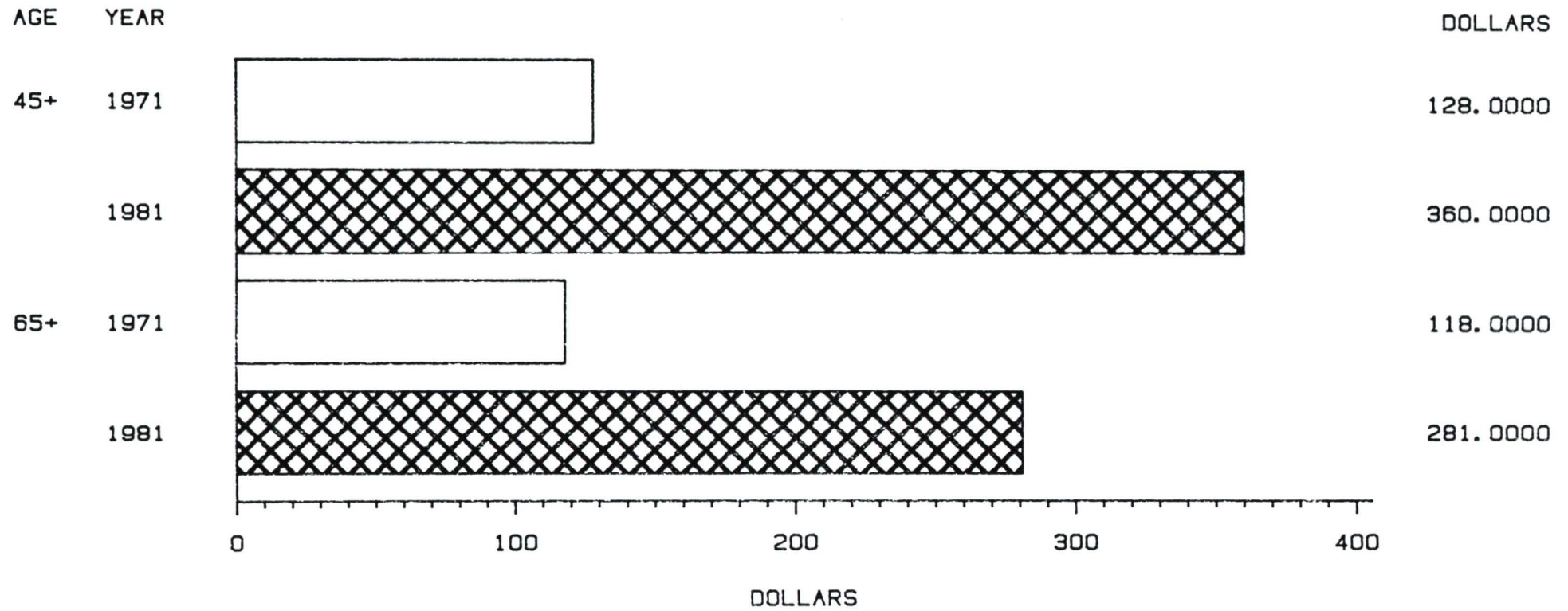


TABLE 10

RENT AS A PERCENTAGE OF INCOME BY AGE AND MUNICIPALITY
1971-1981, C.R.D.

MUNICIPALITY	45-64		% CHANGE	65+		% CHANGE
	1971	1981		1971	1981	
Victoria	16.8	17.5	+ .7	24.9	23.4	-1.5
Oak Bay	13.1	10.9	-2.2	19.9	15.1	-4.8
Saanich	15.2	14.3	- .9	20.7	17.8	-2.9
Esquimalt	15.2	15.9	- .7	24.2	28.9	+4.7
C. Saanich	12.4	15.4	+3	15.5	16.6	+1.1
N. Saanich	9.5	24.2	+14.7	14.9	8.5	-6.4
Sidney	17.4	14.1	-3.3	30.7	17.6	-13.1
TOTAL CRD	14.3	14.4	- .1	24.2	19.9	-4.3

Table 10 indicates the changes that occurred in rent as a percentage of income between 1971 and 1981. It should be kept in mind that since the data for the owners and renters were not available separately by age, these figures are based on the average income of total population in each age group under study. This results in overly optimistic figures for renters because in reality their average income is below that of the total group. In many municipalities the percent of income used for shelter decreased. In the CRD the decrease was bigger for the elderly, 4.3 percent, compared to 1 percent for the other age group. Sidney renters had the biggest decrease in the proportion of income used for rent in a decade, 13.1 percent for the elderly, and 3.3 percent for the younger group. For the elderly the percentage of income used for rent did not decrease in Esquimalt and Central Saanich, it went up 4.7 percent and 1.1 percent respectively. On the average, the small number of elderly renters in North Saanich used the lowest percentage of their income to pay rent (8.5 percent).

