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**NEOCONSERVATISM, THE WELFARE STATE,
AND ABORIGINALS IN CANADA**

by
Graziella Barrasso

**Thesis submitted to the School of Graduate Studies and Research
in fulfillment of the requirements for a
Master's of Arts degree in Political Science**

Director: Professor Duncan Cameron

**The University of Ottawa
August 1994**

Revised September 1994



Graziella Barrasso, Ottawa, Canada 1994



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ISBN 0-612-00576-3

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ACKNOWLEDGEMENTS

I would like to thank my thesis director, Professor Duncan Cameron for his help, and Professor François-Pierre Gingras who helped me with the earlier version of the thesis. Many thanks to Henry Lickers, environmental director at the Mohawk Council of Akwesasne, and the Institute for Research on Environment and Economy (IREE, University of Ottawa), for the hands-on experience which I acquired through working with them. Also, many thanks to my good friends Brigitte Diogo for her fantastic type-setting skills, and Mythili Rajiva for checking the typos.

Finally, I would like to thank my parents, Elena and Aurelio for their support, and to my sisters Antonia Maria, Gloria, Sonia Irene, and to my beautiful brother Elio Agostino, to whom this thesis is dedicated to.

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INTRODUCTION

This thesis analyzes the linkages between changes to the Canadian welfare state and the socio-economic conditions of Canada's First Nations. The Conservative government, between the years 1984 to 1993, dramatically reduced the welfare state. In examining the welfare state, it will be seen that ideology and economic policies, combined in the business and political rhetoric, justified the cuts to the welfare state. This rhetoric is the language of the New Right movement which is embedded in the neoconservative ideology.

The decline of the welfare state has affected many aspects of our country but the First Nations in Canada have taken a most severe blow by this decline. Canada's First Nations have a weaker socio-economic position when compared to the average Canadian population; therefore any reduction in welfare state policies, which are inextricably correlated to the socio-economic position of First Nations, leads to a further reduction in their standard of living.

The relationship between the welfare state and First Nations will be outlined and the thesis will further attempt to demonstrate how right-wing policies have led to a reduction in citizenship rights. In order to establish a conceptual framework to ensure uniformity, the following questions will be addressed:

- (1) What is the Canadian welfare state and how has it declined over the years from 1984 to 1993?
- (2) What are the major forces which have led to its decline?
- (3) Is the decline of the Canadian welfare state significant as compared to other

advanced industrialized countries?

- (4) How has the changing role of the welfare state affected the socio-economic position of Canadians, in particular First Nations groups?
- (5) How has the New Right movement affected the concept of citizenship rights?

The world has entered a new era of "globalization" and this concept will be the new moulding structure for the years to come. Politics is being redefined within this mold and thus the whole aspect of democratic nation-states come into question. These questions will be examined in chapter one of this thesis by selecting prominent authors who have outlined their own definitions describing the changing political landscape and have sought to unravel the complexities of business and political rhetoric. It will further outline the concept of the welfare state and how it evolved through the changing ideologies, from liberalism to conservatism, and most recently, to neoconservatism.

Chapter two of my thesis will present a broad overview of the welfare state. It will briefly outline the stages of development of Canada's welfare state. The third chapter will detail the emergence of welfare state politics in Canada and its present relationship with neoconservatism. In chapter four, welfare states from Western industrialized countries will be compared and their performances will be evaluated using such indicators as unemployment rates, income security and post-secondary education.

Understanding the importance of this subject is crucial to the survival of Canada's

Aboriginal communities who have struggled since the coming of the Europeans. After having described the emergence of the New Right movement and the Canadian state in a comparative perspective, sections five to ten will then outline the demographic, social, and economic condition of Aboriginal groups in Canada. It will show how their socio-economic position has been affected under a neoconservative regime. It will further describe the position of Aboriginal groups within the Canadian welfare state. Since the neoconservative government, headed by Brian Mulroney, severely affected the Canadian welfare state, those affects ultimately extends to the socio-economic position of Aboriginal groups in Canada. If present trends continue, where the welfare state is slowly but surely declining, First Nations in Canada will ultimately be further marginalized which can threaten their very survival. Helen Buckley draws upon this fact by noting:

...[T]here isn't much employment on or near the reserves and, as a direct result, a great many people have to be supported by the government. As a further result, stemming from both unemployment and dependency, the reserves contend with social problems that would tax the resources of much more prosperous communities (Buckley:1992: 7).

The deep sociological and psychological stress factors which many Aboriginal face have become rooted within their way of life, particularly within the circles of Aboriginal youth. This theme will be outlined in the latter part of my thesis and it will examine some key Aboriginal policies which have not ameliorated the social and economic position of First Nations across Canada.

The hypothesis which I will examine takes as its starting point that the Progressive Conservative government, between 1984 to 1993, greatly reduced the Canadian welfare state in

line with its neoconservative ideology. In my analysis, I extend this to the proposition that Aboriginal groups in Canada, because of their high dependency on the welfare state, have been disproportionately affected as a result of the government's pursuit of this New Right agenda.

This thesis will therefore first show how the neoconservative ideology of the Conservative government had an adverse impact upon the Canadian welfare state, and then extends it to encompass the idea that Aboriginal groups in Canada have been severely affected. Aboriginal groups will thus serve as the primary case study because of their special relationship with the welfare state. This concept can be seen as a cause and effect where neoconservative policies, associated with the New Right movement, have led to a decline of the welfare state which has adversely affected the socio-economic situation of First Nations in Canada.

The scope of this thesis will establish the links between the neoconservative ideology and the welfare state. It will suggest that, as a result of the different ideological backgrounds of these two phenomena, they are ultimately incompatible. The neoconservative attack of the welfare state resulted in a rightward shift of government policies which led to a reduction of social policies. Because of the marginal position of First Nations, they got caught between the ideological debate, resulting in a decrease of their socio-economic position. Therefore, in order for Aboriginals to increase their socio-economic position, an examination of where they stand within the Canadian welfare state needs to be analysed, particularly within a neoconservative era.

1. THE IDEOLOGICAL DEBATE

All government persuasions are governed by a set of beliefs which is incorporated into their basic policy platforms. It perceives the world through a series of interconnected values which seeks to understand the macro approach in governing which is fundamental in every society. This set of beliefs "provide the believer with a fairly thorough picture of the world" (Sargent:1978: 3). These commonly held values amongst the different political persuasions rest on a set of assumptions which can be summarized as follows:

1. Ideology is not a mere personal opinion, but a social belief, that is, accepted by large numbers of people and passed on by the normal channels of cultural transmission.
2. Ideology always involves a mixture of factual and moral beliefs.
3. Ideology, as a mass belief, is somewhat simplified.
4. An ideology is not a random collection of opinions, but a more or less organized system of beliefs that fit together logically (Dickerson and Flanagan:1988: 74).

Dickerson and Flanagan outline the common values held by the different ideologies but, as my thesis will show, there also exists ambiguity and contradiction within the different ideologies because these systems of beliefs are but abstractions; they do not exist, rather, it is the different individuals who exist, and espouse the thoughts and ideas which make up these sets of beliefs. Therefore, because of the ever changing nature of individual human beings, ideology is constantly evolving within societies to fit and meet individual desires. My thesis will seek to demonstrate that the ideology which has rendered Canada a viable and prosperous country is no longer dominant within society. Instead, the ideology of neoconservatism has taken on a new role in Canadian society and, in keeping with this line of thought, neoconservatism seeks to roll back many fundamental features of the welfare state. The next section will outline what this particular ideology espouses and how it is consistent with the decline of the welfare state.

1.1 Canadian Authors

A number of Canadian authors have grappled with the meaning of "New Right", "conservatism", and "liberalism". James Laxer identifies the New Right ideology "as much an expression of liberalism as it was of conservatism" (Laxer:1993: 14). He notes that in continental Europe, "liberalism" was applied to the Reagan-Thatcher brand of politics which is essentially a brand of laissez-faire economics. In North America, this new brand of "liberalism" essentially became an expression of "neoconservatism" and therefore, as one of the gurus of neoconservatism, Norman Podhoretz, notes, "the term neoliberal would have been just as logical a label for his movement as neoconservative" (Laxer:1993: 14).

Mel Watkins writes that "we live in the neoconservative times of the New Right" (Watkins:1992: 60). According to Watkins, neoconservatism is the ideology, and the New Right the era which the world is currently in. Stephen McBride, along with a body of literature, suggests that ideology matters most, for it shapes the contours of government policies, which affects the lives of citizens. In other words, ideology can be expressed as government strategy. So what is this neoconservative strategy? Laxer identifies it as follows:

For neoconservatives, the market is society's most important institution and the best available instrument for generating wealth. Their most important contribution to the politics of globalization is the idea that society should make its basic decisions in the marketplace, leaving only regulatory functions to the state. Their reasoning is that when national governments make important socio-economic decisions -- setting priorities for production and consumption, redistributing wealth, or steering research and development -- they are interfering with the free play of the market and marring the uniformity of the global economic playing field (Laxer: 16).

This strategy embraces the basic writings of Adam Smith who is the "founder" of economics as a behavioural science and of the works of Milton Friedman and Friedrich Hayek. Watkins explains this neoconservative strategy as "the market ideology run amuck" where "people have to mold their behaviour to the dictates of the market -- a phrase that nicely captures the authoritarianism lurking so close to the reality of the market economy" (Laxer: 60). Linda McQuaig notes that the "neoconservative philosophy ushered in by Ronald Reagan and Margaret Thatcher is really a political reaction against the welfare state and its egalitarian goals" (McQuaig:1993: 44). But neoconservatives have many arguments against the welfare state. Dickerson and Flanagan define conservatism, which is at the root of neoconservatism, as comprising of the following:

[R]espect for habits and customs whose rationale may not be immediately apparent. Conservatives assume there is tacit wisdom in inherited patterns of behaviour. People may not understand all the reasons for what they do, but they may still be doing the right thing by following custom (Dickerson and Flanagan:1988: 100).

This desire not to tamper with the status quo is at the root of the conservative philosophy. This reasoning, according to Dickerson and Flanagan, is that the alternative, which is superficially attractive, can result in outcomes which are less favourable when tested in practice. This prejudice to change can be exemplified by past experience, for conservatives "feel that we are heading in the wrong direction and should return to examples of the past before it is too late" (Dickerson and Flanagan: 102). Dickerson and Flanagan refer to the status quo as:

[T]he present, not as an isolated moment in time, but as an extension of a long past. It is really the prolonged experience of the past that the conservative values, not the mere existence of a custom, practice, or institution (Dickerson and Flanagan: 102).

This line of thought is most reflected in the works of Edmund Burke (1729-1797) who

uses the French Revolution as his example of the past and therefore the idea that the "divine order as the foundation of social order" is much more important than the individual (Dickerson and Flanagan: 102). Religion is also at the core of conservatism for it is used as a support for society. Dickerson and Flanagan see this line of reasoning more as an attitude than a fullfledged ideology. The Conservative attitude can be seen in the increase of right-wing parties in many industrialized countries, many of whom hold religion as an extension of their policy platform. In Canada, this trend appears in the rise of the Reform Party.

The classical liberal, on the other hand, believes in the role of the market as the most effective means in fulfilling human desire. This view of the market, as outlined by Dickerson and Flanagan, assumes the following:

1. there are many buyers and sellers;
 2. who trade freely without coercion;
 3. who know what they want and what goods and services are available; and
 4. entry to the market is relatively open, so that new participants can always undermine collusion that may arise among present participants;
- The assumption further states that there is also a legal framework that:
5. protects property; and
 6. enforces contracts, thereby making commerce possible (Dickerson and Flanagan: 86).

These conditions make it possible for exchanges of goods and services to be mutually beneficial to the society as a whole. The economic philosophy behind this ideology was concerned with protecting private property; and within this sphere, the government should play a major role. This idea can be found in the famous works of Adam Smith and the theory behind the invisible hand. This term, invisible hand, is synonymous with the term laissez-faire (let alone): they both suggest that individual needs can be best served through free competition in

the private economic marketplace.

The political side of the classical liberal ideology calls for a "policy of freedom" where "the rule of law" and "the consent of the governed" encompasses the substance of a society. These ideas first emanated from the works of John Locke and John Stuart Mill; the political theory of this ideology is comprised of "equality before the law and equality of right in respect to person and property, but not equality of political participation" (Dickerson and Flanagan: 83). The incorporation of democracy occurred at a later stage as this ideology was being transformed.

Many thinkers who espouse the classical liberal philosophy are aware of the inequalities which the marketplace produces but they believe that this feature is an inevitable attribute of free competition which the classical liberalists describe as a basis for spontaneous order (as distinguished from organization). Furthermore, as Smith argued, governments have no mandate to correct these results by transferring wealth from rich to poor for then it would interfere with the natural market processes. This notion, according to the classical liberalist, is embedded in the principle of equality of right, which means that "the property of each is equally protected, regardless of how much there is" (Dickerson and Flanagan: 89). If the process of coercive redistribution was or could be introduced, it would "take from the rich because they are rich and give to the poor because they are poor; such a policy means that the two classes are not treated equally before the law" (Dickerson and Flanagan: 89). Although this ideology expresses belief in the importance of equality before the law, it has not advocated the concept of equality of condition. Dickerson and Flanagan further note that classical liberalists have fought for certain

goals, such as abolishing discrimination imposed upon minority and ethnic groups, where they have had great achievements in today's Western democracies.

An important theme within liberal philosophy is the concept of equality, particularly equality before the law. The advancement of this classical liberal doctrine is today being espoused as "conservative" for it is in favour of preserving the status quo. Thus, classical liberals often refer to themselves as conservatives in this century where, only a century earlier, they were once referred to as liberals, which was a reforming force and very much in favour of changing the status quo (Dickerson and Flanagan: 89). In both periods they are basically concerned with the market process and they are fully aware that the market can yield economic inequality but these results are nonetheless justified by the greater benefits which the market produces. Which group this process benefits will be discussed later.

Ramesh Mishra notes that the distinction between the different emerging ideologies rests along economic class lines (Mishra:1990: 16). This is evident by the different support that each dominant party receives. For example, the Progressive Conservative Party of Canada, which espouse a neoconservative ideology (at times it is expressed more through ideological terms than actual public policy), receives much of its support from the propertied classes and business groups (McQuaig:1993). But because Canada functions on what has become to be known as "brokerage parties", ideologies tend to shift within the political spectrum according to the perceived mood of the electorate (this theme will not be outlined in this thesis).

Today the two main class-based ideologies emerge as either neoconservatism or social democracy. According to Mishra, it is from this perspective of social stratification that one can understand the political economy of the social welfare state (Mishra:1990: 16). Mishra further notes that:

Overall, the two-class related approaches to social policy must be seen as operating within a political order which is highly differentiated in terms of socio-economic and other interests. It is at *this* level of analysis that gender, race, religion, regionalism and the like assume considerable importance (Mishra: 16).

