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EDITOR

### **Prevalent Low Income Status in Canadian and United States Metropolitan Areas, 1980 and 1990**

KEVIN M. GOREY\*

#### ABSTRACT

As compared to Toronto's poor people, three to four-fold as many of upstate New York's poor live in severely impoverished neighborhoods, areas where 40% or more of the residents have annual incomes below the federally established low income or poverty criterion. However, the prevalence of such extremely degraded living conditions increased similarly (two-fold) on both sides of the Canadian-US border during the 1980s. This urban problem, of the concentration of poor people, seems to predominantly be an inner-city problem in the US, whereas it was found to be nearly equivalently extant in the inner-city, mid-suburban and outlying suburban areas of metropolitan Toronto.

The income disparity between people living in different urban neighborhoods increased dramatically in the United States between 1980 and 1990. Specifically, a geographic concentration or pooling of poor households has been observed in areas of severe deprivation, predominantly in the central-city neighborhoods of the northern mid-west and northeast. For example, recent panel analyses demonstrated that the proportion of Cleveland, Ohio's and upstate New York's poor populations residing in a relatively few extremely high-poverty areas, where 40% or more of the residents were poor, increased approximately two-fold from 1980 to 1990 (Coulton et al., 1990; Gorey & Vena, 1995). Furthermore, the census tracts which defined these extremely impoverished neighborhoods were predominantly adjacent to one another in inner-city areas; two-thirds of the explanation for such heightened impoverishment in these areas was estimated to be due to the phenomenon of more people becoming poor (the movement of many previously defined near-poor people to an income status below the federally established poverty criterion), whereas one-third was probably due to the out-migration of non-poor people.

#### *Canadian versus US socioeconomic comparisons*

Only one published study has systematically compared the inner-city socioeconomic circumstances of Canadian and US cities. This census-based, cross-sectional

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study compared five small to mid-sized (populations of 100,000 to 400,000) matched-pairs (Canadian and US cities matched on population, economic structure, age, and geographic region) on the prevalence of low income as well as other indicators of socioeconomic deprivation in 1980-81 (Broadway, 1989). It concluded that cities on both sides of the border share an inner-city problem, however, it also found the magnitude of the problem (concentration of poor people) to be greater in the Canadian cities, an inference which was counter to its original hypothesis. Though interesting and provocative, this study's findings are most generalizable to relatively small cities such as one of its matched-pairs: Windsor, Ontario and Flint, Michigan. The endemic public health concerns which are most often associated with severely degraded inner-city living conditions are probably more germane to larger metropolitan areas (Gorey, 1995).

The present study systematically replicates Broadway's (1989) with larger city comparisons. It also bolsters the methodology in a number of ways: (1) it allows for inferences about increasing or decreasing between-country differences by including panel comparisons; and (2) it uses a more conservative ecological poverty criterion — extremely high poverty area — which is more likely predictive of social (violent crime victimization, substandard housing conditions), family (child maltreatment, teenage pregnancy, family violence), mental (illicit substance abuse, depression) and physical (HIV seroprevalence, certain cancers) health problems (Gorey, 1995). More prevalent extreme impoverishment is predicted among US cities, with an increasing between-country differential on this score during the 1980s.

### Census-Based Method

Extant Ontario and New York State (NYS) data sets from the 1980 (Canada, 1981) and 1990 (1991) censuses of the population provided an opportunity to compare the prevalence of extreme impoverishment in metropolitan Toronto (population of 3,857,310 residing in 804 census tracts in 1990) with that of upstate New York cities (Buffalo, Rochester, Syracuse, and Albany; population of 2,311,630 in 595 census tracts) (Statistics Canada, 1983; 1992; US Bureau of the Census, 1983; 1992). New York City itself was excluded because its differential census errors by socioeconomic status are at least two-fold that of other NYS cities. The prevalence or cross-sectional proportions of poor people who live in extremely high poverty areas, census tracts where 40% or more of the residents are poor (Coulton et al., 1990; Gorey & Vena, 1995), were then compared between Toronto and upstate NY. Ninety-five percent confidence intervals around prevalence ratios were chi-square test-based (Miettinen, 1976).

Statistics Canada and the US Bureau of the Census use conceptually similar indices of economic impoverishment which facilitated this study's ecological between-country comparison: 'low income' in Canada and 'poverty' thresholds in the US.

Both are based on annual household income from all sources adjusted for household size and tied to the consumer price index. The Canadian low income cut-off is a more liberal criterion though, approximately equal to 200% of the US poverty threshold. For example, in 1991 the Canadian low income threshold for a three-person household was \$24,400 (Canadian dollars), while in 1990 the US poverty threshold for the same size household, adjusted for the dollar exchange rate, was \$11,700 (Bank of Canada, 1995). Given the more conservative poverty criterion used in the US, any of the present study's observed between-country differentials are likely to be underestimates of the truth.

### *Severely Impoverished Neighborhoods in Canada and the United States*

#### *Within-country comparisons*

Very few people in metropolitan Toronto reside in extremely poor neighborhoods, that is, which concentrate impoverishment to the extent that 40% or more of the households are so defined. In fact, in 1990 only 11 of 804 census tracts (1.4%) met such a stringent criterion. However, such prevalent low income status increased significantly (by approximately 50%) in Toronto during the 1980s: 1990 (6.22%)/1980 (3.98%) prevalence ratio (PR) = 1.56; 95% confidence interval (CI; 1.48, 1.64) (see bottom left of Table 1). Many more of New York's poor people live in extremely poor areas (48 of 595 tracts in [8.1%] 1990) and their prevalent 1980-1990 increase was similar to that of their Canadian counterparts: 1990 (22.70%)/1980 (13.62%) PR = 1.67 (95% CI; 1.46, 1.91) (see bottom right of Table 1).