Figure four shows the home owners' major payment by age and municipality. As can be seen the elderly home owners paid significantly less than the younger group.

FIGURE 4

HOMEOWNERS' MAJOR PAYMENT BY AGE AND MUNICIPALITY.

CRD, 1981.

DOLLARS

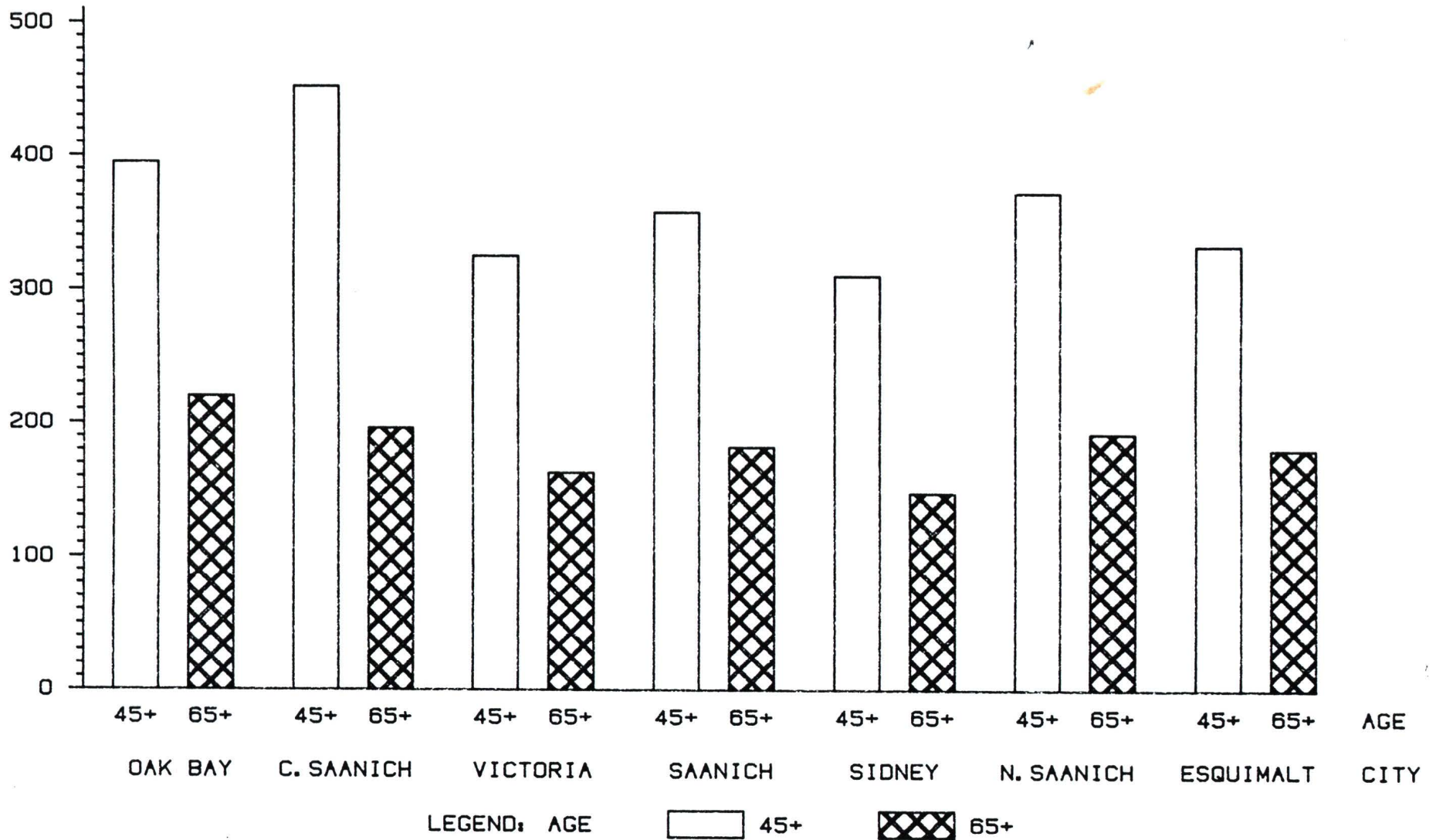


TABLE 11

PERCENTAGE OF INCOME USED FOR RENT OR MAJOR PAYMENT
BY MUNICIPALITY AND AGE - 1981, C.R.D.

