

**Applied Research Branch
Strategic Policy
Human Resources Development Canada**

**Direction générale de la recherche appliquée
Politique stratégique
Développement des ressources humaines Canada**

**Concentrations of Poverty and Distressed
Neighbourhoods in Canada**

W-97-1E

by

Michael Hatfield

1997

The views expressed in Working Papers are those of the authors and do not necessarily reflect the opinions of Human Resources Development Canada or of the federal government.

Les opinions exprimées dans les documents de travail sont celles des auteurs et ne reflètent pas nécessairement le point de vue de Développement des ressources humaines Canada ou du gouvernement fédéral.

#

The Working Paper Series includes analytical studies and research conducted under the auspices of the Applied Research Branch of Strategic Policy. Papers published in this series incorporate primary research with an empirical or original conceptual orientation, generally forming part of a broader or longer-term program of research in progress. Readers of the series are encouraged to contact the authors with comments and suggestions.

La série des documents de travail comprend des études analytiques et des travaux de recherche réalisés sous l'égide de la Direction générale de la recherche appliquée, Politique stratégique. Il s'agit notamment de recherches primaires, soit empiriques ou originales et parfois conceptuelles, généralement menées dans le cadre d'un programme de recherche plus vaste ou de plus longue durée. Les lecteurs de cette série sont encouragés à faire part de leurs observations et de leurs suggestions aux auteurs.

==



This paper is available in French under the title "Concentration de la pauvreté et de la détresse sociale dans les quartiers urbains du Canada."

La version française du présent document est disponible sous le titre « Concentration de la pauvreté et de la détresse sociale dans les quartiers urbains du Canada ».



General enquiries regarding the documents published by the Applied Research Branch should be addressed to:

Human Resources Development Canada
Publications Centre
140 Promenade du Portage, Phase IV, Level 0
Gatineau, Quebec, Canada
K1A 0J9

Facsimile: (819) 953-7260
<http://www.hrdc-drhc.gc.ca/sp-ps/arb-dgra>

Si vous avez des questions concernant les documents publiés par la Direction générale de la recherche appliquée, veuillez communiquer avec :

Développement des ressources humaines Canada
Centre des publications
140, Promenade du Portage, Phase IV, niveau 0
Gatineau (Québec) Canada
K1A 0J9

Télécopieur : (819) 953-7260
<http://www.hrdc-drhc.gc.ca/sp-ps/arb-dgra>

Abstract

This paper examines two related but distinct phenomena in Canada:

- 1) The tendency for certain neighbourhoods to be disproportionately income poor and to account for a substantial share of total poverty within the urban areas containing them.
- 2) The extent to which certain neighbourhoods, whether or not they have high rates of income poverty, suffer from multiple indicators of social distress including high proportions of children growing up in lone parent families, low levels of full-time school attendance among young people, high levels of dependence on government transfer payments as a source of income and low rates of year-round full-time adult male employment.

Résumé

Nous examinons dans le présent document deux phénomènes reliés, mais distincts, qui se manifestent au Canada :

- 2) Le fait que certains quartiers ont un nombre disproportionné d'économiquement faibles, représentant une importante part de la pauvreté totale dans les régions urbaines dont ils font partie.

- 2) La mesure dans laquelle certains quartiers, qu'ils aient ou non des taux élevés d'économiquement faibles, présentent de multiples indicateurs de détresse sociale, comme une forte proportion d'enfants qui grandissent dans des familles monoparentales, un bas niveau de fréquentation scolaire à plein temps parmi les jeunes, une importante proportion de la population qui compte sur les paiements de transfert gouvernementaux comme source de revenu et de bas pourcentages d'emploi à plein temps toute l'année parmi les adultes de sexe masculin.

Acknowledgements

The assistance of Iain Tyrrell in doing the computer runs of the 1981 and 1991 census micro data tapes was invaluable in the preparation of this paper and is gratefully acknowledged.

Table of Contents

1. Why Study Concentrated Poverty and Distressed Urban Neighbourhoods?	1
2. Setting the Context: A Review of USA Literature	3
2.1 Concentrated Poverty	3
2.2 Distressed Neighbourhoods and the Concept of an Underclass	4
3. Canadian Versus USA Data	9
4. Results from the Canadian Data	12
4.1 Concentration of Low Income	12
4.2 Distressed Neighbourhoods.....	16
5. What are the Hallmarks of Distressed Neighbourhoods?	19
5.1 Housing	19
5.2 Educational Attainment.....	19
5.3 Age Structure.....	19
5.4 Presence of Aboriginals and Recent Immigrants.....	20
6. How Do Distressed and Near-Distressed Neighbourhoods Differ?	21
7. Concluding Observations	22
8. Next Steps in a Research Work Plan on Distressed Urban Areas in Canada	24
Appendix I: 1981 Census (1980 Income Year)	25
Appendix II: 1991 Census (1990 Income Year).....	26
Bibliography	27

1. Why Study Concentrated Poverty and Distressed Urban Neighbourhoods?

Since the onset of the 1981-82 recession, income poverty and symptoms of economic and social marginalization such as homelessness, panhandling and dependence on government transfer payments and food banks have tended to increase in Canada. The reduction in spending on transfers and other social programs by all levels of government in more recent years may have further entrenched these trends, which have become most visible and concentrated in some of our largest urban centres.

In 1980 the incidence of low income for families of two or more persons (using Statistics Canada's 1992 base Low Income Cutoffs–LICOs) was almost the same in Canada's largest urban centres (13.4%) as it was for Canada as a whole (12.9%). However, by 1993 it was almost four percentage points higher in urban centres of 500,000 or more (18.3%) than for Canada as a whole (14.5%). No other community size had a family low-income rate over 13.0 percent in 1993.¹

In the absence of a strong economic expansion, the number of the poor and the incidence of poverty appear likely to increase between now and the turn of the millennium. The higher the incidence of poverty, the more likely it is that the number of neighbourhoods afflicted with very high poverty rates and other indicators of social distress will also increase. Insofar as residence in such neighbourhoods influences children who grow up there to engage in conduct such as childbearing outside of wedlock and dropping out of secondary school prior to graduation which reduces their access to employment opportunities, such a trend would significantly reduce their life opportunities and help perpetuate a cycle of distress in these and adjoining neighbourhoods. The extent to which such neighbourhoods exist in Canada is the subject of this paper.

