

February 2008

# Stuck in Neutral:

Manitoba families working  
harder just to stay in place

By Ian Hudson & Andrew Pickles

**Growing Gap**  .ca

CANADIAN CENTRE FOR POLICY ALTERNATIVES

ABOUT THE AUTHOR

Ian Hudson is a research associate of the Canadian Centre for Policy Alternatives and associate professor with the Department of Economics at the University of Manitoba.

Andrew Pickles is in the MA program in the Department of Economics at the University of Manitoba.

FEBRUARY 2008

*This report is available free of charge from the CCPA website at <http://www.policyalternatives.ca>. Printed copies may be ordered through the Manitoba Office for a \$10 fee.*

**Canadian Centre for Policy Alternatives–Manitoba**

**ISBN: 978-0-88627-585-3**



# Stuck in Neutral: Manitoba families working harder just to stay in place

In March 2007 the CCPA released a report on income inequality in Canada called *The Rich and the Rest of Us: The Changing Face of Canada's Growing Gap*. It showed that with the Canadian economy "firing on all cylinders" the spoils of economic growth have benefited primarily the richest Canadian families raising children under the age of 18, while almost completely bypassing those families in the lower half of the income distribution. This report investigates whether these worrying national trends are also present in Manitoba for families raising children under the age of 18.

While we are able to identify important differences in income inequality between Manitoba and the nation as a whole, the trends are very similar: the gap between rich and the rest of families raising children under the age of 18 in Manitoba is growing. Government has softened, but not eliminated, the province's growing income gap. While the earnings gap between Manitoba's rich and poor is lower than it was in the earlier, recessionary part of the 1990s, which were very hard times for most of Canada, that gap today is a little higher than it was in the late-1970s. In terms of the after-tax income gap between Manitoba's rich and poor, the long-term trend has been more stable than for the rest of the country, but the gap between those in the top half of the income spectrum and those in the bottom half has still increased since the early years of this decade.

Importantly, real earnings have not increased for many Manitobans over the last three decades. In fact, while the richest Manitobans were much better off in 2004 than in the late-1970s, real earnings dropped or remained unchanged for

an alarming 40% of Manitoba families raising children under 18. Earnings are stagnant or dropping despite the reality that Manitobans are working more hours than they had just a decade ago. Most families (but not the highest earning families) have worked more annual weeks for their stagnant incomes.

## Data and Methods

Before we present and discuss the findings of the study, we will briefly review our methods and the nature of our data. First, it is worth noting some differences that relate to the sample and population difference between Canada and Manitoba. The data in this report is drawn from the Survey of Labour and Income Dynamics (SLID) survey, which has alternating large and small sample size years. Compared to the nation, Manitoba's economy is much smaller, as is its population. Therefore, the SLID sample size of the survey is comparably smaller. The sample size in Manitoba is so small in the bottom decile that Statistics Canada has suppressed data for some years, so the analysis is based on long-term trends, not any given year's data. The phenomena described in this report represent enduring shifts over time, comparing this generation of families raising children under the age of 18 to the one that preceded it.

A further, and very important, note on the Manitoba data is the absence from the sample population of people who live on First Nations reserves. Given that the Aboriginal population living on reserves make up a larger portion of the total population of Manitoba (4.6%) than for the country as a whole (1.4%) (Aboriginal People of Canada, 2001 Census), and that First Nations populations are overrepresented in the lower income categories, this report understates the degree of inequality in Manitoba and overstates the relative equality of this province compared to the national average.

In this report we will analyze trends in both inequality and absolute incomes over time, starting with 1976-79 and ending in 2001-04. Inequality is a relative measure which shows the shares of total income in Manitoba that go to different sections of the population. Questions of income inequality are important because people compare themselves to others in the same society. It has been argued that the benefits of a more egalitarian society are greater than the direct material gains to the poor; that people's satisfaction depends crucially on perception of their position relative to others (See, for example, Robert Frank, *Choosing the Right Pond*). So, an important element of poverty is position in society. A corollary to this argument is the idea that a majority of citizens of a country or territory ought to share in the prosperity of the national or provincial economy, since they contribute to that growth through their own hard work. Economic growth is important, but how that growth is distributed is also crucial.

In addition to the relative measures of income shares, this report will also examine absolute income changes by tracking real incomes over time. Real incomes adjust incomes by using the Consumer Price Index to account for changes in prices facing Manitoba families. This is a common means of controlling for inflation and estimating the degree to which changes in income actually allow families to purchase more goods and services.

For much of the study, families are grouped into deciles. Each decile represents 10% of the population being examined. Deciles are defined by grouping families by income level. The 10% of families with the lowest incomes form the first decile, followed by the next lowest 10% families. Any adjacent deciles can be combined to make continuous groups. For example combining deciles 1 and 2 gives us data on the bottom 20% of the population of study.

We also calculate median and average incomes both within each decile and for the whole population. The average takes the entire income from the group in question and divides it by the number of people in the group. The median is the “middle” of the group being measured. Half of Manitoba families have incomes higher than the median and half of the families have incomes lower than the median. The median is used more than the average in this report because it is a more accurate measure of what is happening to “middle income” Manitobans. Looking at the average can be misleading because large changes at the high end of the group can cause a large movement to the average when in fact the majority didn’t experience much change.

