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The poor in Toronto: They're working but not getting any richer

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They're often single and not originally from Canada. They work close to full-time hours but likely bring home less than \$20,000 a year. In the first Canadian study of its kind, the growth of Toronto's working-poor population has been charted, and the results are shocking: Even during times of economic prosperity the number of working people unable to make ends meet grew by 42 per cent in the GTA, a figure that shows no sign of stopping

Armira Vargas could be mistaken for a Canadian-dream poster child.

She moved to Toronto from Colombia in 1989, parlaying her work visa as a nanny into a job at a formal-wear shop. After years of sending money home, she could afford to bring her three children to join her.

She and her two sons got jobs at Progressive Moulded Products - well-paid, full-time gigs assembling plastic car parts. They earned benefits and paid into corporate pensions. They bought a house in Maple, north of Toronto.

PMP declared bankruptcy as the auto industry foundered; its liquidation auction, in the fall of 2008, was billed as the largest plastic injection moulding sale event in Canadian history.

With three breadwinners out of work, the Vargases sold the house and went their separate ways: The daughter is now living in a basement apartment with her own 12-year-old; one son landed an engineering job in Kitchener; the other is still seeking work.

Ms. Vargas juggled multiple jobs for as long as she could, working full-time at another manufacturing plant in the Toronto area while holding down a part-time gig at Wal-Mart. Then it was just Wal-Mart - sometimes as little as 12 or 16 hours a week, barely enough to cover the rent on her apartment on the city's northern edge. Her English isn't good enough to qualify for the provincial government's Second Career program: 25 years working in trades means her office and computer skills aren't up to snuff in a 21st-century workplace.

"I want to work. I want to earn money. I want to do something useful - a livelihood. This is no life."

Ms. Vargas's predicament is no anomaly. Across Canada, a job is no longer a ticket out of poverty, or a safeguard against it. And the number of people working but unable to make ends meet is growing in the country's most populous urban hub - far faster than in Ontario or Canada as a whole. A study by Toronto researchers provided exclusively to

The Globe and Mail provides a granular glimpse of working poverty at the census-tract level.

The Metcalf Foundation study, the first of its kind in Canada, documents the changing face of the Toronto area's workforce.

And it isn't pretty: Even during times of economic prosperity, from 2000 to 2005, the number of working people unable to make ends meet grew by 42 per cent in the Toronto area.

The exacerbation was especially pronounced in the city's transit-starved east end. But rates grew fastest in the suburbs: Cities like Mississauga, Brampton, Markham and Vaughan are dealing with working poverty they've never faced before.

A deep recession and sluggish recovery haven't helped.

"We've got a lot of people who are working very hard, and they're still poor. So what's up with that?" says Sandy Houston, Metcalf's president.

"Maybe if we can better understand ... we can start to better address the implications of that situation."

More jobs, few good ones

The number of Torontonians working hard and hardly earning was growing even before a global financial crisis pummelled the province and brought the region's manufacturing sector to its knees.

In theory, the economy is back on track. In neighbourhoods across the Toronto region, not so much.

It's crunch time for employees. Public support for higher wages, benefits and unionized labour is low. Caterpillar's London closure, and Toronto's showdown with its outdoor public workers give a sense of the squeeze: There's little leverage to be had in a take-it-or-leave-it bargaining situation.

Statistics Canada's Labour Force Survey last month looked ugly compared to a year ago: Toronto's unemployment rate edged up by just a third of a percentage point, and its labour force dropped by more than a quarter, indicating people are giving up the job search altogether. Both labour force numbers and unemployment are significantly better than at the recession's nadir.

But what if the jobs being created aren't up to par - not good enough to pull an economy through a sagging recovery, and not good enough to keep thousands of working people out of poverty?

A CIBC report last month found the jobs being created are getting worse: Low-paying gigs are growing faster than well-paying ones; more people are identifying as self-employed, which often translates into lower wages. And that drop in quality is most precipitous in Ontario.

Janice Brett was out of work after 24 years and three months working at Scarborough's Honeywell North Safety, when the worksite safety manufacturer closed its Toronto plant last year. "We were stunned. ... All those years working there, we had no benefits. They ran out after six months."

She sold her house, moved in with a friend in Scarborough, and didn't realize she'd started grinding her teeth at night until she broke a tooth.

Ms. Brett got a part-time job as a cashier at a Zellers in Pickering, and another as an assistant cook at Chartwell's. "Those two jobs were not giving me the pay I made at Honeywell." Now, foodservice diploma in hand, she's pinning her hopes on landing a full-time job.

"The second week of January I got 4.25 hours," she says, "Hello? It's not worth getting out of bed."

Underemployed immigrants and clustered poverty

Immigrants make up a little more than half of all the working-age population in the Toronto area - but almost three-

quarters of the region's working poor. In 2005, nine of the city's census tracts boasted more than a fifth of the working-age immigrant population employed and in poverty.

