

ALTERNATIVES TO SOCIAL ASSISTANCE
FOR CANADIAN NATIVES

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Alternatives to Social Assistance
for Canadian Natives
DRAFT

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for

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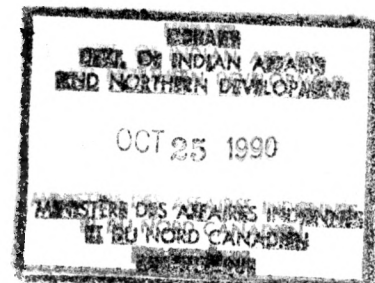


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Introduction

The following is a partial examination of the Canadian Welfare State and its implications for Canadian Indians. Previously used as a last resort for those who could not work, social assistance has increasingly taken on the role of supporting a high percentage of people who can work, but cannot obtain employment. For Indian people dependency upon social assistance is rapidly increasing, much to the concern of the Canadian Federal and Provincial governments and to the individual communities themselves who see social assistance eroding their traditional way of life.

As social assistance is not uniquely an Indian problem but an economic and social one that is shared with many other Canadians it is of use to examine the Canadian welfare state in an attempt to identify trends. Although this review does not assume to be a comprehensive study it does attempt to outline some of the major events which allowed the Canadian Welfare State to develop from a volunteer charity organization to the present day. Shifts in attitudes towards the poor and unemployed will also be examined as these have been instrumental in the policy reformation of the Canadian welfare state.

As part of the changing attitudes this review will also explore alternative definitions of work and successful projects of economic development that have been implemented by allowing individual communities to develop their own notions of what is considered valuable activity or "work". The case of guaranteed

income and some relevant alternative social assistance work projects among both Native and non-Native communities will be explored.

Introduction of the Welfare State

Before 1930 income security was predominately determined by the popular attitudes of capitalism, individualism and self-sufficiency. Social assistance was referred to as relief and although the Constitution Act of 1867 (British North American Act) did not specifically outline the division of the federal-provincial responsibilities towards social welfare the provincial governments eventually became accountable for social assistance since it was considered charity, which fell under provincial jurisdiction. Until the 1930's the provincial governments further delegated most of the responsibility for social assistance and services to the municipal governments while it took care of matters concerning education, hospitals, health care, asylums, prisons, and local justice. Federal concerns took on the form of inter-provincial transportation, communication, defence, immigration laws and Native Canadians.¹

¹ Robert Bureau, Katherine Lippel and Lucie Lamarche, "Development and Trends in Canadian Social Law, 1940 to 1984" in Family Law and Social Welfare Legislation in Canada. Royal Commission on the Economic Union and Development Prospects for Canada. (1986 Toronto: University of Toronto Press) Page 73.

Dobell A.R., S.H. Mansbridge, The Social Policy Process in Canada, (Canada: The Institute for Research on Public Policy, 1986) page 6.

A.W. Djao, Inequality and Social Policy, (Toronto: John

The federal government became involved in social welfare when Mackenzie King introduced the old age pension in 1926. Although this legislation met with enormous popularity among the labour force, it was immediately opposed by the provincial governments who refused to tolerate federal interference in provincial responsibilities.² Attempting to resolve provincial discontent the federal government agreed to provide fifty per cent of the funding for the pension plan while leaving the actual implementation of the legislation to the individual provinces. This division of the Social Welfare program was not without difficulties since the federal government found itself in the position of being unable to supervise the administration of provincial programs or funds.³

In spite of the implementation of the old age pension plan, the poor, were still held responsible for their economic position and were considered to be lacking in responsibility and work ethic.⁴ The popular attitude of the time is clearly expressed in this passage taken from the Montpetit Commission of 1933:

While recognizing the commendable wish of Parliament to help the elderly who are in need, your Commission must

Wiley and Sons, 1983), page 159.

² James J. Rice, "Politics of Income Security" in The Politics of Economic Policy. Royal Commission on the Economic Union and Development Prospects for Canada. (1986, Toronto: University of Toronto Press) Pages 225-226).

³ James Rice, "Politics of Income Security", pages 225, 226.

⁴ James Rice, "Politics of Income Security", pages 226, 227.

Welfare in Canada, The Tangled Safety Net, Ottawa: National Council of Welfare, 1987), page 2.

state the view that this system, which is not as good as contributory insurance, constitutes in many cases an award for lack of foresight, negligence and indolence, conditions the individual to count only on the state, hinders the spirit of saving and, in its application, may lead to abuses and fraud which are not always easy to detect. The system of mandatory contributory insurance, on the contrary, encourages the individual who will later benefit from it to begin saving in his youth and to provide for his later years. At that time, this beneficiary can only have a better opinion of himself and will say, in receiving his annuity, that this is a right that he enjoys and that he has acquired.⁵

The Great Depression of the 1930's saw liberal, competitive capitalism become state monopoly capitalism which was followed by changes in social conditions and public attitudes. As employment became increasingly scarce and with poverty at an all time high it became obvious that poverty was not merely a reflection of laziness but was the result of economic factors. With the economy operating at 50 per cent of its capacity and social order threatened by the unemployed who were in dire need, provincial governments were forced to acknowledge their inability to provide adequate relief. These provincial crisis allowed the federal government an opportunity to exact greater control over social programs through the provision of financial relief for the unemployed. At this time the federal government provided the first public works program.⁶

⁵ Robert Bureau et al., "Development and Trends in Canadian Social Law", page 83.

⁶ Robert Bureau et al., "Development and Trends in Canadian Social Law, 1940 to 1984", pages 72, 80, 83.

Looking to Great Britain's newly implemented universal social security system in 1934 and the United States' new deal, with initial provisions for social welfare in the form of unemployment insurance and a pension plan for elderly workers, Canada followed suite. Using the Keynesian economic approach, which stressed the advantages of a welfare state without incorporating socialist theory, income security began to be seen as counter cyclical and an economic necessity that would increase demand for consumer goods and consequent production.⁷

In 1937 a Royal Commission was organized to review Dominion Provincial Relations and the supplementary Red Book reports which followed, pointed out the need for federal assistance in Social Welfare programs. Provincially implemented programs had proved inadequate and it was necessary to set a national standard. The 1937 Royal Commission, however, was rejected by the provincial governments and was followed by Leonard Marsh's report in 1943.⁸

Marsh's Report on Canadian Social Security for Canada noted that the degree of poverty and unemployment in Canada indicated the existing inadequacy of the Canadian income security system. The

⁷ Robert Bureau, "Development and Trends in Canadian Social Law, 1940 to 1984", page 82.

Leon Muszynski, "The Politics of Labour Market Policy" in The Politics of Economic Policy. Royal Commission on the Economic Union and Development Prospects for Canada. (1986, Toronto: University of Toronto Press) page 254.

James Rice, "Politics of Income Security", page 229.

⁸ James Rice, "Politics of Income Security", page 230.

Marsh report examined the concept of using social insurance as income maintenance and as a safety net against universal risks such as sickness, old age, disability, poverty and unemployment. As a social insurance program, individuals would contribute a percentage of the funding thus eliminating the notion and stigma of dependency and charity. The Marsh Report also outlined the need for child allowance, health insurance, and training programs.⁹

The 1940's, 1950's and 1960's, saw the welfare system evolve from a program of relief to one of social insurance and universal entitlement. Numerous social welfare programs, based on income security, were developed. In 1940, Unemployment Insurance was implemented, followed by Family Allowance, in 1945, Old Age Security in 1951, Public Pensions in 1965, and Federally Supported Social Assistance, in 1966.¹⁰ The Canadian welfare state was accepted as adequate until the late sixties when the Real Poverty Report and the Fifth Annual Review by the Economic Council of Canada determined that the Canadian welfare services were an inadequate response to the poverty of the working poor. Canada's Income Security programs which treated different needs with separate policies and programs resembled a "patchwork quilt"¹¹

In an attempt to address this situation and consolidate

⁹ Leon Muszynski, "The Politics of Labour market Policy", pages 257, 258.

James Rice, "Politics of Income Security", pages 230, 231.

¹⁰ James Rice, "Politics of Income Security", pages 232, 233.

¹¹ The Tangled Safety Net, page 4.

different policies and programs, the Canada Assistance Plan (CAP) was implemented in 1966 and contained two important aspects which have provided the legislative basis for the present welfare system. Firstly, assistance was to be provided not only for those who are unemployed and in need but also for those whose earnings from employment have been deemed as inadequate in providing for themselves. However, this aspect of the Canada Assistance Plan has not been overly implemented for the working poor in the past. The second important aspect of CAP was that it was to provide services, such as training, counselling and child care services which would enable people to not only find but also maintain employment.¹²

Under the Canada Assistance Plan the federal and provincial governments have a fifty-fifty cost sharing agreement for items that are consistent within CAP legislation and regulations. Thus CAP will assist the provincial governments in providing basic items such as food, shelter, clothing, utilities, household supplies, dental care, prosthetic equipment and funeral expenses. Although the federal government provides fifty per cent of the financing, the provincial governments ultimately design and administer social assistance under individual provincial regulations.¹³ For example, Nova Scotia, Ontario, and Manitoba have a two-tier system of income

¹² The Tangled Safety Net, page 4.

A.W. Djao, Inequality and Social Policy, (Toronto: John Wiley & Sons, 1983), page 110.

¹³ The Tangled Safety Net, page 4.

support which categorizes and determines whether assistance will be received from the provincial or municipal governments. In Nova Scotia long-term assistance, known as Family Benefits, will be given to single parents, the disabled or elderly. Individuals who do not fit into these categories become the responsibility of the municipal governments for financial aid. Ontario has a similar welfare program where municipal governments are responsible for employable individuals while the provincial government provides for those unable to work.¹⁴

The division of authority between the federal and provincial governments provides the welfare system flexibility by allowing the provinces to develop programs designed to meet their individual needs. On the other hand, because each province governs its own welfare system, rules tend to be complex and eligibility/is often left to the interpretation of the social worker.¹⁵

Social assistance proves to be slightly more complex for Indians. Through the Constitution Act, the Department of Indian Affairs gained legislative responsibility for Indians and has chosen to provide social assistance programs for Indians through Section 88 of the Indian Act which allows for the application or provision of provincial laws to Indians. The division of the responsibility for Indian social assistance is generally determined through place of residence. On-reserve Indians and Non-Natives are

¹⁴ The Tangled Safety Net, pages 4, 5.

¹⁵ The Tangled Safety Net, pages 7, 16, 28.

the responsibility of the Federal government while off-reserve Indians are considered to be provincial responsibility.¹⁶ Status Indians who have been off-reserve for less than 12 months remain the responsibility of the Federal Government who reimburses the provincial governments for social assistance monies given to Indians off-reserve. Since each province governs its own welfare system, there is a degree of provincial variation and it is sometimes questionable as to whether a particular case is considered federal or provincial responsibility.¹⁷

Canadian Income Security

In 1970 the Department of National Health and Welfare published a report entitled Income Security for Canadians. Known as the White Paper, it surveyed income security and those who were economically disadvantaged. The White Paper also examined existing universal income security programs, which were under criticism because of their policy of allocating benefits of equal worth to most Canadians regardless of individual or family income. This policy allowed families with adequate incomes entitlement to the same amount of benefits as those families who had insufficient incomes. The White Paper advised that:

Greater Emphasis should be placed on anti-poverty measures. This should be accomplished in a manner which enables the greatest concentration of available resources

¹⁶ Lesley Bain, Social Assistance Policy Alternatives Issues and Options as Identified by Bands and Tribal Councils of B.C., 1986, pages 5,6.