It is important to define just what we mean by families. This study is explicitly looking at families raising children under 18, not all families. We do this because including all families is misleading: it includes retired families with no earned income, which fails to give us a snapshot of how the market is faring for one generation of families which is busy in the act of raising the next generation. Since this report is primarily interested in examining the effects of the labour market, a focus on working-age families is most telling. This category also tends to have less income dispersion than other sub-groups, so this also tends to underestimate the story of growing income inequality, creating a conservative measure of the trends. Finally, it is an important indicator of future developments, given the long shadow that social determinants such as income cast on children’s lives.

To show the effect of government transfers on the well-being of families, we present data on ‘Earnings’ and on ‘After-Tax income’. ‘Earnings’ refers to wages, salaries and employment income, and is calculated before taxes are applied. ‘After-tax income’ refers to what the family has to spend after it has paid taxes and received transfers from government. Income taxes from all levels of government are included, as are all transfers such as the Child Tax Benefit and the GST rebate. After-tax incomes in this data source are not truly “disposable”

income, since the database does not deduct payroll taxes such as EI and CPP or property taxes for renters and homeowners.

These comparisons cannot assess the impact on families of changes in government provided, funded or subsidized services. Cuts to services may mean a family goes without or that they must pay for a needed service out of their income. To this extent, the difference between earnings and after tax income understates the overall benefits of government by ignoring all but direct cash transfers. This report only looks at the largest component of families' material well-being: the money they earn and are able to spend.

## **Incomes Top to Bottom: The Distribution Picture**

Charts 1 and 2 show the income distribution in Manitoba in 2004 for families with children under the age of 18. Chart 1 shows the median of total earnings from all sources for each decile and Chart 2 shows the median income after taxes have been deducted and transfers applied for each decile.

The richest 10% Manitoba families had incomes over \$113,897, with a median income for this group of \$147,187. This is lower than the national top decile, which has a threshold of \$131,201 and a median of \$166,017. The lowest decile in Manitoba includes families earning less than \$11,752, with median earnings of just \$2,763 annually. These figures for Manitoba's poorest decile, and its median income, are higher than for the nation as a whole, which stand at \$9,380 and \$1,050 respectively. However, as already noted, these figures do not include the incomes of people living on First Nations reserves, representing approximately one in 20 residents of Manitoba. Income is so low in the poorest decile because it includes all the people who have no earnings, but who emerge in the population counts for total and after-tax incomes.

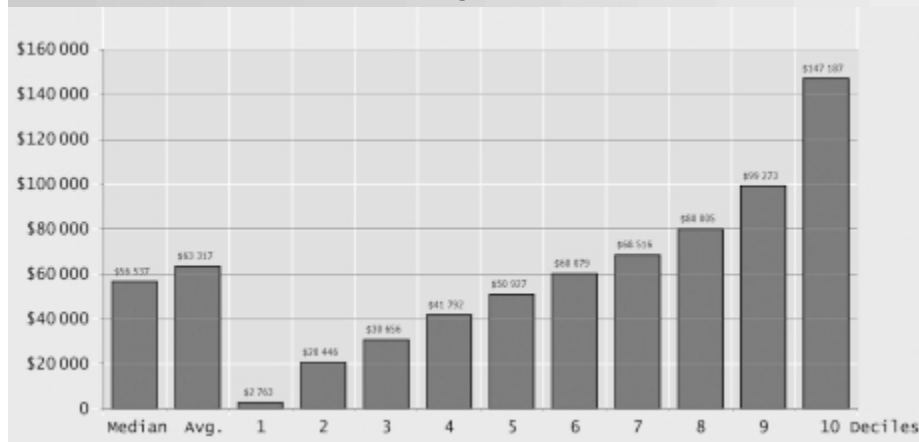
Defining the "middle class" Manitoban is notoriously difficult. One could use the average income, the median, or a middle group of deciles. Such groupings are quite arbitrary, however, and don't represent a well-defined group according to shared characteristics. Moreover, by noting that the income ranges (the difference between the maximum and minimum income levels, the 'cut-off' levels) of deciles in the middle are smaller than the income ranges of the extreme rich and poor, we can see the crude outlines of a bell curve, where the largest groups of Manitoba families are grouped in a relatively narrow band of income.

The average earnings of Manitoba families was \$63,317 in 2004. The median was \$56,537. Nationally the average was \$71,413 and the median \$60,180. The middle 40% of Manitoba families earned between \$36,488 and \$74,220 and the middle 60% earned between \$25,849 and \$89,518. The range in incomes in this latter group is so large that it truly stretches the definition of a

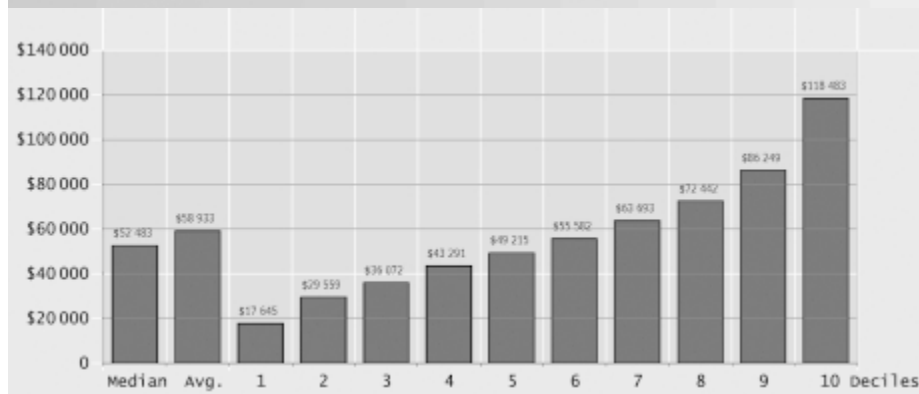
“middle” group. Also notice that the average earnings in Manitoba is some \$8,000 lower than the national average, but the gap in median earnings is only around \$4,000. This reflects the lower earnings of high-income Manitobans relative to their national counterparts, which doesn’t pull the Manitoban average up as much as high incomes in Canada affect as the national average. This finding is reinforced by the fact that the bottom cutoffs for these middle groupings are similar to the national middle groupings, but the high end is substantially higher in the national data, at \$85,000 for the middle 40% and \$102,000 for the middle 60%.