The different hierarchies in which our society has become deeply embedded in are evident throughout many aspects of private and public life. These hierarchies dictate the political scene where politicians compete for support. According to Mishra, since competition can be quite fierce, no government, "whether of the left or the right, working within parliamentary and institutional constraints, can be expected to shape economic and social policy according to the dictates of ideology. In this sense a gap between rhetoric and reality is inevitable" (Mishra: 37). But according to James Laxer, the rhetoric which engulfed the Progressive Conservative government has itself become dangerous. The central argument of his book is:

...[T]hat the Conservative government has carried out a wilful assault on Canada's institutions, traditions, and society. Further, this assault has been in the name of globalization, which is a false god that has done vast destruction in many parts of the world (Laxer:1993: 2).

According to Laxer, this destruction is embedded in the neoconservative ideology which is attempting to rewrite the social contract of the postwar decades that led to creation of the welfare state. This phenomenon emerged during the Thatcher and Reagan years and the dismantling of the welfare state became evident in Canada under Mulroney's Progressive Conservatives. Laxer outlines how neoconservatives justify this reasoning: when national

governments interfere with the economy by making important socio-economic decisions, such as redistributing wealth, they are interfering with the natural forces of the market and thus impairing "the uniformity of the global economic playing field" (Laxer: 16). When national governments do respond to the wishes of the electorate by setting national standards and priorities which can benefit large numbers of people, neoconservatives respond by attacking this position and insisting that it will cause a barrier to efficiency. Laxer describes this attitude by neoconservatives as "a direct assault on political democracy" (Laxer: 17).

This assault on political democracy is also described by Stephen McBride who contends that the phenomenon of mass unemployment is affiliated with the neoconservative strategy. This strategy focuses on "taming the power of trade unions" in order for "economic adjustment to occur on terms favourable to capital" (McBride:1992: 45). This approach can be best practiced under the monetarist doctrine and its approach to inflation "which consists of causing a recession in order to weaken trade union's bargaining power" (McBride: 45). Thus, the policy of full employment is not consistent with this doctrine. Robert Campbell analyses this approach where the government's macroeconomic strategy remains unchanged despite an unemployment rate of over 10 per cent. He outlines key priorities in the federal government's macroeconomic agenda, which has remain unchanged since 1984, as follows:

- cutting the deficit;
- limiting spending and programs;
- deregulating the economy;
- privatizing Crown corporations;
- reforming the tax system to encourage incentive and efficiency; and
- containing inflation (Campbell:1992: 28-29).

The above priorities express the neoconservative ideology, and Mulroney's economic

policies have followed this thinking. This "monetarist" concern with inflation, as opposed to a Keynesian concern with employment, tends to be applauded by neoconservative audiences but this is not to suggest that all those who follow the monetarist approach are neoconservatives. For example, Richard Lipsey, a prominent advocate of zero inflation, has not been identified in the past as an advocate of stimulating fiscal policy, and he rejects the critique that monetarism is a brand of conservatism (Chorney:1991: 2). He further argues that inflation is more painful than the recession and this inevitably leads to monetary policy. This statement has been denounced by Harold Chorney who further questions the alternative approaches available to deal with inflation other than generating a recession. According to Chorney, "the Bank of Canada's monetary policy is the result, not of certain structural or class features of Canadian capitalism, but of the triumph of a particular body of thought about how monetary and fiscal policy should operate in a modern capitalist economy" (Chorney:1991: 3). This monetarist approach to inflation is more inclined to represent those who espouse the laissez-faire ideology, which is the central theme of neoconservatism. Reliance on monetary policy leads to "fiscal conservatism" which is incompatible with social democracy and the various progressive tenets of liberalism, and it ultimately leads to a decline of the welfare state.

The present economic situation has brought massive unemployment to many industrialised countries in the world; and the social welfare state has had to play a larger role lately in the sphere of income maintenance. According to Stephen McBride, "mass unemployment, once thought to have been banished, has returned as an apparently intractable feature of the economic and political landscape" (McBride:1992: 3). This shift, according to the author, is being guided

under the monetarist doctrine whereas during the period between 1945 to 1975, a "bastardized" Keynesian economic theory guided the state. The author attributes high levels of unemployment to the increase in power of the New Right movement and neoconservative governments who follow the monetarist doctrine:

Monetarist economic theory provided the major policy platforms for neoconservative parties that, in Canada as in a number of other countries, dominated political discourse in the 1980s. For many observers the adoption of monetarism and the return of mass unemployment are far from coincidental developments: neoconservative state policies guided by monetarism are widely felt to have been a major cause of increased unemployment (McBride: 3).

Allan Moscovitch and Glenn Drover note two common approaches to social welfare. The above excerpt falls into the conservative tradition, which places emphasis on "coalitions of individuals or consensus in decision-making in order to achieve welfare" (Moscovitch and Drover:1981: 3). This is based on an assumption of the individual as a maximizer of his own well-being. The reverse ideology which Moscovitch and Drover outline is the liberal tradition, which "places emphasis on collective or state intervention to secure rights" (Moscovitch and Drover:3). This latter tradition implies a social welfare state where equity and justice prevail and this extends to citizenship rights. But this ideology has coincided head-on with the evolution of capitalism which is based on inequality and therefore the two ideologies are incompatible.

The nation-state was at the forefront of this concept of citizenship where democracy prevailed. The nation-state was the stage on which these new ideas could be realized, and provided for the participation of the mass. The nation-state was no longer to be limited to an established élite. These ideas were originally borne in the period of the French Revolution and the emergence of the nation-state. This thinking brought to the industrialized countries of the

world a greater equality between citizens. But, in our present era, neoconservatives "often portray the decline of the state as a central feature of our age" (Laxer:1993: 32). What are the implications of this phenomenon on citizenship rights and the nation-state? Laxer identifies the two most important myths surrounding globalization as:

- We are witnessing the onset of a borderless world which the state is becoming less important;
- All states are losing power more or less equally as a consequence of globalization (Laxer: 33).

Laxer identifies this myth as being confused with the "changing role of the state in an era of economic and social transformation" (Laxer: 33). Governments, which are being pressured under the theme of competitiveness, have abandoned industrial strategies and have cut deep into social programs. For many neoconservatives, these changes in strategy are a very welcoming aspect for they drastically reduced the bargaining power of unions. Unemployment becomes an economic strategy for subjecting unionized workers to competition from lower-wage countries (Laxer: 33). Laxer continues his argument by saying that it is a grave error to believe that we will live in a borderless world. What has changed is the state's role in influencing economic outcomes and its mutual dependence with multinational corporations. But this outcome is not only restricted to the Canadian experience but to other industrialized countries as the next section will attempt to demonstrate.

1.2 Non-Canadian Authors

Desmond King writes about the political and economic ideas which have influenced the British and American governments during the 1980s. Specifically, he examines the New Right ideology and its influence upon the intellectual and political agenda as a means of reviving the

free market and challenging citizenship rights. King defines the term New Right as "economic and political liberalism" where "liberal economic arguments for the free market were joined with political arguments about individualism and a reduced public sector" (King:1987: 8).

In a seeming paradox, another element of the New Right is its enshrinement of conservatism "which arises from the pursuit of liberal economic policy" (King: 8). Liberals do not question the capitalist system but want to simply "recast it in a purer form", and conservatives, "a pre-capitalist orientation", "have been forced to reach accomodation with capitalism" (King: 8). This accomodation between the two ideologies is not surprising for one tends to re-enforce the other. For example, both liberals and conservatives aim to limit citizenship rights and the reasons are twofold: citizenship rights not only increase the governments' role in society but they diminish traditional hierarchical and authority relationships (King: 9). King is particularly concerned with the liberal facet in the New Right ideology for this is at the core of its political and economic ideas.

The prominent sociologist Daniel Bell describes the fate of the left as "the end of ideology". This ideology was once "a road to action" which had "come to be a dead end" (Bell:1962: 393). This ideology "closes the book, intellectually speaking, on an era, the one of easy left formulae for social change" (Bell: 403). His analysis describes the West's disillusionment with the Soviet Union along with the rise of the welfare state, which resulted in "a rough consensus among intellectuals on political issues" (Bell: 402). In other words, the political left was drained and this enabled the New Right to enter the politics of mainstream

America.

Sidney Blumenthal also examines the liberal tenet in the New Right ideology within American politics. He outlines the series of events which led to the demise of the Establishment (the Democratic Party and its associated ideologies), beginning with Roosevelt's New Deal. At the time, conservatism, as described by William F. Buckley, was a deviant subculture (Blumenthal:1986: 13).

The conservative intellectual movement built up force in successive waves. First, the conservatives were isolated, even from each other. In the second wave, with the founding of the *National Review*, they had a center. And, finally, with the establishment of think tanks, they achieved a stable institutional base (Blumenthal: 13).

The conservatives did not share the same beliefs as the makers of the New Deal. For them to succeed, they had to become an "expansive movement" (Blumenthal: 14). In other words, "conservatives needed to justify their actions by learning beyond the liberal mainstream" (Blumenthal: 14).

Blumenthal divides conservatives of the post-war era into three different ideological groups who all "attempted to halt the express train of liberalism" (Blumenthal: 14). These groups represented different schools of thoughts which, thirty years later, would be expressed as the "mythology of Reaganism" (Blumenthal: 14).

Free-marketeers wanted to restore an austere marketplace, freed of the confounding mechanisms of the welfare state (ie: Frederich von Hayek). Repentant ex-Communists, who penetrated every concentric circle of Inferno and seen its terrible heart, preached against the demonic power of the State (ie: Whitaker Chambers). And cultural conservatives located philosophical ancestors in order to place a rootless American conservatism on the green branch of a venerable

family tree (ie: Russell Kirk) (Blumenthal: 14-15).

These three disparate figures would soon be united under the guise of William F. Buckley, Jr., the fourth faction of the conservative remnant. Thus, Blumenthal concedes that it was in the 1950s that the conservatives discovered an identity, and this was followed by a political discovery in the 1960s. The events which proceeded to unravel were the Goldwater campaign, Buckley's mayoralty race in New York, and Reagan's gubernatorial campaign, which led to an "immense process of political education of both the public and the conservatives themselves" (Blumenthal: 31). The process by which conservatism would be transformed evolved over the next two decades.

By 1980 the Counter-Establishment had grown from the Remnant into a vast apparatus of think tanks, journals, and institutes. And hundreds of its cadres, schooled in the movement's extra-party organizations, were recruited to serve in Reagan's Washington as a governing elite (Blumenthal: 31).

These conservatives, who became known as neoconservatives, espoused the free market and rugged individualism. This was later extended to other parts of the world, most notably Great Britain, and, in various forms, Canada. The most notable features of the New Right dealt with their approach towards the economy and the limited role of government. In the past, post-war governments sought to rebuild their economies, and pursue economic strategies of full employment, particularly because the Depression years were still vividly remembered. These strategies were pursued under the Keynesian pretense which provided a stimuli to post-war economies.

In *The General Theory of Employment, Interest and Money* (1936), Keynes focused on macroeconomic behaviour, the economy as a whole, and not in microeconomic behaviour, which

is the behaviour of individual consumers and producers within the market-place. King explains these economic principles where the signals produced by market forces "to be sufficient for microeconomic activity to proceed smoothly *if aggregate effective demand was properly sustained*" (King:1987: 53). Therefore, according to Keynes, for aggregate demand to be sustained, it is necessary to pursue full employment policies provided by the fiscal stimuli by way of government spending. But the important aspect is for the government to avoid creating more demand than can be met by the economy, otherwise inflation develops. Thus, as King notes, "government economic policy becomes a matter of fine-tuning aggregate demand to generate full employment" (King: 54). Critics who maintain that the government should not interfere with the economy do not realize that Keynesian policy "focuses on the behaviour of the macroeconomy" and therefore "it avoids direct confrontation with capital or labour" (King: 55).

That Keynesian demand-management techniques did not require direct interference with the status of capital or labour is critical to understanding its success: the government is essentially able to pursue its economic policies in the context of a *private economy* without significantly diminishing established interests (King: 55).

Nonetheless, neoconservatives strongly disagree with the above assumptions because of their belief in the superiority of market mechanisms, as a promoter of both economic prosperity and the maximisation of individual freedom through less government intervention. These New Right liberal political and economic tenets hold the belief that the efficiency of the market in the allocation of scarce resources promotes the activity of redistribution within society. Furthermore, the other core element of its belief, which is the limitation of state intervention, is based on the assumption that "freedom must be market-based freedom rather than state-imposed" (King: 9).

These New Right assumptions believe that the range of political, economic, and social citizenship rights would be better achieved through the role of the market. This is consistent with the *traditional laissez-faire* ideology which emphasizes on " the individual (usually understood to be a healthy, employed, educated, white adult male), a limited role for the state and a faith in untrammelled market forces" (King: 10). These convictions about "competitive individualism", or rugged individualism, imply that the interference of the state within the economy ultimately leads to the interference of individual freedom. King further demonstrates that these notions derive from classical political and economic political tradition.

Contemporary New Right liberalism is consequently a restatement of the ideas central to the classical liberal tradition. The key principle is to allow market forces to operate to as great an extent as possible, coupled with the assumption that the social order will be largely self-regulating: thus there is no particular need for state intervention other than to minimise market distortions or to offset market failures (King: 10).

These beliefs can be found in the works of Hayek and, as one author wrote, it "is not an exaggeration to say that the re-emergence of classical liberalism and the rediscovery of Hayek's writings are complimentary aspects of a single current of opinion" (Gray:1990: 1). This single current of opinion can be found in the conservative Republicans in the United States, where membership extended throughout the business and dominant class.

According to Barbara Ehrenreich, the emergence of the New Right in the United States held different arguments from the old conservative adage. The shift of arguments most notably different are the arguments of social welfare, which has now become a "political" issue, and is lumped together in the same category as abortion, school prayer, and pornography. Ehrenreich further notes that the New Right differs from the old conservatism in two major ways:

First, it is determinedly populist in its appeal (as opposed to elitist), and secondly, it differs from the old in its emphasis on the so-called social issues, such as abortion and school prayer, which the right identifies as part of its "profamily" focus (Ehrenreich:1987: 162).

For example, Barry Goldwater's campaign in 1964 is labelled as the Old Right by Ehrenreich for it focused "on the more traditional themes: a strong defense, belligerence in the face of international communism, limited domestic government, and market-oriented economic policies" (Ehrenreich: 162). It was only in the early 1970's that the Old Right incorporated such social policy themes as abortion and equal rights in order to quell and mobilize social groups such as women, minorities, and students. From this point on, the Old Right had been transformed to the New Right.

The social issues are the key to the New Right's populist appeal; its economic outlook remains elitist, or at least, pro-business and anti-labor (Ehrenreich: 162).