As with the general population, the areas where the ranks of working-poor immigrants are increasing are clustered in the city's east end, most of them away from transit in areas originally designed for car-owning families of the 1950s.

Martin Vincent came to Canada from the UK just over a year ago. His degrees in politics, war studies and defence studies and years of experience as a police officer and counter-terror co-ordinator haven't been enough to get him a job in his field; they haven't even been able to land him a full-time gig.

"Can I get a job in Canada? You've got to be joking. Not a chance."

Right now he's working part-time at Indigo Books, he says. He likes the company, but the hours aren't enough to live on.

"I look at it as a job that's temporary, until I can have a permanent job."

Groups working with Toronto-area immigrants worry the shift of migrants to other provinces, and the leaching away of federal funds for immigrant settlement will make it even more difficult for newcomers to integrate into the job market.

In the meantime, lower earners who cluster in areas made affordable because of a lack of transportation remain lower earners for that same reason. Once poor people are entrenched in a neighbourhood such as Steeles L'Amoreaux, Weston Mount Dennis or Kingston-Galloway, there's often little incentive for businesses to invest.

"You have a convergence of not great transit and more affordable housing," says Colette Murphy, inclusive economies program director at the Metcalf Foundation. "How do you build a strong, resilient economic region and city when you start to see these types of patterns?"

The high cost of low pay

How to do that depends who you ask. And whether you're trying to get re-elected.

The simplest route is to increase the minimum wage.

There's no shortage of arguments against it, the most common of which is that it hurts employers, especially smaller businesses, and so harms the economy more than it helps.

But multiple U.S. states are considering doing just that. A study last month from the New York-based Fiscal Policy Institute argued boosting the state's minimum wage would actually create jobs by increasing the purchasing power of families likely to spend that extra cash locally.

"If you've got people coming out of poverty, you've got consumers," says Robin Somerville, an economist with the Centre for Spatial Economics. "There's no economic advantage to be gained by having the bottom 20 per cent dirt poor and the top 20 per cent filthy rich. It's just not as efficient."

But the problem is not just related to wages, but to the uncertainty of the work. Some argue there's a case for government to step in - either by beefing up public pension and benefit plans or through a working income tax benefit that would top up the annual income of people with jobs.

When the people who are supposed to push a consumer-driven recovery have no discretionary income to speak of, it hurts the entire economy - often much more than the accumulation of wealth at the upper echelons helps it.

"You want to see jobs being created in higher value-added areas, higher-wage employment," says TD Bank economist Derek Burleton. "So from that perspective it does matter. It's important."

The proposals may sound like lefty interventionism unlikely to gain traction in an austerity-focused environment, but their proponents include such Conservatives as Senator Hugh Segal, who argues Canada's economy can't afford a laissez-faire approach.

"People who live beneath the poverty line are not, to use an unpleasant quote, sitting on a couch drinking beer and eating popcorn. They are, in fact, working," he said.

"You need a basic income base to protect those people."

The alternative, says McMaster University's labour economics professor Don Wells, is a widening gap that begins to have a community impact.

"More and more people feel outside of society: They feel they're not able to participate. ... You begin to see the unravelling of community."

Mr. Somerville is hopeful the wage and benefits compression, and the trend toward temporary work, is cyclical. But in the meantime, it's a big concern.

"If we do have sliding incomes across society, it takes away from our purchasing power and can induce a negative spiral."

Mario Garofalo has stopped looking for a job altogether: The 43-year-old was excited to interview at a new solar-panel manufacturer in the Toronto area until he realized that at the wage offered, he was better off sticking to Employment Insurance.

"It just isn't worth it," he said. "So many people need jobs now. And employers in manufacturing, they know it. ... But that doesn't lower the cost of living.

"They wouldn't be able to live off that money."

THE TOLL GOES BEYOND THE WALLET

It's called precarious employment - part-time, contract-to-contract or temporary work. And amid employers' post-recession jitters, the new normal is a job that's anything but steady.

In the Toronto area, McMaster University professor Wayne Lewchuk says, as much as 45 per cent of the working population could be in non-permanent jobs.

There's nothing wrong with this in and of itself, he says. Some people in precarious employment situations are there by choice: They enjoy the flexibility as much as their boss does.

The problem is what usually comes with that precarious position: Unpredictable wages, and hours that often aren't enough to make ends meet. A lack of benefits means any unexpected medical expense can be financially crippling.

The toll isn't only financial: Studies Prof. Lewchuk has done in the Toronto and Hamilton area found unstable employment is bad for your health.

That stress was more than Paul Lewis could take. The 48 year old, who'd spent the previous nine years working as a press operator at a northern Toronto plant, gave up his job at a temp agency because the uncertainty just wasn't worth the minimum wage.

"They'll send you to a place for two days, then you spend two days at a different place."

Now he's training as a gas technician, in the hopes that will improve his employment prospects. He works nights helping with a friend's cleaning business, sanitizing the innards of empty McDonald's and Canadian Tire outlets across Toronto proper. But "I'm living on my savings, now. Just bleeding."