¹ In the absence of any official definition of poverty in Canada, Statistics Canada's Low Income Cutoffs (LICOs) are used by many organizations, such as the National Council of Welfare as their definition of poverty. This paper also uses different versions of the LICOs as measures of poverty because they are the only measures of low income coded into census micro data tapes. The author recognizes that Statistics Canada states that the LICOs should not be used for this purpose, but employs them *faute de mieux*.

Because such neighbourhoods may be the most fertile breeding grounds for the intergenerational transmission of poverty and other forms of social distress, it is important to identify where distressed neighbourhoods and concentrations of poverty exist, where they are growing and receding and the attributes which appear to be associated with them.

2. Setting the Context: A Review of USA Literature

2.1 Concentrated Poverty

The major study of spatial concentrations of poverty in the USA is Paul Jargowsky's, *Poverty and Place: Ghettos, Barrios, and the American City*.² Jargowsky provides two key definitions of different aspects of this issue:

1. The Neighbourhood Poverty Rate – which is “the percentage of a metropolitan area’s total population that resides in high poverty census tracts.”
2. The Concentration of the Poor – which is “the percentage of a metropolitan area’s poor population that resides in high poverty neighborhoods.”³

In earlier studies with Mary Jo Bane, Jargowsky also established what has become the commonly accepted definition in the USA of a “high poverty census tract” as one with 40 percent or more of its population living in households with incomes below the USA poverty lines.⁴

Using these definitions Jargowsky has determined, based on 1990 USA census results, that about 4.5 percent of the population of the USA’s tracted urban areas lives in census tracts where 40 percent or more of the population is poor and that of all poor persons living in tracted urban areas, 17.9 percent live in tracts where the poverty rate is above the 40 percent threshold. The first of these percentages represents the neighbourhood poverty rate for all tracted urban areas; the second represents the concentration of the poor in high poverty tracts.

² Paul A. Jargowsky, *Poverty and Place: Ghettos, Barrios and the American City*, (New York, 1996), Russell Sage Foundation.

³ *Ibid.* p. 20.

⁴ See Paul A. Jargowsky and Mary Jo Bane, "Ghetto Poverty in the United States, 1970-1980" in Christopher Jencks and Paul E. Peterson (Editors), *The Urban Underclass* (Washington, 1991), The Brookings Institution, pp. 235-273.

The comparable percentages in 1980 were 3.3 percent and 13.6 percent respectively, indicating an increase in both the neighbourhood poverty rate and the concentration of the poor over the decade.⁵

The 40 percent threshold was chosen by Bane and Jargowsky because “visits to various cities confirmed that the 40 percent criterion came very close to identifying areas that looked like ghettos in terms of their housing conditions [and] ... corresponded closely with the neighborhoods that city officials and local Census Bureau officials considered ghettos”.⁶

2.2 Distressed Neighbourhoods and the Concept of an Underclass

The term ‘underclass’ was popularized by the journalist Ken Auletta in three articles published in *The New Yorker* magazine in 1981.⁷ It refers to concentrations of *behaviour* widely considered to be at odds with mainstream values and norms in combination with widespread and persistent poverty.

Six years later in *The Truly Disadvantaged*, William Julius Wilson presented evidence that the number of neighbourhoods in inner-city Chicago exhibiting concentrations of these characteristics was growing, and presented a coherent hypothesis about why and how what this paper will describe as “distressed neighbourhoods” emerge and the risks they pose for self-perpetuation of both income poverty and underclass behaviours.⁸

In brief, what Wilson described was a complex process, beginning with a sharp decline in employment opportunities for unskilled male workers in inner-city areas of large Northeastern and Midwestern USA cities, and ending with concentrations of census tracts in such areas which suffer from a ‘social isolation’ which tends to perpetuate their disadvantaged condition.⁹

⁵ See Jargowsky, p. 34.

⁶ See Jargowsky and Bane, p. 239.

⁷ See the *New Yorker*, November 16, 23 and 30, 1981.

⁸ See William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass and Public Policy*, (Chicago, 1987), The University of Chicago Press.

⁹ This conclusion is given indirect support by Jargowsky’s finding that “ the primary factors behind the increasing concentration of poverty are metropolitan economic growth and the general processes that create and sustain segregation by race and class.” See Jargowsky, p. 185.

In an article for Jencks' and Peterson's *The Urban Underclass*, Wilson summarizes the effects of this process as follows:

Social isolation deprives residents of inner-city neighbourhoods not only of resources and conventional role models, whose former presence buffered the effects of neighborhood joblessness, but also of ... cultural learning from mainstream social networks that facilitates social and economic advancement in modern industrial society. The lack of neighborhood material resources, the relative absence of conventional role models, and the circumscribed cultural learning produce ... concentration effects, that restrict social mobility. Some of these outcomes are structural (lack of labor force attachment and access to informal job networks), and some are social-psychological (negative social dispositions, limited aspirations and casual work habits.)¹⁰

In Wilson's view, what distinguishes what he terms the underclass and, by extension underclass neighbourhoods, from those which are merely economically disadvantaged "is that their marginal economic position or weak attachment to the labor market is uniquely reinforced by the neighborhood or social milieu."¹¹ Thus, a process which begins with labour market dislocations arising from forces outside the neighbourhood is sustained and perpetuated by the secondary effects of this dislocation on its social capital as those who exemplify and maintain mainstream values, institutions and behaviours move out and those lacking such attributes move in; attracted by relatively low rents and acceptance of such behaviours as crime, out-of-wedlock childbearing and a casual attachment to steady paid work. In such an environment, such values as graduating from high school and marriage before childbirth receive less and less reinforcement from the community and become increasingly uncommon, further eroding prospects for upward social mobility.

Defined in this way, the identification of underclass as distinct from high poverty census tracts has posed severe challenges for researchers. Some of the key data which would identify "underclass" neighbourhoods such as violent crime rates, drug abuse and rates of out-of-wedlock childbirth are not available on a census tract basis either in the USA or in Canada.