But the outlook developed by the New Right appeared to hold contradictory themes. By seeking to maximize support, the issues which it developed were at odds with each other.

Ehrenreich summarizes these issues as:

On the one hand, it upholds the economic interests of the wealthy; on the other hand, it champions the "little man" against forces that would destroy his way of life. On the one hand, it advocates the unfettered free-market capitalism associated with classical liberalism; on the other hand, it represents a kind of moral authoritarianism that is reminiscent of European fascism (Ehrenreich: 163).

Another New Right development is the way in which they blame the decline of the family, urban and moral decay, on the liberals. This attack is used as an excuse to explain the moral breakdown of the society which was caused by the liberal elite who "created the feminist movement, drove religion out of public schools, abetted the civil rights movement, allowed our national defences to weaken, and launched the war on poverty" (Ehrenreich: 163).

In the New Right's synthesis, nothing is wrong with the free market except that it has been hampered by regulations and policies imposed by the liberal new class (Ehrenreich: 163).

Thus, one of the goals of the New Right is to undo the "bureaucracy" that the liberals have achieved which has brought more equality into the society. The New Right gains support for this goal by bringing out resentment towards big government and it holds that "capitalism itself is moral, even Christian, and works in the interest of the average middle American" (Ehrenreich: 164), therefore attempts to interfere with the market process, either by social welfare programs or affirmative action, will eventually plague the process.

Ehrenreich outlines some of the contradictions which the New Right moralists attempt to explain, which has caused considerable tension with the more libertarian conservative traditionalists, is why certain restrictions should be placed (which run counter to the *laissez-faire* market ideology) in the realm of the citizens' private life (eg: against abortion, gay rights).

The resolution must lie in the assumption that the market, left to itself, engenders self-discipline and moral purity, chiefly by acquainting us with privation and the necessity for hard work. The moral laxity that leads to abortion, say, is an artifact of overly liberal "permissiveness" in public policy, and will presumably be cured when the discipline of the market is restored. Thus, in the view of the New Right, it would be misguided and perverse to recognize "rights" to certain practices or life-styles which are not morally repugnant but have been arbitrarily imposed by new-class policies (Ehrenreich: 164).

A Canadian author, M. Patricia Marchak, outlines some of these New Right themes on a more international level. She notes that the recession of the early 1980s prompted New Right advocates to use such literary words as "privatization", "deregulation", "downsizing", "restraint", and "special export zones" (Marchak:1991: 93).

"Free trade" and "free enterprise" took on a new urgency and a more extreme

meaning. "Democracy" lost its lustre, and became associated with complaints about excessive and unrealistic expectations (Marchak: 93).

This phenomenon was not exclusive only to the Americans; indeed, organization, funding, and planning was undertaken on a worldwide scale which included such organizations as the Mont Pélérin Society in Geneva, the Kiel Economics Institute in West Germany, the Club de l'Horloge in France, the Adam Smith Institute in Britain, the Heritage Foundation in the United States, and the Fraser Institute in Canada. As Marchak notes, "the Trilateral Commission brought together Europeans, Japanese, and North Americans [which] united writers, business leaders, and politicians whose common objective was to dismantle the Keynesian welfare state" (Marchak: 93).

Marchak also notes the contradictions within the New Right. The libertarian ideology in the New Right movement held certain arguments which were internally inconsistent.

The extreme libertarian position revealed an authoritarian streak: obedience to impersonal market forces became a shibboleth in a moral crusade. Fundamentalist religious beliefs were interspersed with economic and political arguments extolling freedom. As the movement grew it became evident that there were diverse contributors, and though they shared an anti-democratic ideology their objectives and interests were not otherwise congruent. Even so, they were united in the primary objective: to dismantle the welfare state (Marchak: 94).

Within the New Right, different components persisted. For example, "the libertarian wing sought to free entrepreneurs from state restrictions; the corporate wing sought to free investment from national restrictions; both benefited from an ideological campaign against the welfare state" (Marchak: 95). Thus, although the means were contradictory, the ends were the same.

Marchak looks at the libertarian component of the New Right whose promoters, in 1947,

included Robert Nozick, Friedrich A. Hayek, Karl Popper, Milton Friedman, and Ludwig Erhard. The publications from these individuals had quite divergent themes but it was clear that their interests lay in the attack on the government. Some of those themes included:

Extreme individualism, totally free markets, and competition are extolled; yet law and order and a much more disciplined society, even an authoritarian form of government, are also promoted. The economy is to be absolutely free of government intervention, yet government is to remain the protector of property and the enforcer of law and order. In the economic sphere, market order is to supercede government order. The laws of supply and demand will discipline the population (Marchak: 95).

This was the agenda primarily undertaken and developed by New Right theorists. In 1986, Andrew Belsey attempted to outline some of the contradictions inherent in the British New Right. In the neoliberalism (libertarianism), the five core values, in order, are: "the individual; freedom of choice; market security; laissez-faire; and minimal government" (Marchak: 95). The neoconservative strand has as its core values "strong government; social authoritarianism; a disciplined society; hierarchy and subordination; and the nation" (Marchak: 95). He concludes by writing that the Thatcher government, or Thatchersim, "is an uneasy combination of all of these" (Marchak: 95).

Although the New Right espouses morals and ethics on an individual level, it opposes any "moral ethic external to individual choices (such as the protection of the environment or the well-being of the poor)" (Marchak: 95-96).

The assumption of individual rationality, borrowed from Adam Smith, also promotes a particular moral view. A good society consists only of individuals, each pursuing private interests through rational consideration of preferences, priorities, and alternatives. Democracy is viewed in Tocqueville's terms (but without his context) as the tyranny of the majority. In his analysis, democracy inevitably leads to economic decline and stagnation (Marchak: 96).

Marchak goes further by outlining the philosophy of Friedrich Hayek, who rejects the term "conservative". His arguments are based on the following:

[P]rogress depends on the individual freedom to act, experiment, learn from experience, and benefit from one's own talents. Inequality is both inevitable and necessary -- the first because individuals are unequally endowed by nature and circumstance, the second because only through the free actions of the more talented can the mass of people benefit from the entrepreneurial activities those talented ones undertake...On employment, he argues that the development of a propertyless proletariat was not the result of expropriation but of the growth of a class that could employ others (Marchak: 96).

The New Right gained an extraordinary momentum from the mid-1970s to the end of the 1980s, which, according to Marchak, was in the post-hegemonic global economy.

...[T]he particular forms of mass production advanced in the steel age were in decline and the new technologies were not fully implemented. It captured a time at which an élite of the dominant corporate world was consciously striving to reorganize production, the labour force, and its own relationships to nation-state governments and small entrepreneurs were experiencing both the disadvantages of the new contracting systems and the disadvantages of paying for government services they could no longer afford (Marchak: 111).

Thus, the governments of many Western industrialized nations accepted the New Right's version of the world. Marchak outlines the different efforts undertaken by governments which were seen in the forms of massive privatization efforts, reducing the public sector, the deregulation of industry and finance, the centralization of government decision-making, and restraining government spending (Marchak: 114). Other efforts included;

[S]ingling out welfare services and those areas of education that were not directly tied to the job market; and took various measures to strengthen business's capacity to restructure operations unhindered by labour demands and union pressures...The elimination of borders to investment also proceeded apace. The Free Trade Agreement between Canada and the United States, for example, permits investors in both countries to compete on equal terms in either territory (Marchak: 114)

This movement proceeded with tremendous speed and its implications proved to be more

far-reaching than many believe. In the next chapter, I will outline this phenomenon first in Canada and it will then be compared with other industrialized societies.

2. BRIEF OVERVIEW OF THE WELFARE STATE

Dennis S. Guest identifies five major themes in the development of Canadian social security. The first was the family and the private market which individuals had to rely upon. Relief was available only when these two channels had been consumed, thus the program available was termed a residual concept of social security.

The second approach gave way to a structure in which social security was designed "as a first line of defence" (Guest:1985: 2). As industrialization increased, society became much more complex therefore a more sophisticated version of social security was necessary in order to better respond to these changes.

This approach, referred to the *institutional* concept of welfare, has resulted from the growing recognition that because of the nature of social organization in an urban-industrial society, the risks to an individual's social security are part of the social costs of operating a society which has provided higher standards of living for more people than ever before in our history (Guest: 2).

The third stage is associated with the search for a social minimum -- "the process of defining and redefining the causes of poverty and dependency" (Guest: 4). These efforts heralded a challenge to the causes of poverty and prejudicial attitudes towards the poor which later helped shape and define Canada's political culture.

A fourth crucial development is a more recent phenomenon. It deals with the "public interest in the form, content, and operation of social security programmes" (Guest: 4). Programmes have developed by a principal based on universality and the benefits derived from

these programmes have become a matter of right, which is based on the concept of citizenship. This public interest has also shaped the development of responsible government and participatory citizenship.

Finally, the fifth development was the impact of Canada's constitution which applied the written law in preserving the health and welfare of the country. This approach had three stages of development which were:

[A] provincial government's willingness and ability to finance needed measures; an amendment to the B.N.A. Act to permit federal entry into an area of jurisdiction otherwise assigned to the provinces; or the development of stratagems to secure federal financial help without appearing to violate the provisions of the B.N.A. Act (Guest: 8).

Social programmes in Canada and other OECD countries grew rapidly during the 1950s and 1960s, at the same time as these countries were enjoying high growth rates. Mishra divides the history of the welfare state into three phases: "pre-crisis (before 1973), crisis (the mid- to late 1970s), and post-crisis (the 1980s and beyond) (Mishra:1990: xii). The post-crisis era has been one in which the dominant ideology geared rightward and thus the effects upon the welfare state became more and more evident.

The next chapter will describe how the New Right "infiltrated" the Canadian political system and what its effects were on the welfare state.

3. EMERGENCE OF THE NEW RIGHT IN CANADA

Since the early 1970s, the lower growth rates in the OECD countries, combined with the OPEC oil shock, caused disruptions to the welfare states. At a conference of OECD countries in 1980, controversy emerged:

...[I]t begins to be argued that some social policies (unemployment compensation, minimum wages and high payroll taxes) have negative effects on the economy, even to the extent of partly inhibiting the return to non-inflationary growth (OECD:1981: 5).

The success of OECD countries was built upon the successful integration of economic and social progress. But during the post-crisis phase, many neoconservative governments were elected and the credibility of Keynesian economics declined. As Mishra notes, "the post-crisis phase therefore appears to be one in which the ideological spectrum in social welfare policy has widened, albeit mainly in a rightward direction" (Mishra:1990: xii).

The election of the Progressive Conservatives in 1984 corresponded to the period when Reaganomics was in full swing in the United States. Brian Mulroney's mandate for change was evident upon gaining office and this is reflected in his words: "We have been in power for two months, but I can tell you this: give us twenty years, and it is coming, and you will not recognize this country" (House of Commons, 7 November 1984). One of the first items which the Conservatives had on their agenda was a thorough review of social policies and programmes.

Reducing the budget now emerged as a top priority. It was seen as critical for restoring private confidence and business investment -- the key to economic renewal and growth. Hence public expenditure in general and social expenditure in particular were singled out for reduction. Universality of social programmes with the exception of medical care was no longer to be regarded as sacrosanct (Mishra: 70).

The Neilson Report outlined these objectives and its priorities for cutting social expenditures. Particularly of interest was the new approach which had as its aim a selection of key programmes for cutbacks.

Selectivity was seen as a way of reducing programme expenditures equitably and also as a way of increasing the effectiveness of social programmes through targeting those in greatest need (Mishra: 70).

These plans provided the government with a blueprint for suggesting ways of reducing the welfare state and ending the principle of universality. These actions unveiled a neoconservative style agenda.

James J. Rice and Michael J. Prince also outline the Progressive Conservative's neoconservative agenda. They depict three features of the government's agenda vis-à-vis social programs. The first is that the social policy agenda has been one of social expenditure restraint and program restructuring.

Since 1984, social policy making in Ottawa has operated within a neoconservative agenda: program spending restraints, tax increases, deficit reduction, debt management and the encouragement of private sector competitiveness (Rice and Prince:1993: 382).

Of particular interest is that the Conservatives first cautioned against an outright assault on social policies but have proceeded the attack of the social safety net quite fearlessly in their second mandate. Some of the programs affected are unemployment insurance, health care, post-secondary education, and native policy, where the cuts occurred during the Conservative's last term in office.

A second feature of the Conservative's social policy record described by Rice and Prince

is their basic approach to making program changes. Rice and Prince, along with Grattan Grey (1990) have called this approach social policy by "stealth". "It relies heavily on technical amendments to taxes and transfers that are difficult to explain as they are to understand and thus largely escape media attention" (Gray:1990: 17). It applies sophisticated techniques involving the tax system which was not only regressive in orientation but also deceitful and Machiavellian in approach. A few examples which have been severely affected by the policy of stealth include:

[T]he partial de-indexation of tax credits and certain transfers to individuals, cuts in federal social transfers to the provinces, changes in financing the unemployment insurance program, and the claw-back of Family Allowances and Old Age Security benefits (Rice and Prince: 382-383).

These cuts were all contained in budget documents -- camouflaged within the rhetoric of equity.

The last feature of the Conservative's social policy record "is that the overall structure and complexion of federal social spending have changed over two mandates" (Rice and Prince: 383). By the early 1990s, Canada had entered into a deep recession. Thus, the need to respond to the economic recession and unemployment, coupled with the needs of an aging population, led the Conservatives to blend fiscal restraint with program reform. Rice and Prince conclude that "the most significant consequences of the Conservatives' social policy record have been a lowering of the safety net and a weakening of the bonds of nationhood" (Rice and Prince: 384). This last feature can pose serious threats to Canada's political culture which can ultimately lead to the weakening of the already fragile sense of unity.

A comprehensive study conducted by Christopher A. Sarlo for the Fraser Institute

concluded that poverty was not a major problem in Canada (Sarlo:1992: 193). He wholly believes that "the extent of poverty in Canada are grossly exaggerated...and the fact is that poverty, as it has been traditionally understood, has been virtually eliminated" (Sarlo: 2). His argument encompasses both the CCSD's (Canadian Council on Social Development) and the Statistics Canada's cut off lines or poverty lines. Sarlo argues that these poverty lines are relative, that is, they are "closely connected to average incomes or average consumption patterns" (Sarlo: 2).

They are set high enough to include a number of amenities or non necessities that are typically part of middle income budgets. Effectively, these relative lines are goals. They are levels of income representing a certain standard of living that we wish no individual or family would fall below. Yet they are used almost exclusively as "poverty lines" (Sarlo: 2).

Sarlo develops a new set of poverty lines which are based "on the cost of necessities" (Sarlo: 2). He further argues that "Canada's official poverty line [is] about twice as high as the cost of basic needs" (Sarlo: 2).