MUNICIPALITY	45-64		65+	
	RENT	PAYMENT	RENT	PAYMENT
Victoria	17.5	16.8	23.4	13.8
Oak Bay	10.9	12.1	15.1	11.2
Saanich	14.3	12.8	17.8	12.3
Esquimalt	15.9	15.4	28.9	15.1
C. Saanich	15.4	17.1	16.6	12.1
N. Saanich	24.2	11.8	8.5	8.9
Sidney	14.1	14.5	17.6	10.0
C.R.D.	14.3	14.2	20.0	12.5

When percentage of income used for rent is compared to the percentage of income used for home owners' major payment (see table 11), it becomes clear that in the CRD the younger home owners used slightly less of their income for monthly shelter costs than those who rent, 14.4 percent compared to 14.2 percent. The same is true in most municipalities. Exceptions are Oak Bay, Central Saanich and Sidney. In the case of the elderly, the renters paid significantly more. It is also apparent that in the category of renters, the elderly renters pay significantly more of their income in rent than the younger renters, 20.0 percent compared to 14.4 percent. Clearly, not owning one's own home has its biggest impact on the economic status of an individual after the age 65.

TABLE 12

INCREASE IN RENTS AS COMPARED TO
 INCREASE IN CONSUMER PRICE INDEX
 1971-1981, C.R.D.

MUNICIPALITY	45+	65+
Victoria	117.3	99.0
Oak Bay	92.0	78.0
Saanich	115.2	111.4
Esquimalt	105.5	126.6
C. Saanich	161.6	135.0
N. Saanich	329.1	88.0
Sidney	84.0	88.0
C.R.D.	118.6	100.4

Table 12 illustrates the changes in rents as compared to the change in general price level. The increase in rents was compared to the increase in the consumer price index. In the CRD, rents have risen slightly faster than prices in general. This is more so for 45-64 age group. In 1981 rents were 118.6 percent of their 1971 level for the younger people and 100.4 percent for the elderly. However, in some municipalities the rents for the elderly did not rise as fast as the Consumer Price Index. This was true in Victoria where the average increase in rents for the elderly was 1 percent below the Consumer Price Index. In Oak Bay it was 23 percent below; in North Saanich and Sidney 12 percent, while Central Saanich and Saanich rent increases were 36.0 and 11.4 percent below the Consumer Price Index. In Esquimalt, the municipality that had the biggest percentage increase in the elderly renters in CRD, the average rent increased considerably faster than the general price level, it was 26.6 percent above the Consumer Price Index.

The percentage of income used for shelter by the elderly is shown in Figure 5. It is apparent that the elderly renters used significantly more of their income in shelter than the elderly home owners. Again, this was not so for those few elderly renters that lived in North Saanich.

FIGURE 5
 PERCENT OF INCOME USED FOR THE SHELTER BY THE ELDERLY.
 BY TENURE AND MUNICIPALITY. CRD, 1981.

