



why does
poverty
exist



poverty in calgary – A Four Part Series


- (1) What is Poverty?
- (2) **Why Does Poverty Exist?**
- (3) Who is Affected by Poverty?
- (4) How is Poverty Reduced?

This is the second booklet in a series that aims to provide a glimpse into the complexities around what poverty is, why it exists, who it affects, and how it can be reduced. This series was researched and authored collaboratively by United Way of Calgary and Area, The City of Calgary, and Vibrant Communities Calgary.

Front Cover, Inside Front Cover, and
Back Cover Photo Credit: Ming Emma Ko



why does poverty exist



- market failure?
- unemployment?
- limited family supports?
- gaps in social safety nets?
- lack of community supports?
- discrimination and social exclusion?

1 in 10
Calgarians
live in poverty
Nearly
400,000
Albertans
live in poverty

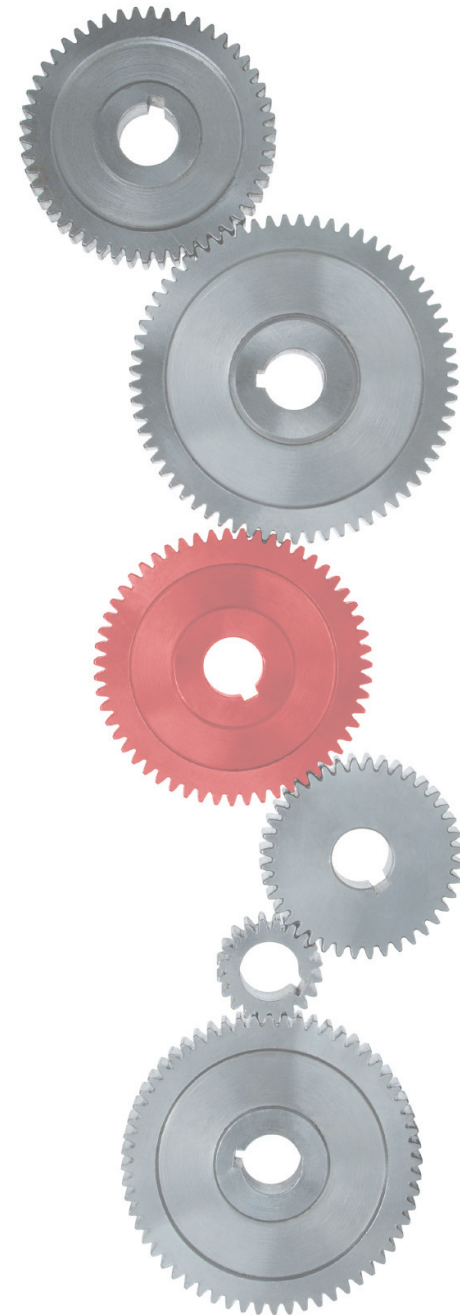
While these numbers help us understand the magnitude of the issue, they do little to tell us *why* poverty persists amid so much prosperity. If we are to reduce poverty, we need to understand more about the inter-connected causes of poverty, and why it affects some more than others. This booklet explores some of these questions.