They result [Canada's "official" poverty line] in incorrect conclusions about the adequacy of social programs to meet the needs of those unable to work. They make it impossible to determine the extent to which economic growth and prosperity can reduce poverty. And they make international comparisons of poverty rates illegitimate (Sarlo: 3).

The aim of this neoconservative study is to roll back social security programs, thus enforcing the idea that the welfare state is not an adequate means of solving the inequalities which exist in societies. According to James Laxer, whether it be in Canada or elsewhere, the aim of neoconservatives is to "tear up the social contract of postwar decades" (Laxer:1993: 15). This is one of the rational outcomes of the New Right movement which advocates the rhetoric of globalization and "justifies social hierarchy and inequality" (Laxer: 13).

[B]ecause of heightened competition, society can no longer afford social democracy, so expensive social and educational programs must be curtailed in order that we can resume healthy economic growth (Laxer: 13).

Two of the most powerful policies which have been introduced during the Conservative's reign are the Free Trade Agreement (1988) and the North American Free Trade Agreement (1994). These two policies have given the green light to let the free-market run amuck, but the implementation of these policies in the first place is where the interesting analysis lies. The notions of nation-state and citizenship had to be overcome for such policies to be implemented. Citizenship asserts equality, "which involve assaults on inequality and on the rights of property. Neoconservatism, conversely, is about the reassertion of the legitimacy of inequality" (Laxer: 17). It is difficult to reverse citizenship rights because they are usually created "as a result of conflict and organised protest by those groups in society excluded from existing rights" (King:1987: 165). In Canada, an example of this are the First Nations, whose social rights have taken a beating under the Conservatives, as we will see later.

Canada's espousment of the New Right movement was easily facilitated by the governing Conservatives. Because this movement has neoconservative underpinnings, Mel Hurtig argues the following:

One of the most important reasons for big business's high-powered campaign to sell Canadians the FTA was to enable these corporations to reduce employee wages and also to reduce social benefits so as to allow them to pay even lower taxes than they now pay (Hurtig:1992: 110).

This trade policy was enacted in the name of "competitiveness" and "productivity". But the real answers to Canada's declining competitiveness advantage, argues Hurtig, lies in the "structural deficiencies that are incorporated into a branch-plant economy" (Hurtig: 110-111).

According to opponents of the New Right, with the FTA, and subsequently NAFTA, Canada's competitiveness advantage will surely remain inferior to other Western industrialized countries. The reason for this can be summarized by Eric Kierans, quoted in *The Betrayal of Canada* (1992):

The principal beneficiaries of this agreement will be the less than 200 major Canadian conglomerates who have amassed such surpluses in Canadian markets, under Canadian laws and political stability, that they believe that they must cross into continental and global markets to pursue their own expansion and growth...Corporations have no interest in people, in the value of politics, in the social and cultural dimensions of living...The corporate goal is accumulation and nothing else (Hurtig: 136).

The results of the above quote on the Canadian political economy has severely strained the bonds of nationhood. The next chapter will outline where Canada presently stands in terms of its socio-economic position.

4. CANADIAN WELFARE STATE IN A COMPARATIVE PERSPECTIVE

4.1 Canada and Other Western Industrialized Countries

In order to set a clear perspective of Canada's socio-economic position, a comparative perspective with other OECD countries will be analysed. Since the early 1970s, all of the OECD countries had to grapple with the crisis of the welfare state. A study conducted by the OECD noted the following:

[T]he financial crisis of social security is closely related to high rates of unemployment not only because of the growing burden of unemployment compensation, but because unemployment has an impact on a wide range of social expenditures (OECD:1981: 5).

A review of *The Welfare State in Crisis* conducted by Jean-Pierre Jallade notes that the change of "mood" by OECD countries vis-à-vis social security had three dimensions. It was, first of all, a financial crisis; "then doubts were expressed about its legitimacy; and lastly, there was a loss of confidence in the institutional arrangements governing social security" (Jallade:1992: 38).

The financial crisis arose during the 1970s where the main feature lay in the "widening gap between rising expenditure and stagnating resources" (Jallade: 38). Certain economic measures could have been taken in order to prevent this crisis but, mainly for political reasons, governments opted not to. This budgetary crisis, when reviewed a decade or so later, revealed that "social deficits that perhaps seemed large in absolute terms were actually rather small when compared with the enormous size of total social budgets" (Jallade: 39).

The second feature described by Jallade deserves attention because the basic situation

identified at the time seems to be occurring again.

[L]agging economic growth was a more important factor than soaring social expenditure in explaining the apparently uncontrolled increase in ratios of public expenditure to GNP which caused so much alarm among policy-makers. In other words, it was primarily because GNPs had stopped increasing and not so much because social security systems had suddenly become overly generous that the "crisis" developed. What was presented as a crisis in the welfare state was above all the failure of economic policy to deal with a new international environment (Jallade: 39).

This ultimately leads one to assume that the recession was caused by other factors than the welfare state ("two oil shocks, the emergence of new technologies and the geographical relocation of smokestack industries") (Jallade: 40). One point which Jallade notes is that in order to maintain welfare states in Western Europe a minimum economic growth of three percent a year is necessary.

The crisis of "legitimacy" over the welfare state, according to Jallade, puts into question the "redistributive efficiency of social security systems" where the "slight progress towards greater equality which may sometimes result from social programmes, is in no way commensurate with the very high level of spending required to achieve it" (Jallade: 40). Thus, egalitarian policies have lost its lustre amongst policymakers and public opinion which has resulted in a "serious legitimacy crisis for social security"(Jallade: 40).

Jallade further points that equality has never been the main purpose facing social security systems in Western Europe. What has been the primary concern is security, "protection against such risks as loss of income, old age or accidents" (Jallade: 40). Thus, social security systems in Western Europe have experienced a shift in principal objectives over the last fifteen years.

"They have become less egalitarian and more centred on income maintenance, and public opinion is generally supportive of this trend -- thus giving a new political legitimacy to social security" (Jallade: 41).

The institutional crisis described by Jallade arose during the 1980s where "social security systems have also been affected by a mounting loss of public confidence in the capacity of central government to deliver adequate welfare services" (Jallade: 41). This occurred because of the rising anti-bureaucratic sentiments brought upon by the "decreasing quality of these services and their failure to adapt to changing needs" (Jallade: 41).

Other European authors agree with the above assessment and they divide welfare states in industrialized countries into three models: the United States style, or Anglo-American model (Canada and Australia fall into this category), the continental European model, and the Scandinavian countries (Esping-Andersen:1990).

The Anglo-American model refers to the minimal welfare states of the United States and Britain, particularly under Margaret Thatcher. The continental European model have more extensive social welfare systems "that are partly the work of paternalistic conservative governments" (McQuaig:1993: 94). Finally, the advanced social welfare states of the Scandinavian countries "have gone the farthest towards developing the notion of social citizenship, where a high level of social welfare is a right enjoyed by everyone" (McQuaig: 94). McQuaig notes that Sweden is the most advanced for it is the most "genuinely middle-class

society" (McQuaig: 94).

But this fits well with Sweden's commitment to full employment. With its active labour market policies, unemployment rates hovered around 3 per cent throughout the '80s, while European and North American rates were considerably higher, even in some cases above 10 per cent. The current Swedish unemployment rate of 6.5 per cent seems unduly high to many Swedes (McQuaig: 94-95).

The Swedish welfare state system is able to flourish amidst a strongly capitalist environment. Thus, government intervention in the sphere of job creation and as a mechanism for generating greater equality can be successfully achieved. Many pre-war reformists, such as Beveridge, Wigforss and Myrdal, foresaw that "full employment with welfare policies would establish a capitalism that was both more humane and more productive" (Esping-Andersen: 1990: 162). Thus, many of these thinkers placed their faith in the promotion of Keynesian welfare-state policies. The countries which were successful enough to maintain unemployment levels below 2-3 percent over the entire post-war era were Norway, Sweden and Switzerland. For many other industrialized nations, "full employment has been confined to the brief interlude between 1960 and 1974" (Esping-Andersen: 163).

When comparing Canada's unemployment rates with other OECD countries, the following Table will demonstrate that Canada's unemployment rates have been consistently higher between 1960 to 1992 than other OECD country.

TABLE 4.1.1
Comparative Unemployment Rates
(percentages)

	1960-69	1970-79	1980-89	1990	1991 ¹	1992 ¹
Norway	1.6	2.0	2.8	5.2	5.1	4.5
Japan	1.8	1.7	2.5	2.1	2.2	2.3
Sweden	2.1	2.1	2.5	1.5	2.8	3.6
Austria	2.3	1.4	3.3	3.3	3.5	3.8
Germany	3.4	2.4	6.8	5.1	5.0	5.1
U.S.	6.0	6.2	7.2	5.4	6.7	6.3
Canada	6.9	6.8	9.3	8.1	10.3	10.1
OECD Ave.	5.0	4.5	7.4	6.1	7.1	7.1

¹The figures for 1991 and 1992 are projections, with the exception of Canada 1991, which is actual.

Source: Robert M. Campbell, "Jobs...Job...Jo...J...: The Conservatives and the Unemployed", edited by Frances Abele in How Ottawa Spends: 1992-93, (Ottawa: Carleton University Press, 1992), p. 27, Table 2.1.

In the sphere of per capita income, Canada, as the U.S., has on average a high ranking. But this does not take into account disparity. Even the recent United Nations report which ranked Canada as the number one in its international measure of human development can be misleading.

[H]aving a richer group at the top doesn't necessarily tell us much about the level of human development in a country. The UN recognizes this problem and has set out to correct it by including an additional chart, measuring income inequality, or what is often referred to as a country's "income distribution". In this measure of income inequality, Canada has a much poorer showing (McQuaig:1993: 99).

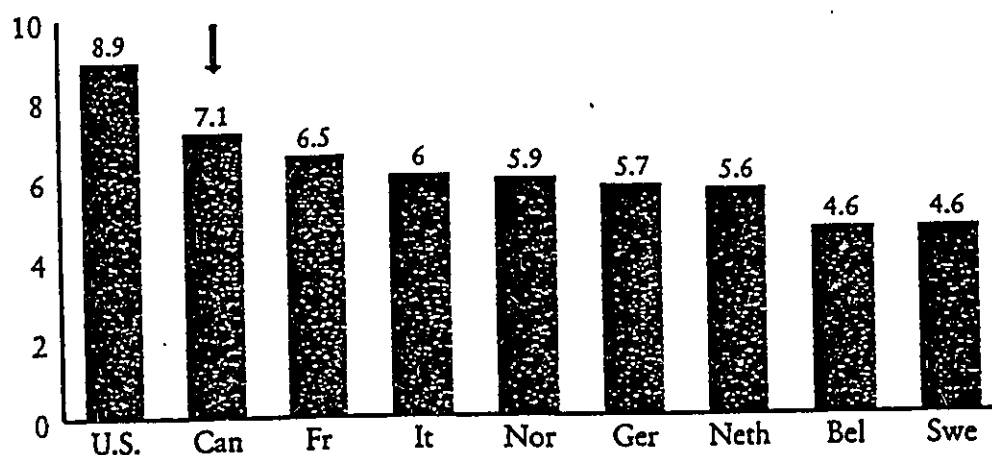
The following Chart clearly shows that European countries fare much better than Canada on income equality. The only other country with a poorer ranking is the U.S.. According to McQuaig, "the rich have a larger share of the national pie in Canada and in the U.S. than they do in European countries" (McQuaig: 99).

The U.N. report also reviewed the rates of poverty and the following comments were made for Canada:

- ...the committee expresses concern about the persistence of poverty in Canada;

CHART 4.1.2 Income Inequality

Income inequality is calculated by identifying the share of the national income received by the top 20 per cent of the population, and that received by the bottom 20 per cent of the population, and then establishing a ratio of the top to the bottom. (A higher number indicates a greater concentration of income among the rich, or a higher degree of inequality.)



Source: United Nations Development Programme, *Human Development Report 1992*, Table 18 in Linda McQuaig, *The Wealthy Banker's Wife: The Assault on Equality in Canada*, (Toronto: Penguin Books, 1993), p. 100, Chart 5.

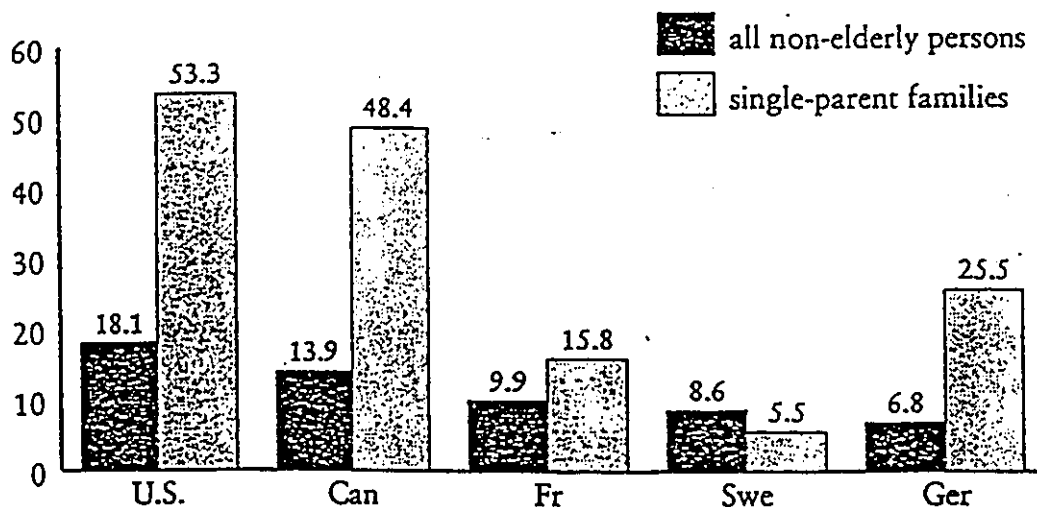
- There seems to have been no measurable progress in alleviating poverty over the last decade, nor in alleviating the severity of poverty among a number of particularly vulnerable groups;
- [M]ore than half of the single mothers in Canada, as well as a large number of children, live in poverty. The State party has not outlined any new or planned measures to remedy this situation;
- [T]he federal government appears to have reduced the ratio of its contributions to cost-sharing agreements for social assistance;
- The Committee is concerned that there seems to exist no procedure to ensure that those who must depend entirely on welfare payments do not thereby derive an income which is at or above the

- poverty line;
- A further subject of concern for the Committee is the evidence of hunger in Canada and the reliance on food banks operated by charitable organizations;
- The Committee notes the omission from the Government's written report and oral presentation of any mention of the problems of homelessness;
- Given the evidence of homelessness and inadequate living conditions, the Committee is surprised that expenditures on social housing are as low as 1.3% of government expenditures;
- The Committee is concerned that in some court decisions and in recent constitutional discussions, social and economic rights have been described as mere "policy objectives" of governments rather than as fundamental human rights (U.N. Report at the 18th meeting {eight session}, held on 27 May 1993).