Turning to after-tax income in Chart 2, the distribution is more equal compared to that of pre-tax earnings. High-income families’ incomes are reduced—though much higher than the middle—and low-income families see a meaningful increase. After-tax incomes of families in the bottom decile reach up to \$24,785, with a median of \$17,785 per year. The highest decile includes all families that have over \$95,582 in after-tax income and a median of \$118, 483. The middle groupings show a similar narrowing of the income range, with the middle 40% making between \$39,975 and \$67,653 and the middle 60%

**Chart 1: Distribution of earnings, Manitoba families, 2004**



**Chart 2: Distribution of after-tax incomes, Manitoba families, 2004**



making between \$32,059 and \$78,220. This narrowing of the income distribution range is our first indication that government taxes and transfers increase equality in Manitoba. Government actions make a difference in reducing the income gaps produced in Manitoba's labour market.

Comparing Manitoba to national averages again reveals that high incomes in Manitoba are lower than in the whole country. The average after-tax income was \$58,933 for Manitoba families compared to \$66,249 nationally. The median after-tax income was \$52,483 in Manitoba and \$57,806 nationally. For families in the middle-income deciles, the national data is again close at the low end but higher at the top end (\$75,900 at the top of 40% and \$89,700 at the top of 60%). In essence, the experience of being rich is geographically dissimilar in Canada, but the experience of being middle- and lower-income is widely shared, in roughly comparable ways, across Canada.

Looking at before-tax earnings and after-tax incomes in Chart 1 and 2 shows clearly who benefits and who loses as a result of government transfers. First, note that the spread between families in the top and bottom deciles shrinks after taxes and transfers were applied. Before taxes, the median income of families in the top decile exceeded the median of families in the bottom decile by a factor 52, and after taxes only by a factor of 5.7. Next, look at absolute changes from earnings to after-tax income. The bottom four deciles, 40% of Manitoba families, all show an increase in after-tax income. This means that families from the very lowest decile to families earning up to \$45,500 all benefited from government taxes and transfers. At decile 5 families start paying marginally more in taxes than they receive in transfers from government. This data should put to rest the myth that government is taxing all income groups heavily with few benefits for middle-income earners. It is important to keep in mind that much of the tax collected by government is not transferred back to households, but is spent on services such as health care and education that are delivered to all Manitobans, at all levels of income. All Manitoba families and businesses benefit from hard and soft infrastructure and public services.

## **Changes to Income Distribution in Manitoba**

The previous section showed a snapshot of the income distribution in Manitoba for the most recent data. But how is income inequality changing over time? To answer this we will begin by comparing data on incomes from two periods, the period from 1976 to 1979 and 2001 to 2004.

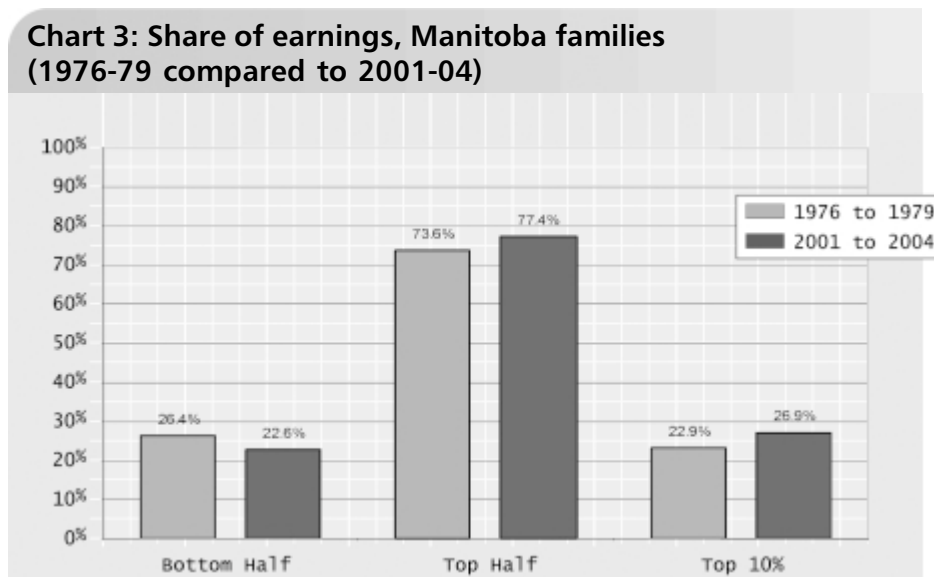
Charts 3, 4 and 5 show the share of total earnings (charts 3 and 4) and after-tax incomes (chart 5) for Manitobans. We have taken the average from each of the four-year periods, both periods representing unbroken years of economic



growth, the only two four-year panels that provide such a comparison given two deep recessions in the early-1980s and 1990s, and the structural realignments that occurred after massive federal and private sector downsizing in the mid-1990s.