poverty exists because... of compounding causes

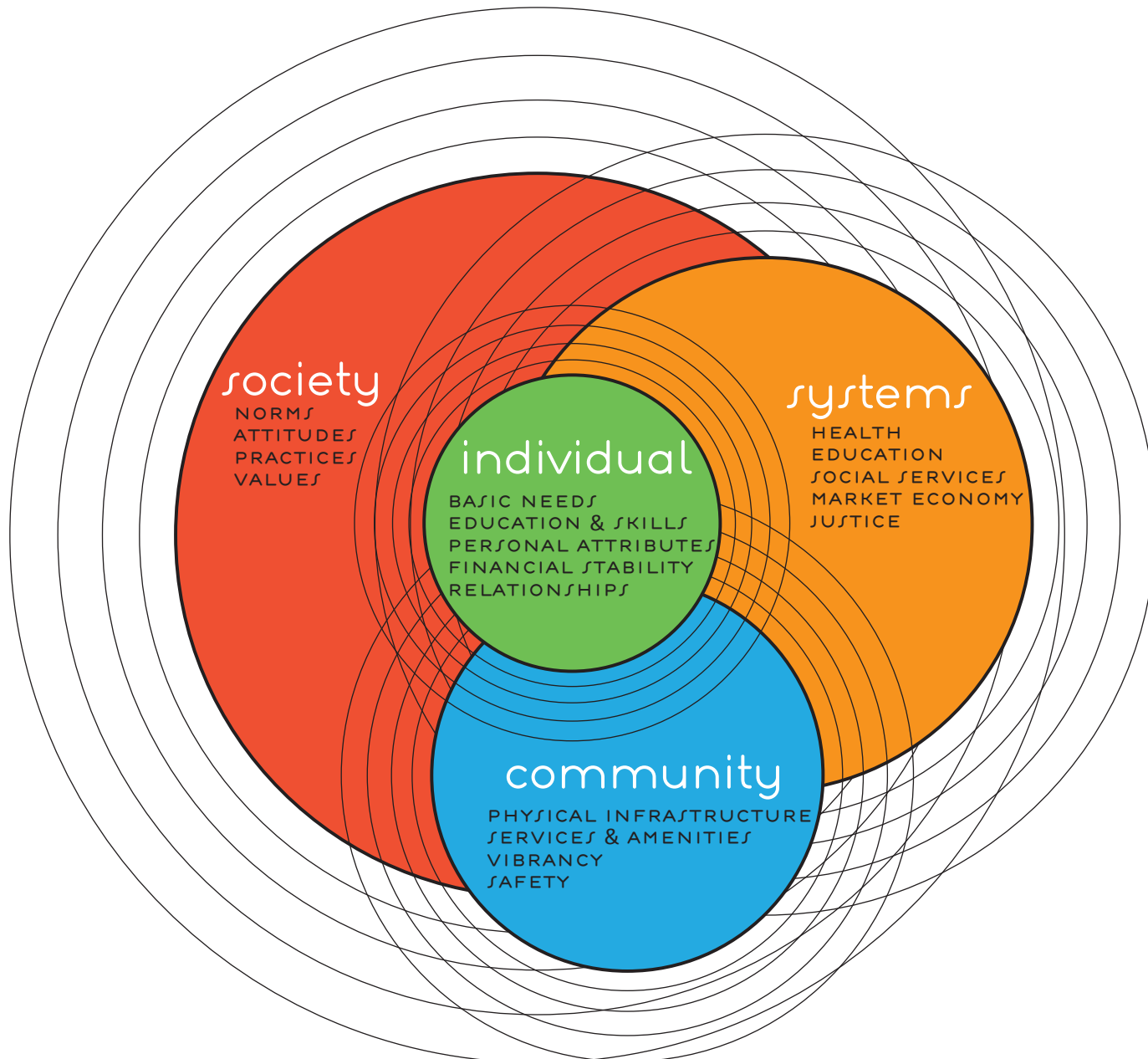
There is no single cause of poverty. Rather, there are multiple causes that are linked and compounding.

Poverty can strike during an unexpected crisis: a serious health problem, job loss, or divorce. These crises can be particularly debilitating when compounded by other risk factors such as low education, limited skills training, lack of savings, or lack of family supports. Poverty can result from personal struggle – physical, mental, or emotional – and many people experiencing poverty are faced with a lack of emotional, psychological or financial support. Poverty also exists because of bigger systems: changing market demand for skills or labour, gaps in social safety nets, the high costs of education and health, or because of systemic discrimination. Poverty exists for all these interlocking reasons and is compounded by the interaction of causes and effects.

The figure on the next page was developed for this booklet to show the complex and overlapping factors that contribute to poverty, which will be explored further in the following pages.



factors that contribute to poverty



poverty exists because... of personal vulnerability

“Lack of income means you don’t get by;
lack of assets means you don’t get ahead”

– Ray Boshara, *The New America Foundation*

individual

BASIC NEEDS
EDUCATION & SKILLS
PERSONAL ATTRIBUTES
FINANCIAL STABILITY
RELATIONSHIPS

Without opportunities to develop capacity within each area below, vulnerability to financial instability and poverty increases.¹