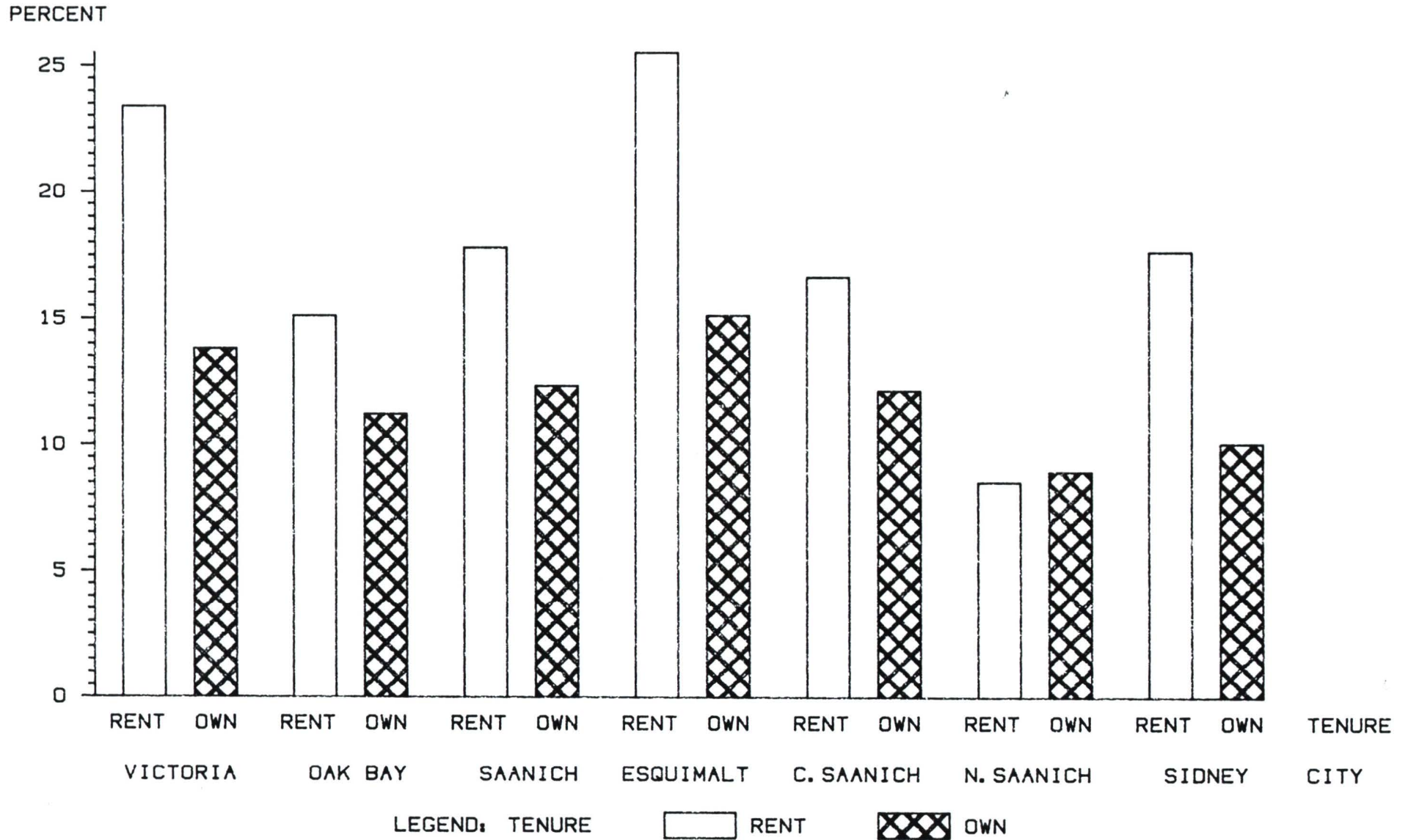


TABLE 13

INCREASE IN INCOMES COMPARED WITH
C.P.I. BY TENURE AND MUNICIPALITY
1971-1981, C.R.D.

MUNICIPALITY	RENTERS	OWNERS
Victoria	82.3	123.1
Oak Bay	86.3	112.6
Saanich	99.7	124.6
Esquimalt	81.7	119.2
N. Saanich	121.0	140.0
C. Saanich	108.7	129.5
Sidney	100.1	125.8

The data confirm that, rather than the age alone, age and tenure are the determining factors in the economic status of the elderly. Table 13 compares the average income of the home owners to that of the renters by determining how well they kept up with the consumer price index. In every municipality, the average income of home owners rose much faster than the aggregate Consumer Price Index. However, in the case of renters, the living standard either failed to keep up with the inflation or barely managed to do so. The CRD in general had an increase of 16 percent in the average income of renters. This increase is bigger than in those municipalities that have many renters. In all four municipalities with large renting populations, the living standard of renters went down from 1971 level. The decrease was biggest in Esquimalt 18.3 percent. In the case of home owners in the CRD, the increase in living standard was 24.5 percent. The most fortunate were the home owners in North Saanich: their living standard went up 40 percent of the level it was in 1971.