"Can we have this kind of a labour market without the negative impacts?" Prof. Lewchuk asks. "We need to think about how to bring some stability into these precarious jobs."

WHAT IS WORKING POVERTY?

It's a tricky question to answer - so much so that attempts to measure or address working poverty can be stymied because it's difficult to agree on what it is.

An even more basic problem is how you define poverty. Do you change it depending on where you live? Do you use the cost of basic necessities? What counts as a "basic necessity"?

Metcalf's researchers wanted something representative, says co-author John Stapleton, but they also wanted figures they could be confident in replicating. Some measures may no longer be available without Statistics Canada's long-form census.

In the end, they picked a fairly conservative definition. A member of the working poor is someone between the ages of 18 and 64; not a student; lives independently; has earnings of at least \$3,000 a year and an after-tax income below Statistics Canada's Low-Income Measure - 50 per cent of the median income for the Canadian population in a given year.

In 2005, this was \$16,536 for a single person living alone. This figure is far lower than other definitions of poverty.

WHO ARE THE WORKING POOR?

According to Metcalf's study, working people living in poverty are younger than average. They're more likely to be immigrants. They're more likely to be single, but if they have a family, chances are they're a single parent or there's only one breadwinner in the household.

Their education levels are, on average, lower than working people who aren't poor: About 48 per cent have high school or less, and 52 per cent have some higher education.

But, significantly, they are working - a lot: On average, they work almost as many hours as people who are employed and making a decent living, and the working poor are likely to have multiple sources of income.

(The Metcalf Foundation's study uses the most recent income and demographic information available - the 2006 census. The figures are dated, especially given the huge economic shifts post-2008, but researchers say the trends the maps show are instructive. They hope to update their data once Statistics Canada comes out with more detailed census information next year.)

TRANSIT MATTERS

A constant over the past decade is that socioeconomic mobility relies on ease of physical mobility. With the significant exception of Regent Park's dense pocket of downtown destitution, the areas with high rates of working poverty tend to be places that don't have access to good public transit.

Swaths of the inner suburbs, built for car-driving 1950s households, are now home to people who work but don't make enough to get by - and are often stuck there.

City planners like to say Toronto has a great transit system - for a city of one-million people. But with a population close to three times that, it's nowhere near adequate.

A SLICE OF SCARBOROUGH

For the past several years, the area just northeast of Danforth Avenue and Victoria Park Avenue has been host to one of Toronto's highest concentrations of working poverty. The area is 14 times denser than the city average. Almost all its residents (99.7 per cent) live in high-rise apartments. After-tax income for an average household is about 40 per cent the Toronto average. More than two-thirds of residents came to Canada as immigrants, but most are citizens.

And they're educated: Almost 37 per cent of those over 15 have a university diploma or degree. That education level is somewhat of an anomaly. So, too, is the area's transit situation: It's right beside the Bloor-Danforth subway, so mobility is less of an issue. The area's housing stock and its concentration of recent immigrants play a role.

"Employment is a huge issue in our area," says Councillor Michelle Berardinetti, who remembers snaking lines of unemployed outside her husband Lorenzo Berardinetti's MPP office almost as soon as the recession hit in late 2008.

"I wouldn't say its really gotten better. People are still finding it hard to find good employment."

THE BIRCHMOUNT CORRIDOR

The authors of Metcalf's study point to the Birchmount corridor to illustrate the challenges facing the city's lowest-earning workers. The strip runs from Steeles almost to the water, through several priority neighbourhoods - Steeles L'Amoreaux, Dorset Park and Kennedy Park. These are pockets of poverty Toronto designated years ago as areas underserved by municipal resources. Targeting resources to community groups in areas like Steeles L'Amoreaux has paid off, but this corridor still lacks some of the most basic local services.

While areas with a significant percentage of the working poor are scattered all over the city, the maps demonstrate a shift to the city's east end: Some of the census tracts with the sharpest increase in working poverty are east of the Don Valley. Lower prices, and towering, decades-old rental buildings, make the sprawling residential areas an affordable place to live.

A NEIGHBOURHOOD'S EYE VIEW

Researchers in Toronto and Hamilton are trying to figure out how precarious employment affects communities at the micro-level. They're focusing on two places in Toronto: the eastern side of downtown, near Parliament, and the Weston Mount Dennis area, in the city's northwest. Eastern downtown is a traditionally gritty few blocks in a rapidly gentrifying area; Weston Mount Dennis, has been hard hit by industrial closures.

"We decided to do this on a neighbourhood level and sort of drill down a bit more: It's a smaller economic unit," says Ryerson University professor Grace-Edward Galabuzi. "Are there services in the neighbourhood, economic opportunities in the neighbourhood, that could mitigate some of that precariousness?"

The working hypothesis, he says, is that unstable work affects individuals and families but it also undermines a community's coping mechanisms, making it harder to bounce back.

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