Basic Needs: housing, food, clothing and transportation

Education and Skills: skills, knowledge and experiences

Personal Attributes: physical and mental wellness, self worth and confidence

Financial Stability: income, savings and other monetary considerations

Social Relationships: social networks and relationships

TD Bank has developed an index that measures the financial vulnerability of Canadians. It suggests that Alberta is the second most vulnerable province after British Columbia. On average, Albertans have more debt than income with a debt-to-income ratio of 143%, compared to 127% nationally.² The likelihood of defaulting on a loan increases significantly once you’re spending 40%+ of your income paying back loans. In Alberta, 8.4% have reached that mark or are above it compared to just 3.8% in 2007, showing that Albertans are increasingly vulnerable to financial crises and poverty.²

fast FACT

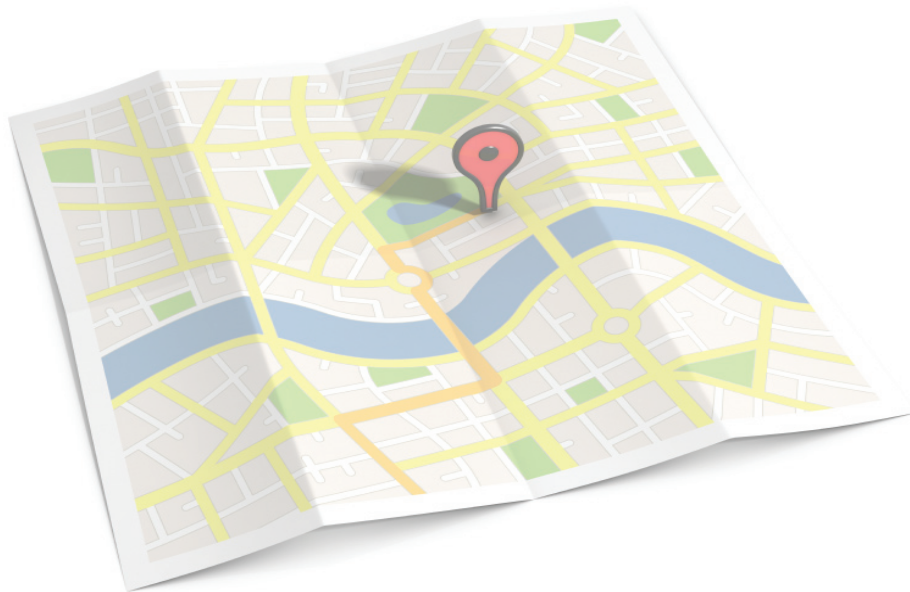
A 2009 survey of 3000 Calgarians found that **53%** were **concerned about not saving enough money** for the future and **41%** were **concerned about having too much debt.**³

poverty exists because... place matters

The resources a family has access to largely depend on the city and neighbourhood they live in. The accessibility and proximity of services like banks, public transportation, grocery stores, and of amenities such as parks, recreation facilities, and libraries contributes to the wellbeing of individuals and families.

Proximity reduces the cost and time of travelling, navigating, and learning about what is available.

Accessibility increases the likelihood that a family will be able to tap into the opportunities provided by these services and amenities.



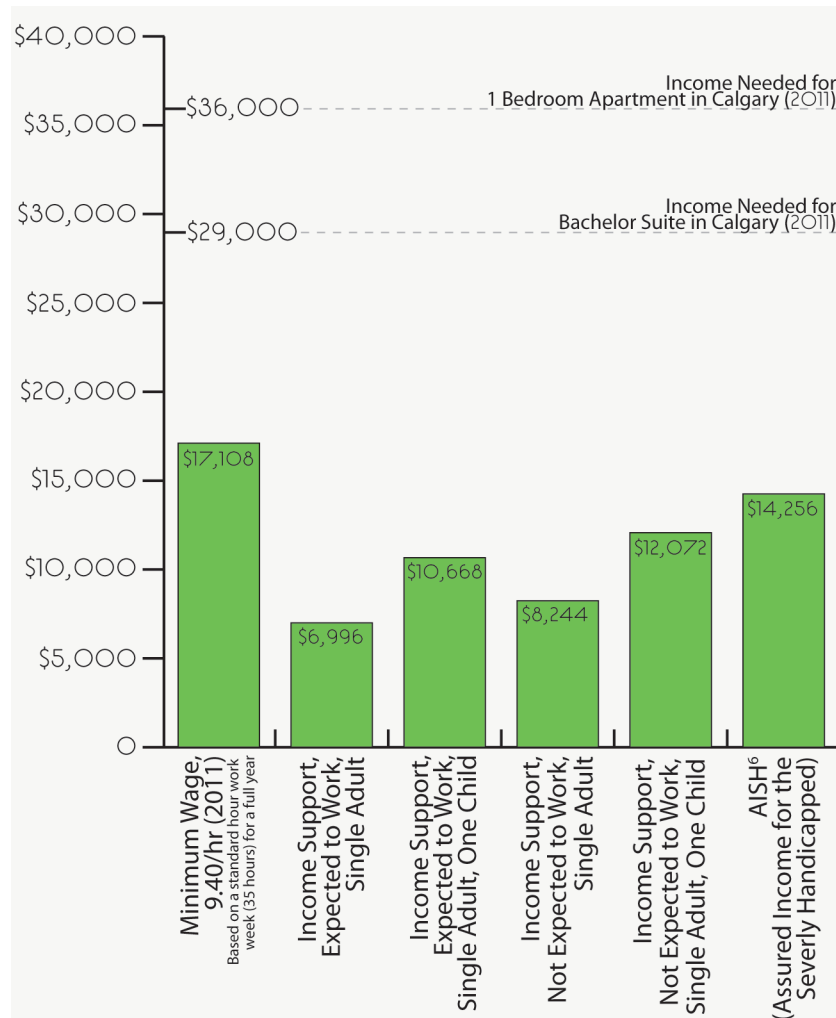
In addition, the quality of services in a family's surroundings impacts their well-being and resiliency. For example, if the only financial institution in proximity is a quick loan company with high interest rates, this can lead to higher fees and more limited service than a bank.