Table 14 shows the changes in the living standard of the elderly as compared with the 45-64 year age group. The data indicate that the elderly in general kept up with inflation better than the younger age group, and certainly better than the renters, as was seen in table 13. There was no decline in the average income as compared to 1971 in any of the municipalities in the CRD.

TABLE 14

STANDARD OF LIVING IN C.R.D. 1981
AS COMPARED TO 1971
BY AGE AND MUNICIPALITY*

MUNICIPALITY	45+	65+
Victoria	112.7	118.2
Oak Bay	110.4	102.3
Saanich	122.2	129.2
Esquimalt	100.9	105.6
N. Saanich	130.9	126.4
C. Saanich	130.4	156.1
Sidney	105.4	153.0
C.R.D.	117.9	121.1

*Based on average income

TABLE 15

C.R.D. SUMMARY TABLE

	DIFFERENCE 1981 45+ AND 65+	% CHANGE 71-81 45+	% CHANGE 71-81 65+	DIFFERENCE BY TENURE
% Difference in income	77.7	---	---	62.5
% Increase in income *	3.2	+17.9	+21.1	8.1
Change in Income gap 71-81	- 4.7	---	---	+10.5
Home Ownership	1.1	+ 2.1	+ 1.0	---
% of Income for rent	5.7	- .1	- 4.3	---
% of income for major payment*	1.6	---	---	---

* means that the change was in favor of the elderly, or in the last column, in favor of the renters.

Table 15 summarizes the results for the Capital Regional District. Although the mean income of the elderly rose slightly faster than that of the younger people, the difference between the incomes of the two age groups was still 77.7 percent in 1981 in favor of the younger age group. Incomes of the home owners went up faster than the incomes of the renters. The difference in incomes by tenure was 62.5 percent. The gap between the incomes of the elderly and the younger group closed 4.7 percent, while the gap by tenure increased 10.5 percent. Although the percent of home ownership among the elderly rose 1 percent, they were 1.6 times as likely to rent as the younger group. Rents in the CRD rose slightly faster than the general price level, especially in those municipalities that had many elderly renters. While the elderly paid 5.7 percent more of their income in rent than the younger group, the percent of income used for rent went down slightly for both groups. In the case of home owners, the elderly paid less for shelter than any other group.

It is clear that the age and tenure are very important in determining the economic status of the elderly. When the average money income and the home ownership are considered, the economic status of the elderly in the CRD was well below that of the people in their mid-life. Compared to 1971, the standard of living for the elderly as a group did keep abreast with the inflation, but it is evident that for those elderly who rent their home, things did not go as well. Their living standard declined as did the living standard of the renters of all ages in most of the municipalities in the CRD. Considering the fact that the average income of the elderly was only a little more than a half of that of the younger age group and that the mean income of the elderly renters was lower than that of all elderly as a

group, the rents for the elderly were much higher even though the dollar value was less. This places the elderly renters in an even more disadvantaged position.

Chapter IV

DISCUSSION

The data in Chapter Three demonstrated the relative stability, over the period from 1971, in the economic standing of the elderly as a group. A modest change was perceptible in the direction of greater equality with younger people. In this chapter we will discuss the results in the context of major sources of income for the elderly.

A general conclusion drawn from the tables presented in the previous chapter was that the average income of the elderly as a group did keep up with inflation during the 1971-81 period; this was true in all the municipalities examined. However, a reduction in income level for those who rented their home was evident, for instance their living standard in Victoria was 20 percent below the 1971 level. It seems an inescapable conclusion that those elderly people with the lowest incomes and no wealth were worse off in 1981 than they were in 1971. This is surprising in light of the expansion of the government social security programs over the period.

Some of the reasons why the economic status of the elderly is below that of the younger age group are obvious. The income is reduced dramatically because

of the retirement and few of the elderly benefit from the private pensions which are a fairly recent phenomenon. Moreover, the private pensions are seldom indexed resulting in deterioration of the income over time due to inflation. The elderly population also includes a large percentage of widows that have not participated in the labour force. These women are not always eligible for their late husband's pensions which makes them often totally dependent on the government transfer payments. The fact that the elderly are 1.6 times as likely to rent as the younger group, may reflect the position in which the widow has to cope with her financial situation by selling the family home.