¹⁷ Indians and Natives, page 19.

upon those with the lowest incomes. Selective payments based on income should be-made [sic], where possible, in place of universal payments which disregard the actual income of the recipient. In addition, social insurance programs should be expanded in those areas where poverty alleviation or prevention can be achieved. The combined result should provide a more stable income base for low-income families.¹⁸

Examining income security the White Paper found that there children were two areas of concern. The first referred to the employed sector of the population who needed a form of income security in case of unemployment. The second group consisted of two subdivisions. Firstly, those who could not work and needed to be supported and secondly the working poor whose incomes were found to be insufficient in supporting their families. The working poor were found prevalent among seasonal workers and those who earned less than minimum wage.¹⁹ /

When outlining the meaning of poverty, the White Paper acknowledged a change in definition from previous years. In the past, poverty had been taken to mean absolute deprivation, a total inability to maintain life and working capacity, whereas the White Paper pointed out that poverty must be recognized not only as a lack of income but also as a lack of opportunities "for good health, for education, for meaningful employment and for recreation"²⁰ involving "a depressing environment, a sense of

¹⁸ John Munro, Income Security for Canadians. (1970, Ottawa: Department of national Health and Welfare) page 1.

¹⁹ John Munro, Income Security for Canadians, page 5.

²⁰ John Munro, Income Security for Canadians, page 6.

failure, and a feeling of alienation from society".²¹

The White Paper also distinguished between individual and group poverty. Individual poverty generally occurred when an individual was temporarily ill or unemployed and in some cases became long-term when it involved old age, or those who were physically or mentally challenged. On the other hand, group poverty could occur in times of economic recession or in economically depressed areas and was often found to be cultural affecting only certain culture groups or those who lived in inner city slums.²²

Group poverty generally responded to economic activity or the elimination of social barriers. Individual poverty, however, was complex involving various economic reasons such as job or skill shortage, an unwillingness of workers to relocate or social factors, such as the difficulty of entering certain occupations because of racial stigma or a lack of education.²³ Using the D.B.S. 1967 statistics for Income Distribution and Poverty in Canada, the White Paper noted that there was a definite trend to poverty indicating the need for supplementary programs which would allow income security for disadvantaged people such as the elderly, the disabled, unemployed, and mothers with dependent children.²⁴

²¹ John Munro, Income Security for Canadians, page 6.

²² John Monroe, Income Security for Canadians, page 6.

²³ John Monroe, Income Security for Canadians, page 6.

²⁴ John Monroe, Income Security for Canadians, pages 6,7.

The Guaranteed Annual Income

The idea of an income supplementation scheme is not a new one and was initially looked at by the Social Security Review in the mid-1970's and again in 1985 by the Macdonald Royal Commission. The 1973 Working Paper on Social Security attempted to identify policies that would enable Canada to develop a more effective and co-ordinated social security.²⁵ The Working Paper proposed a guaranteed income along the following lines:

... a guaranteed income should be available to people whose incomes are insufficient because they are unable or are not expected to work, namely the retired or disabled, single parent families, and people who are not presently employable by reason of a combination of factors such as age, lack of skill, or length of time out of the labour market. The guaranteed income would be paid in the form of an additional income supplement over and above the general income supplementation available -- thus taking account of the fact that these people either do not have or are relatively unable to earn their own incomes -- with the guaranteed income being set at levels appropriate to the different groups of people involved. The additional income supplementation should provide some advantage to the single parent families and the aged and the disabled who have income from savings or who choose and are able to earn income from work, and a positive incentive to those who are not presently employable to take advantage of the training, rehabilitation, and counselling which would

²⁵. Claude Forget, Commission of Inquiry on Unemployment Insurance Report, page 113.

Julien D. Payne, "Family Law in Canada and the Financial Consequences of Marriage Breakdown and Divorce." in Family Law and Social Welfare Legislation in Canada. Royal Commission on the Economic Union and Development Prospects for Canada. (1986, Toronto: University of Toronto Press), page 36.

make them employable.²⁶

Between 1973 and 1976 there was a concentrated effort to create a policy of Guaranteed Annual Income (GAI) which would be used to provide income support for people who were unable to work and to supplement the income of the working poor. The Office of National Welfare introduced the concept in its Guide to the Guaranteed Income as:

The central objective of social security in Canada is an acceptable basic income for all Canadians ... For a basic income is essential if a person is to live in decency and in dignity.²⁷

The Guide to the Guaranteed Income pointed out that this concept was not a new one and that Canada had already developed various forms of guaranteed incomes. Guaranteed income could be described as any government program that guaranteed a long-term stable income level. Therefore, people who received social assistance benefits over an extended period of time could be said to have a form of guaranteed income as could seniors who were collecting Old Age Security. In 1984-1985 \$60 billion was spent on the following major programs; Old Age Security \$11.4 billion, Unemployment Insurance, \$11.6 billion, tax exemptions and deductions for pensions \$7.6 billion, Social Assistance, \$6.6 billion, Family Allowance, \$2.4 billion and the Child Tax Credit

²⁶. Julien Payne, "Family Law in Canada and the Financial Consequences of Marriage Breakdown and Divorce", page 36.

²⁷. National Council of Welfare. Guide to the Guaranteed Income. (1976, Ottawa). Page 1.

and Exemption \$2.5 billion. These incomes, however, may prove inadequate in meeting family or individual basic needs.²⁸

In 1973 the federal government published a Working Paper on Social Security (Orange Paper) which outlined the necessity to examine social services in order to identify the deficiencies within the system while encouraging federal-provincial cooperation. The Orange Paper proposed that the income of the working poor be increased to meet the poverty line and that the average family allowance per child be placed at \$20 per month while allowing provincial variations to account for such variables as family size. It was also suggested that the existing provincial welfare programs should be replaced by a new program that would guarantee a set income for those who cannot work, while also providing an incentive /for those who can by allowing a portion of earned income to remain in the household.²⁹

In November 1974 three alternative proposals for guaranteed income were made. The first, a unitary system which would provide a single guaranteed income program for the working and non-working poor would be based on negative income tax. The second, was a two-tiered system, which would consist of a two-part guaranteed income program with the two parts being further divided into two sections, one for those who cannot work, referred to as the support program and the other for the working poor, referred to as a

²⁸ Rod McQueen, Leap of Faith, page 106.

²⁹. National Council of Welfare, Guide to the Guaranteed Income, pages 27, 28.

supplementation program. The last proposal, involved the tax credit, which consisted of a two-part guaranteed income program, similar to the one mentioned above with the difference being that the supplementation program would be provided through income tax.³⁰

In 1973 the Working Paper on Social Security in Canada dealt with areas of concern such as unemployment, social insurance, social services and income maintenance and supplementation. Urging greater use of universal programs the Working Paper outlined an income supplementation program that would allow the working poor a guaranteed income.³¹ However, after examining the social welfare program for five and one-half years the review terminated without implementation of any significant changes, other than revisions for the Canada and Quebec Pension Plans, Old Age Security, Guaranteed Income Supplement and Family Allowance Programs. Richard Van Loon summarized the five year proceeding with:

...the cornerstone of the reform exercise -- an income supplementation program for the working poor remains in limbo, a new Social Services Act concerned with the personal social services has vanished from the Parliamentary Order Paper and a Community Employment program has virtually disappeared. No major new program and no significant rationalization of old ones can be said to have derived from what was a major effort at welfare reform.³²

³⁰ Claude Forget, Commission of Inquiry on Unemployment Insurance Report, page 105.

National Council of Welfare, Guide to the Guaranteed Income, pages 30, 31.

³¹ James Rice, "Politics of Income Security", pages 238, 239.

³² James Rice, "Politics of Income Security", page 240.

Banting, in The Welfare State and Canadian Federalism, argues that "Federal-provincial conflict was one of the elements that doomed proposals for the restructuring of the income security system during the Social Security Review in the mid-1970s...".³³ While Fortin, in the Macdonald Commission, notes that by 1973 there was a period of economic decline with high inflation which resulted in increased unemployment and consequent increases in the provision of unemployment insurance and social assistance. These costs were elevated to such a degree that little was left for wage subsidies and direct job creation ³⁴.

In the mid 1980's the subject of a guaranteed income was once again reviewed by the MacDonald Commission which outlined the Universal Income Security Program (UISP) which could provide a "universally available income guarantee subject to reduction at a relatively low "tax-back" rate". A UISP could replace some existing transfer and tax measures, such as the Guaranteed Income Supplement, Family Allowance, the Child Tax Credit, married exemptions, child exemption, the federal share of Social Assistance and federal social housing programs, while providing increased support to Canada's working poor. Greater support for Canada's poorer class would be achieved through the guarantee of a basic

³³ Keith G. Banting, The Welfare State and Canadian Federalism, (Kingston: McGill-Queen's University Press, 1987), page 211.

³⁴ Claude Forget, Commission of Inquiry on Unemployment Insurance Report, page 117.

Bernard Fortin, "Income Security in Canada", page 154.

annual payment of \$2,750 for adults under 65, and a family's first child. Subsequent children would be allocated \$750 and UISP would provide a family of four with the basic annual income of \$7,000. Since the UISP would be scaled in reference to income families who had an income of \$17,500 would be allowed a \$3,500 supplement while families whose income was over \$35,000 would not receive any supplement. The basic UISP would guarantee a family a minimal income that could have provincial top-ups applied allowing a family of four an annual income between 11,500 to 13,500.³⁵

The Universal Income Security Program, however, was highly criticised since it was generally assumed that the level of provision proposed for the guaranteed annual income would prove inadequate. Another area which proved problematic was the program's inability to remain universal because of inherent differences between people who are unable to work and those who can. Once again the Macdonald Commission acknowledged that cooperation between the federal and provincial governments was "absolutely essential" ³⁶ to establish income security for Canadians.

Provincial Supplementation Incomes

Some provinces have developed their own provincial supplementation programs. In 1974 Saskatchewan implemented a

³⁵ Rod McQueen, Leap of Faith, pages 107, 108.

³⁶ Keith G. Banting, The Welfare State and Canadian Federalism, page 211.

Family Income plan allowing families with incomes under \$8,200 to be given an allowance based on the number of children they have. In 1981, Manitoba created a Child Related Income Supplementation Program for families whose incomes are below \$10,025 (1985/86). In 1979 Quebec implemented a Work Income Supplement program, which is provincially funded. This program involves the provision of a monetary allowance for each dollar earned by an individual on social assistance or for a member of the working poor. The ratio is for every four dollars earned and additional dollar is subsidized, enabling an individual to elevate their income while also providing a work incentive. Ontario also provides a Work Incentive Program which is available for those who have been on social assistance for a period greater than three months. Benefits, based on family size, are made to individuals who obtain employment. Further incentive is provided by allowing individuals to retain their eligibility for dental care and medical prescription benefits. These provincial programs however, have remained limited in scope and in 1982-1983 constituted less than 42 million.³⁷

One of the significant questions in regards to income maintenance schemes or negative income tax programmes deals with

³⁷. Claude Forget, Commission of Inquiry on Unemployment Insurance Report, page 106.

Bernard Fortin, "Income Security in Canada" in Income Distribution and Economic Security in Canada. Research Coordinator Francois Vaillancourt. Royal Commission on the Economic Union and Development Prospects for Canada. (1985, Toronto: University of Toronto Press). Page 153,154.

the 'income effect' on labour supply. In other words, will people continue to work once an income supplementation is provided that allows an individual to work less without loss of income.³⁸

Between 1968 and 1982 Canada and the United States implemented experiments in income security to examine whether there was significant labour withdrawal once income supplementation was provided. Canada set in motion the Manitoba Mincome while the United States implemented The New Jersey Income Maintenance Experiment and Rural Income Maintenance scheme.³⁹

Hikel, in Options for Increasing the Work Incentive of Indian Social Assistance Recipients, evaluated some of the results of the guaranteed income experiments which took place in the United States. Hikel noted that the Rural Income Maintenance Experiment (RIME) was of most relevance to Native communities, since this program was operated in rural areas for black minority groups. Positive results for RIME were minimal and Hikel quotes from the findings in Welfare in Rural Areas: The North Carolina - Iowa Income Maintenance Experiment: "The results of the rural negative income tax experiment show an unambiguous average decline in the work effort of all family members in the experimental group of wage

³⁸ R.S. Hikel, Options for Increasing the work incentive of Indian Social Assistance Recipients, (Abt Associates of Canada, 1982), page 13.