In Alberta, research has indicated that community and school environments have significant impacts on the health and achievement outcomes of school-age youth, where higher income neighborhoods have greater positive impacts for both children and adolescents.⁴ Poor achievement in school can lead to poor employment opportunities, and to the continued cycle of poverty.

poverty exists because... of imperfect systems

systems
HEALTH
EDUCATION
SOCIAL SERVICES
MARKET ECONOMY
JUSTICE

INCOME LEVELS VS INCOME NEEDED FOR HOUSING, YEARLY⁵



Systems in our society exist to support and contribute to thriving communities. Yet they don't always end up supporting the most vulnerable who face barriers to accessing opportunities.

Markets and government initiatives directly affect people's risk of experiencing poverty, and their ability to move out of it. Markets go up and down. Local industries blossom and crash. The number of jobs available, along with wage rates and skills required are in constant flux. Low wages leave many Calgarians living in poverty despite working full-time.

Social supports currently tend to focus on alleviating some of the impacts of poverty. These minimal supports often fail to help people actually move out of poverty or prevent poverty from occurring in the first place. This approach becomes expensive, and ultimately ineffective.

The graph to the left compares the annual income needed for an apartment in Calgary (bachelor and one-bedroom) to various income levels.

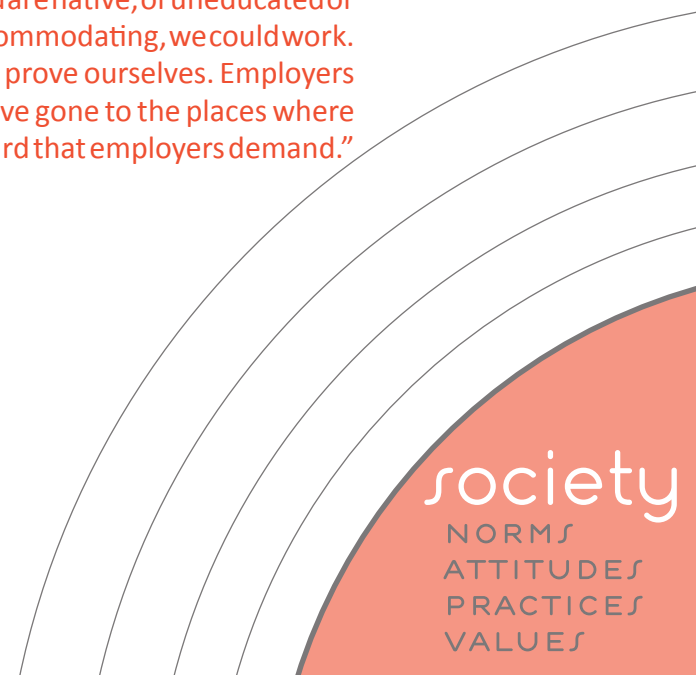
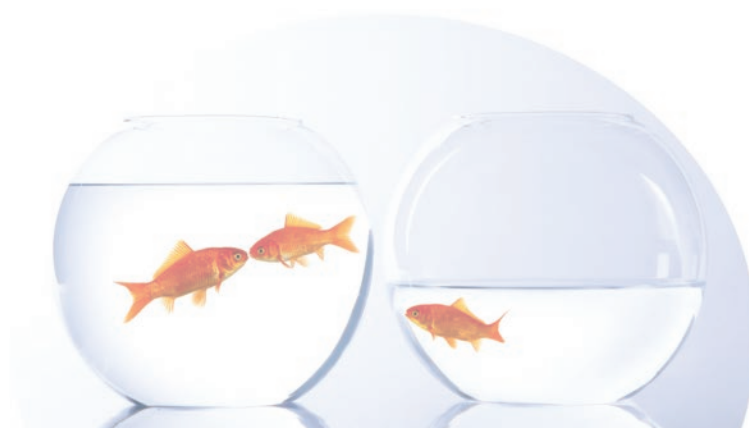
poverty exists because... some people are excluded