The question then arises, which one of the theoretical view points, functionalism or conflict theory, is better supported by the findings of this study? It seems that either theory may be of use. The fact that there is such a large difference between the incomes of the younger group and the elderly, that the gap between the incomes of the home owners and the renters is widening, as well as the finding that the elderly are much more likely to rent than the younger group, could all be used by Marxists to support the notion that the capitalist system is not working, but is reducing a segment of population into poverty. The finding that the elderly who rent paid more of their income in rent seems to support the notion of exploitation of those with no capital by the dominating class that owns the rental units. However, there does not seem to be any generational solidarity that would indicate that the wealthy elderly would ameliorate the plight of the poor in their age class. Therefore, the aged cannot be said to have developed a generational consciousness comparable to the class consciousness. The findings indicate that the elderly do not become a distinct class, but consolidate the class they always belonged to.

On the other hand, some of the findings could be used by the functionalists. The fact that the gap in income between the younger group and the elderly closed, could be presented by the functionalists as an example of the adjustment in the system to the changes in the age structure. A functionalist theory of aging could see the large difference in the incomes of the two groups as an evidence of societal disengagement on the part of the elderly. The widening gap in the incomes of renters and home owners can be used to support the notion of the survival of the fittest in the free enterprise system. The elderly home owners, who had the lowest payments for shelter, could be seen as merely reaping the rewards of their previous skills in the market place. However, it is not possible to determine from the results of this study, whether the present economic status of the elderly reflects, for example, the voluntary withdrawal by the elderly from the society, or whether the present economic status serves the needs of society. These questions involve multiple dimensions of aging that are beyond the scope of this study.

Still, no theory can ever be completely rejected, only discarded in favor of those that offer a greater utility in the real world of the elderly. (Hendricks and Hendricks, 1979:205).

In order to see where the income of the elderly comes from, we will conclude by describing their major sources of income. These are: government retirement security plans, investment income, earnings, and income in kind. The figures given in this chapter are for Canada rather than the CRD. (It may be of interest to note here that rather than being "the city of the affluent", as often claimed, in 1981, Victoria ranked 28th in average income among Canadian cities.)

4.1 GOVERNMENT SOURCES OF INCOME FOR THE ELDERLY

Since the first pension legislation was introduced in Canada in 1927, government income security programs have become the largest single source of money for the elderly. The programs providing retirement income for Canadians are: Old Age Security (OAS), Guaranteed Income Supplement (GIS), Spouse's Allowance (SA), Canada/Quebec Pension Plans (C/QPP) and some provincial assistance programs. (1) OAS benefits are universal, while GIS and SA vary according to marital status and income. They are only paid to those whose means are too low for sustenance without extra help. C/QPP are earning related programs providing retirement income for those that contributed during their working years. These programs also provide some survivor benefits.

Although there is a continuing debate about how to redistribute income in society, there is no doubt that the elderly made real gains during the decade 1971-1981. There has been a significant rise in rates, as well as the relative contribution of government transfer payments to their incomes. In 1981 social benefits comprised 36 percent of the total income of all Canadian families whose head was over 65 years old, and this percentage rose to about 50 percent in the case of those elderly people who were unattached. Further, these benefits were the most important or only source of income for 30 percent of old people. More than half of those who received old age pensions also received a guaranteed income supplement because they did not have any other income. Most who

receive the guaranteed income supplement or the Spouses Allowance were below the poverty line.

Since 1971, income levels of the elderly climbed relative to the rest of the population because social security benefits rose more than income for people who were wage-earners. The Old Age Pension for a single person rose from \$189 per month in 1971 to \$202 in 1981 (1981 constant dollars). During the same period, the Guaranteed Income Supplement rose from \$130 to \$202. (3) This represents a 26.6 percent increase in combined payments over the decade. Until now these payments have been indexed. This has been a key factor in keeping the elderly abreast of inflation.

It is worth mentioning that the Statistics Canada 1981 income poverty line for a single person in a community of Greater Victoria's size was \$636 per month,(4) this is \$231 more than the income of a single elderly person who depended totally on social security payments. This demonstrates that the apparent gains of the elderly are not necessarily synonymous with high standard of living. The universality of social security payments means they do nothing to narrow the gap between rich and poor.