³⁹ LaRusic, I., Income Security for Subsistence Hunters, (Ottawa: Indian and Northern Affairs, 1984), pages 37, 38.

earners."⁴⁰ The results were similar in the New Jersey experiment and preliminary findings for experiments in Seattle (SIME) and Denver (DIME) showed similar results, indicating a decrease in the amount of hours worked by those who received supplementary payments. Husbands were found to have decreased their working hours by 7 per cent, wives by 25 and single female family heads by 15 per cent.⁴¹

It was also found that there was a similar impact on young workers, between the ages of 16 to 21, who were not heads of families. It was established that males reduced their working hours by approximately 24 per cent, and females by 18 per cent per week. Hikel notes that Robins and West in "Program Participation and Labour Supply Response" outline that a permanent program would have a negative impact on work incentive since the longer the program was implemented the greater the negative labour supply was found

⁴⁰ R.S. Hikel, Options for Increasing the work incentive of Indian Social Assistance Recipients, page 15.

⁴¹ R.S. Hikel, Options for Increasing the work incentive of Indian Social Assistance Recipients, pages 15, 16.

For further information see:

Harold W. Watts and Albert Rees, eds., Final Report of the New Jersey Guaranteed Work Incentive Experiment, University of Wisconsin, Madison, 1974.

Joseph A. Peckman, P. Michael Timpore, Work Incentives and Income Guarantees: The New Jersey Negative Income Tax Experiments, the Brookings Institution, Washington, D.C., 1975.

to increase.⁴²

Hikel argued that for Indian communities guaranteed income programs would have a minimal effect upon working habits of prime age married males who were already employed. On the other hand, there would be a decrease in labour supply and entry into the labour market by workers who were younger, older, less educated and females with family responsibilities, once given income support. Hikel notes:

"...younger or older and less educated workers who are at a disadvantage in the labour market and females with family responsibilities show a clear tendency to substitute "leisure" for work when income support is available; and enter the job market in fewer numbers. The significance of this is that a majority of Natives on social assistance fall into the latter categories."⁴³

The above touches upon a controversial subject of what is work and who is doing it. Should females with family responsibilities be considered in the non-working and leisure category? It is perhaps of use to examine the idea of work in a closer fashion.

The Definition of Work

⁴² R.S. Hikel, Options For Increasing The Work Incentive of Indian Social Assistance Recipients, pages 15, 16.

For further information see:

Richard W. West, "The Effects on the Labour Supply of Young Non-heads", *Journal of Human Resources*, vol XV, Fall 1980, pp. 574-589).

⁴³ R.S. Hikel, Options For Increasing The Work Incentive of Indian Social Assistance Recipients, page 17.

In 1973 the Canadian Council on Social Development published the proceedings of a conference entitled "New Concepts of Work". One of the participants, Stephen Peitchinis, began by asking "What is work?"⁴⁴ and questioned whether mothers, homemakers, or athletes could be considered as individuals who worked. Peitchinis determined that the activities undertaken by the above groups was indeed work when using the Oxford Universal Dictionary to provide the definition, which is as follows; "action involving effort or exertion directed to a specific end, especially as a means of gaining one's livelihood."⁴⁵ The Oxford definition, however, is rarely used in the official sense of what is meant by work today and economic concepts of work are limited since they only consider "activities that are rendered for an actual or implicit market price"⁴⁶ and that;

...work activities which by-pass the market mechanism are regarded as free services and, like free goods, such services are deemed not to have a price. Economic logic leads to the deduction that service activities which have no price have no value; and since they have no value, they cannot be regarded as work in the value-added sense.⁴⁷

⁴⁴ Stephen Peitchinis, "Emerging Concepts of Work - The Economic Circumstances" in New Concepts of Work, (Canadian Council on Social Development, March 1973), page 1.

⁴⁵ Stephen Peitchinis, "Emerging Concepts of Work - The Economic Circumstances", page 2.

⁴⁶ Stephen Peitchinis, "Emerging Concepts of Work - The Economic Circumstances", page 3.

⁴⁷ Stephen Peitchinis, "Emerging Concepts of Work - The Economic Circumstances", pages 3, 4.

David Ross, in The Why, What and How of Income Security Reform, elaborates that:

... we should expand our notions of what constitutes work, and accept the idea that there is plenty of important work for everyone, but not all of it is in paid, traditional jobs in factories and offices. With an improved income support program, a greater number of Canadians should start to get some of the country's wealth for activities such as child raising, care of the elderly, community work, setting up their own businesses, or participating in community owned corporations. These work options are now downgraded by public policy and ignored because of the lack of an adequate income security program.⁴⁸

In an effort to understand work, Peitchinis argues that one has to look beyond the economic theories to the social ones. Peitchinis proposes that the majority of the population sell their labour as a means to obtain their sustenance and that the working process is nothing more than a series of tasks to be performed every day with the reward being found in the pay, not in the task itself. Very few people, mostly craftsmen or professionals, obtain a sense of pleasure in the actual process of performing their tasks. Since it would appear that much of the work that labourers perform has little or no value to them, it stands to reason that should an alternative source of income be offered they will stop performing this otherwise meaningless labour. Peitchinis cautions that this does not mean people will stop participating in work activities but that they will cease to be employed in areas where

⁴⁸ David Ross, The Why, What and How of Income Security Reform, (1986), page 6.

their only reward is cash income.⁴⁹

It would appear that it is perhaps of use to examine the definition of work and the implications of such definitions. For example, some isolated communities may participate in income employment only on a part-time basis, yet be very involved in productive work and the provision of their sustenance when they are considered unemployed. LaRusic points out that the Cree of Northern Quebec are involved in activity which provides an enormous amount of sustenance production but would not be considered 'work' within industrial economic models.

Income Security for the Cree of James Bay, Quebec

In 1975 the province of Quebec proposed a guaranteed annual income to the Cree of James Bay known as the "Income Security Programme for Cree Hunters and Trappers".⁵⁰ This guaranteed annual income was implemented as a response to the construction of the James Bay hydro-electric project and the consequent disruption of the traditional way of life for the Cree people of Northern Quebec. In an attempt to enable the Cree to adapt to what would be a different lifestyle it was decided that there were two different criteria to be met. The first took on the form of a typical

⁴⁹ Stephen Peitchinis, "Emerging Concepts of Work - The Economic Circumstances", page 8.

⁵⁰ I. LaRusic, Income Security for Subsistence Hunters, (Ottawa: Research Branch, Corporate Policy, Department of Indian and Northern Affairs, 1982), page 1.

regional work force for the Crees who were looking towards future employment within service or business. The second group was comprised of those wished to continue pursuing a traditional way of life that revolved around hunting and trapping.⁵¹

In past years the Cree had remained fairly autonomous and continued to have a traditional lifestyle which they supported through the sale of furs. Although the fur production did not amount to a high cash inflow it did allow the Cree to obtain the cash they needed to provide for the goods that would allow them to continue working within their trapping and subsistence economies. The subsistence economy was not only significant in cultural terms but it also provided the main source of food, since transfer payments or welfare were insufficient to purchase food of a similar nutritional quality and quantity in northern local stores. LaRusic notes that the Cree of James Bay "needed to depend upon the animals of the region for high quality protein. To put it another way, one needed to convert welfare payments, and even wages, to the means of production one needed to kill animals for food".⁵² However, in the mid-1970's it was found that approximately 50 per cent of the Cree had ceased to proceed with their annual hunting excursions because they could no longer afford to go.⁵³

⁵¹ I. LaRusic, Income Security for Subsistence Hunters, 1982, pages 1, 2.

⁵² I. LaRusic, Income Security for Subsistence Hunters, 1982, page 9.

⁵³ I. LaRusic, Income Security for Subsistence Hunters, 1982, pages 7, 8.

Due to the importance of the subsistence economy it was deemed necessary to provide the Cree with a basic income that would allow them to be able to afford to continue hunting. However, it was also necessary to ensure that a basic income not be implemented with transfer payments since this would not provide an incentive to the people to continue their way of life with the subsistence economy. It was necessary to encourage the subsistence sector as the Agreement (Subsection 30.1.8) notes:

The programme shall insure that hunting, fishing and trapping shall constitute a viable way of life for the Cree people, and that individual Crees who elect to pursue such a way of life shall be guaranteed a measure of economic security consistent with conditions prevailing from time to time.⁵⁴

Consequently the income security program which was developed revolved around participation within the subsistence economy. To be eligible individuals had to spend 120 days in the harvesting of animals and other related activities while 90 of those days were to be spent outside of the communities. It was also necessary that a greater percentage of time be spent in harvesting and related activities than in wage employment which did not include guiding, outfitting, commercial fishing, Unemployment Insurance, Manpower courses or Workman's compensation. To initially qualify for the program it was necessary that in the previous year an individual had earned more at harvesting animals than they had in wage employment. Once a person qualified they would have to continue

⁵⁴ I. LaRusic, Income Security for Subsistence Hunters, 1982, pages 44, 45.

to meet the above mentioned time requirements. Benefits would be lost if a person spent less than 120 days in hunting.⁵⁵

Once a person or family was considered to be eligible they received four payments per year based on what LaRusic refers to as a complex formula involving a basic payment and a per diem payment for every day spent hunting in the bush. For example in 1975 the basic amount would allow the head and consort of a hunting unit \$1,000 while each child in the family unit would receive \$400 while the per diem payment involved \$10 per day per adult. The basic payments were reduced by a tax offset of 40 per cent for any of the income received from the following; fur trapping, the "per diem" payment, wages and salaries, unemployment benefits, workman's compensation, manpower training course allowances, income as a band counsellor, baby sitting, self-employment, and income from room/and board.⁵⁶ The Cree Guaranteed Benefit Program was different from the Negative Income Tax programs since it guaranteed a minimum level of income while also providing an incentive through wage subsidy.

The Cree Guaranteed Income allows the definition of work to be altered from the urban usage of the definition, it also allows different economic models to be introduced other than conventional western industrial ones. In Keeping on the Land, it is noted that

⁵⁵ I. LaRusic, Income Security for Subsistence Hunters, 1982, pages 45, 46.

⁵⁶ I. LaRusic, Income Security for Subsistence Hunters, 1982, pages 46, 47, 48.

within a harvesting economy the household does not only take on the role of the consumer but also of the producer. Household needs are no longer consumer needs, and can be referred to as "equipment" ⁵⁷ that enables harvesting to continue. In order to purchase equipment families need cash and if Native people cannot meet the costs of hunting equipment they are unable to produce country food. Once unable to produce country food they must buy their food at the local store where they cannot afford to pay for an adequate diet. Providing a guaranteed income to harvesters is not really all that different from the government subsidies for agricultural farmers who are paid for surpluses in produce that will not clear markets. The main difference is that Native people will consume all of the food they produce since there are few alternatives available to them.⁵⁸ /

The Royal Commission on Unemployment in Newfoundland also found the above to be true in many of the small outport communities of Newfoundland. Although the rural population of Newfoundland is not entitled to a guaranteed income they have adapted unemployment insurance benefits to meet their equipment needs to allow them to carry on with sustenance production.

Unemployment Insurance as Income Security in Newfoundland

⁵⁷ Randy Ames et al., Keeping on the Land, (Ottawa: Canadian Arctic Resources Committee, 1989), page 11.

⁵⁸ Randy Ames et al., Keeping on the Land, pages 10, 11.

The Unemployment Insurance Program was initially implemented to provide income security for those who were temporarily unemployed. In the 1970's regional benefits were introduced to assist workers in areas where the rate of unemployment was greater than four per cent. Districts with an elevated rate of unemployment would receive extended benefits which were determined by allowing an extra two weeks of benefits for every half per cent over the accepted National unemployment rate of four per cent. In recent years however, regionally extended benefits have been introduced to all areas of Canada as a response to increasing unemployment. Consequently, benefits have become more than a temporary measure used to assist the unemployed until employment is regained.

In economically depressed regions/unemployment benefits have become a source of regular income which are used to supplement seasonal or short-term employment. Make-work projects are community shared therefore ensuring the maximum amount of persons ten weeks employment and eligibility to unemployment payments.⁵⁹ House points out that the role of Unemployment Insurance in Newfoundland has taken this direction.