We often don't realize how some people are excluded from the opportunities and resources others take for granted. The ways in which societal norms, attitudes, values and practices exclude certain groups can be subtle and difficult to pin down.

However, we do know that certain demographic groups are over-represented among those living in poverty, such as people with disabilities, recent immigrants, Aboriginal peoples, visible minorities, lone-parents, and women (these demographic groups are discussed further in this series in *Who Does Poverty Affect?*). While it is difficult to untangle them from other factors, we know that exclusion and discrimination are often at play when we look at why these groups are over-represented. For example, a recent study on the racialization of poverty in Calgary pointed to patterns of differential treatment, occupational segregation in the labour market, and discriminatory governmental and institutional policies and practices. These patterns create barriers for Calgarians who are visible minorities trying to move out of poverty.⁷

“Yes, there is lots of work. But there is also lots of discrimination. If you are native, or uneducated or have a mental illness, you can't get hired. If employers were more accommodating, we could work. But we are judged by our appearance. We need the opportunity to prove ourselves. Employers want you to dress a certain way, but how can you with no money. I've gone to the places where they give you free clothes, but the clothes are never up to the standard that employers demand.”

– *PovertyTALKS! Member*



why does poverty exist



It is clear that the reasons why poverty exists are complex. Root causes of poverty stem from multiple factors, meaning there are no easy solutions, but the more we understand poverty, the more likely we are to know how to reduce it.

Calgary is a dynamic city with a strong economy and we are well-positioned to reduce poverty in our communities. Given the negative impact it has on individuals, communities, and Calgary as a whole, we cannot afford to ignore it. Luckily, with concerted effort, poverty can be reduced. *How is Poverty Reduced?* in this series, addresses solutions to poverty in more detail.

To find out more, read through *What is Poverty?* and *Who is Affected by Poverty?*