Perhaps the most careful attempt to find suitable and statistically measurable indicators of "distressed neighbourhoods" afflicted by the syndrome described by Wilson has been made by

¹⁰ W.J. Wilson, "Public Policy Research and The Truly Disadvantaged" in Jencks and Peterson, *op.cit*, p. 463.

¹¹ *Ibid.* p. 474.

Erol Ricketts and Isabel V. Sawhill. In their article, "Defining and Measuring the Underclass"¹² they adopt four proxy indicators of the presence of an underclass. These are very high incidences of:

1. High school dropouts (the proportion of 16 to 19 year olds who are not enrolled in school and are not high school graduates);
2. Prime-age males not regularly attached to the labour force (the percentage of males 16 and over who worked for pay less than 26 weeks in the previous calendar year);
3. Welfare recipients (the percentage of households receiving Aid to Families with Dependent Children or state or municipal public assistance); and
4. Female lone parents (the percentage of households headed by female lone parents).

Ricketts and Sawhill defined 'very high' as a rate more than one standard deviation beyond the mean for all urban census tracts.

Based on data from the 1980 USA census, Ricketts and Sawhill identified 880 census tracts meeting this criterion for all four indicators. These tracts contained 2,484,000 people or 1.37 percent of the total USA population in census tracts and about 5 percent of the poor population in tracted urban areas. These percentages are markedly lower than the neighbourhood poverty rate (3.3 %) and the concentration of the poor (13.6%) identified in 1980 by Jargowsky. This is because many extremely poor tracts do not meet the criteria for social distress identified by Ricketts and Sawhill.

As expected, there was a high degree of correlation between their "underclass" tracts and tracts with a poverty rate equal to or greater than 40 percent, but "39 percent of all underclass tracts are *not* in areas of extreme poverty, and 72 percent of extreme poverty tracts are *not* underclass tracts."¹³ Interestingly, the rates of "underclass" behaviours were almost identical for the underclass tracts and for the extreme poverty tracts with the exception of the high school dropout

¹² See Erol R. Ricketts and Isabel V. Sawhill, "Defining and Measuring the Underclass" in *Journal of Policy Analysis and Management*, Volume 7, No.2 (1988), pp. 316-325.

¹³ *Ibid.* p. 322. Italics in the original article.

rate which was 36 percent in the underclass tracts, but only 19 percent in the extreme poverty tracts.

Using a definition of underclass tracts as those characterized by the simultaneous presence of high incidences of a range of behaviours opposed to mainstream values, it would appear that the last of these behaviours to erode in high poverty tracts is obtaining at least a high school diploma. Once the high school dropout rate goes well above the national urban mean, the tract appears to have crossed a threshold where obstacles to upward social mobility may become self-perpetuating.

It should be noted here that, while he shares Wilson's analysis of how concentrations of high poverty census tracts emerge and their injurious social and economic impacts on their inhabitants, Jargowsky rejects the notion of a spatial underclass mired in a self-perpetuating cycle of disadvantage. "The idea that such neighbourhoods have become self-sustaining enclaves—with a 'culture of poverty' and a separate, totally disconnected underclass—is not supported by the data. A self-sustaining neighbourhood culture implies that census tracts with extremely high rates of poverty would respond slowly, if at all, to increased economic opportunity." However, Jargowsky found that the number of such tracts decreased sharply "in regions experiencing economic booms such as ...the Southwest in the 1970's and the Northeast in the 1980's." His multivariate regression analysis also revealed that "neighbourhood poverty declines as the overall metropolitan mean income rises."¹⁴ In other words, high poverty areas share in the good times of the metropolitan areas of which they form a part, but expand spatially as the metro area goes into recession.

Wilson would accept the primacy of the general opportunity structure as the major cause of what this paper describes as "distressed neighbourhoods" rather than a pure "culture of poverty" approach. In *The Truly Disadvantaged* he is careful to state that the injurious effects of the social isolation he describes as a consequence of the deteriorating opportunity structure do "not imply self-perpetuating cultural traits." What happens, he contends is that "some cultural traits may in fact take on a life of their own for a period of time and ... become a constraining factor...in the life of certain individuals and groups within the inner city." But this effect need not be a permanent or even a long-term one.

As economic and social situations change, cultural traits, created by previous situations, likewise *eventually* change, even though it is possible that some will linger on and influence behavior for a period of time. Accordingly, the key conclusion from a public policy perspective is that programs ... should place primary focus on changing the social and economic situations, not the cultural traits, of the ghetto underclass.¹⁵

As long as one focuses on poverty and labour market attachment, Jargowsky and Wilson are thus in fundamental agreement. Reverse the economic and social situations that created concentrations of poverty and sooner or later the behaviours which reinforce and perpetuate the effects of those primary causes will also change.

However, as Ricketts and Sawhill point out, some extremely poor neighbourhoods suffer much less from key indicators of social distress than others and some neighbourhoods which are not extremely income poor exhibit high concentrations of all these indicators. In this sense, at least, such things as neighbourhood effects exist.¹⁶ Moreover, it seems plausible to assume that a key factor determining whether income poverty is associated with other indicators of social distress is the level of social capital, as defined by Wilson, neighbourhoods have been able to accumulate and sustain.

Of course the level of social capital itself can be heavily influenced by the state of the local economy and the degree to which policies such as social housing, discrimination and neighbourhood rent structures tend to concentrate the poor. But it may not be fully determined by them.

Thus, it appears worthwhile to study both concentrations of income poverty and their trends and concentrations of other indicators of social distress. Through the first we gain an understanding of the context for the formation of distressed neighbourhoods and through the second we may be able to identify the factors that encourage or act as counterweights to their formation given high rates of income poverty.

¹⁴ Jargowsky, p. 186.

¹⁵ Wilson, *The Truly Disadvantaged*, p. 138. Italics in original.

¹⁶ It could be, of course, that some high poverty neighbourhoods do not exhibit other indicators of distress because many of their poor residents have only recently moved into the neighbourhood.