The above quotes are only nine concerns which the U.N. Committee outlined in accordance with the economic and social condition in Canada. These concerns are amongst some of the most pressing needs which the Canadian government has neglected. Income is shared very unequally in Canada. The richest fifth of Canadians receive nearly one half of all income in Canada (46.7%) and the poorest fifth receive only 3.3% of the total income in Canada.

CHART 4.1.3

Poverty
Poverty rates in selected countries



Source: Timothy Smeeding and Lee Rainwater, "Gross-National Trends in Income Poverty and Dependency." Joint Center for Political and Economic Studies, Washington, D.C., 1991. Based on data from the Luxembourg Income Study in Linda McQuaig, *The Wealthy Banker's Wife: The Assault on Equality in Canada*, (Toronto: Penguin Books, 1993), p. 34, Chart 3.

Esping-Andersen describes other models by which the welfare state can be analysed. One stresses structures and whole systems (systems/structuralist approach), and the institutions and actors (institutional approach). Other models include those outlined by Dominelli (1991) where the following schema has been developed in classifying social policy:

1. Anti-collectivist theories
 - (a) Residual approaches
 - (i) The "great man" in history theories, e.g. Bismarck as the founder of West Germany's welfare state, Beveridge as the architect of Britain's post-war welfare state (Pascall, 1986).

- (ii) Monetarist welfare approaches, e.g. Friedman (1962).
- 2. Collectivist theories
 - (a) Reformist approaches
 - (i) Empirical social administration, e.g. Pinker (1979).
 - (ii) Functionalist theories, e.g. Parsons (1954).
 - (iii) Convergence theories, e.g. Rimlinger (1971).
 - (iv) Pluralist theories, e.g. Hadley and Hatch (1981).
 - (v) Social democratic, e.g. Mishra (1977).
 - (vi) Fabian socialist, e.g. Titmuss and Abel-Smith (1956), Townsend (1979).
 - (vii) Non-Marxist materialist theories, e.g. Walker (1984).
 - (b) Revolutionary approaches
 - (i) Marxist materialist theories, e.g. Gough (1979).
 - (ii) Black perspectives, e.g. Gilroy (1987).
 - (iii) Feminist theories, e.g. Pascall (1986), Bryan *et al.*(1985).

Dominelli (1991) and Andrew (1984) both write about the importance of gender in the development of welfare services. They both note that in order to understand the welfare state, it is important to examine the question of gender. This is necessary in order to determine individual eligibility. These models can provide excellent highlights when they are compared and contrasted, but within this thesis, no particular model will be utilized for it reviews the works of numerous authors and their explanations of the welfare state.

For Esping-Andersen, the three political economies of the welfare state, as represented by the corporatist regimes, the liberal regimes, and the Scandinavian, have evolved differently because of the historical forces behind the three regimes. To briefly outline these historical forces, they involve:

[F]irst, the pattern of working-class political formation and, second political coalition-building in the transition from a rural economy to a middle-class society...Third, past reforms have contributed decisively to the institutionalization of class preferences and political behaviour (Esping-Andersen:1990: 32).

For example, in the corporatist regimes, such as in Germany, "hierarchical status-distinctive social insurance cemented middle-class loyalty to a peculiar type of welfare state" (Esping-Andersen: 32). Banting notes that this type of structure gives governments greater ability to manage the economy, "including maintaining full employment while keeping inflationary pressures under control" (Banting:1992: 37). The countries which fall under this heading are exemplified by a number of continental Western European countries.

[These countries] are less concerned with reinforcing market forces than with preserving class and status differentials. State-provided benefits have little redistributive effect and, because of religious influences, are committed to preservation of traditional family roles and relationships (Banting:1992: 41).

In the liberal regimes of both Canada and the U.S., "the middle classes became institutionally wedded to the market" (Esping-Andersen: 32). Here, social benefits are more modest than the corporatist, or conservative welfare states, and recipients are more than often stigmatized. These regimes, according to Banting, "reinforces the primacy of the market" (Banting:1992: 41).

Finally, the Scandinavian countries, with a strong social democratic base, have been "closely tied to the establishment of a middle-class welfare state that benefits both its traditional working-class clientele and the new white-collar strata" (Esping-Andersen: 32). According to Banting, within the social democratic regimes, universality and high levels of equally available benefits have become ingrained within these nations political, economic, and social agendas. The commitment to the strategy of full-employment is what renders the welfare state successful.

A fundamental component of any welfare state is the total expenditure as a proportion

of GDP. In 1980, Canada ranked twelfth out of fifteen OECD countries.

As shown by the following Table, social expenditures grew by 14.4 percent in Canada between 1980 and 1986, "the fastest rate of growth of the countries included in the Table" (Banting:1992: 158).

TABLE 4.1.4
Social Expenditure as a Proportion of GDP,
1980 and 1986

	1980	1986 ¹	% Increase	1980 Rank	1986 Rank
Australia	17.3	18.4	6.4	14	13
Austria	26.0	28.8	10.8	7	6
Belgium	33.9	34.9	2.9	2	1
Canada	19.5	22.3	14.4	12	10
Denmark	35.1	33.9	-3.4	1	3
France	30.9	34.2	10.7	5	2
Germany	26.6	25.2	-5.3	6	8
Italy	23.7	26.4	11.4	9	7
Japan	16.1	16.0	-0.6	15	15
Netherlands	31.8	30.7	-3.5	4	5
New Zealand	22.4	21.0	-6.3	10	11
Norway	24.2	24.8	2.5	8	9
Sweden	33.2	32.0	-3.6	3	4
United Kingdom	20.0	20.6	3.0	11	12
United States	18.0	18.2	1.1	13	14

¹Or near year

Source: OECD 1989 in Keith G. Banting, "Neoconservatism in an Open Economy", *International Political Science Review*, (1992), Vol. 13, No.2, p. 157, Table 1.

This expenditure growth was not simply the result of higher levels of unemployment. A breakdown of the data shows that growth was driven as much by pensions and health care as by unemployment benefits (Banting:1992: 158).

Thus, the increase in social expenditures in Canada represents the age structure, which is significantly older than it was a decade ago. Furthermore, Banting notes that "health expenditures rose at close to twice the rate of inflation in the 1980s, consuming a larger share of the nation's resources" which, in turn, put a tremendous pressure on government budgets (Banting:1992: 158). By 1986 Canada ranked tenth among OECD countries in terms of social spending as a percentage of GDP. As an economy grows more slowly, social spending increases may raise the ratio. In this instance, more rapid rate of economic growth may represent a better level of social security than a rising social expenditure to GDP ratio.

Since a fair portion of Canada's social expenditure is spent on income maintenance, the need for feasible labour market strategies becomes increasingly necessary, particularly during recessionary times. Canada has abandoned many of its programs which were specifically designed for job training and employment strategies (see section 4.2). The following Table compares Canada's performance vis-à-vis other industrialized countries.

TABLE 4.1.5
Employment and Income Maintenance Expenditures as a
Percentage of Total Labour Market Expenditures, 1987

	Employment Promotion	Income Maintenance
Sweden	70	30
West Germany	42	58
United Kingdom	35	65
Finland	32	68
United States	29	71
Japan	29	71
Canada	25	75
France	24	76
Australia	21	79

Source: Canada 1989 in Keith G. Banting, "Neoconservatism in an Open Economy", p. 160, Table 2.

As shown by the above Table, employment promotion expenditures are low in Canada as compared to countries such as Sweden and West Germany. Lower unemployment countries, such as Sweden and West Germany, invest funds into retraining and employment programs. High unemployment levels reached many Western European countries as well but governments reacted to this situation in two ways:

First, unemployment compensation systems were adjusted to reduce the gap between resources and expenditures: benefits were reduced and eligibility conditions tightened, while unemployment contributions from workers and employers increased...Second, governments sought to reduce the number of unemployed by launching programmes designed to take people out of the labour market: young people, by inducing them to stay in education or training; and old people, by encouraging early retirement (Jallade:1992: 44).

These policies were very costly and as the economic situation improved, unemployment

has fallen in the United Kingdom and Germany, but it still remains high in France, Italy, Spain, and the Netherlands. Moreover, social policies can serve as a tool in either increasing (day care facilities) or reducing the labour supply (early retirement schemes).

Two important points which need to be considered when comparing different welfare state regimes is that "identical levels of welfare expenditure do not necessarily reflect similar policy orientation" and, furthermore, "higher levels of expenditure do not necessarily represent higher levels of societal welfare or equality" (O'Connor:1989: 130). Although Canada may have a high percentage of government expenditures, its policy objectives are formulated towards a more regressive fashion which ultimately impedes equality.

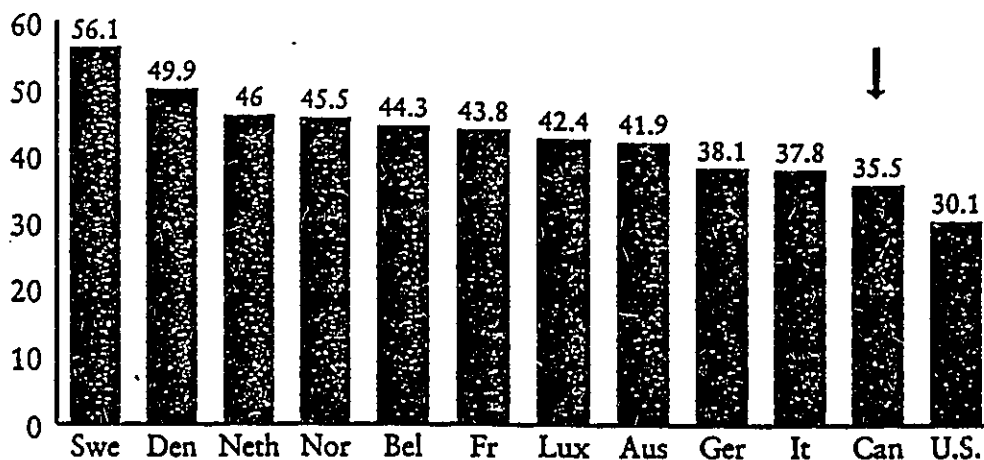
Jallade further points that overall, "European welfare states have not reduced the labour supply" (Jallade:1992: 46). Rather, the labour force has shown a considerable growth and governments are increasingly using them "as a tool to manage the labour supply, i.e. reducing it where the demand for labour is low and increasing it when it is high" (Jallade: 46). Thus, the welfare state may be used "as a buffer to smooth the ups and downs of economic growth" (Jallade: 46).

The maintenance of a welfare state requires a set of policy tools, such as taxation, in order for it to function appropriately. In Europe, high social spending, high-level social benefits and a high level of growth have all been successful where the welfare state has been maintained by taxes. If the current Canadian state is compared with other European countries in the sphere

of taxes as a percent of GDP, evidence shows that Canada has one of the lowest rates of taxation, where only the U.S. is lower.

CHART 4.1.6

Taxes
Government Taxes as a Per Cent of GDP, 1989.

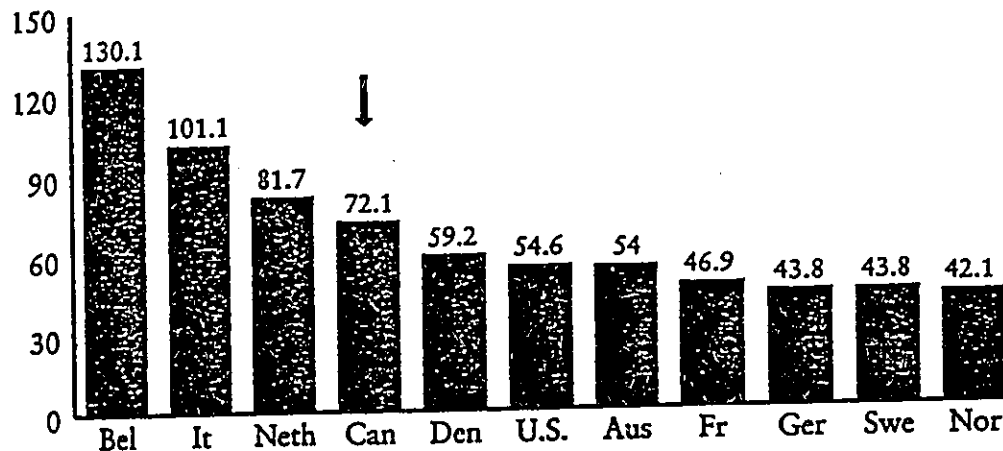


Source: OECD Revenue Statistics 1965-1990, Table 3 in Linda McQuaig, *The Wealthy Banker's Wife*, p.146, Chart 6.

The Chart reveals that Europeans have managed to maintain high quality social services with strong economic growth by paying high taxes. Canada paid 35.5 per cent of the GDP in taxes in 1989 and only the U.S. was behind Canada at 30.1 per cent of the GDP. Furthermore, the high taxes in Europe has not harmed their economic growth and neither has it harmfully indebted these nations.

CHART 4.1.7

Debt
Government Gross Public Debt as a Per Cent of GDP, 1990



Source: *OECD Economic Outlook*, July 1991, Table 31 in Linda McQuaig, *The Wealthy Banker's Wife*, p. 147, Chart 7.

The Canadian debt is not as drastic as the neoconservative government has led many Canadians to believe. Over the past decade, there has been a real decline in the debt by the austerity measures (spending cuts and tax increases) which have been taken. "The deficit, as a percentage of our Gross Domestic Product, dropped from 8.7 per cent in 1984 to 4.5 per cent in 1991" (McQuaig:1993: 147). Over time, if these same measures continue to be taken, the debt will be less of an issue, but we can expect "a major increase in the incidence of low income, especially among the elderly, and a reduction in the size of the middle class" (McQuaig: 148).

Thus, the rhetoric used within neoconservative circles concerning deficit reduction is used

in order to justify cuts to the welfare state.

Finally, the New Right movement did not gain such a strong momentum in Europe as it has in North America, with the exception of Britain. In Europe, both "history and ideology resisted their premature termination" (Marchak:1991: 174).

The new right, it is true, had remarkable success in setting the agenda of the 1980s and dismantling the Keynesian consensus. But the development of a united Europe, the establishment of a European Parliament, and the dramatic events in Eastern Europe have modified that agenda (Marchak: 174).

Marchak notes that in Europe, "labour, socialist, social democratic, and communist parties had long political histories", and this phenomenon is still evident in many countries where the political left is a viable force (Marchak: 176). Presently, within the European Union, one of the central themes being discussed is the creation of a European social charter. Some of the issues regarding this are:

- how to dismantle the military institutions that supported the East-West hostilities;
- how to strike a new balance between market forces and the public interest;
- how to deal with distinctive cultures while amalgamating them into a new society; and
- how to ensure individual freedoms while guaranteeing social security (Marchak: 195).

