

# Disposable Income

# Alberta GPI

## Noteworthy:

- In 1961, average personal disposable income was \$9,467 (1998\$).
- In 2003, average personal disposable income was \$21,622 (1998\$).
- Personal disposable income in Alberta reached highs in 1981 at \$21,263 (1998\$) per capita and in 2001 and 2003 at 21,622 (1998\$).
- Despite increasing economic growth (GDP), real personal disposable income remained stagnant through much of the 1980s and 1990s. It has since increased.
- Until 1985, GDP per capita and disposable income per capita were growing at roughly the same rate. However, through the 1990s the gap between growth in GDP and growth in disposable income grew.
- This suggests that not all Albertans are benefiting from a booming economy as in previous decades.

## Disposable Income in Alberta: How Much?

Average disposable income per capita rose steadily from the early 1960s until 1981. It declined thereafter and remained relatively unchanged through the 1980s and 1990s despite robust economic growth. It peaked in 2001 and 2003 and has remained at that level since. In 1961, average personal disposable income was \$9,467 (1998\$), rising steadily to \$21,263 per capita

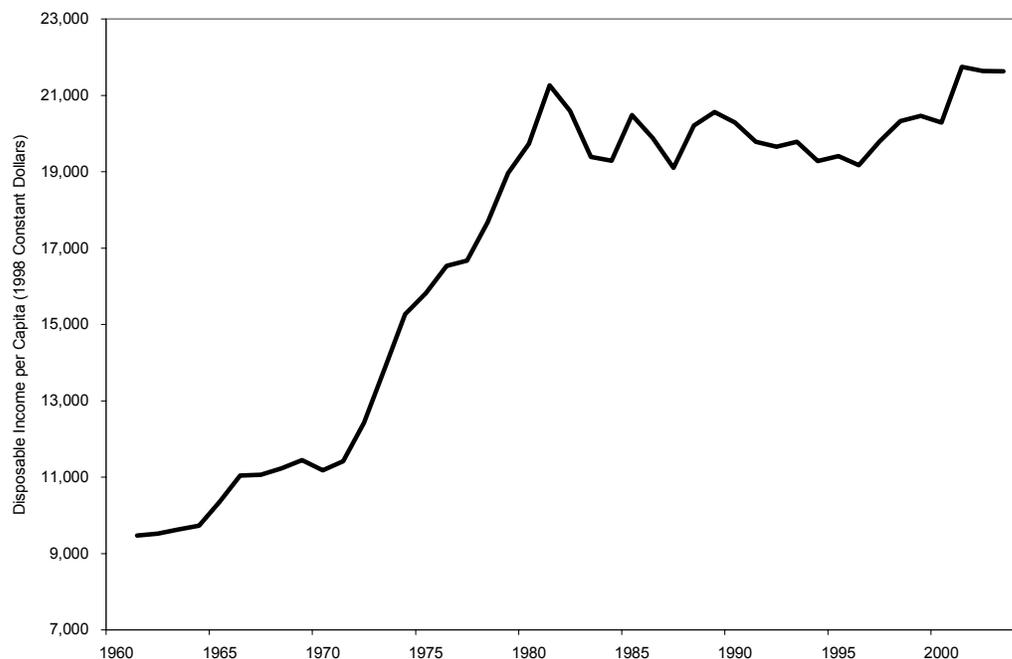
by 1981. In 2003, average personal disposable income was \$21,622 slightly more than in 1981.

Up to 1985, GDP per capita and disposable income per capita were growing at roughly the same rate. In the 1990s, real GDP per capita was growing at an average 2% per annum while real disposable income per capita actu-

ally declined by 0.03% per annum on average.

Through the 1990s there was a growing gap between growth in GDP and growth in disposable income. This suggests that the benefits of economic growth are not being equally shared by workers and citizens.