Chart 3 shows the change in before-tax earnings of Manitoba families, between 1976-79 and 2001-04, for the top and bottom half of families raising children. In Manitoba, as was the case nationally, the share of income has shifted away from families at the bottom of the income spectrum to those at the top. The share of income for the bottom half of Manitoba families dropped from an average of 26.4% over the 1976-1979 period to 22.6% from 2001 to 2004, a shift of 3.8 percentage points (or a 14% change) while the income share of the top half grew correspondingly. Most tellingly, the richest 10% of families saw their share of the income pie grow from 22.9% to 26.9%, more than accounting for this shift.

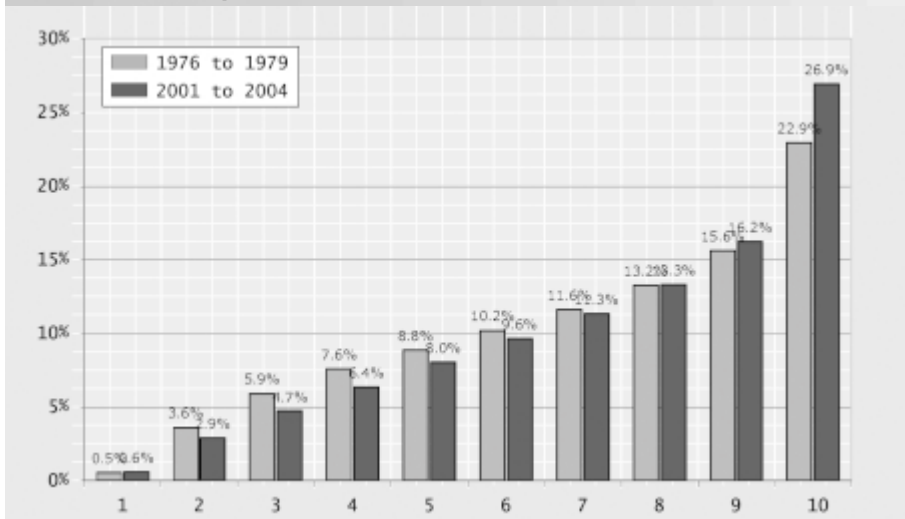
Comparing the two periods for families in all the deciles in Chart 4 helps us understand what has happened to the earnings pie in the Manitoba economy. Keeping in mind that the national and provincial economies have grown substantially between the two periods (increasing the size of the pie to be divided), the share of earnings has dropped or stayed the same for a remarkable 80% of Manitoba families and only increased for the richest 20%. The only substantial gain was made by the richest 10% of Manitoba families. This explains how the increase for the richest 10% in Chart 3 exceeded the gain for the whole top half of Manitoba families. It is clearly the richest that are gaining the most from Manitoba's economic growth. Nationally, families saw the same shift in income shares to the richest families. Again, only the top two deciles saw an increase, accruing mainly to the top 10%. And again, it was



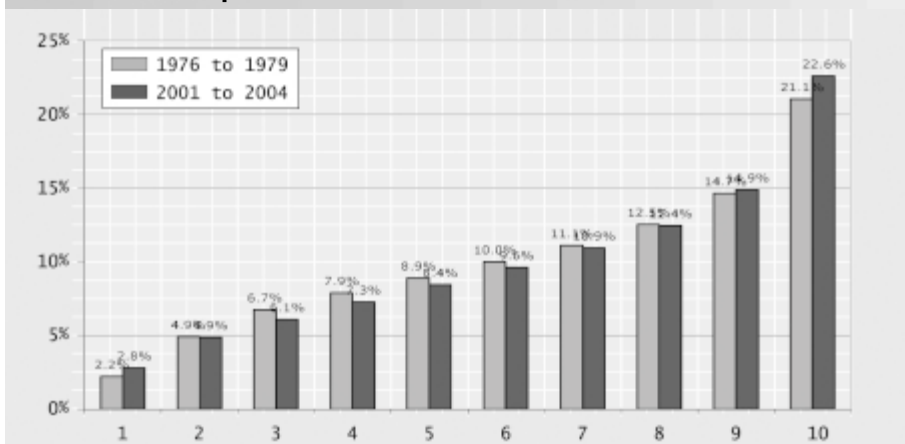
more extreme. The richest 10% of families saw their share of the national income increase from 23.2% to 29.5% during this period.

To examine the impact of the tax and transfer system on income shares over time, we will again look at after-tax incomes. In both periods presented in Chart 5 the government has redistributed the income pie to the benefit of low-income families. However, even though government taxes and transfers have a larger effect on the final distribution of income in the later period, government has been unable to reverse the trend toward increasing income inequality. The shift in after-tax income shares is largely in the same direction as the before-tax figures. The top 10% and the bottom 10% of Manitoba families show an increase in their share of income, but all the middle deciles stayed the same or dropped. This trend once more mirrors the national trend, though nationwide only families in the top decile saw a larger increase in the size of

**Chart 4: Share of earnings by decile of Manitoba families (1976-79 compared to 2001-04)**



**Chart 5: Share of after-tax income for Manitoba families (1976-79 compared to 2001-04)**



their after-tax piece of the pie, from 21.2% to 24.5% of total income. The bottom 10% of earners received a larger portion of provincial income after-tax than before tax. Part of the reason after-tax income for families in the bottom decile grew as much as it did by the early 2000s, as compared to the late-1970s, was the creation of the Canada Child Tax Benefit in 1993, which was greatly enhanced in the early part of this decade. Most Provinces, including Manitoba, made the decision to claw back the supplement portion of the tax benefit from families receiving social assistance. After taking office in 1999, the NDP government reversed this decision resulting in an increase in income for many families in the lowest decile.