The above issues run counter to the New Right's basic tenets and this re-enforces the notion that Europe has not espoused neoconservative beliefs and, at the same time, is in a better economic situation than Canada. A set of economic and social indicators of a few industrialized countries will be provided next.

TABLE 4.1.8
Economic Indicators

	GDP per head \$PPP¹	GDP growth Annual %	Inflation Annual Average %	Pollution CO₂ Emissions² Tonnes per head
	1991	1983-92	1983-92	1989³
U.S.	22,130	2.7	3.8	19.7
Switzerland	21,780	2.0	2.0	5.9
Germany	19,770	2.7	2.7	10.5
Japan	19,390	4.1	4.1	8.5
Canada	19,320	2.8	2.8	17.3
France	18,430	2.2	2.2	6.4
Sweden	17,490	1.7	1.7	7.0
Italy	17,040	2.4	2.4	6.8
Britain	16,340	2.2	2.2	9.9
Spain	12,670	3.2	3.2	5.2

Note: German figures refer to all of Germany.

¹Purchasing-power parity ²From industrial processes

³Or latest available

Sources: World Bank; IMF; OECD; ILO; PlanEcon; EIU; IMD; ECLAC; UNDP; UNEP in *The Economist*, December 25, 1993 - January 7, 1994, p. 39, Table 1.

TABLE 4.1.9
Social Indicators

	Secondary school enrolment Rate % ¹	Life expectancy at birth Years	Infant Mortality Per 1,000 live births	Murders per 100,000 men
	1991	1991	1990 ²	1990
U.S.	92	76	9	13.3
Switzer.	85	78	7	1.4
Germany	97	76	7	1.0
Japan	96	79	5	0.7
Canada	⁹⁹	77	7	2.5
France	99	77	7	1.3
Sweden	91	78	6	1.7
Italy	79	77	8	3.6
Britain	84	75	7	1.0
Spain	90 ³	77	8	1.2

¹Secondary school pupils as % of all 12-17-year-olds

²Or latest available ³Estimate

Sources: World Bank; UNDP; *The Economist* "World in Figures"; WHO; IMD in *The Economist*, December 25, 1993 - January 7, 1994, p. 40, Table 2.

The above Tables demonstrate that Canada has similar socio-economic figures as their European counterparts. The difference is that in Europe, the welfare state is better developed and there exists a greater sense of equality amongst the citizenry. Thus, there is no reason to believe that Canada would fall into a deep financial crisis, as mentioned by neoconservative thinkers, if the country adopted similar policies regarding the well-being of the population. The next section will outline the Canadian experience in a neoconservative era.

4.2 The Canadian Experience

As mentioned earlier, in Canada, the neoconservative government's handling of the welfare state programs has been labelled by many as social policy by stealth (Banting:1992); (Gray:1990). The cuts in social programs have been done using the "clawback" method which is "the crowning achievement to date of social policy by stealth" (Gray:1990: 18). The major cuts in social programs have been:

1. Established Programs Financing (EPF) Arrangements **

EPF is federal support to the provinces for medicare and higher education -- to grow at the same rate as growth in the economy.

- 1982 budget: transfers for higher education limited to 6% in 1984 and 5% in 1985;
- 1986 budget: all support limited to economic growth minus 2%;
- 1989 budget: all support limited to economic growth minus 3%;
- * 1990 budget: all support frozen for two years;
- * 1991 budget: all support frozen for three more years to the end of the 1994-95 fiscal year.

* cumulative "savings" or reduction from five year freeze: \$11.429 billion over five years

2. Canada Assistance Plan (CAP)**

CAP is federal support of provincial welfare and social services programs (including Legal Aid for civil cases) -- federal government to pay half the cost.

- * 1990 budget: increases in federal spending limited to 5% a year for two years in Ontario, Alberta and British Columbia;
- * 1991 budget: these limits extended for three more years to the end of the 1994-95 fiscal year;

* cumulative reduction from "cap" on CAP: \$2.29 billion over 5 years

** EPF and CAP "savings" estimates from 1992 budget documents

3. Old Age Security (OAS) and Family Allowance

- 1985 budget: deindexing of family allowance;
- 1989 budget: clawback of OAS and family allowance;
- 1992 budget: family allowance terminated and replaced by child benefit (effective Jan.1, 1993).

4. Unemployment Insurance

- C-21 (effective November 1990): Benefits reduced by:
 - increasing entrance requirements by six weeks in most regions;
 - reducing maximum duration of benefits;
 - increasing penalties for those who quit or are fired;
 - federal contributions to UI fund terminated.
- C-113 (effective April 4, 1993):
 - benefits reduced from 60% to 57%;
 - benefits to those who quit without "just cause" or are fired for misconduct.

5. Social Housing

- 1989 budget: Residential Rehabilitation Assessment Program reduced;
- 1990 budget: social housing expenditure reduced 15% for two years;
- 1991 budget: 15% reduction to new social housing commitments extended for three more years;
- 1992 budget: Cooperative Housing Program terminated; growth in social housing subsidies limited to 3% per year;
- 1993 budget: social housing expenditure frozen at \$2 billion per year.

6. Child Care

- 1989 budget: commitment to national Child Care program abandoned.

7. Canadian Jobs Strategy

- 1991 budget: reduced by \$100 million;
- 1992 budget: further reduced by \$100 million.

8. Student Loans

- 1992 budget: 6-month post graduation interest-free period terminated.

9. Justice

Legal Aid (Criminal)

- 1990 budget: frozen at '89 level for two years;
- 1992 budget: restricted to annual growth of 1% for two years.

Programs and services for victims of crime

- 1992 budget: abolished

10. Grants

- 1990 budget: grants under health services and promotion program and social services program reduced;
- 1992 budget: Indian and Inuit programs reduced.

Source: National Anti-Poverty Organization, Ottawa, September 1993.

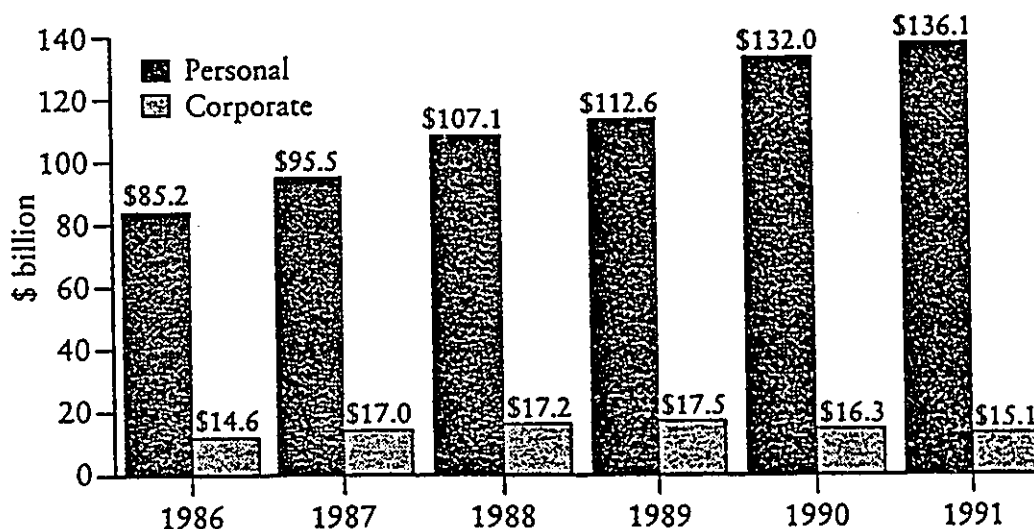
The above ten programs which have been downsized are but a few examples of the Conservative government's assault on the welfare state. These programs, coupled with reforms to the income and sales tax system, further erodes the well-being and security of Canadians. According to Gray, the tax system and social policy are inextricably linked, therefore "the tax system is the most promising vehicle for income security reform in the 1990s" (Gray:1990: 17).

Since more income and consumption will be taxed, the finance minister was able to reduce both personal and corporate income tax rates...[for the Conservative government], the real imperatives of tax reform are economic efficiency, international competitiveness and harmonizing Canada's tax system with that of the U.S. (Gray: 20).

For example, the top marginal tax rate was reduced from 34 to 29 percent which served to benefit upper-income taxpayers (Gray: 20); (Chorney and Malloy:1990: 218). Furthermore, the following Chart will reveal which percent of the population, corporations or individual taxpayers, assume the total tax burden.

CHART 4.2.1

**Total Federal and Provincial Personal and
Corporate Direct Taxes**



Source: Statistics Canada in Mel Hurtig, *The Betrayal of Canada*, 1991, p. 172.

The tax concessions which corporations receive is a strategy used by the neoconservatives in order to justify their argument on "productivity" and "competitiveness". Furthermore, the introduction of the Goods and Services Tax (GST) "transfers some \$4 to \$5 billion of additional tax burden away from the corporations onto the backs of families and individual Canadians" (Hurtig:1991: 172). This enables corporations to increase their profits while Canadians carry the burden of financing the tax system. Even in the sphere of pollution, Canada's platform regarding the environment is such that it allows corporations to pollute at much higher levels than other OECD countries (see Table 4.1.8). This form of inequality, which is embedded in Canada's regressive tax system, has become a feature of the Canadian political culture.

5. THE WELFARE STATE AND ABORIGINAL GROUPS IN CANADA

This section will outline the socio-economic position of Aboriginal peoples in Canada. It will analyse the special relationship between the welfare state and First Nations and it will attempt to demonstrate that, because of this special relationship, any reduction of welfare state policies ultimately leads to a reduction in the socio-economic status of First Nations.

It is important to outline that within Aboriginal communities in Canada, an ethnic diversity exists according to the region which they inhabit. Renée Dupuis outlines ten linguistic groups which presently exist within the different Aboriginal communities (Dupuis:1991: 32). Seven of those linguistic families are settled in the West coast of Canada, which makes this area of Aboriginal presence the most diversified. She also notes that certain linguistic groups no longer exist or are spoken by a small group of individuals. Thus, a sociological homogeneity does not exist within Canada's First Nations. This is what renders the issue of self-government a complex and sensitive question (this theme will not be outlined in this thesis).

This thesis will concentrate mainly on the on-reserve Aboriginals: they are the ones which signed treaties and thus the federal government is responsible for these nations. The Métis and non-status Aboriginals will be referred to in certain instances but they are generally excluded from government data because the government's responsibility towards First Nations is not extended to these groups (see Appendix).

The history between First Nations and the government is "a history laced with

misunderstanding and shaped by bureaucrats" (Buckley:1992: 6). The main priority of the government during the early days, according to Buckley, was seen through simple terms: cost and low expectations. This has resulted not only in low socio-economic figures but it has brought a "lack of purpose in people's lives, the hopelessness of the outlook" (Buckley: 7). A more important sentiment shared by many Aboriginals in Canada is the "deep-seated resentment" where they view their situation as "a measure of worth to Canadian society and to the government which has insisted on running their lives for more than a hundred years" (Buckley: 7-8). The accumulation of these sentiments has resulted in low self-esteem which, in turn, is reflected in Aboriginal's health, level of education, and the extremity of the social problems which has become part of their lives.

To countless Europeans America offered throughout the eighteenth and nineteenth centuries a prospect of relative welfare, freedom and justice, although it was not a welfare state in social market terms. Many were driven out of their homelands by the harshness and persecution of others. There were few immigrants who hesitated, once they were established in new lands, to persecute, displace or destroy indigenous communities. The treatment of American Indians...serves as a counterpoint to the history of social welfare (Pinker:1979: 230).

In Canada, the design of the welfare state within a bureaucratic framework has, as one of its goals, addressing individual needs. Schaan notes that a "notable failure of these arrangements has been marginalization of Indians and Indian communities, resulting in fragmented programs, jurisdictional confusion, and unnecessarily complex funding arrangements" (Schaan:1994: 110). The reason for these results is that, according to Schaan, Canadian social welfare policy has never included the needs of Aboriginal communities. For example, within the sphere of health, Aboriginal communities believe in community healing which is a form of

holistic intervention symbolized by the Medecine Wheel or Spirit Circle which is a symbol of social, psychological, and physical healing. Schaan further notes that while certain social conditions have improved over the last 25 years, "current arrangements still do not respond to community needs" (Schaan: 110).

The symbol of the Medecine Wheel has been spreading through different Aboriginal communities from where it originated (the Aboriginals in the Plains). One of the reasons for this is that the Medecine Wheel is a response "to persistent fragmentation of social and health authorities and institutions resulting from Indian communities' social and legal position within Canadian social welfare" (Schaan: 110).

It [Medecine Wheel] differs from European-derived approaches, which focus on the individual. Holism represents traditional Indian worldviews and the integrity and completeness of the individual within a community. Different applications of the symbol of the Spirit Circle are developing (Schaan: 110-111).

Schaan describes Aboriginal communities as viable socio-political entities. The term "community" has become a "theoretical concept in design and programming of social and health services" (Schaan: 111). Thus, any program designed for community healing requires the recognition of Aboriginal "government authorities and institutions, as well as continuing commitment by government to support Indian government services" (Schaan: 111).

Since the Conservative government took power in 1984, their philosophy of "restraint in federal program spending for Aboriginal people may well have been a contributing factor in Aboriginal leaders' declining trust in government" (Hawkes and Devine:1991: 46). The neo-conservative government gave particularly low priority to Aboriginal needs after 1987. Hawkes

and Devine further note that the "federal government pursued deficit-cutting objectives, perhaps without correctly evaluating the political consequences of its actions" (Hawkes and Devine: 46).

In February 1990, cuts to the budget of the Secretary of State were announced, affecting over 100 Native political organizations and all the regional communications societies. The Minister received over 10,000 pieces of correspondence... This funding was not reinstated in the 1991-92 Budget (Hawkes and Devine: 47).

The following Table demonstrates that federal expenditures to Aboriginal communities where the Conservative government actually decreases when inflation and population growth are taken into account.

TABLE 5.1
Planned Federal Expenditures on Native People, 1981-90

Year	Planned spending on Native People (millions) \$	Growth (%)	CPI (% increase)	Status Pop. Growth (%)
1990	3,150	9.20	5.0	5.30
1989	2,898	9.01	4.1	5.75
1988	2,612	9.12	4.4	6.34
1987	2,383	8.94	4.1	7.05
1986	2,130	9.33	4.0	7.08
1985	1,988	9.24	4.4	3.21
1984	1,836	8.80	5.8	2.91
1983	1,615	8.01	10.8	2.61
1982	1,293	8.72	12.5	2.52
1981	1,127	—	10.2	2.36

Source: David C. Hawkes and Marina Devine, "Meech Lake and Elijah Harper: Native-State Relations in the 1990s" edited by Frances Abele in *How Ottawa Spends: 1991-92*, (Ottawa: Carleton University Press, 1991), p. 48.