3. Canadian Versus USA Data

An exact replication of the USA studies using Canadian data is not possible. The USA poverty definition is very different in concept from the 1986 base and 1978 base Low Income Cutoffs compiled by Statistics Canada which are used in this paper to measure low income in the 1991 and 1981 censuses respectively. Moreover, even after adjusting for purchasing power parities, the 1978 and 1986 base Canadian low-income thresholds are much higher than those in the USA. In 1995, for example, the 1986 base cutoffs in Canada ranged from 1.44 to 1.60 of the USA purchasing power parity adjusted poverty lines for families of 1 to 4 persons.¹⁷ Depending on the shape of the income distribution curve, this would mean that a 40 percent poverty rate in the USA could correspond to a poverty rate of well over 50 percent in Canada.

Also, of the four indicators used by Ricketts and Sawhill to identify what they term “underclass” census tracts, data from the Canadian census are available for only one- the proportion of families headed by female lone parents.

However, given that the 1981 and 1991 census micro data tapes are the only viable Canadian data sources for studying these phenomena, this paper has attempted to use indicators which are as close as possible to those used in the USA so that at least rough order of magnitude comparisons can be drawn between the results for the two countries.

Specific comparisons of the data used follow:

- To measure the level of and trends in the concentration of poverty in Canada, family rather than individual low income rates were used since the former were available for both the 1981 and 1991 censuses (1980 and 1990 income years) while the latter was available only for the 1991 census.

¹⁷ The purchasing power parity of a USA dollar in Canadian dollars for private final consumption expenditures in 1995 was \$1.25. Statistics Canada, *National Income and Expenditure Accounts 1984-1995*, p. 81.

Moreover, instead of the 40 percent threshold used by Jargowsky, a standard of twice the national family low-income rate¹⁸ was used to identify high poverty census tracts.¹⁹ Since the Canadian Low Income Cutoffs in both years were well above those in the USA on a purchasing power parity basis, it was thus much easier to qualify as a high poverty census tract in Canada than in the USA.

- To identify distressed neighbourhoods in Canada, only 1991 census data was used.²⁰ Indicators as close as possible to those used by Ricketts and Sawhill were chosen and their threshold of a rate more than one standard deviation above or below the national norm was adopted.²¹ A fifth indicator, based on the *individual* low-income rate in the tract, was added to their list on the basis that very high rates of low income, in most cases would set the context for other indicators of social and economic distress.

The five indicators chosen and the threshold levels for each were as follows:

1. A high individual poverty rate in the census tract – above 27.66 percent;
2. A high proportion of total household income in the tract coming from transfer payments from government – above 17.36 percent;
3. A low proportion of the 15-24 population in the tract attending school full-time – below 43 percent;
4. A low percentage of the male population 15 and over employed for pay full-time 49 or more weeks in the previous year – below 35.7 percent; and

¹⁸ The national family low-income rate in 1980, using the 1978 base Low Income Cutoffs was 13.0%. In 1990 using the 1986 base Low Income Cutoffs it was 13.2%. Therefore the thresholds used in this analysis were 26.0% in 1980 and 26.4% in 1990.

¹⁹ The 1978 base Low Income Cutoffs were used for 1980 and the 1986 base Low Income Cutoffs were used for 1990. These were the cutoffs coded into the census data. It was therefore not possible to apply common cutoffs to the census micro data.

²⁰ Data for four of the five indicators used to identify distressed neighbourhoods were not available from the 1981 census. Unfortunately, this made trend analysis impossible.

²¹ To be precise, the standard deviation was calculated for all urban areas divided into census tracts and this deviation was added to or subtracted from the mean *national* rate to identify the threshold rate, above or below which tracts were considered to satisfy the criterion for “distress” for the indicator chosen.

5. A high percentage of families with children at home headed by lone parents – above 31.45 percent.

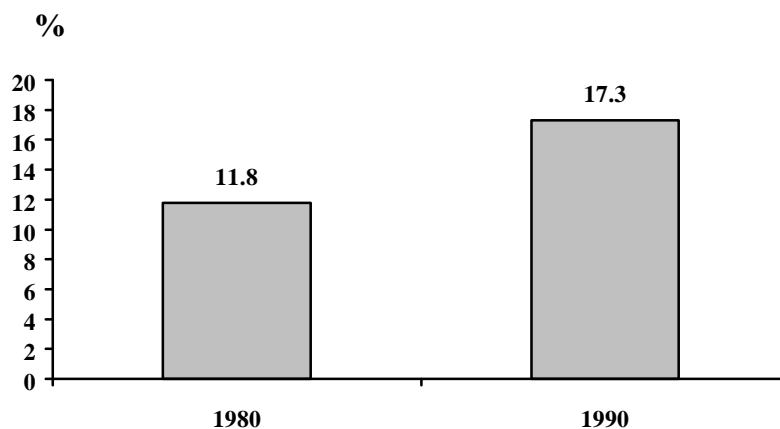
Comparing these indicators to those of Ricketts and Sawhill the following points are worth noting:

- There is one more criterion to satisfy (low income) making it more difficult for a tract to satisfy all the criteria.
- The criterion related to dependency on transfers is based on the share of neighbourhood income from *all* government transfer payments (including near-universal benefits such as Old Age Pensions, children's benefits, Canada and Quebec Pension Plan benefits) rather than the percentage of persons receiving welfare payments. Thus, it is a less precise indicator of distress than the Ricketts-Sawhill statistic.
- Similarly the proportion of 16-19 year olds who are not high school graduates and are not attending school full-time (the Ricketts-Sawhill statistic) is a much more precise indicator of dropping out of school than the full-time school attendance rate for the 15-24 population used in this paper.
- The criterion related to lack of adult male attachment to the paid labour force in this paper (the percentage of adult males working for pay full-time 49 or more weeks in the previous year) is, in contrast, much more stringent than that used by Ricketts and Sawhill. Their threshold is 26 weeks of either full or part-time paid work in the previous year.
- This paper uses the proportion of families with children rather than the proportion of all families accounted for by lone parents as its criterion of the prevalence of lone parenthood in the neighbourhood. Both measures should produce similar results, but that used in this paper focuses on the typical family structure for children rather than the typical family structure in the neighbourhood.