As the Manitoba economy grew over the last 30 years, the growth did not benefit all Manitobans equally. The richest Manitoban families received a larger share of that growth than the rest. Indeed, the biggest income measure for the poorest families with children in Manitoba came in the form of a federal program, the Canada Child Tax Benefit.

### **Now and Then: 30-Year Trends**

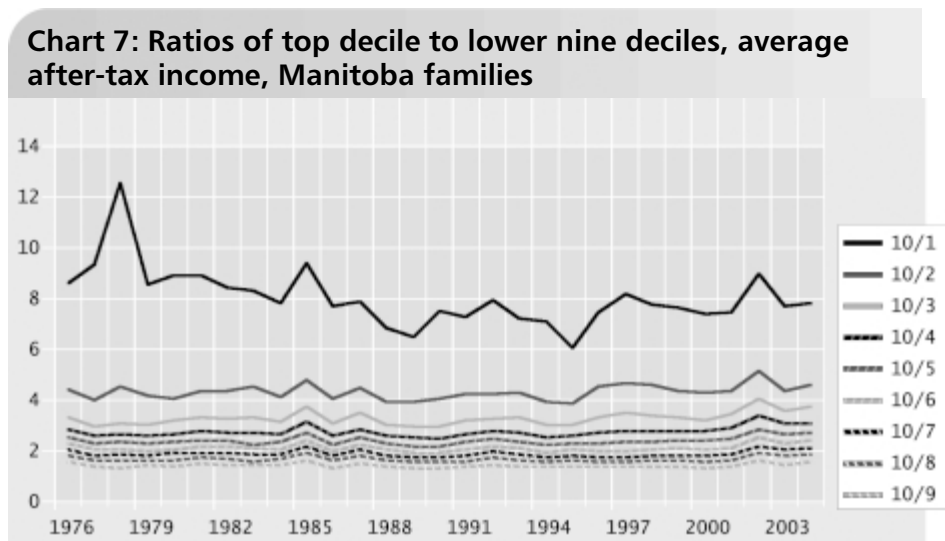
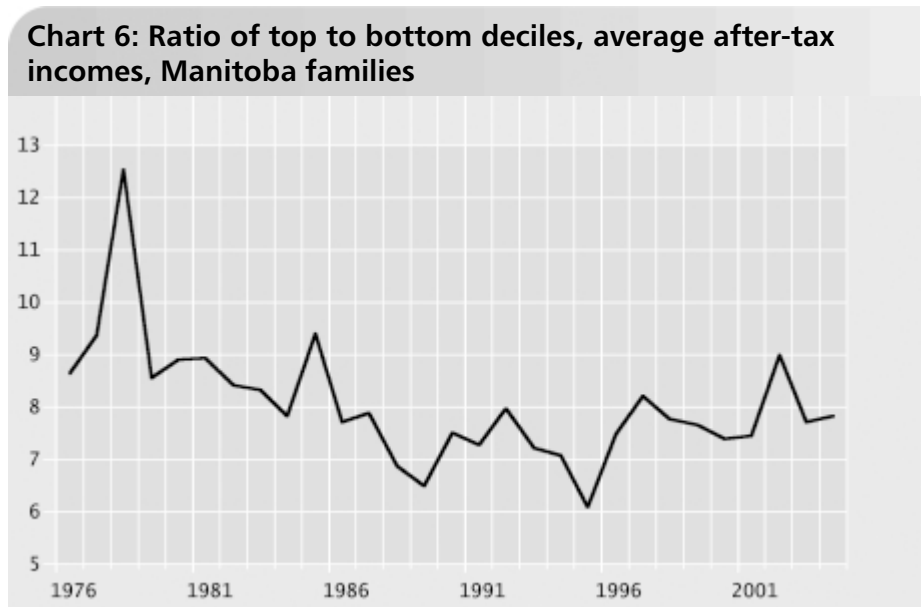
We will now turn to annual trends in the distribution of earnings and after-tax income from 1976 to 2004. Chart 6 shows the ratio between the average after-tax incomes of the richest 10% of Manitoba families to the poorest 10%. This is a simple measure and is commonly used as an index of income inequality. While the national study showed that the ratio of after-tax incomes between the top and bottom deciles in the nation was at a 30-year high in 2004 and had been increasing since the late-1980s, Manitoba seems to have avoided this trend. Income inequality between the richest and poorest families actually trended downwards in Manitoba until 1995. But inequality increased in the decade that followed—a time when economic pressures have alleviated, not deteriorated. Overall, in Manitoba the ratio was above the 8-to-1 level in the late-1970s and early-1980s. Yet despite the increase in the late-1990s, the ratio remained below 8-to-1 for the most recent years. This is in stark contrast to the national data where the ratio of richest to poorest incomes has increased to almost 10-to-1. Manitoba has managed to buck the national trend of increasing inequality between the opposite ends of the income spectrum. This is because incomes of the richest have not been increasing quite as much in Manitoba as they have in the rest of the country, but also crucially because after-tax incomes of the very poorest in our province have grown more than in other areas of the country.