4.2 PRIVATE SOURCES OF INCOME FOR THE ELDERLY

Beside increased government transfer payments, there are other sources of income which contributed significantly to economic stability. These include: investment income, occupational pension plans, and income from savings accumulated over working years, for example, income from Registered Retirement Savings Plan annuities.

Postwar pensioners experienced new forms of stratification brought about by the kinds of pensions available to those in different occupational groups. Funds to these pensions are contributed jointly by employers and employees, and have become increasingly important sources of income. The law does not require companies to establish private pension plans for their employees and, unfortunately, even at present, private pension plans cover only about one-third of labour force participants. These plans tend to be more common in the sector of the labor force that is unionized, as well as in occupations with higher earning potential, that is, white collar occupations. They are a significant source of income for those pensioners who enjoyed steady and well paid employment during their working years. The fact that average earnings of those employees who are covered by such plans are over seventy percent higher than those of workers who are not covered by such plans, provides a good indication of who receives benefits of this kind. The incidence of such coverage is low both in the low and high income groups. This source of income is not significant for the later group because its members are

frequently self-employed. (5) Major problems associated with private pension plans are failure to include automatic adjustments for inflation, and lack of transferability from one job to another -- resulting in diminished incomes for those with mobile work histories.

Income in kind transfers are another factor that help to maintain living standards. As mentioned, it is difficult to estimate the money value of this type of income; it includes the value of services received on subsidized prices, such as medicare, or tax subsidies like age exemption. This category also includes intrafamily transfers, i.e., services provided by relatives and friends free of charge, such as household chores or transportation services or cash transfers. Intrafamily transfers are thought to be a rather significant source of income, especially in the lowest income category. For instance, a little known group of elderly people in Canada that do not receive any government transfers, are parents or older relatives of immigrants who have joined their children in Canada but do not qualify for any benefits because of the ten year residence requirement. Since many countries do not send their old age security payments to those that live outside the country, these elderly are solely dependent on their families.

4.3 CONCLUSION

As the data show, income and wealth are positively related; those who owned their home had higher incomes than those who did not. Home ownership emerges as the most influential factor on the economic status of elderly people considered in this study. As we have seen, age and home ownership tenure exercised far greater influence than that of age alone. During the decade 1971-1981, the real estate market went up sharply, resulting in stronger home-equity positions for the home owners. Their shelter costs (in form of mortgage payments) proved to be a good investment. However, in order to own a home, a person must have resources to acquire it, and it is evident that those with unstable work histories have less opportunity to accumulate such resources than those with steady work histories. For many people, unstable labour force participation results in an income level at the margin of survival. For those people acquisition of a house is impossible. This becomes clear when we consider that the average yearly income of the renters in the CRD was only \$1,600 more than the average income of the elderly, although most of the renters are of working age. It is this group that will be faced with below poverty line incomes when they retire.

Inadequate life time earnings and unstable work histories are often linked to low levels of education. Education is an important factor in determining the source as well as the size of income in old age. Statistics show that in 1980 men with less than grade nine education received 51.9 percent of their retirement income from government transfer payments. The percentage was 71.8 for women. In contrast, men with a university degree received only 14.7 percent of their income from such payments, while the percentage for their female counterparts was 24.7. However, different cohorts enter retirement with different resources.

Statistics show that at present the "young elderly" have several years more education than the "old old". There is also evidence which suggests that higher income and education are associated with higher levels of political participation (Hurst 1979). If the present trend of educational superiority of younger cohorts should continue, we can expect that in the future, the increasing educational level of the elderly will have positive effects on their economic status and political participation.

Another factor with the potential for bringing about changes in the relative position of the elderly in the society, is the increasing importance in the national economy of private pension capital. These funds are used to buy shares in major industries, and they are already the major force in the stock market. Increased level of education, increased political participation and increased economic influence may lead to the formation of better organized interest groups among the elderly, especially if the erosion of social benefits as for example, attempts to deindex the Old Age Security payments, continues. A good example of the increased political participation of the elderly, was the recent almost national outcry against the proposed removal of the inflation protection from the old age security payments by the present conservative government. If implemented, this budget measure would have meant that the purchasing power of the old age pension would have deteriorated by up to three percent a year, every year. This change would, by some estimates, have cost the elderly \$1.6 billion a year by the end of the century. If policy changes like this were implemented, elderly at all levels would be feeling the effects of inflation and, thousands of more pensioners would be pushed below the poverty line. The cancelation of the proposed budget

measure because of the pressure put on the government by the seniors, serves to further unite the elderly people and, may lead to the increased organization of pensioner groups across the country. It may be a most important development if old people manage to organize in a large scale, and "gray power" becomes a united political force in Canada.