#### *Between-country comparison*

The US-Canada poverty differential, as operationalized by this study's New York-Toronto comparison on the prevalence of people who live in extremely impoverishment areas, remained relatively constant from 1980 to 1990. Both cross-sectional panel comparisons demonstrated that approximately three and one half times as many of the US poor are concentrated into such areas: 13.62% vs. 3.98%, 1980 PR = 3.42 (95% CI; 2.55, 4.59); and 22.70% vs. 6.22%, 1990 PR = 3.65 (95% CI; 2.64, 5.05). Moreover, in 1990 such extremely poor neighborhoods in upstate New York cities were more than twice as likely to be adjacent to one another in their inner-city core areas (PR = 2.46, 95% CI [1.50, 4.04], conservative adjustment for small ecological samples). In Toronto, only four of eleven such extremely poor census tracts were found in the inner-city core area which immediately surrounds the downtown business district, whereas 90% (43 of 48) of the extremely poor New York tracts were found to be so concentrated in inner-city areas. Toronto's six other such tracts were spread equally over mid-suburban (5-10 kilometer radius of downtown) and more outlying areas.

Table 1

*Geographic Concentration of Low Income Households in Toronto and New York State (NYS) Metropolitan Areas: 1980-81 and 1990-91*

Poverty Concentration	Toronto		NYS <sup>a</sup>	
	1981	1991	1980	1990
Areas of Low Poverty				
Population of area	2,561,987	3,079,795	1,972,851	1,916,610
% total population	85.43	79.84	84.03	82.91
No. of poor people	233,320	267,265	130,204	125,150
% of total poor population	66.41	55.80	51.69	47.34
Areas of Moderate Poverty				
Population of area	410,665	713,480	306,662	271,202
% of total population	13.69	18.50	13.06	11.73
No. of poor people	104,034	181,937	87,367	79,204
% of total poor population	29.61	37.98	34.69	29.96
Areas of High Poverty				
Population of area	26,245	64,035	68,288	123,818
% of total population	0.88	1.66	2.91	5.36
No. of poor people	13,983	29,788	34,318	60,000
% of total poor population	3.98	6.22	13.62	22.70
Total Population	2,998,897	3,857,310	2,347,801	2,311,630
Poor Population	351,337	478,990	251,889	264,354
% Poor	11.72	12.42	10.73	11.44

Note: Poverty areas are: low (less than 20% poor), moderate (20% to 39%), and high poverty areas (40% or more poor).

<sup>a</sup>Adapted from Gorey and Vena (1995).

### Summary and Conclusions

As compared to Toronto's poor people, three to four-fold as many of New York's poor live in severely impoverished neighborhoods, areas where 40% or more of the residents have annual incomes below the federally established low income or poverty criterion. However, the prevalence of such extremely degraded living conditions increased similarly (two-fold) on both sides of the Canadian-US border during the 1980s. This urban problem, of the pooling or concentration of poor people seems to predominantly be an inner-city problem in the US, whereas it was found to be nearly equivalently extant in the inner-city, mid-suburban and outlying suburban areas of Toronto, Canada's largest metropolitan area. While previous research has suggested that among small to mid-sized cities, inner-city problems may be greater in Canada, this study found the opposite trend, that is, disadvantaged US status, in larger metropolitan areas.

This study's findings are consistent with all of the following known social and economic trends: (1) during the 1980s, while the US's poorest quintile lost 20% of its wealth, Canada's gained 10% (Stoesz & Karger, 1993); (2) that Canadian housing and economic policies (dispersal of social housing in other than inner-city areas, institution of non-profit and housing cooperatives which mix low and moderate income households, attraction of luxury condominiums to downtown areas) have done more to geographically disperse the poor than US ones (Bourne, 1993a; Prince, 1995); (3) despite some neighborhood revitalization or gentrification, which has been limited to a very few neighborhoods, on both sides of the border, many more of them have recently become poorer (Bourne, 1993b; Balakrishnan, 1991; Ley, 1993); and (4) racial ghettoization, or the concentration of people of color into extremely impoverished enclaves is a more potent phenomenon in the US. For example, among this study's identified severely poor neighborhoods, more than four-fold as many of their US versus Canadian residents were black in 1990; 53.38% vs. 12.41%, PR = 4.30 (95% CI; 4.27, 4.33).

Clearly, the fit of this study's findings within the above outlined international social and political context bodes more for a social explanation, rather than merely a personal one (Gorey & Vena, 1995; Wilson, 1987). Over the past two decades, as policies which impact economic growth and transfers (social welfare payments, unemployment insurance, and tax credits) have differed between Canada and the US, prevalent in-kind poverty differences have been noted in predictable directions (Hanratty & Blank, 1992). Policy makers arriving with recently changing political tides on both sides of the border ought to reflect on these phenomenon. Proposals which essentially call for the dismantling of extant welfare and housing policies (Gorey & Vena, 1995; Mulroy & Ewalt, 1996) are not likely to decrease socioeconomic strife, as they are proposed to, but rather, they will likely act to increase the distance between those who already hold substantial wealth and those who do not.

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