4. Results from the Canadian Data

4.1 Concentration of Low Income

Figure 1: Percentage of Poor Canadian Families in Very Poor Neighbourhoods 1980 and 1990



In 1980 tracts with at least double the family²² low income rate for Canada accounted for 11.8 percent of all low income families in Canada. By 1990, as the preceding chart indicates, such tracts accounted for 17.3 percent of all low-income families in Canada.²³ Thus, over the decade, low-income families became more concentrated in census tracts with extremely high family low-income rates, just as in the USA.

As the following table shows, this resulted from an increase in the number of tracts with extremely high low-income rates between 1980 and 1990.

²² Families here refer to economic families of two or more persons. An economic family is a group of individuals related by blood, marriage, adoption or a common-law relationship sharing a common dwelling unit.

²³ Of course the low-income rate in 1980 is calculated using the 1978 base Low Income Cutoffs while that in 1990 is calculated using the 1986 base LICOs. This means that some tracts in 1990, which would not have exceeded this threshold using the 1978 base cutoffs, did so because the 1986 base cutoffs were used. For all urban centres of 500,000 or more persons the family low income rate in 1990 using the 1978 base cutoffs was 12.2%, while, using the 1986 base cutoffs, it was 14.5%. For urban centres with populations of 500,000 or more the 1986 base cutoffs ranged from 8.5% (for a family of four) to 14.3% higher (for a family of two) than the 1978 base cutoffs. As mentioned earlier, it was unfortunately not possible to apply a consistent low-income threshold to census tract data for 1980 and 1990, since the differing threshold levels were hard coded into the data for these two years.

Table 1: Extremely Poor Urban Census Tracts 1980 and 1990

Extremely Poor	Total	1980 and 1990	1980 but not 1990	1990 but not 1980
1980	334	263	71	NA
1990	507	263	NA	244

There were 334 census tracts with family low-income rates over 26.0 percent in 1980 of which 263 also had low income rates over 26.4 percent in 1990. These 263 tracts accounted for 9.9 percent of all low-income families in 1980, but for only 9.2 percent of low-income families in 1990. It was the addition of 244 tracts which met the 26.4 percent threshold in 1990, but not the 26.0 percent threshold in 1980 which accounted for the increased share of low income families living in tracts with extremely high family low income rates.

This is similar to the pattern observed by Jargowsky in the USA. Increases in the concentration of the poor there occurred not because the population of high poverty tracts went up. Indeed tracts which were extremely poor in both 1980 and 1990 tended to suffer net population losses. The concentration of the poor increased in the USA because the number of tracts afflicted by extreme poverty rates went up as adjoining neighbourhoods also crossed the 40 percent threshold.²⁴

Another interesting aspect of the growing concentration of low income families in tracts with abnormally high family low income rates in Canada is that it was focused in that country's nine largest census metropolitan areas.²⁵ These centres accounted for over 100 percent of the entire increase in the number of low-income families in Canada between 1980 and 1990. Moreover, extreme poverty tracts within many of these metropolitan areas accounted for a much larger share of the total number of low income families in 1990 than in 1980.

²⁴ See Jargowsky, pp. 35-36.

²⁵ These are, in order of 1991 population size, Toronto, Montréal, Vancouver, Ottawa-Hull, Edmonton, Calgary, Québec City, Winnipeg and Hamilton.

Table 2: Increasing Concentration of Poor Families in Canada's Largest CMAs: 1980 to 1990

Census Metropolitan Area	Concentration of Poor 1980	Concentration of Poor 1990
Montreal	30.1%	40.1%
Winnipeg	23.5%	39.0%
Edmonton	4.1%	28.3%
Calgary	6.4%	20.3%
Quebec City	20.8%	26.6%
Vancouver	7.2%	15.5%
Toronto	14.7%	21.4%
Ottawa-Hull	27.5%	24.1%

As can be seen from the preceding table, the “concentration of the poor”, as defined by Jargowsky, rose from 30.1 percent to 40.1 percent in Montréal between 1980 and 1990, from 23.5 percent to 39.0 percent in Winnipeg, from 4.1 percent to 28.3 percent in Edmonton, from 6.4 percent to 20.3 percent in Calgary, from 20.8 percent to 26.6 percent in Québec City, from 7.2 percent to 15.5 percent in Vancouver and from 14.7 percent to 21.4 percent in Toronto. Only in Ottawa-Hull among the nine largest Census Metropolitan Areas (CMAs) was there a *reduction* in the concentration of the poor (from 27.5% in 1980 to 24.1% in 1990).

As Table 3 reveals, a similar trend was found with neighbourhood poverty rates.

Table 3: Increasing Neighbourhood Poverty Rates in Canada's Largest CMAs: 1980 to 1990

Census Metropolitan Area	Neighbourhood Poverty Rate 1980	Neighbourhood Poverty Rate 1990
Montreal	14.0%	20.4%
Winnipeg	9.0%	15.7%
Edmonton	1.6%	12.8%
Calgary	2.2%	8.9%
Quebec City	9.0%	11.2%
Vancouver	2.5%	6.1%
Toronto	4.7%	7.9%
Ottawa-Hull	10.0%	8.4%

With the exception of Toronto, the large increases in the concentration of poor families and in neighbourhood poverty rates occurred in CMAs where real average census family incomes grew less than the national average between 1980 and 1990. The large jumps in Calgary, Edmonton Montréal and Vancouver coincided with either a decline (in the case of Edmonton) or an increase well below the national average in this indicator.²⁶

In all cases where the concentration of the poor rose, it was an increase in the number of extreme poverty tracts within these CMAs between 1981 and 1991 which accounted for the increase. In Montréal and Toronto alone the number of such tracts rose from 167 to 273. In Ottawa-Hull, in contrast, the number dipped from 22 to 21.

While the overall family poverty rate outside the nine largest CMAs fell from 13.0 percent in 1981 to 11.7 percent in 1991, in the nine largest CMAs it rose from 13.0 percent to 16.5 percent.

²⁶ Real average census family income grew by 7.9% in Canada between 1980 and 1990. It fell by 2.6% in Edmonton and rose by 2.9%, 3.9% and 4.1% in Calgary, Vancouver and Montréal respectively.