Examining the highest- and lowest-income earners is only one measure of inequality. It is also important to know how income is divided up between the other 80% of the population. Chart 7 shows the ratio of the incomes of the richest 10% to the incomes of each of the other 9 deciles. With the exception of

the top line that represents the ratio to the bottom 10% of the population from Graph 6, the ratios all fluctuate slightly, but remain mostly flat until 1995. After 1995 the trend is upward. This reflects the fact that while the very poorest 10% of Manitobans have been able to largely maintain their income share over this period, most of the rest of the population has seen their share of provincial income decline compared to the richest earners in the province.

### Absolute Income Trends

The previous section examined the income distribution in this province. It is also useful to ask what is happening to absolute income over this 30-year period. Chart 8 shows the inflation-adjusted trends of before-tax earnings for the median of all 10 deciles.



The trend for the richest 20% of Manitobans is very positive, with strong real earnings increases after 1995, especially for the top 10%. The picture is less rosy for the rest of the population. Deciles seven and eight showed modest income real earnings gains and five and six showed very small real earnings increases.

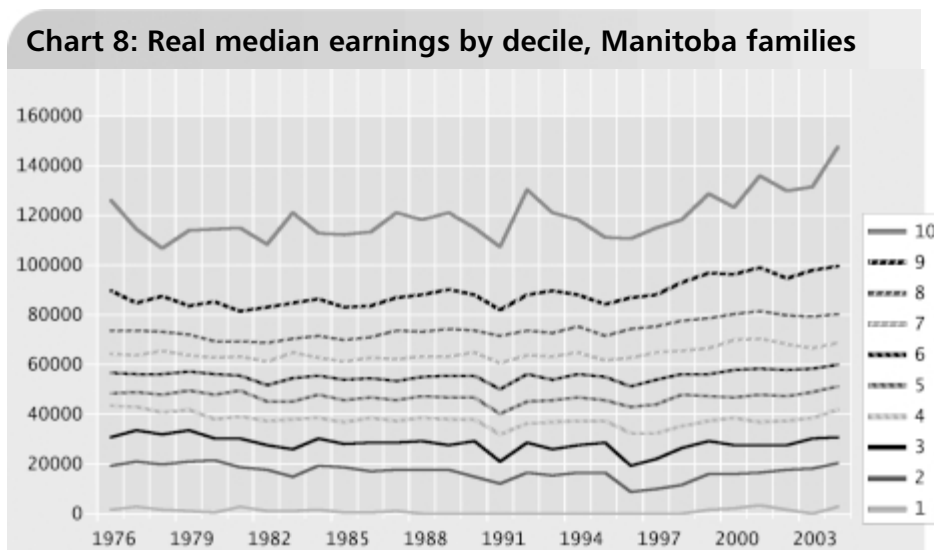
For the bottom 40% of the population, however, the picture is quite stark. The incomes of those at the very bottom decile have improved marginally—more are working more and making more—from roughly \$1,000 to \$2,000 comparing the late-1970s to the early-2000s.

Families in the other three deciles in the bottom 40% actually earned less in 2004 than they did in the 1970s. For all of these groups, incomes have increased in the early part of 2000s after faring disastrously in the late-1980s and 1990s. A substantial portion of the population’s market income is no better now than in was in 1976 and for others the gains have been very small. The real gains have come at the very top end of the income spectrum.

### Working More, Not Earning More

The previous section demonstrated that real incomes have shown very little growth over the last 30 years. It is also important to know how hard Manitobans have been working to achieve these modest gains. Chart 9 shows the annual number weeks worked by family households from 1976 to 2004. The number of weeks worked is the total from all family members. This is an interesting measure because it helps us get a better picture of work in the family context. We can compare trends in hours worked per family to those for family earnings to see if extra work effort per family translated into more earnings.

The graph lines in Chart 9 are erratic, but some trends are clearly discernable.



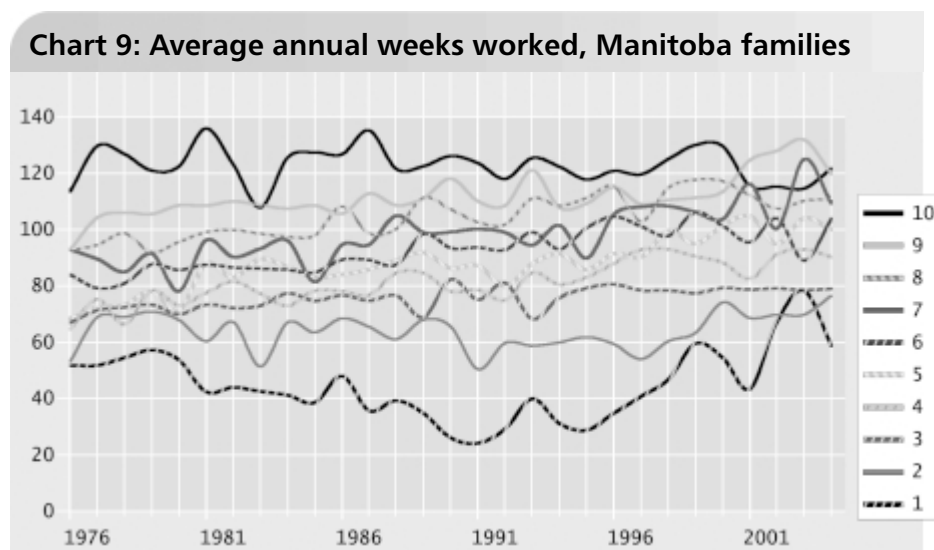
The lowest two deciles have seen both the average number of weeks working as well as their share of the total increase dramatically since the mid-1990s. Yet their earnings (Chart 8) remained flat over the same period. Up and down the income spectrum, everyone is working more, and that level of effort is starting to converge at levels that indicate 52 weeks a year per household raising children is no longer a norm for any family, rich or poor. What is of note is that this trend in hours worked means that poorer families are earning less per hour of work. For the top decile, which showed an increasing trend by earnings, weeks worked has not trended upwards even when earnings were accelerating rapidly. Indeed the top 10% of earners are the only decile that has not been working harder since 1990.