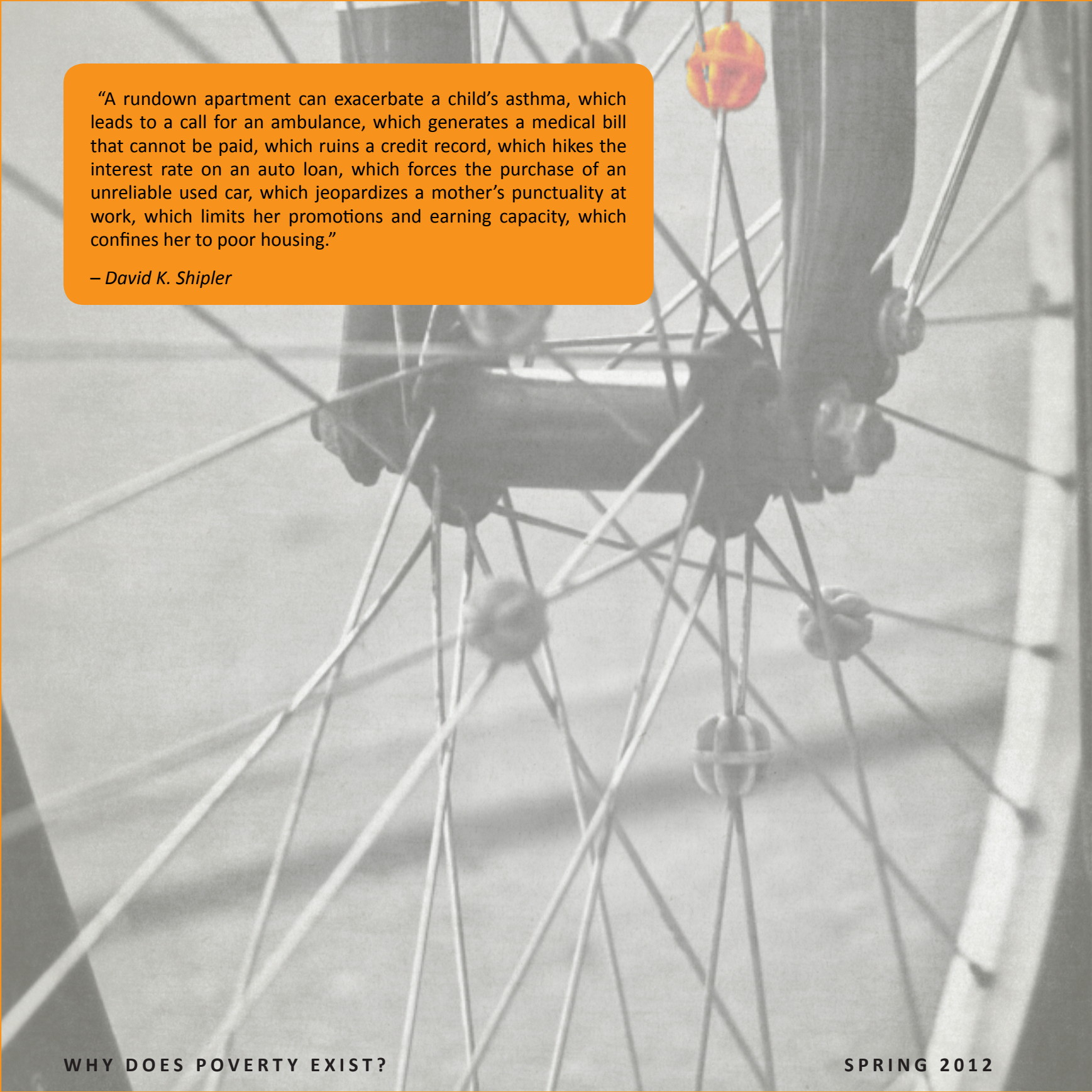
The background image shows a residential area with a chain-link fence in the foreground. Behind the fence, there are several buildings, including a large white house with a gabled roof and a taller, modern building in the distance. The sky is overcast, and there are bare trees in the foreground.

resources for engaging on poverty issues:

THE CITY OF CALGARY
UNITED WAY OF CALGARY AND AREA
VIBRANT COMMUNITIES CALGARY
CALGARY POVERTY REDUCTION INITIATIVE
ACTION TO END POVERTY IN ALBERTA
POVERTYTALKS!
CANADA WITHOUT POVERTY
NATIONAL COUNCIL ON WELFARE
CANADIAN COUNCIL ON SOCIAL DEVELOPMENT

reference list:

1. Swedish International Development Cooperative Agency. (2001). *The Sustainable Livelihood Approach to Poverty Reduction*. Stockholm: L. Krantz.
2. TD Economics. (2011, February 9). *Special Report*. Retrieved from: <http://www.td.com/document/PDF/economics/special/td-economics-special-db0211-householddebt.pdf>
3. United Way and The City of Calgary. (2011). *Signpost II: A Survey of the Social Issues and Needs of Calgarians*. Calgary: Goss Gilroy Inc.
4. Alberta Coalition for Healthy School Communities. (2006). *Socioeconomic Disadvantage: Health and Education Outcomes for School-Aged Children and Youth*. Alberta, Canada: TkMC
5. This table was created using Income Support levels from the National Council of Welfare, Low-Income Cut-Off before tax from Statistics Canada, and Core Needs Income Threshold from Housing and Urban Affairs.
6. Effective April 1, 2012, AISH will increase to \$19,056 per year.
7. City of Calgary, Community and Neighbourhood Services. (2009) *Inequality in Calgary: The Racialization of Poverty*. Calgary: V.J. Pruegger, D. Cook, and S. Richter-Salomons.



“A rundown apartment can exacerbate a child’s asthma, which leads to a call for an ambulance, which generates a medical bill that cannot be paid, which ruins a credit record, which hikes the interest rate on an auto loan, which forces the purchase of an unreliable used car, which jeopardizes a mother’s punctuality at work, which limits her promotions and earning capacity, which confines her to poor housing.”

– David K. Shipler