### Personal Disposable Income per Capita, Alberta, 1961 to 2003



Source: Statistics Canada, CANSIM Table 384-0012

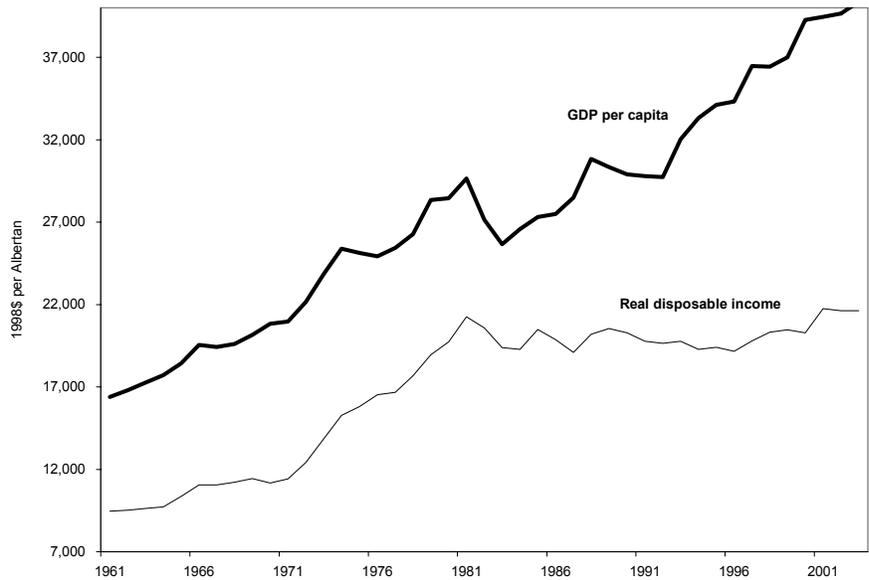
# So What?

The 2002 Public Security Index, developed by Canadian Council on Social Development (CCSD) indicates that the economic security of Albertans has increased. So too, according to the survey completed by the CCSD, has Alberta residents' perceptions of economic security. These results are consistent with the trend in real disposable income, which while stagnant for much of the 1980s and 1990s has increased slightly in the last few years.

According to the CCSD (2002) study, among Canadians, Alberta had the highest percentage of residents who felt their income was adequate: 57% compared to 49% nationally (see <http://www.ccsd.ca/pubs/2002/psi/> for the full results).

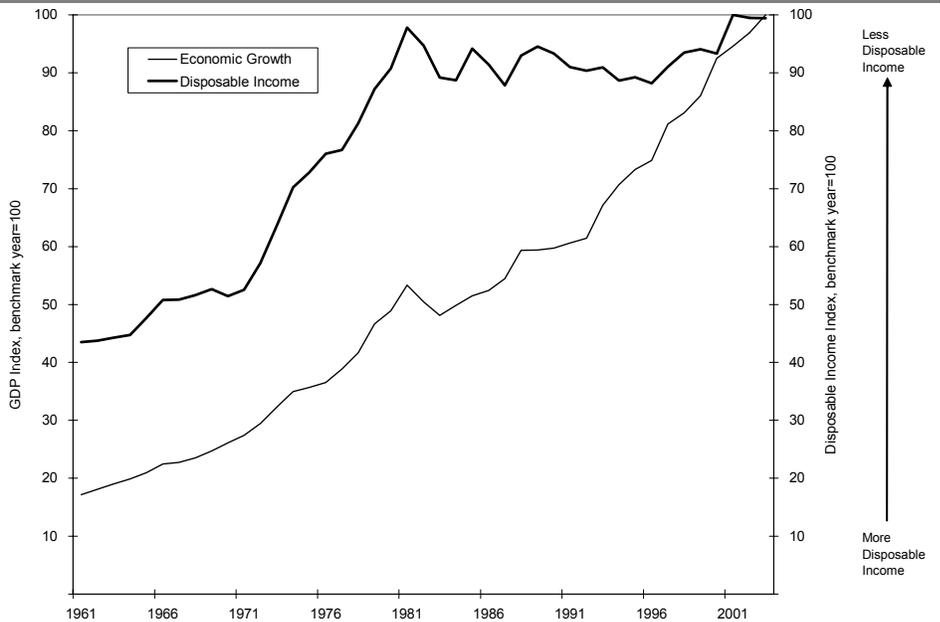
While the increase in the real disposable income of Albertans is certainly a good news story, it is still striking that while real disposable income has increased, so too has household debt in Alberta. Indeed, the increase in real household debt in Alberta was 330% between 1961 and 2003 (compared to a 128% increase in per capital real disposable income). Also striking is the disparity between the increase in disposable income and the increase in Gross Domestic Product (GDP), as is demonstrated in the chart above. While GDP continues to rise, disposable income has been relatively constant since the early 1980s. The gap between GDP and disposable income demonstrates the inadequacy of the Gross Domestic Product as a measure of true well-being. Clearly the GDP is not telling the whole story.

## Disposable Income vs. GDP per Capita



Source: Statistics Canada

## Disposable Income Index: Where are we today?



Personal disposable income was equal to \$21,622 per capita in Alberta in 2003, which is equal to \$68.3 billion (1998\$), the equivalent of 54% of provincial GDP.

As an index, disposable income in Alberta in 2003 ranked 99 on a scale of 0 to 100, where 100 is the highest disposable income level between 1961 and 2003 (see figure above).