The nationwide data showed very similar trends. The number of weeks worked by families in the lowest decile shot up to unprecedented levels after 1997 and remained at very high levels throughout the early 2000s. Families in the top decile in Canada worked less, and like their Manitoban counterparts, were surpassed in weeks worked by the decile below it.

The richest families, nationally and provincially, are becoming richer at a rate far in excess of the rest of us. The richest families are being rewarded for something other than their time spent working, and the poorest families are not being rewarded for the increased time they are contributing to production. It is clear that many Manitobans are working harder for incomes that are either stagnant or increasing remarkably slowly.

### The Hand of Government

It is often claimed that government taxes take money away from all or most segments of society, leading to the claim that a policy of tax reduction would be a benefit for the majority of people. In this section we will examine more



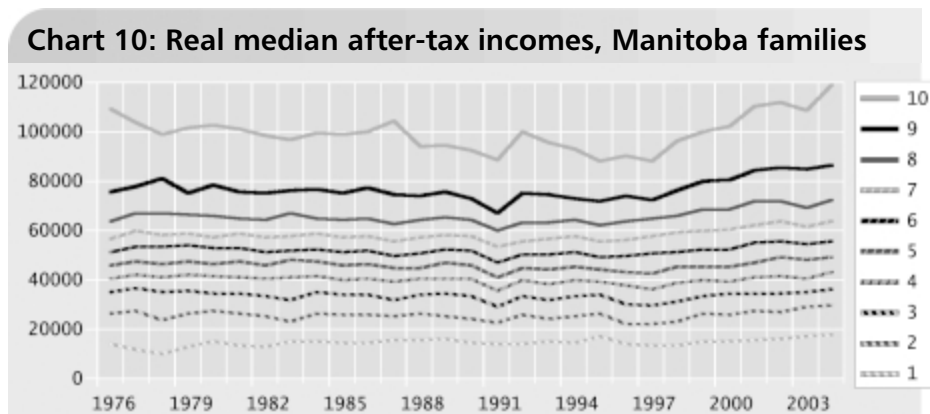
closely the role that taxes and transfers play in the final distribution of income in Manitoba.

The focus of this section is a comparison between Chart 10, which shows the 30-year trends of real after-tax income, and Chart 8, which we introduced in an earlier section, showing the trends for real before-tax earnings. A casual glance at the two charts reveals that the range of incomes, expressed as the median of each decile, is smaller in Chart 10, showing the after-tax data.

The poorest 10 percent of Manitobans fared especially well from the tax and transfer system. Before taxes and transfers had been applied, real earnings barely scraped above zero (though no data was available between 1990 and 1998), but after transfer real income was consistently above \$10,000, averaging \$16,600 from 2001 to 2004. Further, the real after-tax income gains for poorest Manitobans were higher than in the rest of the country. Nationally the real after-tax median income of the lowest decile increased a mere \$100 more per month, while in Manitoba the increase was a much more substantial \$366 per month. As we mentioned earlier, much of the difference is due to the Canada Child Tax Benefit but there is also an important distinction between the national and provincial earned income. Manitoba's poorest decile saw a significant increase in earnings, from an average of \$1,872 in the 1976-79 period to \$2,026 between 2001-04, while the national earnings profile for the poorest decile almost disappeared (from \$2,027 to \$318).

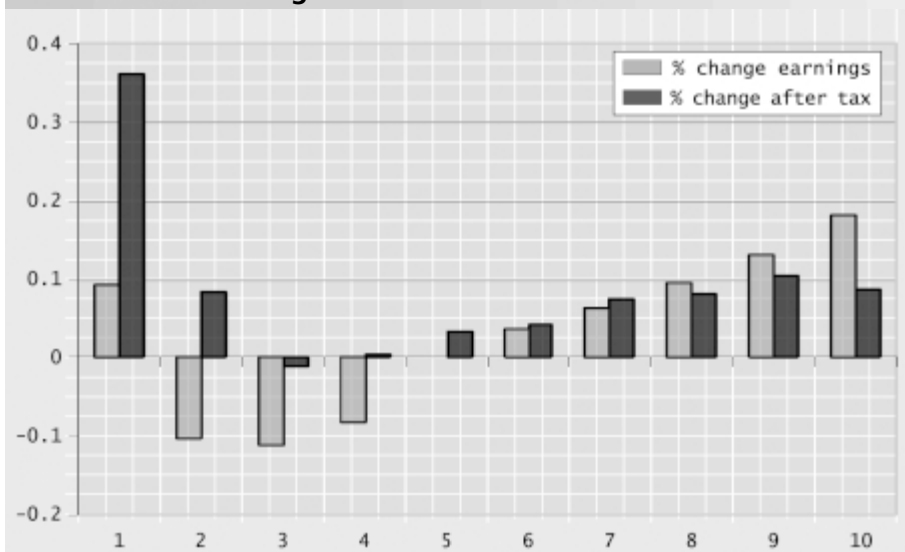
At the other end of the income spectrum the top 10% have seen remarkable gains even after taxes. Between the periods 1976-1979 and 2001-2004 real after-tax median income for the top decile increased by over \$9,000 a year, or \$750 per month. Despite taxes and transfers, the richest decile has never been richer, and has been the sole group to see such remarkable gains in the last decade. This is in stark contrast to the previous generation where economic growth actually reduced income inequality.

