

Family Budgets of Wage Earners in the Maritimes

By EDITH BLAIR

EDITOR'S NOTE: Under the above title a comprehensive report has just been issued by the Institute of Public Affairs. It contains the findings of a survey undertaken by the Institute in co-operation with various Maritime universities last year. Miss Blair's article gives a brief summary of the report.

AS the trend towards total war creates scarcities of goods and services, the needs of consumers become a major national responsibility. The cost and availability of food, clothing, shelter and other things required to keep people working efficiently cease to be personal problems and become the basic factors in the war economy. Any comprehensive plan of war strategy must take into consideration human needs, the adequacy with which they are being met, and the percentage of the national income which can be diverted from personal consumption to war purposes by taxation or government borrowing.

Up to the present time efforts in this direction have been mainly concerned with preventing a general increase in the cost of living by means of price fixing. As more and more of our industrial capacity is converted to war production and as scarcities develop other measures will have to be taken. The most likely is widespread rationing of consumer goods and for this purpose a knowledge of the needs and spending habits of Canadians will be essential—the norm, if it is to be a generous ration, and the minimum consistent with health and efficiency if it is to be stringent.

The generally accepted method of obtaining information of this sort is a family budget survey. With war-time problems in mind, the Institute of Public Affairs at Dalhousie University in co-

operation with Maritime universities and the Dominion Bureau of Statistics, has conducted such a study in the Maritime Provinces. The only other comprehensive information on family budgets and cost of living in the Maritimes has been the index published by the Dominion Bureau of Statistics¹ and their survey conducted in Canadian cities in 1937-38.² To keep the findings of the two surveys comparable and supplementary the Bureau's methods have been closely followed with the exception that this survey was mainly concerned with small towns of less than 3,000 inhabitants, Sydney being the only exception, while the D.B.S. survey covered Charlottetown, Halifax and Saint John.

The towns studied had the following populations, according to the 1941 census: Wolfville — 1,910; Antigonish — 2,142; Sackville—2,449; and Sydney, the only city—28,081. Three of the communities, Wolfville, Antigonish and Sydney, are situated in Nova Scotia and the data collected are therefore more representative of Nova Scotia than of the Maritime Provinces as a whole.

FIELD WORK

Actual selection of the sample and field work in each community was carried on by the universities—Mt. Allison in Sackville, Acadia in Wolfville, and St. Francis Xavier in Antigonish and (through its Extension Department) in Sydney. The Department of Economics in each university assumed responsibility for the survey and was voluntarily assisted by faculty members, students and interested persons in the community. Public interest was aroused in the communities by announcements in the press and at public

EDITOR'S NOTE: Edith Blair M. A.; Public Administration, now on the staff of the War-time Prices and Trade Board at Ottawa, was, up to the spring of 1942, research assistant at the Institute of Public Affairs at Dalhousie University. She took a leading part in conducting the survey of Maritime Household Budgets, the results of which are being discussed in the above article.

1. Shortened: D. B. S.

2. *Family Income and Expenditure in Canada, 1937-38* Dominion Bureau of Statistics, Ottawa 1941.

meetings and the families interviewed were, for the most part, cooperative.

THE BUDGET

Two records were obtained from each family, a budgetary record of all income and expenditures for one year and a record of food used for one week. The food budget was left with the housewife and daily entries were to be made of all food used by the family. In the case of the yearly budget the field worker made the entries during personal interviews with the housewife. The period covered was the year ending March 31, 1941, and the budget forms were those used by the D.B.S. The yearly budget form provided a detailed list of expenditure items, classified according to such general headings as clothing, fuel and light, household operation, health care, etc. This detail proved helpful to the field workers, not only as an aid in classifying items, but also as a reminder to the housewife of many small purchases. A complete record of income from all sources was obtained and it was the task of the interviewer to balance income and expenditures as a check on the accuracy of the housewife's estimates.

For practical reasons the budgetary record covers one year. This period is chosen because it includes seasonal purchases and seasonal price changes and because some recurrent expenditures are made annually (e.g. taxes, insurance premiums, membership fees, etc.).

The families studied were selected on the basis of certain characteristics which, in a preliminary survey, the Dominion Bureau of Statistics had found to be typical of urban wage-earner households. These characteristics were:

1. All families were to be of the wage-earner type with husband and wife living together as joint heads.
2. All families were to have from one to five children living in the home, with not more than one additional lodger or domestic.
3. Family earnings during the survey year were to range from \$450 to \$2500 and all families were to be self-supporting during this period.
4. All families were to be living in a self-contained dwelling unit, not sharing any living amenities with other families

The sample of 97 families which is described was distributed among the four communities as follows: Wolfville 23, Antigonish 21, Sackville 24, and Sydney 29 families. Average family size ranged from 4.2 persons in Sydney to 6.0 in Antigonish; average earnings of employed family members ranged from \$1,036 in Wolfville to \$1,532 in Sydney. The occupations of the male family members in Sydney no doubt account for the higher income; many were steelworkers who, as a result of the war-time expansion of this industry, have had their earnings augmented, while in the other towns there was a greater variety of occupations, none of which consistently provided high earnings. Gross annual income, which includes not only earnings but also return on investments, credit, loans, reduction in assets, etc., averaged \$1,509 with 66 per cent of the families having incomes between \$1,000 and \$1,800 per year.