Although the total 1990-91 estimates exceeded \$3 billion, these programs amounted to less than two per cent of the total federal budget. This served to further strain Aboriginal-government relations and the "federal government seems, to some extent, to have admitted this, in that Indian and Inuit programs were among those exempted from the federal expenditure control plan in 1991-92" (Hawkes and Devine: 48). When growth, inflation, and status population growth are calculated together, the real rate of change per capita is low.

Schaan's article describes the persistent fragmentation in Aboriginal social policy-making and he argues that the integration of Aboriginal social and health services, symbolized by the Medicine Wheel, is possible but not within the current arrangement. He demonstrates the importance of "balancing resourcing and jurisdictional authorities in order to provide services under Indian self-government" (Schaan:1994: 111).

[T]he practical jurisdictional and fiscal accommodations that underlie the present policy did not address the unique constitutional position and socio-economic circumstances of Indian communities (Schaan: 111).

The *Indian Act* is the ruling piece of legislation which renders the federal government responsible towards its' Aboriginal communities. But the Act does not cover matters on social and health services. These matters fall under provincial responsibility, section 92(13) of the Constitution Act, 1867. The result is "uncertainty or at best unneeded complexities over authorities and responsibilities for social and health services on reserve lands" (Schaan: 113). Also, the provinces and the federal government are still debating on who should assume authority over and responsibility for Aboriginal social and health programs.

Under the *Indian Act*, the only mention of a social service is education. The *Act* "allows for provision of schooling under federal, provincial, and territorial governments, public or separate school boards, or religious institutions, but not through schools run by Indian bands" (Schaan: 114).

Within other programs and services, Schaan remarks that the delivery mechanism have been "accommodated within existing federal-provincial jurisdictional arrangements and practices - - resulted in gaps in programs and services" (Schaan: 114). In addition:

In child welfare, provinces have enforced their statutes in such matters as custody and adoption of children on Indian reserves, while non-statutory services such as counselling and family support have been available inconsistently to Indians on reserves, because Ottawa and the provinces often refused to assume financial responsibility (Schaan: 114).

According to Schaan, financing social and health services for Aboriginal people is bureaucratically complex. The arrangements which regulate the services is uncertain and confusing, "with arrangements depending on status, residence (on or off-reserve), service definition, the funding program, and location" (Schaan: 114). Without getting into detail about this complex process, it is one which not only baffles Aboriginal community members but government bureaucrats as well.

The health and welfare of Aboriginal people has progressed since the mid-1960s because the government has expanded programs and services.

In a climate of social reform that saw introduction of federal-provincial cost sharing, expanded and universal health care, and national standards for social assistance, Ottawa began to spend money on programs on Indian reserves. It emphasized housing, health care, education, social assistance, and economic

development (Schaan: 115).

Schaan notes that the dominant philosophy during that period was "intervention through community development, rather than Indian control" (Schaan: 116).

By the late 1970s and early 1980s, the federal position changed because of the amounting pressure from First Nations groups. Some of the Aboriginal management services created were Band-run schools and the Alternative Funding Arrangement (AFA). The AFA was introduced in 1986 and it gave Bands or tribal councils "the ability to manage a global budget negotiated for a five-year period, with built-in provisions for cost escalators" (Schaan: 116). The purpose of these block funding agreements is to permit bands "to design their own programs and transfer funds among activities, but bands must operate within the agreed funding ceiling over the multi-year term of the agreement" (Hawkes and Devine:1989: 49).

Despite the obvious benefits of increased funding and devolution of programs to Indian management, the legal, institutional, and fiscal framework remains highly fragmented, costly, and ultimately non-accountable to Indian communities. It is also enormously complex (Schaan:1994: 116).

For example, Schaan notes that there are major differences between and within the provinces and the Band Councils in delivery and support of programs. Band Councils and tribal councils must constantly deal with federal and provincial bureaucracies in order for them to manage the programs at the community level.

Aboriginal groups from across the country have had different reactions to these complex issues and, according to Schaan, this reflects their political, economic, and social diversity.

While some communities see advantages to incremental development of new

institutions and authority, others regard Indian government as a non-negotiable inherent or treaty right. Although these different positions may influence strategies, the common position of all Indian communities is that any change must be without prejudice to the special constitutional relationship between the federal government and Indians and to treaty and aboriginal rights (Schaan: 124).

According to Schaan, Aboriginal government would help resolve the complexities and inconsistencies for Aboriginal communities within the Canadian social welfare system. The reason is that if Aboriginal communities are to manage the social services within the communities, "they require control over institutions accountable to the community, effective authority, and adequate revenues" (Schaan: 117). This would help in bridging the gap between "federal and provincial authorities and responsibilities, which has made them a footnote in the development of Canadian social welfare" (Schaan: 117).

Schaan further notes that any form, or paradigm, of Aboriginal government can raise many questions in regard to the dominant ideology behind social welfare in Canada.

The history of government policies towards Indians is replete with attempts to reshape traditional Indian social and cultural institutions to conform to European values. Approaches to social policy more tolerant of collective values may achieve a minimum standard of social equity and access to services, not only for Indians but for other Canadians (Schaan: 117).

This dominant ideology position in the sphere of social policy has led to a loss of focus within Canadian social services. The delivery process of social services is "based largely on intervention at the level of the individual" (Schaan: 117). Intervention at the individual level "reflect an evolution from nineteenth-century socio-political ideology to that of a modern industrialized and technologically advanced society" (Schaan: 117). During the late nineteenth-

century, community welfare, seen as an operative social concept, was identified with individual welfare. Today, the philosophy of social welfare "is increasingly regulated through codification of individual responsibilities and rights in exchange for provision of institutionalized health and social services" (Schaan: 117).

Social welfare policy in Canada has been characterized by practical federal-provincial jurisdictional and fiscal accommodations. This system has evolved into increasingly regulated behaviour, with an emphasis on individual rights that parallels steady erosion of cohesive social units such as the family and the community (Schaan: 118).

Schaan concludes his article by stating that since the Department of Indian Affairs and Northern Development dominates the relationship between the federal government and Aboriginal communities, new approaches to funding and resources need to be formulated.

Jurisdictional authority, combined with accountable institutions, is necessary for community control. Rather than being a conduit for intervention, the community as government would be able to define the approach to social and health services and make effective choices about the means to do this. This possibility is ephemeral, of course, without resources (Schaan: 118).

Thus, Ottawa needs to implement Aboriginal-specific legislation where Aboriginal communities would have effective control over social welfare policies. Schaan argues that this is essential because "the communities are positioned better than government to understand and manage the complexities of their unique circumstances" (Schaan: 120).

In the midst of present-day nationwide economic and political uncertainty, the concept of community put forward by some Indian communities, symbolized by the Spirit Circle, suggests rethinking of the place of community and collective values within the structure of social welfare policy in Canada (Schaan: 122).

The philosophy which many Aboriginal people hold places the Mother Earth at the centre and there is an interconnectedness between all living things. This philosophy believes in making decisions within a community by looking at the long-term affects of upto seven generations.

Thus, contemporary concepts such as sustainable development, are embedded within many Aboriginal cultures. The philosophies of Aboriginal people are structured in such a pattern of equality between all living things that non-Aboriginal people should learn to adopt within their value systems (the Aboriginal philosophy will not be outlined in this thesis). The philosophy held by many Aboriginal groups encompasses many aspects of a social welfare structure which is slowly being "lost" because of the many bureaucratic policies which have been imposed upon their way of living. The next section will briefly outline some key Aboriginal issues.

5.1 Brief Overview of Key Aboriginal Issues

The history of the relationship between Aboriginal groups and the federal government has been and continues to be one of master and servant. The master, being the federal government, has unsuccessfully managed the lives and well-being of Aboriginal Canadians. The management practices, particularly during the last half of this century, were usually in the form of studies and reports where Aboriginal peoples were viewed as programs.

One of the most comprehensive studies on the situation of Aboriginal groups and their socio-economic development was the Hawthorn Report (1966). This report recognized and affirmed that there was a serious problem with the status of living found within many Aboriginal communities. The report sought certain recommendations for Aboriginal economic development and it claimed that:

[A] disproportionately large number of able bodied Indians of working age are unemployed or underemployed...To facilitate the transfer of large numbers of these into more skilled or better paid fields of employment having the most favourable prospects of expansion will require an extensive, and intensive,

program of education, training and conditioning of Indian workers (DIAND:1992: 4).

These exact phrases are still being used almost thirty years later and this is evidence that the problem has not been rectified and thus the same solutions are still being proposed.

According to Murray Angus, the Progressive Conservative government under Brian Mulroney has severely harmed the socio-economic position of Aboriginal people. Angus outlines the reasons why the Tories want to escape their responsibility towards Aboriginal people as threefold:

First, native problems are seen by many politicians as intractable, meaning no amount of federal effort will ever achieve the desired results. Politically, they represent a no-win set of issues for a government -- Ottawa can never do enough to satisfy native demands, and the political pay-off at the polls would not amount to much if it could.

Second, the responsibility of serving native people, as required by Sec.91(24) of the BNA Act, is bureaucratically complex. As the Neilson Report on Indians and Natives noted: "the effect...has been the creation of a department of the federal government which has attempted to provide a full array of federal, provincial and municipal services to status Indians."

Finally, there are economic reasons why the government would like to extract itself from its established obligations; native programming is expensive, and threatens to become more so (Angus:1990: 1).

The Tory government, Angus explains further, is faced with maintaining a monolithic department in an era where fiscal restraint has become the operative keyword. The government's obligation towards Aboriginals runs counter to their neoconservative philosophy of governing. As demographic figures reveal, Aboriginal communities are growing at an increasing rate which means that the government will also have to increase its spending. Thus, the Tory government was driven by a strong incentive to escape its obligations towards First Nations in Canada. This philosophy of fiscal restraint "has become -- and will continue to be -- the dominant factor

shaping native policies in Canada" (Angus: 2).

The Neilson Report

This report was initiated as soon as the Tory government took office and it sought to outline the array of social services in Canada and to provide a framework for cuts. The report "contained a multitude of specific recommendations for controlling and reducing native spending" (Angus: 21). Although many of the recommendations were not acted upon because of the report's premature release, it nonetheless outlined the government's "conjunctural analysis of its relationship -- and obligations -- to native people" (Angus: 21).

The report begins by outlining Aboriginal demographic trends which, according to Angus, were used as "a basis for predicting government expenditures" (Angus: 22). The figures outlined in the report are:

- the native population is significantly younger than the national average;
- the proportions of Indians living off-reserve has doubled from 15 per cent in 1966 to 30 per cent in 1983;
- the "working age" native population is expected to grow at three times the national rate;
- by 1991, one in two people entering the workforce in Saskatchewan will be native;
- fertility rates among native people are two times the national average (Angus: 22).

The projections laid out by the Neilson Report demonstrate the need for cuts in Aboriginal expenditures because of the increasing demographic rates. An important theme in the report notes that the government can transfer its responsibility onto the Aboriginal communities. One way of giving Aboriginal people more control of their own affairs is to grant them

Aboriginal self-government. This aim was attempted by the Tory government through the constitutional talks but the Aboriginal communities overwhelmingly rejected this proposal on the grounds that they were not ready to start managing their own affairs because of the endemic social problems prevalent in life on the reserves. Angus describes the implications of this shifting of responsibility as:

While this theme is always presented in terms of its assumed advantages for native people, Ottawa would also stand to gain significantly. To an uninformed public, a transfer of responsibility to native people would make the government appear responsive to native demands to "get government off our backs". It would also leave Ottawa less accountable politically and legally for the conditions of native people -- "they're managing their own affairs now" (Angus: 23).

This was the general philosophy behind the Tories' vision for Aboriginal peoples. Although the government officially disassociated themselves from the Nielsen Report, they nonetheless followed many of the recommendations dealing with cutbacks in government expenditure. The example which Angus utilizes to illustrate this point reveals the government's goal towards First Nations: the Tories claimed a 42 per cent increase in overall DIAND spending during its first term in office but the data, according to Angus, reveals another story.

In capital expenditures -- housing and other forms of community infrastructure - - the government's estimates show an increase in DIAND spending by 38.9 per cent from 1984-85 to 1988-89 (Angus: 25).

During that period, inflation rose 22 per cent and the Aboriginal population served by these expenditures also increased significantly by 24 per cent, therefore the funds had to be spread out among more people. "When inflation and population growth were taken into account, the result was a decline in capital expenditures by 14.8 per cent over four years" (25).

The same examples can be applied to non-capital expenditures (programs and services).

Angus further reveals that while spending by DIAND increased 31.9 per cent over four years, "when inflation and population growth were factored in, the effect was a 10.2 per cent decrease in the value of those expenditures for native people" (Angus: 26). The net effect of these cutbacks has resulted in a significant reduction in government expenditure towards Aboriginal people, particularly during a time when the Canadian economy was undergoing severe changes.

Although the Tory government did not follow the prescriptions for cutbacks as outlined in the Nielsen Report, they nonetheless used "a combination of other direct and indirect methods, including:

- Unilateral Cuts;
- Not Keeping Pace With Inflation;
- Devolution;
- Restricting the Interpretation of Rights" (Angus: 26-27).

These factors undermine the citizenship rights of Aboriginal peoples which have ultimately led to a reduction in their socio-economic position. For example, as more Aboriginals sought to gain post-secondary education, the government began to restrict those rights because of the increasing costs. Although the number of students increased incrementally, the spending per capita, once inflation and other measures are taken into account, decreases substantially. This topic is elaborated in section 9.2, Education Profile.

The expenditures are broken down into three types of support which are incrementally being cut:

1. Tuition Support: This type of support is provided to part-time and full-time

students. It includes students' fees for registration, tuition, tutorials, initial professional certification and examinations and the cost of books and supplies which are listed as required by the post-secondary institution.

2. Travel Support: Students who are required to live away from their permanent place of residence may qualify for a travel grant, once every semester, for themselves and any dependents who reside with them.
3. Support for Living Expenses: This type of support is provided to full-time students to help cover the costs of food, shelter, daily transportation, day care, rental costs and contingency funding.

Source: Indian and Northern Affairs, Post-Secondary Student Support Program Proposals for Change, Minister of Supply and Services, Information Sheet No. 25, April 1991.

TABLE 5.1.1
Aboriginal Post-Secondary Education

Year	Expenditures ¹ (\$ millions)	Number of students assisted	Spending per capita
1981/82	25.1	5,467	4591.2
1982/83	33.1	6,810	4860.5
1983/84	42.0	8,062	5209.6
1984/85	52.9	8,617	6139.0
1985/86	73.7	11,170	6598.0
1986/87	97.9	13,196	7418.9
1987/88	109.1	14,242	7660.4
1988/89	122.4	15,572	7860.3
1989/90	147.2	18,535	7941.7
1990/91	182.2 ¹	21,300	8554.0
1991/92	194.0 ¹	21,442	9047.6
1992/93	201.3 ¹	21,566	8304.5

¹Estimates

Source: Indian and Northern Affairs, Indian and Inuit Post-Secondary Education, Minister of Supply and Services, Information Sheet No. 41, July 1991.