Chart 11 compares the percentage change between our two major periods for



earned and after-tax median real income. The average real after-tax incomes for Manitoban families increased from \$52,858 to \$57,511 from 1976-79 to 2001-2004, a fairly modest increase of 8%. Real median after-tax incomes rose at an even more modest pace, increasing by only 4%, from \$49,796 to \$51,784. The growing gap between the average and median incomes is further evidence that those at the top end are getting a larger slice of the income pie. Nationally, the lowest decile saw their earnings drop drastically, Manitoba families in the lowest decile actually increased their earnings by almost 10%. Real after-tax incomes increased by a substantial 35%. The next three deciles all experienced lower earnings from the late-1970s to the early-2000s despite their increased work levels. These losses were moderated somewhat after taxes and transfers. Families in decile 2 saw their 10% drop in earnings turn into an 8% gain in after-tax terms, while deciles 3 and 4 just maintained their after-tax incomes after dropping in earnings. Deciles 5, 6 and 7 also gained more in percentage terms in after-tax incomes than they did in earnings alone. Decile 5, with flat earnings over 30 years, realized a fairly negligible 3% gain through changes in the tax and transfer system. Deciles 6 and 7 likewise did better after taxes and transfers than they did in earnings. Only for the top three deciles was the percentage change in median real after-tax incomes less than the growth in earnings, yet these three groups saw the strongest after-tax income growth. Government tax and transfer policy has taken some of the sting out of the most dramatic trend uncovered in the data on earnings. Though the after-tax income gap is still rising, it is not rising by as much as the before-tax earnings gap.

**Chart 11: Change in earnings and after-tax income, 1976-79 and 2001-04 averages**





## CONCLUSION



Our study of income trends over the past 30 years has uncovered some interesting facts about the economic state of Manitoba families raising children. While the Manitoba economy has grown moderately since the 1970s, not all families have benefited to the same degree. While families at the low end of the income spectrum worked more on average than they did in earlier periods, their earnings did not keep pace. Indeed, if not for taxes and transfers, 40% of Manitoban families would have been worse off in inflation-adjusted, material terms after 30 years of economic growth. The after-tax income of most Manitobans is slightly improved. Only the 3<sup>rd</sup> decile had less real money to spend after taxes than an equivalent family did 30 years earlier, although the gains for many in the bottom half of the income spectrum were modest indeed. The improvement of the 4<sup>th</sup> decile was so small that it was almost indecipherable.

This report also indicates that government plays a large part in countering the trend to greater inequality and actual loss of earning power that exists in Manitoba. While before-tax earnings for the richest families increased robustly over the period covered by this report, after-tax incomes increased more moderately. While the richest families in Manitoba were seeing sizeable gains in earned income during this period, they were not as extreme as those in the rest of the country where both earnings and after-tax incomes increased more rapidly than in Manitoba. So although the share of the provincial income that went to the top 10% in Manitoba increased over this period, it did not increase by nearly as much as it did in the nation as a whole.

At the other end of the income spectrum, poorer Manitoba families did not lose as much ground as their Canadian counterparts. The poorest decile, especially, fared reasonably well. Manitoba is the only province that saw gains in earned incomes in the bottom decile—though it only means going from roughly \$1,000 in earned incomes in the late-1970s to about \$2,000 in recent years. The rest of families in the lower half of the income spectrum experienced stagnant real earnings. While there has not been as large a shift in income toward the rich in Manitoba as there has in the rest of the country, it must be stressed that most of those in the bottom half of the income distribution have not done well in the past three decades, especially in terms of real before-tax earnings. While governments, especially in Manitoba, have moderated this trend towards the rich getting a larger share of income, they have not reversed it.

The last important result of our analysis is the trend of time spent working by families. We found that the poorest families were working a larger share of total hours but were earning a smaller share of total income and that the

richest Manitoba families, whose share of income grew more than any other, showed no significant increase in the time they spent working.

While it is true that government transfers have benefited families in the lower half of the income spectrum, this improvement does not change the fact that their real earnings are stagnant. It also does not change the fact that families in the lowest deciles continue living in poverty and that the breadth and depth of poverty is understated because the on-reserve Aboriginal population is not included in this analysis.

The good news is that Manitoba has managed to moderate this worrying trend more than other provinces. The bad news is that in spite of a growing economy, many Manitobans are fighting a losing battle as they work longer hours for stagnant or shrinking incomes.