Rural economy in Newfoundland is based on seasonal employment. By economic definition, when these people are unemployed they are classified as idle and non-productive. However, upon observation one finds that there is a high degree of productivity occurring in

⁵⁹. Claude Forget, Commission of Inquiry on Unemployment Insurance Report, pages 108, 110.

the form of unpaid labour that is of great importance. Families cut wood, make gardens, fix vehicles, repair fishing nets and build boats and houses during periods of unemployment. Seasonal employment combined with unemployment benefits allows Newfoundland's rural economies a cash base which enables one to purchase the material goods that are necessary for home production. Consequently, in the past years of high economic recession, unemployment insurance has become an important source of Newfoundland's income providing 8.66 percent of the Newfoundland's basic income versus 3.01 per cent for other Canadians.⁶⁰

Measures such as these, which provide a unofficial guaranteed basic income, have been the focus of controversy. Some authorities view it as a necessity that ensures the survival of small economically depressed communities while others feel that it prevents economic development by creating dependencies for transfer payments.⁶¹ Unemployment benefits, however, are not designed to meet the objectives of income supplementation. Based on previous earnings, unemployment insurance premiums place individuals who are in the lower wage brackets at a disadvantage. The working poor who are in greatest need will find their income reduced to even lower levels when unemployed. Families whose incomes are below \$10,000 receive approximately 11 per cent of total unemployment benefits while those whose incomes are above \$40,000 receive approximately

⁶⁰ Building On Our Strengths, pages 106, 109, 111, 283.

⁶¹ Claude Forget, Commission of Inquiry on Unemployment Insurance Report, pages 108, 110.

20 per cent of total benefits. The Forget Commission argues that "An income supplementation scheme should adjust benefits inversely to earnings"⁶² while paying "benefits according to family or household income"⁶³ Unemployment Insurance is not meant to supplement workers once they are employed and some individuals may find themselves earning less than when collecting premiums.⁶⁴

The Forget Commission proposes:

Regionally extended benefits are a palliative, not a cure, and do nothing to change the basic problems facing the unemployed in these regions, or the communities in which they live. They could be assisted more effectively if the money now spent on regionally extended benefits were used to address the root causes of unemployment. Moreover, the current approach of simply extending benefits provides little incentive for individuals to adapt. Indeed, it may reinforce the natural unwillingness of people to change.⁶⁵

The Forget Commission stressed the need to recognize that income supplement differs from guaranteed annual income since the later is for those who have no income and are unable to work. On the other hand, income supplementation is for those who work, but whose incomes are inadequate or for those who do not qualify for

⁶². Claude Forget, Commission of Inquiry on Unemployment Insurance Report, page 111.

⁶³. Claude Forget, Commission of Inquiry on Unemployment Insurance Report, page 111.

⁶⁴. Claude Forget, Commission of Inquiry on Unemployment Insurance Report, pages 111, 112, 114.

⁶⁵. Claude Forget, Commission of Inquiry on Unemployment Insurance Report, pages 112, 113.

unemployment benefits.⁶⁶

The 1986 Social Assistance Review (Transitions) found previous proposals involving Guaranteed Incomes to be problematic because of the lack of common definition which "stems from the fact that the term 'guaranteed annual income' refers more to a concept than to a precise construct".⁶⁷ Transitions proposed that ideally a guaranteed annual income would provide every individual with a basic level of income which could possibly be determined by an income test and implemented through a negative tax credit. However, the Task Force was reluctant to propose a universal all encompassing guaranteed income program, since such a program would be unable to address differing needs. A guaranteed income would also be unable to provide services that encourage recipients to become self-reliant.⁶⁸ However, the biggest problem appeared to be that a guaranteed annual income:

...may divert attention from efforts to maintain high levels of employment, which we believe to be the best method of providing income security and of facilitating full participation in the life of the community.⁶⁹

Rather than utilizing one universal guaranteed income program Transitions recommended the use of several, such as a disability

⁶⁶. Claude Forget, Commission of Inquiry on Unemployment Insurance Report, page 116.

⁶⁷ Ontario Ministry of Community and Social Services, Transitions, (Toronto: Syrograph International Corporation, 1988), page 22.

⁶⁸ Transitions, page 22.

⁶⁹ Transitions, page 23.

income program, specifically designed to meet varying needs.⁷⁰

Transitions pointed out the importance of an income supplementation program that would supplement the wages of low-income workers, who were often economically and socially disadvantaged. When compared with some social assistance recipients the working poor often found themselves in the position of being economically disadvantaged. Ross, in The Why, What and How of Income Security Reform, notes that the stereotype of the unemployed poor has to be debunked since it was found that in 1984 over one-quarter of poor Canadian families were headed by a person who worked full-time, all year round. These families are entitled to little assistance while they are employed, which comes mostly in the form of family allowances and the federal child and sales tax credit. The situation of the working poor also provides a disincentive for those on social assistance to begin working at low income jobs.⁷¹

Part of the controversy towards income support programs is directly related to the minimum wage levels in Canada. The provincially set levels of minimum wage have been found inadequate in keeping a family above the poverty line and in effect families require two salaries at the minimum wage level to ensure that they

⁷⁰ Transitions, page 23.

⁷¹ Transitions, page 25.

David Ross, The Why, What and How of Income Security Reform, (1986), pages 4, 5.

can meet the poverty line.⁷² The Canadian minimum wage has been kept at low levels, without annual increase and at the mercy of inflation. In 1976 the average minimum wage was approximately 52 per cent of the average wage, in 1986 it was about 43 per cent. Between the years of 1979 and 1986 most minimum wage workers lost approximately 30 per cent of their purchasing power.⁷³ Armitage, in Social Welfare in Canada, notes that in 1974 the minimum wage rate in British Columbia was \$3.65 per hour. When based on a thirty-five hour workweek, an individual would have an annual income of \$6,643, which was below the poverty line for one person.⁷⁴ In 1980 it was found that only the workers who were single and worked at full-time employment would be slightly above the poverty line when earning minimum wage. Workers, who were employed in seasonal, farming, domestic, and restaurant work received less than minimum wage while it was legal to pay disabled workers less than minimum wage in all provinces except Quebec.⁷⁵

Minimum wages have been kept low because of the fear that increasing them would lead to widespread unemployment. Armitage quotes from the 1969 Task Force on Labour Relations:

An effective labour standards program should aim for a level of wages that is consistent with a defined minimum

⁷² Andrew Armitage, Social Welfare in Canada, (Toronto: McClelland and Stewart, 1988), pages 160, 161.

⁷³ Terrance M. Hunsley, "The Working Poor: A New Peasant Class?" in Overview, Canadian Council on Social Development, Vol. 6. No.1, Autumn 1988, page 3.

⁷⁴ Andrew Armitage, Social Welfare in Canada, page 168.

⁷⁵ A.W. Djao, Inequality and Social Policy, page 119.

standard of living, and for regulation that protect workers from the hazards of long working hours. Minimum wages have rarely achieved levels considered necessary to provide for the necessities of life. Historically, it has been difficult for governments to meet their stated objectives for minimum wages because of fear that it would lead to widespread unemployment.⁷⁶

Terrance Hunsley in "The Working Poor: A New Peasant Class?" argues that:

"...we have divided the wages of low income workers into smaller portions to cover more people. We have got more people working for less. We have shared the bad jobs, not the good ones. By letting the minimum wage fall well below the poverty line, we have contributed to economic recovery and growth. But in the process we may have turned some worker into peasant labour."⁷⁷

Consequently, because the minimum wages are set at such low rates income security policies are also forced to stay at inadequately low levels thus providing the working poor with little support while on the other hand providing disincentives /for people on social assistance to enter the labour force for minimum wage since it will reduce their relative income.

In recent years there has been a growing concern as social assistance is increasingly supporting a higher percentage of people who can work, but cannot obtain employment. Between 1981 and 1985 there was a 34 per cent increase (1.4 million to 1.9 million) of social assistance recipients. In 1984 it was found that 14 per cent of families and 38 per cent of single people in Canada lived in poverty. For families this represented an increase of two per

⁷⁶ Andrew Armitage, Social Welfare in Canada, page 160.

⁷⁷ Terrance M. Hunsley, "The Working Poor: A New Peasant Class?", page 3.

cent from 1981 and the number of households receiving social assistance went from a little over 700,000 in 1981 to a little under 1,030,000 in 1984 or an increase of 40 per cent in three years.

Poverty and unemployment is especially evident among minority groups with thirty per cent of poor families in Canada headed by poor, single-parent women with young children. The poverty rate for single, divorced or widowed elderly women is 52 per cent.⁷⁸ In The Why, What and How of Income Security Reform, David Ross, finds that in using 1981 Census data that two-thirds of Native men and 42 per cent of Native women who are living in cities are employed (compared to three-quarters of non-native males and 50 per cent of non-native women). Employed Native men were found to earn 63 per cent of the salary of their non-native counterpart with Native women earning 73 per cent of the income of their non-native counterpart.⁷⁹

Ontario Social Assistance Review - Transitions

In 1986, the province of Ontario sponsored The Social Assistance Review, commonly referred to as 'Transitions', which examined the role of social assistance within Ontario. Reflecting the change of attitude from previous models of a care-based welfare

⁷⁸ David Ross, The Why, What and How of Income Security Reform, (1986), pages 2, 3.

⁷⁹ David Ross, The Why, What and How of Income Security Reform, (1986), page 3.

system to one which was developmental and goal orientated, Transitions introduced the concept of social assistance as a transitional period for recipients; not to be regarded as a privilege, but an entitled right.⁸⁰

Transitions noted that the Social Assistance system was lacking in clear policies or objectives which in turn made it difficult to evaluate the effectiveness of programs. Governing policies were often difficult to comprehend and access to assistance was subject to overly complex administrative procedures due to the various jurisdictions divided among the three levels of government. No set methods were used to establish benefit levels, which were found to be inadequate and below the poverty line.⁸¹

The assistance program was found to be lacking in services which could assist recipients in finding and maintaining employment while it also had built in financial disincentives for those who attempted to obtain training or employment. Programs intended to benefit social assistance recipients were often found to be counter-productive and hindered transition from assistance to employment. For example, recipients would find themselves having to refuse employment since low earnings, combined with a reduction of benefits and consequent increase in expenses surrounding employment, such as child care, resulted in a financial

⁸⁰ Ontario Ministry of Community and Social Services, Transitions, Toronto: Syrograph International Corporation, 1988, pages 3, 4.

⁸¹ Transitions, 18.

disadvantage in being employed. It was noted that social assistance needed to take on a wider outlook in the provision of training and support programs for recipients. The past method of limiting support to financial assistance often created dependency and left recipients marginalized and excluded from mainstream society.⁸²

Transitions found the highest percentage of welfare recipients to be youths under 18, amounting to 37 per cent of all beneficiaries of social assistance. The second highest group was the disabled at 32 per cent followed by single parents at 30 per cent. It was estimated that, on an average, single parents were on social assistance for a period between four and five years while the disabled averaged a little over five years therefore indicating "...quite clearly that for the majority of recipients, social assistance meets a temporary need often created by a life crisis".⁸³

Transitions observed that employable recipients remained dependent upon assistance for an average of seven months while forty per cent re-entered the work force after three months. On the other hand, this group also represented an area of concern since they were the fastest growing group within social assistance. Transitions ventured that this was largely due to recipients who lack the necessary skills to compete in the post-recession economy

⁸² Transitions, pages 3, 4, 19.