Turning to Jargowsky's other indicator, the Neighborhood Poverty Rate, or the proportion of all families residing in tracted areas with extremely high family poverty rates, this stood at 7.4 percent for Canada in 1981 and at 9.9 percent in 1991. These are higher in level but similar in trend to the USA rates for tracted urban areas alone (3.3% in 1980 and 4.5% in 1990). However, as noted earlier, it is much easier to qualify as an extremely poor tract in Canada than it is to exceed the 40 percent poverty rate employed by Jargowsky as a threshold in the USA.

What is significant is how the increase in both the concentration of the poor and in the neighbourhood poverty rates between 1980 and 1990, mirror the trends in the USA for this decade.

As we have seen, the sources of these increases were also similar—a rise in the number of high poverty tracts in large urban centres; as tracts adjacent to existing high poverty tracts crossed the threshold into high poverty status themselves. Even the bulk of the increase occurred in a few similar large urban centres with Dallas, Houston, Detroit, Cleveland, Milwaukee, Minneapolis and Los Angeles exhibiting growth in the number of their high poverty tracts similar to that experienced in Calgary, Edmonton, Toronto, Québec City, Montréal, Winnipeg and Vancouver. Even the dip in the concentration of the poor in the national capital CMA of Ottawa-Hull was matched by a similar decline in Washington, DC.²⁷

4.2 Distressed Neighbourhoods

Using the indicators and thresholds described in the section on data, 106 (2.7%) of the 3914 census tracts in Canada in 1991 with 1000 or more people met all five criteria of distress. This compares to 880 of 42,865 tracts in the USA (2.1%) which met all four of Ricketts' and Sawhill's underclass criteria in 1980.²⁸ There were also 16 tracts which did not meet the low-income criteria, but which met all four of the other criteria of social and economic distress.²⁹

²⁷ See Jargowsky pp. 222-232 and p. 250. Neighbourhood Poverty Rates and the Concentration of the Poor for all tracted Canadian Census Metropolitan Areas and Census Agglomerations for the 1980 and 1990 income years appear in Appendices I and II.

²⁸ See Ricketts and Sawhill, p. 323.

²⁹ Of these eight were in Ontario, one was in Alberta and the other seven were in British Columbia.

Of the 106 tracts meeting all five criteria, 60 were found in just three Census Metropolitan Areas—Quebec City (10), Montréal (38) and Winnipeg (12). Over half (54) were in CMAs in the province of Québec.

The total population of these 106 tracts was 330,979 in 1991 or 1.21 percent of the national total. This compares to 2,484,000 people living in the “underclass” census tracts identified by Ricketts and Sawhill in the USA for 1980 which accounted for 1.10 percent of the USA population in that year.³⁰

Over one-third (1364) of all census tracts in Canada with a population of 1000 or more met the criterion for at least one distressed neighbourhood indicator in 1991. The indicator for which the criterion was most commonly met was the proportion of families with children headed by a lone parent (954 tracts), followed by a low income rate more than one standard deviation above the national mean (690 tracts), a percentage of the 15-24 population attending school full-time one standard deviation lower than the national mean (595 tracts), a percentage of tract household income coming from government transfer payments one standard deviation above the national mean (550 tracts) and a percentage of males 15 and over who worked for pay full-time full year in 1990 one standard deviation lower than the national mean (466 tracts).

It should be noted at this point that some of these characteristics, in isolation, are flawed indicators of “distress”. For example, a neighbourhood with a high concentration of retired people will, all else equal, have a low percentage of its male population 15 and over working for pay. Moreover, government transfer payments such as Old Age Security and Canada and Quebec Pension Plan benefits may make up a large proportion of neighbourhood income. However, since all but the most affluent seniors receive OAS, and C/QPP retirement benefits are not income tested, neither of these facts would necessarily indicate distress as commonly understood.

Similarly if a neighbourhood’s 15-24 population were heavily weighted towards the upper end of the age range, the proportion attending school full-time could be low even if the age-specific school attendance rate was at or above the average.

³⁰ See Ricketts and Sawhill, p. 322. Again, these numbers are not truly comparable because the selection criteria for the distressed neighbourhood tracts in Canada are different from those for the “underclass” tracts in the USA.

Thus, it is only when we find tracts which meet the criteria for all or all but one of our indicators that we can be confident that we have found a neighbourhood with significant symptoms of distress.

That being said, clearly the best indicator of the five for identifying a “distressed” neighbourhood is an abnormally low percentage of males 15 or over working full-time, full-year in 1990. Of the 466 tracts meeting this criterion, 22.7 percent met all the other criteria as well. The next most reliable indicator was an abnormally high dependence on government transfer payments as a source of income with 19.3 percent of tracts exhibiting this characteristic meeting all four others. The least reliable indicator was a high proportion of families with children at home headed by lone parents with only 11.1 percent of the tracts with a high concentration of lone mothers having all the other characteristics of distressed neighbourhoods as well.

Interestingly, of the 219 census tracts meeting the criteria for four of the five indicators, the one most often *not* present was an abnormally low proportion of the 15-24 population attending school full-time. In 133 of these tracts (60.7%) it was this indicator which prevented designation of the neighbourhood as one “in distress.” The second most common missing indicator for these “near-distressed” neighbourhoods was an abnormally low percentage of their 15+ male population working for pay full-time full year in 1990 with 49 of the 219 tracts satisfying all the criteria except this one.

As readers will recall, the high school dropout rate for 16-19 year olds was also the characteristic where Ricketts’ and Sawhill’s “underclass” tracts differed most from extreme poverty tracts (i.e., those with a poverty rate of 40.0% or more).

Of the 219 “near-distressed” census tracts, almost half were also in the Montréal (85), Québec City (13) and Winnipeg (8) Census Metropolitan Areas.

5. What are the Hallmarks of Distressed Neighbourhoods?

In addition to the criteria used to identify them, distressed and near-distressed neighbourhoods also exhibit disproportionate incidences on a number of other housing, educational and demographic indicators. The following section examines these for the Québec City, Montréal and Winnipeg CMAs.

