

Economic Security

Economic security refers to an assured and stable standard of living that provides individuals and families with the necessary level of resources to participate economically, politically, socially, culturally, and with dignity in their communities. Security goes beyond mere physical survival to encompass a level of resources that promotes social inclusion.

Highlights:

Economic security as measured by objective data rose in 2001, thanks in part to increased income and falling long-term unemployment rates in Canada. But even though almost all the hard data showed economic improvements, Canadians did not feel much more secure economically than they had in previous years. In fact, all the perception indicators for economic security fell in 2001. If we define security as a state of mind, then we are moving in the wrong direction.

DATA:

- The Canadian economy slowed down somewhat in 2001 compared to the previous boom years. Real economic growth fell from 4.4% in 2000 to slightly above 1% in 2001. On a positive note, the downturn was much less severe than in the early 1990s and Canada escaped falling into a recession.
- The national unemployment rate rose from an average of 6.8% in 2000 to 7.2% in 2001.
- The unemployment rate for young people (aged 15 to 24) climbed from 12.6% in 2000 to 12.8% in 2001, still unacceptably high.
- Total employment rose slightly but there was a small shift from full-time to part-time jobs.
- Canadians' disposable income continued to grow. In 2001, average disposable income was \$19,677, meaning Canadians had \$133 more in their pockets than they did in 2000.
- The national poverty rate fell from 16.8% in 1998 to 16.2% in 1999 – the last year for which there are data. The child poverty rate also fell from 19.0% to 18.5% in that period. But both numbers are still well above the figures for 1989 when the national poverty rate was 14.0% and the child poverty rate was 15.2%. [Poverty is measured using Statistics Canada's before-tax Low Income Cut-offs or LICOs.]
- The long-term unemployment rate reached the record low levels recorded in the early 1980s. The long-term unemployed made up 4.9% of the total number of unemployed Canadians in 2001, down from 6.7% in 2000 and 9.6% in 1998.

PERCEPTION: Do Canadians feel that their income is adequate?

The definition of basic needs by those surveyed included food, shelter, and clothing, as well as the ability to afford such items as a second-hand car, modest vacations and a post-secondary education for children. It also included the ability of the family to participate in civic and social activities.

- Canadians felt less positive about the adequacy of their income in 2001 compared to the year before. In 2001, 49% felt their income was very adequate, down from 54% in 2000.
- Perceptions about the adequacy of one's household income are strongly linked to income levels. Among Canadians with a household income of over \$80,000, 81% felt their income was very adequate compared to only 21% of those whose annual household income was less than \$20,000.
- Gender also made a difference in perceptions. Women were less likely than men to report that their income was very adequate (45% compared to 52%, respectively).
- Regionally, the results differed substantially: 57% of Alberta residents and 51% of Ontarians considered their income adequate compared to 42% in Saskatchewan and Manitoba.

PERCEPTION: Are Canadians worried about losing their jobs?

- A majority of respondents (57%) in 2001 were not concerned about losing their jobs. The percentage of those who said there was a good chance they would lose their job over the next two years rose slightly from 26% in 2000 to 28% in 2001.
- B.C. residents expressed the greatest fear of job loss (38%) compared to a low of 20% in Quebec.
- In 2001, 56% of working-age Canadians expressed confidence in their ability to find an equivalent position within six months if they lost their job, down from 60% in 2000.
- 62.7% of union members strongly disagreed that there was a good chance they could lose their job over the next few years compared to 57.3% of non-unionized members. However, union members were less sanguine about their employability in another job. Only 49.6% felt confident of finding a similar position within six months if they lost their job compared to 62.9% of non-unionized employees.
- Confidence levels about finding an equivalent job varied across the country, ranging from a high of 67% in Alberta to only 48% in Atlantic Canada in 2001.

The Social Safety Net

DATA:

- EI coverage as a percentage of the average weekly earnings remained at 43% in 2000 and 2001.
- The percentage of Canadians who received EI coverage increased by three percentage points between 2000 and 2001. However, EI coverage remains significantly lower (50%) than it was in the late 1980s and early 1990s when more than 80% of the unemployed were covered.

PERCEPTION: How confident are Canadians about these income support programs?

- Canadians expressed less faith in 2001 that Canada's income security programs would sustain them adequately while they looked for a new job: 56% of respondents did not feel the programs would properly help them, up from 51% in 2000.
- British Columbians, Ontarians and Prairie residents expressed the least confidence in the social safety net.
- Responses varied widely according to income: A full 70% of those in households earning less than \$20,000 a year – the country's most vulnerable population – did not have confidence in the adequacy of Canada's social safety net.
- By age, confidence was highest among those 25 and under.

Financial Vulnerability

Growing levels of household debt are an important reason why many Canadians worry about their economic security. Some people interpret a higher debt load as a sign that Canadians are more optimistic about their economic security and are therefore willing to spend more money. However, many Canadians are using credit, not to buy more items, but simply to make ends meet.

DATA:

- The largest contributor to the increased indebtedness of Canadians is the size of their mortgages, which rose from 38% of disposable income in 1984, to 67.9% in 2001.
- Since 1984, the amount that Canadians borrowed, on average, to buy homes and consumer goods increased from 56% of their total disposable income to 98% by 2001. The total mortgage and consumer debt remained the same as it was last year.

PERCEPTION: How financially vulnerable do Canadians feel?

To gauge how financially vulnerable Canadians are feeling, we asked respondents how long they would be able to sustain themselves and their families if they had to rely only on their savings (such as bank accounts and RRSPs).

- The percentage of Canadians who could not sustain themselves for more than one month if they and their spouse lost their jobs, remained largely unchanged in 2001: 9% compared to 10% in 2000. The figures are a marked improvement over 19% in 1999.
- Regionally, the responses varied very little, reflecting an improvement in Atlantic Canada in terms of financial vulnerability over last year and a modest deterioration in Ontario.
- 12% of women and 6% of men did not have enough savings to last for more than one month.

Impact of Sept. 11th on Canadians' financial security

PERCEPTION: *Canadians were asked to assess the impact that the terrorist attacks of Sept. 11th and subsequent events had on the degree of risk associated with their financial security.*

- The events of Sept. 11th had only a modest impact on Canadians' perceptions of their financial security.
- 21% of respondents reported an increased financial risk, but 19% felt they faced a decreased risk.
- Interestingly, those who reported an increased risk came from a higher income bracket, which runs counter to the traditional trend: 23% of those with annual incomes over \$80,000 said their financial security was at greater risk. As household incomes declined, the sense of risk fell consistently.