⁸³ Transitions, page 15.

of the 1980's.⁸⁴

This increase in unemployed employables has proven to have been of concern not only in Canada but also in the United States. In an effort to alleviate the situation, the United States implemented the Work Incentive Programs (WIN) which became mandatory in all of the states in 1969. With the exception of those who are deemed to be unemployable by the state welfare offices, such as the aged, handicapped or single parents with children under three, individual entitlement to social assistance in the United States is dependent upon going through the WIN process. State welfare offices refer applicants who are employable to the WIN program where an employment plan is developed for each registrant. WIN evaluates an individual's employability and refers them to either, job placement, On the Job Training, formal vocational training, paraprofessional training, work experience, or unskilled public service employment while providing them with supplemental services such as medical examinations, child care, transportation allowances, family planning and counselling.⁸⁵ Work expenses are standardized and working full-time parents are provided with supplements for day care. Recipients are also permitted to retain a proportion of earnings without deduction from their social assistance for the first four consecutive months of employment. Employable mothers with children that are over three

⁸⁴ Transitions, pages 14, 16.

⁸⁵ R.S. Hikel, Options for Increasing the work incentive of Indian Social Assistance Recipients, page 24.

years old are also required to take part in workfare programs, when childcare is available. This may involve working at public service jobs for a minimum amount of hours for their food stamps, the amount which is calculated by dividing the value of the food allowance by the minimum wage.⁸⁶

Upon evaluation WIN noted that females and non-white males were highly represented in 1975-77 with 80 per cent of the registrants being female and almost half non-white. Although WIN proved successful for White males who had previous work experience it had a low success rate with females and non-white males who lacked a background of paid employment. Garvin, Smith and Reed concluded that:

WIN did not produce a discernable increase in the rate of removal from welfare. Many WIN participants did have their welfare grants reduced because of their increased earnings but these savings to the taxpayer were less than the costs of WIN. Thus, WIN was not cost-effective in reducing welfare dependency.⁸⁷

The United State's experiment with WIN would appear to point out the need to target the special needs of specific minority groups that would enable transition from social assistance to employment. In Canada, Transitions acknowledged that Native communities need specific programs for their special needs.

Transitions outlined three steps for social assistance reformation within Native communities. The first referred to

⁸⁶ R.S. Hikel, Options for Increasing the work incentive of Indian Social Assistance Recipients, page 25.

⁸⁷ R.S. Hikel, Options for Increasing the work incentive of Indian Social Assistance Recipients, page 26.

short-term reforms that do not require legislative change. The second involved new legislation for Native communities which would enable them to have the jurisdiction to design and deliver their own social assistance programs and the last involved the transfer of legislative control to Aboriginal governments.⁸⁸

Transitions argued that short-term reforms could include greater provincial co-operation in the provision of new social assistance programs or related services that are deemed necessary for Natives regardless of whether Federal cost-sharing is assured. Another easily implemented short-term reform proposed was that the high-level and front-line positions within the Ministry of Community and Social Services be filled with a higher per cent of Natives.⁸⁹

Transitions proposed that long-term goals deal with the implementation of new legislation which would give Native communities greater control in developing their own social assistance programs. This could involve provincial legislation enabling the government to vest control or it could take on the form of complementary federal and provincial legislation which would allow Native Bands to have a great deal of authority over their social assistance programs. This would involve amendments to the Indian Welfare Agreement with the goal of enabling the creation of a social assistance program that combined the GWA and

⁸⁸ Transitions, page 83.

⁸⁹ Transitions, pages 83, 84.

FBA programs. For off-reserve Native communities, Transitions recommended the use of culturally orientated services that would enable Native communities to plan in a more culturally acceptable fashion. The final long-term goal proposed by Transitions was in the area of self-government and consisted of the transfer of social assistance legislative control to Native Bands.⁹⁰

Mark Feldstein, in Towards a Re-examination of the Policy and Practice of the DIAND Social Assistance Program outlines how the social assistance costs have been continually increasing in spite of the attention given to economic development. In 1981/82 DIAND social assistance expenditures were over 150 million, in 1982/83 over \$186 million, in 1983/84 over \$204 million and in 1984/85 over \$235 million.⁹¹ In the 1979 Review of Community Social Service to Indians in Ontario the growing concern was expressed that:

Welfare programs are maintenance programs. They do not address community needs for better health or housing standards, or for better employment and income standards. They meet the immediate needs of individuals and families for income and support when those individuals and families cannot otherwise provide for themselves. The continuing level of Indian reliance on these maintenance programs indicates a lack of movement, socially and economically, in Indian communities towards standards of housing, health employment and education comparable to other communities. Until basic community needs are met, it is impossible for more Indian individuals and families

⁹⁰ Transitions 83, 84, 85.

⁹¹ Mark Feldstein, An Overview of the Literature, Towards a Re-examination of the Policy and Practice of the DIAND Social Assistance Program, (Ottawa: Economic Development Branch, 1986, page 14.

to live independently of welfare programs.⁹²

In Social Assistance Policy Alternatives Issues and Options as Identified by Bands and Tribal Councils of B.C., Bain points out that among British Columbia Natives the predominate opinion towards social assistance is that it is an imposed socio-economic system that is insensitive and works against Native communities. One of the policy changes that Bands would like to see implemented is the shift from programs that deal with individuals to one that deals with communities thus establishing a socio-economic development base.⁹³ The Ontario Tripartite Task Group also noted that the provision of remedial services rather than developmental projects did not allow the community to have its real needs met and thus increased dependency on social assistance rather than on community growth and development. One Native informant expressed concern that:

A problem that we see with the social assistance fund is that it is too accessible in terms of our people becoming dependant on such programs to meet their needs. Social Assistance should be available only to those people who are unemployable. For employable persons, social assistance monies should be utilized in employment development rather than the purchase of items such as refrigerators etc. Providing such things tends to diminish individual initiative and fosters dependence on the Community...

The cycle of the welfare state and welfare dependency amongst Indian people is detrimental to our spirit. it is an issue that must be addressed to ensure our younger generation does not come to believe welfare

⁹² A Starving Man Doesn't Argue (Toronto: Technical Assistance and Planning Associates Ltd., 1979). pages 73, 74.

is a right or entitlement. That attitude we would like to change in our community. I feel certain many other communities share my concerns.⁹⁴

It would appear that Native Communities need to be looked at in a completely different context than the rest of the population because of their special needs. The 1985 Task Force on Social Assistance noted that 94 per cent of the on-reserve Native population was located in rural areas with 125 bands considered remote⁹⁵ with low levels of facilities and little resources.⁹⁶ Due to relative isolation schooling and employment are not easily accessible and consequently unemployment rates for aboriginal people are 25-55 per cent higher than the rest of the Canadian population. Available employment is usually seasonal with males concentrated in construction-related occupations, while women tend to work in the service industry.⁹⁷ The Task Force on Social Assistance noted that:

The majority of Indian communities, especially those located in rural, remote and isolated areas, do not possess adequate, viable economic bases to sustain sufficient long-term employment and establish community self-sufficiency. In many communities, band governments

⁹⁴ Lesley Bain, Social Assistance Policy Alternatives Issues and Options as Identified by Bands and Tribal Councils of B.C., 1986, pages 21.

⁹⁵ Task Force on Social Assistance, 1988, page 45.

⁹⁶ Socio-Economic Development Strategy Work Force, A Strategy for The Socio-Economic Development of Indian People, (Victoria: National Indian Brotherhood, Department of Indian Affairs, 1976), page 51.

⁹⁷ Indians and Natives, pages 9 to 13.

Task Force on Social Assistance, page 28.

and administrations represent the major or sole source of wage employment positions. Subsequently, these communities and their band governments have established a dependency on federal government transfer payments as the basis of their local economies.⁹⁸

In 1984 DIAND evaluated the Social Development programs which were in use between 1978 and 1982. It was found that alternative uses of Social Assistance Funds were limited to the Band Works Process (BWP), the Work Opportunity Program (WOP), and regionally developed work incentive programs.⁹⁹ In 1972 the Work Opportunity Program (WOP) was implemented with the objective of providing Indian people with increased individual and community employment opportunities through the reallocation of Social Assistance funds. Social Assistance funds were to be used in combination with other Indian community financial resources, such as the housing fund, to create work projects designed and operated by band councils with the goal of improving community facilities and services while providing employment to those who would have otherwise been on social assistance.

WOP projects concentrated on areas such as; environmental improvement such as landscaping and pollution control, social development in areas such as day care centres, day camps, family counselling or homemaker services. WOP was used in the area of economic development to enable land clearance for agriculture and

⁹⁸ Task Force on Social Assistance, 1988, page 21.

⁹⁹ Lesley Bain, Social Assistance Policy Alternatives Issues and Options as Identified by Bands and Tribal Councils of B.C., page 12, 13.

the building of shore installations for fisheries. WOP could also be used to initiate pilot project to test the feasibility of certain economic activities or to enhance community facilities such as playgrounds and ice rinks. Communities were encouraged to develop what it considered to be socially useful employment, such as elders teaching children their cultural heritage.¹⁰⁰

Although the WOP program could have created artificial pressures on general labour market wages or working conditions, most Indian communities were relatively isolated with WOP as main and sometimes only source of employment, therefore making it unlikely that the program would affect the general labour market. An area of greater concern, however, was to ensure that there were no shifts from the general labour market to the Work Opportunity Program, therefore it was necessary to ensure that participants were on-reserve residents and collecting social assistance for a specific time.¹⁰¹

The 1974 Social Assistance Review noted that:

...the Work Opportunity Program is the sole positive example of the value of increased coordination and, perhaps, points the way towards improvement of coordination through the use of inter-disciplinary work groups and committees whose tendency is to take a holistic approach to problems rather than a fragmented,

¹⁰⁰ Social Assistance Review, Report No. 3, (Ottawa: Department of Indian and Northern Development, March 1974), page 65.

¹⁰¹ Social Assistance Review, Report No. 3, (Ottawa: Department of Indian and Northern Development, March 1974), pages 62, 63.

overlapping, and often abrasive approach.¹⁰²

Although implemented in the 1970's the WOP projects have continued into the 1980's and annual expenditures have been as follows:

1981/82	5,249.0
1982/83	5,502.0
1983/84	10,959.4
1984/85	8,708.2
1985/86	8,301.1
1986/87	9,452.7

Although WOP was noted to have contributed to the community infrastructure, participants did not appear to gain skills that allowed them to continue working and develop self-sufficiency. Most individuals involved in WOP projects returned to social assistance once the project was completed.¹⁰³ Other limitations of the WOP program would appear to be that individuals were expected to have been unemployed for an extended period of time, usually taken to mean as three months or more thus eliminating those who had only recently been on social assistance. Another perceived weakness was individuals were expected to participate in available off-reserve employment when it involved a reasonable daily commuting distance. WOP was also limited to social assistance recipients thus limiting the participation to individuals or one

¹⁰² Social Assistance Review, Report No. 3, (Ottawa: Department of Indian and Northern Development, March 1974), page 45.

¹⁰³ Task Force on Social Assistance, Indian Services Program Social Development Branch, (Ottawa: Indian and Northern Affairs, 1988) page 42.

spouse per family.¹⁰⁴

In 1977 the Band Work Process was implemented to create meaningful and long-term employment which Indian and Inuit communities perceived to be of benefit to their community. These projects were intended to enable participants to develop skills that would allow them to take advantage of future labour market opportunities and consequently reduce social assistance dependency.¹⁰⁵ Employment was based upon a forty hour work week and the wages were in accordance with the prevailing local wages. After the initial first year the BWP could be renewed upon the assessment of a one-year plan and three year projection.¹⁰⁶

The Band Work Development Fund was made available in order to provide financial assistance for development or planning prior to the implementation of a BWP when no other funding was available. This enabled a Band to have a solid foundation upon which an employment plan could be developed which had potential long term social and economic community impact and could contribute to the maintenance or construction of community facilities.¹⁰⁷

In 1983 DIAND was allocated funding from the Federally coordinated New Employment Expansion and Development Program (NEED)

¹⁰⁴ Work Opportunity -- Policy. Administrative and Fiscal Considerations, pages 4,5.

¹⁰⁵ Band Work Process Procedural Guidelines in "Use of Social Assistance Funds to Support Employment Creation", page 2.

¹⁰⁶ Band Work Process Procedural Guidelines , page 2.