It is evident that, as a group, the elderly are no more homogeneous than the middle aged, or people of any age. They do not form a separate class of their own, but can be divided into three distinct economic groups: those who are very affluent and who are well able to choose their life style; the middle class elderly whose income and ownership of property lifts them above the poverty line and allows them some freedom of choice; and, finally, those below the poverty line with little flexibility. It seems reasonable to conclude that, rather than being the result of age alone, poor economic conditions in old age often result from factors that lead to low income at any age. They are the end result of social ills that affect people during their working years, such as low education, and unemployment. To alleviate these problems, important decisions have to be made in a wide range of social and economic policy fields. Recent abdications of responsibility by various levels of government in education and the erosion of social security programs will have far reaching effects on the elderly at the present and in the future.

In summing up we should say that the data of this study provide worthwhile information about the aged in the CRD, enabling us to identify changes both in the absolute economic status of the elderly and their standing compared to younger people. Moreover, the data show important differences in the economic status of

two sub-groups, home owners and renters. Taking this into account permits us to make a more accurate analysis of the economic well being of the elderly in the area. Of course, what has been presented here does not really focus on the adequacy of retirement income. While an analysis of the data shows that the living standard of the elderly as a group stayed more or less constant, it did not address the question of whether this standard of living is really adequate. Certainly this deserves further attention and succeeding studies might seek to determine the actual relationship between income and needs for the elderly.

Due to the unavailability of data, this study did not consider the effects of marital status and gender on the economic status of the elderly. These are important factors that are known to influence who is poor and who is not. It is hoped here that in future this important data is made available on the regional level so these variables could be included in further studies.

Chapter V
FOOTNOTES.

5.1 CHAPTER ONE

- 1) Throughout this paper, the term elderly refers to individuals aged 65 years and over, or to households headed by such individuals, unless otherwise indicated.
- 2) Vital statistics 1970. Statistics Canada.
Catalogue 84-202 Annual
- 3) Tables 1 and 2 in this chapter are from;
Gallagher, Elaine M. (1985) A Statistical Profile of Elderly People In the Capital Regional District.
- 4) Statics Canada projections No 3 Table 2A.
- 5) Vital Statistics 1970. Statistics Canada
Catalogue 84-202 Annual.
- 6) see: A Note on the measurement of

Poverty in Canada. Cdn.Statistical Review,
June, 1984.

- 7) Harp, 1971; Stats.Cdn., 1984; Marchak,1975.
- 8) see discussion by Cohn of the methodology in
Johnson (1974), and Hamilton and Pinard (1977) in
Review of C.S.A. 15(3) 1978.
- 9) see discussion by Huber in Cdn. Public Policy.
ix:2 June 1983.

5.2 CHAPTER TWO

- 1) 1981 Census Dictionary.
- 2) Special formula is used by Statistics Canada
to adjust simple means to eliminate the skewing
effect of the outliers.
Averages produced are thus closer to the medians.
- 3) 1981 Census Dictionary.
- 4) Statistics Canada, Catalogue 99-901 p.25.
- 5) Statistics Canada, catalogue 13-570 occational.

Table 8.

- 6) Your Guide to the Consumer Price Index. Statistics Canada.1977.

5.3 CHAPTER FOUR

- 1) see: Walker (1982) for discussion on the history of the Canadian old age security programs.
- 2) Charting Canadian Incomes 1951-1981, p.19.
- 3) The figures in real dollars are:
 - For single persons, OAS 1971 \$80; GIS \$55
 - One spouse over 65, OAS 1971 \$80; GIS \$55.
 - Both spouses over 65, OAS 1971 \$80; GIS \$45 each.
 - Single person, OAS 1981 \$202.14; GIS \$202.94.
 - One spouse over 65, OAS 1981 \$202.14; GIS \$202.94
 - Both spouses over 65, OAS 1981 \$202.14;
 - GIS \$156.47 each.
- 4) Statistics Canada 1981 poverty line for a couple was \$839,10.
- 5) see: Chawla p.xxiv.

6) see: Milbrath (1965).

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