The expenditures of the survey families have been compared with the averages for Canadian cities as reported by the D.B.S. survey, among the four communities, and according to income and number of children. In the case of comparisons between the two surveys or between different communities individual budget items show interesting variations, while in the income and family size comparisons the expenditure pattern as a whole differs. Other conditions being equal, income and number of children are the joint determinants of the purchasing power available for each member of the family and the percentage distribution of income over the various budget groups varies with income per person. Briefly, the percentage of total outlay devoted to necessities, such as food, shelter, fuel and light, declines as income rises and a larger portion is devoted to the amenities of life (education, recreation, travel, etc.) and to savings or investment. To show these trends clearly and with sufficient accuracy for comparing rates of increase and decrease it is necessary to have a very large and homogeneous sample, because a multiplicity of varying conditions distorts the general picture. On the whole,

comparisons have been made only when the number of cases warranted an average and when there was no apparent distortion of the expenditure patterns.

SUMMARY OF FINDINGS

The most significant difference between the expenditure patterns of the families reporting in the Maritimes and those included in the Dominion Bureau of Statistics survey are in the outlays for food and shelter. The average annual expenditure for food among the Maritime families was \$503 (35.9 per cent of total expenditure) and for shelter was \$189 (13.5 per cent) while the Canadian averages were \$443 for food (31.3 per cent) and \$270 (19.1 per cent) for shelter. For fuel and light, clothing and home furnishings the differences in expenditure were slight but in the miscellaneous group of expenditures, which includes health, personal care, transportation, recreation, etc., the Maritimes' families reported a much higher outlay—\$448 as compared with \$359. A summary comparison of the complete budget patterns is presented in the following table:

The higher food expenditure in the Maritimes is rather surprising—in view of the fact that small town families usually have gardens and buy more of their fresh foods direct from farmers than do residents of large cities. However, though a large percentage of Nova Scotia's population is rural the production of food falls far short of the needs of the local market. Meats, dairy products, native fruits and vegetables, as well as many things which for climatic reasons could not be grown locally are imported into the Province. The costs of storage, transportation and handling will, therefore, account for at least a part of the higher food cost. The percentage of total living expenditure devoted to food is, roughly, an indicator of the standard of living since rising income is associated with a larger outlay for non-essentials. Among the Maritimes' families food costs decrease from 38.6 to 23.9 per cent of total family expenditure as income per person rises from \$100 per year to \$500 and over.

Shelter costs proved to be much lower in Wolfville, Antigonish and Sackville than in Sydney or the three cities included

Urban Wage-Earner Family Annual Living Expenditures

Budget Group	Maritimes Average 1940-41 Survey		Canadian Average ¹ 1937-38 Survey	
	Expenditure Averages	Percentage Distribution	Expenditure Averages	Percentage Distribution
Food	\$503	35.9	\$443.0	31.3
Shelter	189	13.5	269.5	19.1
Fuel and Light	112	8.0	90.5	6.4
Clothing	178	12.7	165.8	11.7
Home furnishing	139	9.9	125.7	8.9
Miscellaneous	279	20.0	319.4	22.6
Health	69	4.9	60.8	4.3
Personal Care	25	1.8	23.9	1.7
Transportation	50	3.6	79.3	5.6
Recreation	84	6.0	82.1	5.8
Life Insurance	51	3.7	73.3	5.2
TOTAL	\$1400(a)	100.0	\$1413.8(b)	100.0

(1) Source: *The Labour Gazette*, October, 1940, p. 1079.

(a) This total includes only the comparable items, other miscellaneous expenditures brought the total outlay to \$1569.

(b) Directly represented in the index. Other miscellaneous outlay brought total family living expenditure to \$1,453.8.

in the D.B.S. survey. A higher percentage of small town families owned their own homes and this factor plus the lower tax rate on real property may largely account for the small shelter outlay. The minimum expenditure for any particular quality of housing is usually determined by local building conditions which do not respond very quickly to demand and shelter expenditure, particularly for short periods, is not likely to respond to changes in income. The survey showed that as income per person increased from \$100 to \$500 per year shelter's share of total family outlay increased only from 19.5 per cent to 21.6 per cent, indicating that the portion of housing expenditure which might be regarded as "luxury" is very small.