¹⁰⁷ Band Work Process Procedural Guidelines , pages 2, 4.

which was used in combination with DIAND funds from social assistance, economic development and capital budgets to expand employment to approximately 7,500 unemployed Indian people in Canada. As with WOP and BWP, the NEED program was developed at a community level in an attempt to encourage local initiatives that would improve the community infrastructure and provide opportunities for employable Indian people to reenter the labour market.¹⁰⁸

Preferred funding was given to housing, and economic development projects which employed a great deal of unemployed employables who were dependent on social assistance or UI exhaustees living on-reserve. The project was intended to create additional employment while not competing or duplicating labour provided by current employees or volunteers. Projects were operative for a minimum of 12 weeks and a maximum of 12 months and had to create a minimum of three jobs.¹⁰⁹

Funding was provided by combining monthly social assistance entitlements of the recipients who were working on a project, with DIAND capital, housing and operating funds, with NEED providing any necessary remaining funding up to a max of \$500 per month for any eligible social assistance recipients and UI exhaustees. Employee

¹⁰⁸ New Employment Expansion and Development Initiative (NEED) in "Use of Social Assistance Funds to Support Employment Creation", Appendix 1, page 1.

¹⁰⁹ New Employment Expansion and Development Initiative (NEED) in "Use of Social Assistance Funds to Support Employment Creation", Appendix 1, pages 1, 2.

wages were set in accordance to CEIC occupational wage rates. NEED also contributed the maximum of \$125.00 per month towards costs other than wages such as employee benefits, licences, and materials. Projects were aimed at the provision of incremental housing and capital infrastructure under Housing and Economic Development and involved the construction of water systems, roads, community buildings and community development projects such as adult education, basic literacy, community recreation, gardening, and homemaker services. Although project applications were assessed by DIAND, the final approval came from the CEIC Minister.¹¹⁰

Bain, notes that in British Columbia these programs have had little success. They have provided approximately four per cent of recipients with short-term employment which focused on housing and maintenance of infrastructure. Lack of success was attributed to unclear objectives and responsibilities combined with a lack of co-ordination in departmental funding.¹¹¹ Some of the most generous funding appeared to come near the end of a fiscal year, when unspent funds were used in hastily conceived proposals rather than having over-all planning within the total budget.¹¹² WOP funding

¹¹⁰ New Employment Expansion and Development Initiative (NEED) in "Use of Social Assistance Funds to Support Employment Creation", Appendix 1, pages 1 to 4.

¹¹¹ Social Assistance Policy Alternatives Issues and Options as Identified by Bands and Tribal Councils of B.C., 1986, pages 12, 13.

¹¹² Social Assistance Review, Report No. 3, (Ottawa: Department of Indian Affairs and Northern Development, 1974), pages 75, 76.

was also based on short-term projections while community development requires long-term planning that will allow individual and community self-sufficiency to develop. In view of this it was recommended that block funding be used in co-ordination with long-term goals that would include holistic approaches based on what would be deemed as important to individual Bands since they have "an understanding of their local economies, the human and natural resources available to them and their cultural, social and economic objectives".¹¹³

In 1987, Indian and Northern Affairs Canada restructured to create a unit known as the Economic Development Program which involved the following programs; the Indian Economic Development Fund, Employment Opportunities, Employability Program, Mineral Resource Directorate, Indian Community Human Resource Strategies, Indian/Inuit Management Development Program, Indian Management Assistance Program, and Indian Youth Entrepreneurship Projects.¹¹⁴

The Indian Economic Development Fund is a source of capital made available to bands, groups, or individuals to enable development on and off reserve while also providing management advisory services. Employment Opportunities is specifically for Status Indians and involves a job creation program which is structured in such a fashion as to allow flexibility in project

¹¹³ Social Assistance Policy Alternatives Issues and Options as Identified by Bands and Tribal Councils of B.C., 1986, page 13.

¹¹⁴ Ontario Native Affairs Directorate, Ottawa: J. Phillip Nicholson, Policy and Management Consultants Inc., 1987, pages 10-13.

profile and fund dispersion. The Employability Program, also for Status Indians, is a human resource development program with three components, occupational skills training, on-the-job training and mobility assistance to facilitate training or job searching. The Mineral Resource Directorate was developed to assist bands in identifying and developing mineral potential on reserve lands.¹¹⁵

The Indian Community Human Resource Strategies was implemented to support human resource development for long-term employment on and off-reserve by encompassing all employment and training initiatives of INAC while assisting Status Indians in obtaining access to federal and provincial funding, such as EIC. The Indian Community Human Resource Strategies consists of eight components, Strategy Development, Career Counselling, Training, Labour Market Adjustment, Employment Development, Community Economic Enterprises, Employment Entry and Employment Access.¹¹⁶

The Indian/Inuit Management Development Program is used to assist bands in the identification, acquisition and evaluation of training initiatives with the objective of enhancing skills within Native communities that are relevant to the development of self-government. The Indian Youth Entrepreneurship Projects are designed to develop entrepreneurial skills in Indian youth while the Indian Management Assistance Program provides advisory services

¹¹⁵ Ontario Native Affairs Directorate, pages 10-13.

¹¹⁶ Ontario Native Affairs Directorate, Ottawa: J. Phillip Nicholson, Policy and Management Consultants Inc., 1987, pages 10-13.

to bands and tribal councils through the summer employment of management and business students.¹¹⁷

In 1988 the Task Force on Social Assistance recommended that DIAND develop an authority that would supersede WOP and ICHRS. Using fund diversion methods this authority would transfer funds that would otherwise maintain dependency to areas that would enable recipients to attain self-sufficiency. It was also proposed that this authority allow on-reserve Native people access to any on or off-reserve activities that would allow them to attain self-sufficiency. These activities would include areas such as rehabilitation for those with substance abuse difficulties, occupational training, post-secondary education, private sector support which would involve training subsidies and financial support for entrepreneurs. In the areas of education the TFSA also recommended that both Social Development and the Education Branch revise Social Assistance policy to allow supplementation of student allowances. This would enable qualified students easier access to post-secondary education since present education funding has been capped.¹¹⁸

The TFSA proposed that existing social assistance funding be used to develop a Guaranteed Annual Income Program for remote Native communities. This program could take on the form of

¹¹⁷ Ontario Native Affairs Directorate, Ottawa: J. Phillip Nicholson, Policy and Management Consultants Inc., 1987, pages 10-13.

¹¹⁸ Task Force on Social Assistance, 1988 pages 4,5.

previous GAI programs such as Manitoba Mincome or the United States WIN projects while also implementing wages for volunteer work, income supplementation for the working poor, and a basic income for those unable to work.¹¹⁹

Upon observation the TFSA noted that current application of social assistance funds are limited and there is a greater need to use funding to promote individual, family and community self-reliance. It was recommended that alternative uses of social assistance be looked at for both urban and rural communities, since projects for urban development often cannot be successfully implemented into rural Native Communities. For remote communities there is a need to target federal funding to enable the development of community planning bases deemed necessary for economic development.¹²⁰

The TFSA also approached the Department of Regional Industrial Expansion (DRIE) to determine which federal resources could be accessed to develop long term social and economic planning within Indian communities. Previously programs had been ad hoc in nature and most Native communities did not have viable economic bases to establish community self-sufficiency. Discussions with individual Native communities and the Social Development Branch indicated that in order to establish alternate uses of social assistance funds to create employment there would have to be a co-ordination of

¹¹⁹ Task Force on Social Assistance, 1988, page 6.

¹²⁰ Task Force on Social Assistance, 1988 pages 2,3,4.

resources for economic development beyond the Economic and Human Resource Planning component of ICHRS.¹²¹

Development of successful alternative approaches to social assistance will involve examining existing concepts of work which have been created for labour-intensive economies. Alternative models for work will not necessarily concentrate only on capital gains but also on the social and cultural benefits ¹²²and reflect the needs of individual Native communities as noted by Bain:

The values, attitudes, and norms that prevail in Indian communities, however, differ from those of Canadian society. Consequently, it seems most likely that Indian communities will approach problems of employment and income differently.

In the first place, it seems likely that income and employment will be seen primarily as community issues. Further, they will be seen primarily from the perspective of the integration of individuals in the community not from the perspective of exchange, particularly monetary exchange, between members. Since every Indian person is viewed as having productive potential and inherent value it would be the community's challenge to discover how to integrate, employ and derive collective benefit from that individual...This strategy is suited to the small scale of the communities where every person's strengths and skills are known by most community members.

Thus, Indian communities, following the Indian framework, would not replicate the patterns evident in Canadian society - where compensation for work is measured in dollars, where a minimum level of 4% unemployment is expected, where the state provides assistance to relieve unemployment, where "make work" programs are designed to relieve welfare rolls and support work values and where two social castes of "helpers" and "those helped" have evolved. With a community focus on issues of employment and income, both individual and community needs would be

¹²¹ Task Force on Social Assistance, 1988, page 20.

¹²² Lesley Bain, Social Assistance Policy Alternatives Issues and Options as Identified by Bands and Tribal Councils of B.C., 1986, page 55.

met. Individuals would be sustained both materially and socially by contributing in their way to meet the needs of other community members. All members, collectively, would benefit from the employment of the productive capacity of each member, both in terms of their material product, as well as the social integration that arises from their interdependence.¹²³

It would appear that programs that consider employment a community issue will make use of the cultural advantages and not promote dependency. It is perhaps useful to look at two such cases. The first study involves a small community in Northern Spain which set about creating co-operative ventures. The second involves the Aboriginal communities of Australia. Both ventures are relevant to the Canadian context as they involve communities that are relatively isolated and had been considered economically disadvantaged.

Mondragon

The Basque are a minority people who live on the northern coast of Spain and in previous years have been famous for their fishing expeditions to the Grand Banks of the Atlantic Ocean. Within the Basque region there is a small town, named Mondragon, which has developed a complex of industrial cooperatives through the means of community economic development.¹²⁴

Mondragon has few natural resources and MacLeod, in New Age

¹²³ Lesley Bain, Social Assistance Policy Alternatives Issues and Options as Identified by Bands and Tribal Councils of B.C., page 54.

¹²⁴ Greg MacLeod, New Age Business, (Ottawa: Canadian Council on Social Development, 1986), page 39.

Business, summarizes the community's economic situation by quoting an informant who said, "Our mines are worked out and the land is not good for agriculture. We have to go thousands of miles for fish. We have no resources. We must rely on our brains and hard work -- and we work together."¹²⁵

The founder of the Mondragon experiment was Jose Maria Arizmendiarrieta, a Catholic priest, who had been sent to Mondragon as an assistant pastor in 1941. At this period Mondragon had a population of about 10,000 which had suffered severe factions after the Spanish Civil War and Jose Maria found that although the people wanted to build a new society they did not have the professional or technical education. Jose Maria believed that "The transformation of society meant finding people capable of undertaking it, and that meant education."¹²⁶

This inspired Jose Maria to open a new technical school where students were given a combination of a technical education and instruction in their duty to society. In 1955 Mondragon started its first business enterprise when five of the first initial students to graduate from the technical school bought a company in the city of Vitoria which was located 50 km from Mondragon. The company manufactured stoves and Jose Maria's former students re-designed the stove for their new company which they renamed Ulgor. By 1956 Ulgor employed ten people and it was decided to move the company

¹²⁵ Greg MacLeod, New Age Business, page 40.

¹²⁶ Greg MacLeod, New Age Business, page 43.

to Mondragon in spite of the community's apparent lack of commercial advantages.

The owners, however, believed that there were concrete advantages in small communities where ventures, projects and problems were part of everyday life and people had to be more inventive and self-supporting than city people. These qualities were deemed to be a necessary criteria for Ulgor's proposed alternate economic model which the students felt could not work in a city environment.¹²⁷

In 1959 Ulgor became a co-operative with the goal of obtaining a flexible structure that would be useful in a competitive market while at the same time pursuing human and community values. The founders of the Mondragon co-operative did not agree with the concept that only those who invested capital were entitled to an opinion in the business since this excluded the workers and management. Jose Maria also opposed the traditional co-operative method of capital distribution to the members since it did not allow for any capital accumulation or savings. Jose Maria argued that "Savings are necessary to renew equipment and to create new enterprises."¹²⁸ Therefore, in an attempt to elevate such a situation it was decided that capital would be paid a salary, much as the workers were. This would allow the accumulation of capital for further investment while at the same time allowing the co-

¹²⁷ Greg MacLeod, New Age Business, page 43.