5.1 Housing

Compared to their CMAs, distressed neighbourhoods in these three urban centres were far more likely to have housing stock constructed prior to 1946 (43.1% vs. 15.4% in Québec City, 49.6% vs. 16.2% in Montréal and 42.6% vs. 20.3% in Winnipeg). The housing was also somewhat more likely to be in need of major repairs (9.7% vs. 6.3% in Québec City, 11.6% vs. 7.3% in Montréal and 12.1% vs. 8.4% in Winnipeg). And it was far more likely to be occupied by renters (81.7% vs. 46.4% in Québec City, 85.9% vs. 53.3% in Montréal and 71.3% vs. 38.0% in Winnipeg).

5.2 Educational Attainment

Of the 15 and over population, the proportion who had not graduated from high school was significantly larger in the distressed neighbourhoods than in the CMA as a whole. (51.7% vs. 30.3% in Québec City, 52.3% vs. 35.1% in Montréal and 57.0% vs. 38.9% in Winnipeg).

5.3 Age Structure

Part of the explanation for low educational attainment in the distressed neighbourhoods is a higher percentage of senior citizens than in the CMA as a whole. In Québec City the 65+ population is 17.2 percent of the total in distressed areas and 10.7 percent in the CMA. In Montréal the comparable percentages are 14.5 percent and 11.3 percent and in Winnipeg they are 17.5 percent and 12.9 percent.

At the other end of the age spectrum, the percentage of the population under age 15, distressed neighbourhoods had a *lower* than average share in Québec City and Montréal (12.2% vs. 18.6% and 15.2% vs. 18.6% respectively). However, in Winnipeg the share of the population under age 15 in distressed neighbourhoods (20.6%) was slightly above that for the CMA as a whole (20.2%).

5.4 Presence of Aboriginals and Recent Immigrants

Only in Winnipeg do persons of Aboriginal origin make up a significant share of the population either in the CMA or in distressed neighbourhoods. However, they are vastly over-represented in the latter. While accounting for only 3.3 percent of the CMA population, they constitute 16.8 percent of the population of distressed neighbourhoods in Winnipeg.

Recent immigrants, those arriving in Canada between 1981 and 1991, are also disproportionately represented in Winnipeg's distressed neighbourhoods. While comprising 5.1 percent of the CMA's population, they account for a full 15.0 percent of the population of its distressed neighbourhoods. In Québec City recent immigrants account for only 0.9 percent of the CMA population, but make up 2.5 percent of the population of its distressed neighbourhoods.

Montréal is a notable exception to this pattern. While 5.5 percent of its population had immigrated between 1981 and 1991 this was true for only 3.7 percent of the population of its distressed neighbourhoods. However, as we shall see, this pattern was reversed among the population of its "near-distressed" neighbourhoods.

6. How Do Distressed and Near-Distressed Neighbourhoods Differ?

With few exceptions “near-distressed” neighbourhoods³¹ in the Québec City, Montréal and Winnipeg CMAs exhibit very similar (although usually slightly lower) percentages to those of distressed neighbourhoods on the indicators examined in the previous section.

In Québec City the only significant differences are a slightly lower proportion of housing stock requiring major repairs (7.3% vs. 9.7%) and a slightly lower percentage of the 15+ population with less than a high school education (48.3% vs. 51.7%).

In Montréal, there are two major differences. The proportion of recent immigrants is much higher (11.3% vs. 3.7%) in near-distressed than in distressed neighbourhoods and the proportion of the housing stock constructed before 1946 is much lower (31.0% vs. 49.6%), although still well above the average for the CMA (16.2%).

In Winnipeg the percentage of renters in near-distressed neighbourhoods is significantly below that in distressed neighbourhoods (64.5% vs. 71.3%) as are the shares of persons of Aboriginal origin and recent immigrants (11.1% vs. 16.8% and 9.4% vs. 15.0% respectively).

³¹ That is, those meeting four of the five criteria for distressed neighbourhoods.

7. Concluding Observations

To sum up:

1. The concentration of family poverty increased in Canada between 1980 and 1990 as did the number of tracts affected by extremely high rates of poverty.
2. Significant numbers of census tracts in Canada in 1991(106) with significant numbers of people (over 300,000) were afflicted by disproportionately high incidences of a number of behaviours associated with social distress and marginalization. We do not know if the number of such tracts and the number of people living in them is rising or falling, but the existence of over twice as many tracts (219) meeting all but one of our criteria for 'distress' indicates that the potential for such areas to grow is substantial, particularly given the fact that the period since 1991 has been one of recession followed by a weak recovery.
3. In *country-relative* terms the concentration of poverty and the presence of distressed urban neighbourhoods in Canada are comparable to those in the USA although absolute living standards in extremely poor and distressed neighbourhoods in Canada are probably above those in similarly situated neighbourhoods in USA inner cities.
4. Trends in the concentration of poverty in Canada and the USA between 1980 and 1990 are very similar, even extending to the geographical areas and types of metropolitan economies which saw increases and reductions in the number of extremely poor census tracts over the period.
5. This implies that many of the processes leading to the spatial concentration of the poor and their social marginalization may be common to both countries.
6. In Canada older rental housing and low education levels among the adult population are two hallmarks which tend to distinguish distressed neighbourhoods from the CMAs of which they form a part.
7. Both concentrated poverty and distressed neighbourhoods in Canada were highly concentrated in 1991 in Montreal, Quebec City and Winnipeg. These three centres, with about one-seventh of Canada's population, accounted for nearly half of its distressed and

near-distressed urban neighbourhoods. Substantial proportions of the overall populations of these CMAs live in distressed and near-distressed neighbourhoods. In Québec City almost one in ten (9.8%) do. In Montréal the share rises to 11.8 percent and in Winnipeg to 12.3 percent of the metropolitan population.

8. Next Steps in a Research Work Plan on Distressed Urban Areas in Canada

1. Attempt a trend analysis for distressed neighbourhoods using micro data from the 1986 census. This should indicate the influence of improved economic conditions between 1985 and 1990 (the income years covered by the 1986 and 1991 censuses).³²
2. Once data from the 1996 census become available, the same kind of trend analysis can be extended to 1995 income data. Given the special severity of the early 1990's recession in Toronto one can speculate that this largest of Canada's CMAs will experience a sharp increase in the number of its distressed and near-distressed neighbourhoods compared to 1991 when it had *no* distressed neighbourhoods and only a handful of near-distressed neighbourhoods.
3. Efforts should be made to collect data in the 2001 census which will enable more direct comparisons with the USA.
4. Use should be made of the Longitudinal Administrative Databank (LAD), compiled from Canada's income tax records, to examine the spatial and social mobility of those residing in and moving into high poverty and distressed neighbourhood tracts and to do regression analysis of determinants of such tracts similar to that done by Jargowsky for the USA.
5. Regression analysis of tract determinants could also be performed using Canadian census data which has a much richer set of explanatory variables than the LAD, since the latter is restricted to information provided on the individual income tax form.
6. Comparisons could be also made between the characteristics of those census tracts which were extremely poor in 1980 but not in 1990, those which were extremely poor in both years and those which were extremely poor in 1990 but had not been so in 1980.