Clothing expenditure per person was highest in Sydney where it averaged \$48, while for the three small towns the average was approximately \$33. The percentage of total family living expenditure devoted to clothing varied only slightly among the four communities—which suggests that the Sydney families spent more on clothing, not because they preferred clothing to other things, but because the families reporting had higher incomes and fewer children. Clothing, generally, regarded as a necessity and therefore liable to occupy a position of declining importance in the family budget as income rises, does not, as a rule, follow a distinct trend. It is usual for clothing expenditures to increase rapidly with rising income in the lower brackets, but as income reaches a point where clothing needs can be adequately satisfied, the increase tapers off. In the D.B.S. survey, among the families of British origin, there was no considerable or steady change in the percentage of living expenditure devoted to clothing (families with \$100-\$199 and \$600 per person both spent 10.0% of total outlay). In the present survey there is a decided downward trend as income per person changes—14.4 per cent at the \$100-\$199 level and 9.5 per cent at the \$500 and over level. Clothing costs per family and the percentage of total living expenditure both increase with the number of children, but the outlay per person decreases.

Total outlay for fuel and light varied widely among the four communities from \$134 per family in Antigonish to \$99 in Wolfville and the type of fuel used differed showing a relationship to distance from coal mines. In Sydney coal and coke were used almost exclusively, Antigonish families spent about three and a half times as much for coal and coke as for wood and in Wolfville and Sackville expenditures for the two fuels were almost equal. The average cost of electricity in all four communities was between \$21 and \$29; fuel oil was very rarely used and gas not at all. Fuel and light, which might be expected to require a smaller portion of the family's funds as income increases, accounts for 8.8 per cent of total expenditure at the \$100-\$199 per person level and only 5.7 per cent at the \$500 per person year level.

Household operation costs, which includes purchases of furniture and equipment, upkeep of gardens, and such services as telephone, laundry, domestic help, etc., ranged from \$101 in Wolfville to \$190 in Sydney. While prices of these goods and services probably vary among the communities, it is impossible to judge the extent from such a small sample when almost every family buys a different assortment of furniture, silverware, linens, electrical equipment, and services. The high expenditure in Sydney is largely for household furnishings (\$164 of the total \$190) and it may be that this sample included an unduly large number of families who bought expensive items of furniture and equipment during the survey year, as a result of suddenly increased incomes.

Expenditures for health maintenance, which indicate only the amount of money paid out and neither the quantity nor quality of health care received, vary from \$91 in Sydney to \$53 in Antigonish. The largest items in this group are hospital fees and doctors' fees which together constitute over half of the total health expenditure.

Personal care, which includes barbers' fees, cosmetics and similar items is a small part of the household expenditure—

accounting for only 1.8 per cent of the total.

Transportation costs, excluding purchases of motor cars, averaged \$49.7 per year for the entire sample. This sum, which includes current operating costs of motor cars, bicycle purchases and repairs, and railway, bus and other fares, is lower than the average (\$64.3) for the families of British racial origin reporting in the D.B.S. survey, perhaps because fewer people in the small towns use a bus, tram or private car to reach their work or for shopping. Transportation costs increase strikingly as income rises—from \$26 per family per year in the income group between \$1000 and \$1199 to \$86 in the \$1800-\$1999 group, and the percentage of total family living expenditure spent on transportation increases correspondingly from 2.2 to 4.3 which suggests that a fairly large percentage of travel costs can be regarded as non-essential.

Expenditures reported for such forms of recreation as reading material, movies, tobacco, radios, sports, were highest in Sydney where the average family spent \$112 and lowest in Wolfville, \$53. Recreation expenditure varies directly with income per person, increasing from \$47 per family per year in the \$100-\$199 group to \$118 in the group over \$500, and from 3.8 per cent of total family living expenditure to 6.2 per cent. Expenditures listed in this group are definitely recreative but the total figure would be considerably larger if it were possible to ascertain what portion of the outlay for such things as radios, club memberships, clothing and even food used for entertaining should properly be classified as recreation expenditure.

Expenditure for education for both children and adults averaged \$12 per family in Wolfville and Antigonish, \$13 in Sackville and \$15 in Sydney. These sums exclude the largest item devoted to education—taxation for educational purposes—but since it is impossible to segregate this from the total tax bill, it is only possible to ascertain the extent to which the survey families supplement public expenditure. "Community welfare, gifts and contributions," which includes compulsory outlays for taxes as well as voluntary contributions to churches, clubs, charities, or to other individuals outside the family unit is a minor item in the family budget, ranging from \$30 in Wolfville to \$76 in Sydney.

There are many other interesting aspects of the family budgets, for instance, how many families balance income and expenditure, how many buy their own homes, what savings are made at various income levels and how they are invested, etc. In any one family personal habits and tastes are an important factor but in a large group these variations average out and it is found that very few families stray far from the typical expenditure pattern for their income and family size groups. There are of course, geographic and cultural differences which would make any comparison impossible—these budgets would for instance be incomparable with budgets of Eskimo families in the North West Territories. Within these obvious limits it is possible to paint a fairly accurate statistical picture of how people spend their money and in what quantities they buy the many goods and services which, in normal times, are offered in abundance