¹²⁸ Greg MacLeod, New Age Business, page 45.

operative continued independence from investors.¹²⁹ It was decided that Mondragon's income would be distributed as follows:

1. Fixed payments
 - i. Materials and services.
 - ii. Minimum share for workers.
 - iii. Minimum share for capital (interest).
2. Variable Payments
 - i. To workers as a production bonus.
 - ii. To the enterprise itself (management performance).
 - iii. Supplementary share to capital in view of business risks.¹³⁰

In 1959 Mondragon opened a foundry and it was then decided that there was a need for a financial institution that would enable new enterprises to gain access to capital, the technical assistance they needed and the management of a social security program. A social security program was necessary since Mondragon's employees were not allowed to participate in Spain's national program as they were deemed to be self-employed.¹³¹ These decisions resulted in the creation of a Credit Union whose members included both banking employees and producer co-ops. In keeping with its motto "Let us make richer communities rather than richer individuals."¹³² the Credit Union did not expand into the cities but only in surrounding villages which allowed these small communities the opportunity to create jobs in local business ventures. Mondragon's Credit Union became a popular and preferred choice since the people could see

¹²⁹ Greg MacLeod, New Age Business, page 44.

¹³⁰ Greg MacLeod, New Age Business, page 44.

¹³¹ Greg MacLeod, New Age Business, page 44.

¹³² Greg MacLeod, New Age Business, page 45.

that their money was being used for the betterment of their own communities.¹³³

By 1963 Ulgor had expanded to a size which allowed it to be sub-divided into several independent cooperatives. The foundry became Ederlan, the producers of the mechanical pieces became Copreci and Fagor Electronic produced the electronic works. Although each co-op was legally independent it was unified by the Credit Union. The Credit union sold long-term debentures for low interest rates and social security insurance money and pension funds were also invested through the Credit Union.¹³⁴

In 1965 the new cooperative of Ularco was created to facilitate co-operation between the co-operatives and promote standardization of working conditions, benefit sharing, technological transfers, and the movement of capital among the cooperative enterprises. Ularco was also responsible for obtaining new product licenses from other countries and accepting contracts which dealt with the installation of new factories in developing countries.¹³⁵

Mondragon co-ops are established by a community group that are interested in starting a new business venture. This idea is brought to the credit union which provides technical assistance and advice. Once it is determined that the project idea is feasible,

¹³³ Greg MacLeod, New Age Business, page 45.

¹³⁴ Greg MacLeod, New Age Business, page 45.

¹³⁵ Greg MacLeod, New Age Business, page 45.

the Credit Union will also provide organizational planning, such as choosing managers and providing training for them.¹³⁶

The new co-ops internal structure involving a General Assembly is then put in place. Workers with four years seniority have voting rights and once a year there is an election which implements a new Board of Directors. Workers are also members and contribute to the capitalization of enterprises by providing approximately 10 percent of the necessary capital. The average creation of a job will amount to 40,000 with a worker providing \$4,000 as his share. The Spanish government contributes 20 per cent in the form of a loan at a low interest rate, while the Credit Union supplies the remaining 70 per cent. Everyone who contributes receives interest on their investment. When workers are unable to invest the required 10 per cent they are permitted to provide it through instalments which are then deducted from their salary.¹³⁷

Although most members do not participate in any management decisions, except for board elections, there is an active feeling of participation because of the capital investment. Workers choose the co-op's board, own the enterprise and their wages are determined by anticipated share of the year-end earnings. In times of economic difficulty workers have the option of investing more money to enable their company to remain viable.¹³⁸

¹³⁶ Greg MacLeod, New Age Business, page 47.

¹³⁷ Greg MacLeod, New Age Business, page 47.

¹³⁸ Greg MacLeod, New Age Business, page 47.

Workers average a 40 hour work week with an annual four weeks paid vacation and retirement at 65. Salary ranges are limited to a three to one ratio meaning that no employee can earn more than three times the salary of the lowest-paid worker. This includes management. Wages are determined by taking the average salaries for similar work in other non-cooperative industries of the area, added on to a cost of living index. Once an enterprise and its cash flow are established, the salaries are then looked at as ordinary operating expenses. At the year's end 30 per cent of the enterprise's surpluses are divided between the Social Fund, the Educational Fund, and the Reserve Fund which has the built in maximum limit of 20 percent. The remaining 70 per cent goes to the workers as a dividend.¹³⁹

/ Excess revenues at the year's end are shared by the workers and placed into the individual's capital account to be used as working capital by the enterprise. An individual's capital account is interest bearing and allows workers to accumulate between \$40,000 to \$60,000 before retirement which is then supplemented by 60 per cent of their average salary earned over the last five years of employment. Job security is also provided by enabling worker's to transfer to other co-operatives or return to school for retraining should their employment become redundant.¹⁴⁰

¹³⁹ Greg MacLeod, New Age Business, pages 47, 48.

¹⁴⁰ Greg MacLeod, New Age Business, page 48.

The Mondragon enterprises presently include a research department, agricultural and industry promotion, an intervention and advisory department, and an audit and information department.¹⁴¹ As MacLeod notes the Mondragon experiment has been successful and although one cannot hope to apply it to all communities, because of the inherent differences within communities, it provides alternative thinking to the traditional economic theories of individual profit as sole motivator. MacLeod argues that the survival and happiness of a community is of greater importance than economic benefit with profit been seen as "... a convenient measure of economic success, but remains a means for achieving a more important goal, not the goal itself."¹⁴²

Although Mondragon was economically disadvantaged it was able to build up a series of successful co-operative ventures through effective community management. Some communities, however, suffer not only from economic disadvantages but are also located in very isolated and remote areas. Many of the Australian Aboriginal communities are in this situation and in order to become viable, communities they had to look at alternatives to traditional work.

Australia

In 1984 the Australian government established a Committee of Review of Aboriginal Employment and Training Programs in order to

¹⁴¹ Greg MacLeod, New Age Business, page 51.

¹⁴² Greg MacLeod, New Age Business, page 9.

consider the high incident of employment problems that were being encountered by the Aboriginal population. The 1970's and 1980's found Aboriginal unemployment and social assistance dependency continually increasing and Aborigines (over 15 years of age) represented only one-third of the labour force in comparison to two-thirds for the rest of the population. This resulted in an unemployment rate that was five times greater than the national average. Aborigines were also found to be highly concentrated in low salaried employment that comprised of low-skill, casual, temporary and seasonal work resulting in one-third of Aborigines being dependent on unemployment benefits as a source of income.¹⁴³

The Committee of Review noted that unemployment among Aborigines was distinct from unemployment in the rest of Australia since approximately 42 per cent of the population is located in rural and remote areas where few employment opportunities are available. Previous attempts to curb unemployment had been based upon the assumption that Aboriginal people would eventually be assimilated into the mainstream urban-based labour force. These efforts proved ineffective and it has since been determined that relying on conventional labour market policy for Aboriginal populations will not lower unemployment.¹⁴⁴

In the 1986 review of Aboriginal economics the Aboriginal

¹⁴³ Aboriginal Employment Development Policy Statement, Policy Paper NO 1., (Granville, Australia: Ambassador Press Pty Ltd., 1987), page 1.

¹⁴⁴ Aboriginal Employment Development Policy Statement, Policy Paper NO 1., pages 1, 2.

Employment Development Committee acknowledged that many Aboriginal people were disillusioned with a lifestyle that was limited to welfare payments. It was also recognized that joblessness resulted in unacceptable economic and social costs to Aboriginal people and to the country as a whole.¹⁴⁵ In 1987, the Australian government outlined that the central element of the Aboriginal Employment Development Policy was to be based on "...the focus on equity in employment opportunity, as employment is the means to achieving income equality and economic independence."¹⁴⁶ and that the:

"Government acknowledges that increases ...in the level of Aboriginal employment can only be achieved through the development of an approach that incorporates a realistic assessment of employment opportunities"¹⁴⁷

The policy argued that Aboriginal peoples had their own social and cultural values which led to different aspirations and employment needs. These values had to be taken into account to enable future success in employment programs. Previously, many Aboriginals had been employed on agricultural farms surrounding small country towns. However, in present times this form of employment is rapidly disappearing with vacancies usually being filled by a non-Aboriginal staff that is not locally recruited. A high per cent of employment in Aboriginal communities is presently

¹⁴⁵ Aboriginal Employment Development Policy Statement, Policy Paper NO 1., page 2.

¹⁴⁶ Aboriginal Employment Development Policy Statement, Policy Paper NO 1., page 5.

¹⁴⁷ Aboriginal Employment Development Policy Statement, Policy Paper NO 1., page 5.

comprised of government-funded community-based enterprises and development projects. Few individuals work in the mainstream or public sector and some districts are so remote that:

"The levels of joblessness and welfare dependency in these communities frequently approach 100% of the Aboriginal working age population, because either, a conventional labour market has never existed in or near these communities, or the technological and structural change in rural industries over the last two decades has decimated the limited employment opportunities once open to Aboriginal people. Therefore, the Government realizes that Aboriginal employment growth in these areas will almost totally rely on government-funded employment generation measures."¹⁴⁸

On the other hand, the Australian government also recognizes that:

...residents are engaged in productive traditional economic activity, particularly the production of traditional foods for subsistence and artefacts. Cash income to supplement this production and to enable the purchase of goods and services from the outside economy is currently derived mainly on an adhoc basis through inappropriate mechanisms such as welfare payments.¹⁴⁹

The Government recognises the activity of Aboriginal people in Aboriginal original lands as a legitimate form of employment and productive economic activity, because time is spent, work is performed and non-traded goods and services are produced.¹⁵⁰

In view of the Aboriginals special needs the Australian government implemented the Aboriginal Employment Development Policy (AEDP) in 1987 which was to provide special programs for

¹⁴⁸ Aboriginal Employment Development Policy Statement, Policy Paper NO 1., page 6.

¹⁴⁹ Aboriginal Employment Development Policy Statement, Policy Paper NO 1., page 6.

¹⁵⁰ Aboriginal Employment Development Policy Statement, Policy Paper NO 1., page 6.

employment, training, education and enterprise development within Aboriginal communities. One of the important components of the Aboriginal Employment Development Policy which has evolved was brought about through the initiative of the Aboriginal people themselves and is known as the Community Development Employment Projects (CDEP).¹⁵¹

In an effort to understand the CDEP it is vital to understand the Unemployment Benefit system in Australia. Australian unemployment benefits are not a form of insurance and do not require individual or employer contribution since they are provided from the Government treasury. Benefits are also guaranteed and do not cease at a specific time but only when an individual obtains employment. In order to collect benefits an individual must be registered at an employment bureau which will administer a works test in an attempt to place one in suitable employment. Should no employment be available an individual will be eligible for benefits which are based on different rates for single individuals, married couples or families with dependents. Therefore, unemployment benefits do not take on the role of an insurance where only those who have contributed can benefit but are considered a "Basic income right so no person should be regulated to poverty."¹⁵²

The greater per cent of Aboriginal populations are located in isolated communities where little employment is available and are

¹⁵¹ Annual Report 1987-88, Department of Aboriginal Affairs, (Canberra, Australia: AGPS Press, 1988), page 15.