³² A study of concentrated urban poverty in Canada using the 1986 census has already been done. See Zoltan J. Hajnal, "The Nature of Concentrated Urban Poverty in Canada and the United States", a paper prepared for the June 1994 meeting of the Canadian Political Science Association (mimeo).

Appendix I

1981 Census (1980 Income Year)

Census Metropolitan Area	Low Income Rate ³³	Neighbourhood Poverty Rate	Concentration of the Poor
St. John's	15.9	10.9	23.8
Halifax	12.8	10.1	23.3
Saint John	14.6	13.1	29.1
Chicoutimi-Jonquière	18.5	17.3	28.4
Québec City	15.0	9.0	20.8
Sherbrooke	18.2	27.5	46.5
Trois Rivières	21.5	22.4	36.6
Montréal	16.3	14.0	30.1
Ottawa-Hull	12.5	10.0	27.5
-Hull Side	17.3	14.8	30.1
-Ottawa Side	11.0	8.5	26.1
Oshawa	9.2	3.2	10.3
Toronto	11.4	4.7	14.7
Hamilton	12.3	8.1	21.6
St. Catherines-Niagara	12.8	5.0	11.2
Kitchener-Waterloo	10.7	0	0
London	11.7	5.9	15.6
Windsor	14.9	13.3	28.5
Sudbury	13.7	7.8	19.0
Thunder Bay	9.2	0	0
Winnipeg	14.1	9.0	23.5
Regina	11.4	8.7	22.7
Saskatoon	13.8	0.9	2.9
Calgary	10.4	2.2	6.4
Edmonton	10.7	1.6	4.1
Vancouver	11.0	2.5	7.2
Victoria	9.4	0	0
Census Agglomeration			
Moncton	14.7	6.0	11.0
Kingston	11.9	8.1	37.6
Peterborough	11.4	4.4	13.4
Brantford	12.5	6.6	16.9
Guelph	8.9	0	0
Sarnia	9.7	0	0
North Bay	11.8	1.6	3.7
Sault Ste. Marie	9.8	3.6	10.3
Kamloops	9.8	0	0
Kelowna	10.2	0	0
Prince George	11.0	0	0
All Tracted Urban Areas	12.9	7.4	19.5

³³ 2+ Economic Families, 1978 base Low Income Cutoffs.

Appendix II

1991 Census (1990 Income Year)

Census Metropolitan Area	Low Income Rate ³⁴	Neighbourhood Poverty Rate	Concentration of the Poor
St. John's	14.8	11.6	27.7
Halifax	11.6	5.7	16.1
Saint John	14.5	15.1	35.7
Chicoutimi-Jonquière	14.7	7.7	16.7
Québec City	15.6	11.2	26.6
Sherbrooke	16.8	18.7	40.0
Trois Rivières	16.9	9.9	23.9
Montréal	18.5	20.4	40.1
Ottawa-Hull	11.5	8.4	24.1
-Hull Side	13.7	7.8	19.0
-Ottawa Side	10.8	8.6	26.4
Oshawa	8.0	0.5	1.6
Toronto	12.4	7.9	21.4
Hamilton	12.7	7.9	21.4
St. Catherines-Niagara	10.7	0.6	1.4
Kitchener-Waterloo	9.8	0	0
London	10.7	0.9	2.1
Windsor	12.3	12.7	29.0
Sudbury	11.7	5.2	12.4
Thunder Bay	9.5	0.6	2.2
Winnipeg	16.7	15.7	39.0
Regina	12.9	6.8	19.5
Saskatoon	15.2	13.0	27.6
Calgary	14.1	8.9	20.3
Edmonton	15.9	12.8	28.3
Vancouver	13.6	6.1	15.5
Victoria	9.6	1.2	4.5
Census Agglomerations			
Moncton	12.7	0.8	1.9
Kingston	9.5	5.2	18.2
Peterborough	10.9	3.3	11.3
Brantford	11.0	0	0
Guelph	8.0	2.7	9.3
Sarnia	9.8	0	0
North Bay	11.9	1.7	5.3
Sault Ste. Marie	13.8	7.6	17.7
Lethbridge	12.8	0	0
Red Deer	14.4	8.6	20.1
Kamloops	13.0	4.1	8.9
Kelowna	11.2	5.0	12.5
Matsqui	10.9	1.2	3.3
Prince George	12.1	0	0
All Tracted Urban Areas	14.0	9.9	25.1

³⁴ 2+ Economic Families, 1986 base Low Income Cutoffs.

Bibliography

Auletta, Ken, *The Underclass*, (New York, 1982), Random House.

Hajnal, Zoltan L., "The Nature of Concentrated Urban Poverty in Canada and the United States," Paper Presented to the June 1994 Canadian Political Science Association Annual Meeting (mimeo).

Jargowsky, Paul A., *Poverty and Place: Ghettos, Barrios and the American City*, (New York, 1996), Russel Sage Foundation.

Jargowsky, Paul A. and Bane, Mary Jo, "Ghetto Poverty in the United States, 1970-1980" in Christopher Jencks and Paul E. Peterson (Editors), *The Urban Underclass*, (Washington, 1991), The Brookings Institution.

Wilson, William Julius, *The Truly Disadvantaged: The Inner City, the Underclass and Public Policy*, (Chicago, 1987), The University of Chicago Press.

Wilson, William Julius, "Public Policy Research and The Truly Disadvantaged" in Christopher Jencks and Paul E. Peterson (Editors), *The Urban Underclass*, (Washington, 1991), The Brookings Institution.