¹⁵² Rob Winroe, personal communication, September 20, 1989.

consequently entitled to extended unemployment benefits since it is a basic Australian right. The Aboriginal people, however, felt differently and believed that unemployment benefits or as they termed it, "sitting down money", was eroding their traditional way of life. In an attempt to maintain their traditional community values the Aboriginals proposed a program that would enable individuals to defer their individual rights for the betterment of the community. Out of this desire to retain the traditional ways the Community Development Project was developed.¹⁵³

The Community Development Employment Project (CDEP) is a voluntary program which is a co-operative venture between the Department of Aboriginal Affairs (DAA), the Employment Bureau and the Aboriginal people. The goal of Community Development is: "for communities/ to become economically and socially viable and to determine their own lifestyle"¹⁵⁴ and the DAA proposes that;

"if social, physical and economic development is to be purposeful and enduring, it must be planned and implemented by those who will be most directly affected. The AEDP clearly acknowledges the importance of community participation and places responsibility on Aboriginals."¹⁵⁵

The CDEP plays a major role in the Aboriginal Employment Development Policy by allowing Aboriginal communities the option of converting unemployment benefits into a basis for employment

¹⁵³ Rob Winroe, personal communication, September 20, 1989.

¹⁵⁴ Community Development Employment Projects, Appendix 5, page 1.

¹⁵⁵ Community Development Employment Projects, Appendix 5 page 1.

creation.¹⁵⁶ Rather than receiving individual unemployment benefits, communities receive wage grants equal to the amount of entitled unemployment benefits, plus an additional 20 per cent of the total CDEP wages to allow for administration and material costs.¹⁵⁷

The Department of Aboriginal Affairs notes that in order for the CDEP program to be successful there must be governmental respect of Aboriginal views and consultation is of utmost importance. DAA further elaborates that:

Social and economic development must start from the community if it is to be effective. The community itself needs to plan and carry out activities which will help it develop in the way that individual members want. Ideas and programs which are perceived to be imposed from outside are unlikely to be accepted or supported by the community, even if they are likely to be suitable projects or have been developed by some elite groups within the community.¹⁵⁸

In 1987-88, ninety-one Aboriginal communities, involving approximately 15,000 Aboriginals, participated in CDEP. The Australian government has determined that they have a commitment to CDEP and intend to annually fund an additional 1600 CDEP

¹⁵⁶ Annual Report 1987-88, Department of Aboriginal Affairs, (Canberra, Australia: AGPS Press, 1988), pages 15, 16.

Community Development Employment Projects, Appendix 12, page 2.

¹⁵⁷ Community Development Employment Projects, Operational Manual, (Department of Aboriginal Affairs), page 9.

¹⁵⁸ Community Development Employment Projects, Appendix 5, pages 1, 2.

projects over the next five years.¹⁵⁹

The goals of the CDEP are targeted at providing employment opportunities in areas where little or no employment exists, and therefore the guidelines have been made as flexible as possible. This enables remote communities the option of operating their own projects in a manner that meets that particular community's needs while enhancing the social, cultural and economic life. The CDEP is also flexible enough to include the organization of projects within communities that will allow the targeting of specific groups, such as women or young adults thus allowing a community the freedom to design development projects in areas which have been viewed as necessary.¹⁶⁰

The Department of Aboriginal Affairs allows a community to take on a CDEP project once they have developed a sufficient infrastructure and the needed skills for project management. Since a CDEP project is community orientated its implementation requires a great deal of community support and consensus. Should a CDEP project prove unsuccessful or if the community believes that it is having an overall negative effect upon their lifestyle a decision can be made to withdraw from the project.¹⁶¹ In an effort to assist,

¹⁵⁹ Annual Report 1987-88, Department of Aboriginal Affairs, (Canberra, Australia: AGPS Press, 1988), pages 15, 16.

Community Development Employment Projects, Appendix 12, page 2.

¹⁶⁰ Community Development Employment Projects, pages 3, 4, 6.

¹⁶¹ Community Development Employment Projects, pages 3, 4.

The Department of Aboriginal Affairs provides aid in identifying the necessary infrastructure and training needed to implement a CEDP project. When specific skills are necessary the DAA will establish liaisons with the Department of Employment, Education and Training (DEET) to enable the needed skills to be developed. Thus the CDEP projects allow Aboriginals to develop skills in community management , administration, and decision making that will enable individuals to participate in local employment or allow them to develop viable community enterprises.¹⁶²

When decision is made to participate in a CDEP the Regional Office of the Department of Aboriginal Affairs will then assess whether the community is suited to participate in the program. Evaluation criteria consists of aspects such as verifying the community's overall support for the CDEP, thus ensuring that it is the entire community that wishes to participate and not only a powerful minority. Other criteria would involve, the community's unemployment ratio, its potential for employment projects, and what training will be necessary to enable the community to undertake its proposed task. While CDEP can be used to supplement activities that are the responsibility of other agencies, assessment will ensure that it will not provide a service that is the responsibility of another agency. The regional office is also responsible for determining whether the community has a sense of social cohesion or whether it is rift with social problems which

would make the undertaking of a community project difficult.¹⁶³ Communities have been encouraged by the DAA to participate in project activities that are imaginative and progressive and will promote the development of new skills and increase economic independence. Consultation with DEET and DAA can assist in outlining what training will be necessary, and whether the proposed project will need outside expertise.¹⁶⁴

Regional Officers of The Department of Aboriginal Affairs provide support by monitoring CDEP projects with annual project reviews, regular visits to communities and quarterly verification of participant schedules.¹⁶⁵ Community CDEP's are also evaluated on an annual basis by the DAA regional and/or state office in an effort to determine whether the community is willing to continue the project. Annual reviews also verify the community's Participant Schedule, internal administration, budgets, related work programs and the community's physical and socio-economic outcome.¹⁶⁶ Overall, the Department of Aboriginal affairs has found that the CDEPs with the highest success rate have been those where members initially formed a Community Development Plan to decide which project activities would be taken on by the community workforce and what proportion of CDEP resources will be allocated

¹⁶³ Community Development Employment Projects, pages 12, 25.

¹⁶⁴ Community Development Employment Projects, page 25.

¹⁶⁵ Community Development Employment Projects, page 7.

¹⁶⁶ Community Development Employment Projects, pages 22, 23.

to each task.¹⁶⁷

Once a CDEP is implemented the community councils are responsible for the administration which includes the selection, planning and administration of work activities, the maintenance of a schedule of participants, and wage structure policies. Communities are also responsible for determining the planning process of a CDEP projects. They must determine priority projects and the number of people and working hours involved in each project activity. On costs expenses, such as workers' compensation, accounting, auditing fees, cost for tools and equipment must also be accounted for.¹⁶⁸ In outlining the wage distribution it will also be necessary for the communities to determine whether there will be an need for income maintenance to offset the wet season or times of traditional ceremonies.¹⁶⁹

Wages for the CDEP are determined by the DAA. The DAA calculates the CDEP wages grants by taking total participants' daily rates of unemployment benefits. Once the wage grant has been transferred, the community must ensure that each person is allowed to work the number of hours that are necessary for them to collect the amount which is due to them.¹⁷⁰ Therefore, each participant must be offered a given amount of work which will allow them to

¹⁶⁷ Community Development Employment Projects, pages 25.

¹⁶⁸ Community Development Employment Projects, pages 28.

¹⁶⁹ Community Development Employment Projects, pages 26.

¹⁷⁰ Community Development Employment Projects, appendix 7, pages 4.

have wages that are equivalent to what their Unemployment benefit entitlements would have been.

Should participants be receiving payments other than unemployment benefits they can choose to participate in the CDEP and allow their payments to be placed as part of the wage grant or have their CDEP wages adjusted accordingly.¹⁷¹ For example, if a person is receiving a pension they have the option of deciding if they want to surrender their pension to the CDEP fund or retain it.¹⁷² Participants are also allowed to work at part-time or casual employment without penalty to their CDEP rate of income since such income is ignored in setting the CDEP rates.¹⁷³ Individuals are not locked into the CDEP system. Should they choose to leave the CDEP community they are entitled to their unemployment benefits.¹⁷⁴

Those who are employed in CDEP projects are also allowed supplements from the CDEP grant fund. This includes allowances such as the Dependant Subsidy which goes to the primary care-giver of a dependent child in order to provide assistance for child care. Family Allowances are paid in accordance to the number of dependent children and the amount of family income which cannot be in excess

¹⁷¹ Community Development Employment Projects, appendix 12, pages 1, 3.

¹⁷² Community Development Employment Projects, appendix 12, page 4.

¹⁷³ Community Development Employment Projects, appendix 15, page 6.

¹⁷⁴ Community Development Employment Projects, appendix 12, page 9.

of \$50,0000 for a family with one child therefore qualifying most CDEP families. The Family Allowance Supplement (FAS) is paid by the DSS to low income families with a minimum of one dependent and most CDEP participants qualify for the FAS. Low income workers are entitled to the Health Care Card and CDEP participants who meet the income test are also allowed the Health Care benefits. DSS also provides remote area allowance to pensioners and beneficiaries who live in isolated areas and if a CDEP community is eligible for a Remote Area Allowance it is calculated as part of the CDEP wages grant.¹⁷⁵

The CDEP allows a community the flexibility of providing wages for those who are supporting a dependent or an income maintenance payment can be organized to reflect the number of dependent children in a family. The community also has the option to decide whether they wish to use part of the wages grant to provide a base payment to community members regardless of wheter they are working or not. However, should a base payment be implemented, those who are working will receive their salary plus the base payment therefore providing a work incentive.¹⁷⁶

Some examples of CDEP project activities have been; the teaching of traditional skills and stories, small fishing ventures, cattle operations, land management, reafforestation, farming,

¹⁷⁵ Community Development Employment Projects, appendix 1, pages 3, 4, 5.

¹⁷⁶ Community Development Employment Projects, appendix 3, pages 1, 2.

community stores, tourist operations, meals-on-wheels, drug and alcohol rehabilitation, child care, sports activities, security, broadcasting, artifact production, brick making, housing, vide and music production.¹⁷⁷ Overall, CDEP activities include whatever an individual community regards as productive activity. This can include art and craft activities and the maintenance of cultural traditions which can include the production or harvesting of traditional food. The Department of Social Security (DSS) points out that "It is not the role of DSS to judge the worth of the activities...".¹⁷⁸

Although CDEP cannot be used to replace programs for other agencies it can be used as a supplement. This might include providing teachers aides in Government run schools beyond the number the school can provide or paying part of the wages of a community enterprise when no other source of funding is available.¹⁷⁹

In summary, the CDEP program appears to be a successful enterprise which acknowledges that with assistance small communities can determine what is of importance to their communities and what forms of economic development will be the most beneficial to their people. In providing support for the CDEP the

¹⁷⁷ Community Development Employment Projects, Appendix 6, page 1.

¹⁷⁸ Community Development Employment Projects, appendix 12, pages 1.

¹⁷⁹ Community Development Employment Projects, pages 28.

Australian Government has acknowledged the value of allowing communities the opportunity to determine their own future and has accepted a different concept of work.

Conclusion

As Transitions pointed out most employable social assistance recipients spend an average of seven months on assistance with 40 per cent re-entering the work within three. This would seem to indicate that most employable social assistance recipients are willing to work but cannot obtain employment. Since a high per cent of social assistance recipients are employed in work that is prone to a high turn over and numerous lay-offs it many social recipients will find themselves repeatedly alternating between temporary employment and social assistance.

In conclusion it is worthwhile to note that although social assistance dependency is not specifically a Native problem, it is necessary to acknowledge that Native people need specific help for their special needs. As previously mentioned many Native communities are located in isolated and remote regions and lack the necessary resources and infrastructure to become economically independent of transfer payments, however this not mean that they cannot become viable communities. As previously outlined one must question the definition of work, and traditional urban economic models. Standard urban economic growth models may prove to be inappropriate to small remote communities who, as in the James Bay Cree, may have a very different view of what constitutes productive

activity.¹⁸⁰

When small communities, such as Mondragon, are allowed to determine their strengths in terms of resources and population they may come up with many productive alternatives for social assistance. Other communities, such as the Aboriginal communities in Australia, which are more isolated may continue to be dependent upon transfer payments but not at the expense of individual and community self-worth.

¹⁸⁰ For further information see:

George Kupfer's discussion paper on Employment Alternatives and Social Assistance in Smaller Northern Alberta Communities, prepared for The Northern Alberta Development Council, 1983.

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