The next sections will provide more detailed information on the socio-economic position of Aboriginal people by using Tables and Charts. It will show how the neoconservative government has worsened the position of Aboriginals in Canada.

Data Collection

In order to provide a conceptual framework where the socio-economic position of First Nations will be assessed, a set of indicators will be provided. The United Nations has developed a set of indicators, for it has been concerned with issues of:

[Development, levels of living and related social, economic and environment conditions, pursuant to the promotion of *higher standards of living, full employment, and conditions of economic and social progress and development* as set forth in the Charter of the United Nations (Article 55) (1989: iii).

The socio-economic indicators which will be outlined in this thesis are: health profile, education profile, employment and unemployment profiles (labour market), and social assistance profile.

The UN Handbook on Social Indicators outlines three methods by which socio-economic indicators may be considered. This thesis will provide government data sources from an "aggregate national level, viewed from the national or international point of view" (1989: 8).

[I]n terms of the aggregate national perspective, many Governments and intergovernmental bodies have given very high priority to the selection and compilation of indicators of levels of living and related socio-economic conditions and of social and economic development" (8). Furthermore, "in integrated socio-economic development, economic and social policies and objectives are considered as inseparable... (8).

[T]he use of indicators to monitor various aspects of socio-economic development

and its impact on the population is provided by General Assembly resolution 40/179 entitled Patterns of Consumption: Qualitative Aspects of Development. In it, the General Assembly *considers that an accurate assessment of the advances in living standards requires a reliable measuring instrument consisting of a set of indicators related to living conditions, employment and the circumstances underlying them, and the improvement of basic national statistical programmes and capabilities related to food, clothing, housing, education, health care and necessary social services, and encourages, in this regard, countries to undertake efforts to collect, tabulate and regularly publish accurate and updated data on consumption and living standards for different population groups, bearing in mind the need for more international attention to be given to the qualitative aspects of development (8-9).*

The use of indicators in measuring the success, or progress, of a country is being more widely used by governments. The use of social indicators, or human indicators, used in this thesis attempts to measure the human aspects of the economy. Anderson notes that almost all economies have three distinct dimensions: "money changes hands, there is some interaction with the environment, and human beings are affected in some way" (Anderson:1991: 55). This thesis will outline the different socio-economic indicators of Aboriginal groups in Canada.

It is also very important to note that during the neoconservative era, the socio-economic indicators which have been collected do not always reflect the reality of the condition of Aboriginal groups. Two factors of importance is that many of the figures have not kept in pace with population growth, and inflation. This regressiveness in government policies is a measure by which the neoconservatives can justify cutbacks because the situation of Aboriginal people does not always appear to have deteriorated between 1984 and 1993. Thus, the policy of stealth used by DIAND and Statistics Canada (changing definitions between Census years of who is or is not an "Indian", and by the way indicators are collected), is highly questionable and contradicts the UN's method on collecting data.

6. THE CONDITION OF ABORIGINAL GROUPS IN CANADA

First Nations in Canada, when compared to national figures, do not have the same socio-economic status as average Canadians. Their situation, in terms of statistics, is significantly lower than the national average. Buckley identifies some prevailing themes which characterize Aboriginal life on a reserve. These themes can explain the poverty and related problems which these people have lived with for more than a hundred years.

1. *Weakness of the Resource Base*

Many reserves in Canada are cut out from the sources which enable people to maintain a certain standard of living. The remoteness of many reserves makes participation in the labor force difficult for many Aboriginals. This reality is coupled with the fact that the population on many reserves is steadily increasing "while no new source of income is discovered" (Buckley:1992: 21). "These people will have to lean more heavily on welfare assistance or face a decline in the standard of living" (Buckley: 22). This is exactly the situation within many reserves where welfare has become the primary source of income.

The Prairie reserves are in equally unnatural locations for sizeable communities. [For example], the allocations agreed to at Treaty Six were based on the amount of land deemed necessary for supporting a family of five, but they were made at a time when motive power was supplied by horses or even oxen, and grain was harvested with hand tools...Population, on the other hand, has substantially increased. The fact that the land is mainly leased, as seen at John Smith, hardly improves the picture...In essence, the reserves, both north and south, need access to additional sources of income (Buckley: 22).

This weakness in the resource base, when coupled with other factors (see points 3 and 4), helps to generate the endemic poverty which is persistent on many reserves.

2. *Separateness*

Buckley outlines this factor of living separately from the rest of society as a principal reason for poverty. She questions why Aboriginals, who are tied to the reserves, "irrespective of its ability to generate jobs and income", are living there (Buckley: 22).

Throughout their long association with Canada, these people in the West have lived separately, actively excluded from white society in ways both large and small, by hostile teachers and co-workers, employers who won't hire them, and landlords who won't rent to them in the city (Buckley: 23).

This separateness has been so sustained in Canada since the beginning of the reserve systems that Canadians have come to accept this phenomenon. How can the concept of collectivity in Canada ever be realized if Canadians accept the fact that Aboriginals are living separately and in poverty as compared to the average population?

3. *Dependency*

The weakness of a feasible economic base and the fact that many reserves are separate from the rest of society has created, to varying degrees, a history of dependence on social assistance. An important element which Buckley describes is that this dependency is not only on the economic side:

[T]he Department [Indian Affairs] took over the management of their [Aboriginals] lives, leaving them to follow orders while failing to provide the kind of assistance that could have established farming and encouraged the children to see schooling as worthwhile...Ancient beliefs and practices were seen as standing in the way, and the Department did its best to root them out (Buckley: 23).

Thus, the Department of Indian Affairs still remains the "sole source of power" for its presence is a key dimension in the lives of Aboriginal peoples. This factor serves to further

alienate them for they are the only group in Canada whose lives are coordinated by a government department. In other words, they have come to be seen as wards of the state which has produced feelings of "inferiority and incompetence". David Courchene, the former president of the Manitoba Indian Brotherhood, summed up the problem as follows:

One hundred years of submission and servitude, of protectionism and paternalism have created psychological barriers for Indian people that are far more difficult to break down and conquer than the problems of economic and social poverty. Paternalistic policies of the past, based largely on the idea that we must shelter and protect the ignorant savage, have created complex problems for those who want to shelter and protect themselves (Buckley: 24).

These problems have become so embedded into the mindsets of many Aboriginal peoples that the state needs to take immediate action to rectify this problem.

4. *The Social Fabric*

The social fabric which surrounds the way of life for Aboriginal people has several stress factors which has contributed to their low socio-economic position. Buckley describes them as: poverty, inferior status, feelings of resentment, discouragement, and helplessness (Buckley: 24). These sentiments, writes Buckley, have resulted in weakness at the community level.

Some bands have managed better than others...but some have gone through times when leaders were co-opted by the Department or the band split into factions, so that individual band members were left to deal with problems on their own and without a sense of identity. This is a main cause of the disaffection to be found in many communities and of the social problems which reach alarming proportions (Buckley: 25).

These problems are intertwined with the dependency factor which the Canadian welfare state has not dealt with accordingly. Therefore, before the state transfers any "real" power to Band governments, the social crisis facing Aboriginal communities needs to be addressed and

"it will be necessary to take account of problems inherited from the past" (Buckley: 25). The socio-economic difficulties facing Aboriginal people are even more pronounced for Aboriginal women. For those who are heads of single families, their socio-economic difficulties increase. For example, a study conducted showed that "Aboriginal women head approximately 90 per cent of Aboriginal single families off-reserve. This represents more than twice the percentage of single parent families headed by women in the general Canadian population" (Employment and Immigration Canada:1991: 9).

Jamieson notes that the problem is exasperated by "personal, community and systemic barriers attributed to a lack of self-esteem and lack of support" (Jamieson:1989: 9). These characteristics are compounded by the fact that their income levels and labour force participation rates are almost two-thirds that of Aboriginal men, which is already below the Canadian average (see section on Labour Force Profile). Furthermore, other socio-economic factors such as inadequate child care and poor housing perpetuate the debilitating lifestyle of Aboriginal children which makes their own future uncertain because of the realities of their family situation.

7. THE DEMOGRAPHIC CONDITION OF ABORIGINAL GROUPS IN CANADA

Native people will inevitably be among the victims of any cuts in government spending because they are already a marginalized group in Canadian society -- demographically, regionally, economically, politically and racially (Angus:1990: 19).

7.1 Population

Various government reports have stated that the conditions of Aboriginal people are poor when compared to the socio-economic figures for the rest of the Canadian population. The most striking difference in the socio-economic figures is revealed through the demographic trends where Canada's Aboriginal populations are growing rapidly. The most current information outlining the demographics of Aboriginal peoples is the 1991 Census where it was found that:

4% of Canada's population (1,002,675 people) reported Aboriginal origins. Of these, 47% reported having a single Aboriginal ancestry while 53% reported multiple ancestries, mostly a combination of Aboriginal and non-Aboriginal origins (Statistics Canada:1991: i).

Some of the effects of these figures are because of Bill C-31 where by 1991, 18 percent of all status Aboriginals were Bill C-31 registrants or their children. A study conducted in 1989 estimated that by 1991, the population of Canadians with Aboriginal origins will increase nearly one-third, "from 735,000 in 1981 to 958,500. In the long-term, a further one-fifth increase to 1,145,100 is projected by 2001" (Hagey *et al.*:Part I, 1989: 4). Some of the interesting highlights which the study concluded noted the following:

- The total status Indian population will have grown by one-half by 1991 to 521,500, up from 336,900 in 1981. By 2001, the number of status Indians will increase another one-fifth to 622,900, almost double the 1981 figure.
- By 1991, the number of Indians on-reserve will have increased one-third

to 316,300, up from 237,600 in 1981. In the long-term, the projections estimate a population of another one-fifth, to 385,500 in 2001 (Hagey *et al.*:Part I: 4).

These projections forecast a significant increase in the Aboriginal population. Other forecasts conclude that the percentage of all Aboriginal peoples will have "increased by one-fifth in the short-term, from 3.0% in 1981 to 3.6% in 1991. The long-term increase will be more gradual, to 3.9% by 2001" (Hagey *et al.*:Part I: 5). In 1990, the regional on-reserve populations (including Crown lands and settlements) "ranged from a low of just under 46 percent in the Yukon to a high of 78 percent in the Northwest Territories" (Indian and Northern Affairs Canada:1992: 10). In 1992, the registered Aboriginal population (on and off-reserve) was 533,461, a 57 percent increase from the 1967 figure of 230,902 (DIAND:1993: 4). Other highlights include:

- The largest proportional gains in regions south of 60° between 1967 and 1992 were in the Atlantic, Quebec and Manitoba regions where the on-reserve population increased by 117, 97 and 96 percent respectively;
- South of 60°, Quebec had the highest proportion of its Indian population living on-reserve in 1992 (71%);
- Alberta is expected to have the largest percentage increase (43%) in its on-reserve population among all regions between 1992 and 2005. At the other end of the distribution, British Columbia and the Territories could expect increases of approximately 16 percent on average (DIAND: 10).

The following Table will outline the percentage of the Aboriginal population in Canada.

The figures only include status and on-reserve Aboriginals.

TABLE 7.1.1
Population

Year	Status Indians	On-Reserve
1981	1.4%	1.0%
1991	2.0%	1.2%
2001	2.1%	1.3%

As evidenced, the proportion of Canadians who hold the title of status Indian will have increased by 0.6% from 1981 to 1991 and it will gradually decline by 2001. Some explanations for this increase includes the effects of Bill C-31 and higher fertility rates amongst Aboriginal peoples as compared to the Canadian average. The effects of this increase in status and population is concentrated mostly on the on-reserve Aboriginals. It is important to note that not all Aboriginals on-reserve hold the title of "status Indian" and that not all status Indians live on the reserves. Thus, figures for both groups will be provided.

7.2 Age Structure

Demographic figures reveal that the Aboriginal population is and will continue to be younger than the Canadian population. However, "both the status Indian and the Canadian population are aging" (Hagey *et al.*:Part I, 1989: 9).

In 1981, the median age of status Indians was 11 years less than that of the Canadian population, 19 vs 30. By 1991, it will be 10 years less than the Canadian median age, 23 vs 33. In the long-term, the median age for status Indians will be 12 years less than for all Canadians, 26 vs 38 in 2001... The on-reserve Indian population is and will continue to be younger than the Canadian population. In 1981, the median age for Indians on-reserve was 11 years less than

that of the Canadian population, 19 vs 30. It will also be 11 years less than the Canadian median age by 1991, 22 vs 33. By 2001, the median age for Indians on-reserve will be 13 years less than for Canadians, 25 vs 38 (Hagey *et al.*:Part I: 9,11).

The effects of this trend mean that the Aboriginal population (both status and on-reserve Indians) is aging from youth into the working-aged group whereas the Canadian population is aging into retirement. The following chart, which has been prepared by Indian and Northern Affairs, summarizes the age patterns of both the Aboriginal and Canadian population:

TABLE 7.2.1

Ages	Status Indians		Canada		On-Reserve	
	1981	2001	1981	2001	1981	2001
0-14	39%	31%	23%	19%	40%	34%
15-64	56%	64%	68%	68%	55%	62%
65 +	4%	5%	9%	14%	5%	5%

The report also concluded one consequence due to the age structure of Aboriginal peoples which is the following:

One consequence of the relative youthfulness of the status [and on-reserve] Indian population is that it has had and is expected to maintain a higher dependency ratio than the Canadian population. The dependency ratio expresses the relationship between the dependent population (under 15 and 65 and over) and the working-aged population (15-64) (Hagey *et al.*:Part I: 9,11).

The consequence of having a higher dependency factor means that more funds are needed to maintain the dependent group. Strategies to balance this situation still need to be implemented by governments and Band Councils. The long-term projections indicate that the dependency factor for the status Indian population will decrease from .77 in 1981 to .56 in 2001 (Hagey *et al.*:Part I: 9). For the on-reserve population, the figures will decline from .81 in 1981 to .63 in

2001 (Hagey *et al.*: Part I: 11).

The study also concluded that there will be "no major differences between the age structures of the total status Indian and the on-reserve Indian populations in 1991" (Hagey *et al.*:Part I: 11). Further projections reveal that by the year 2001, the on-reserve population is expected to be younger and that the percent of the population which will have reached the retirement-aged category will be roughly equivalent between the two groups.

The final conclusions of the report stated that the implications of the demographic changes which the Aboriginal population is experiencing will present a challenge to federal, provincial and Band governments. This will greatly affect status Indian policy and the programs which are tied to it. Other consequences include:

- As the Aboriginal population continues to grow relative to the general population, so does its political and social influence;
- While the overall percentage of Indians on-reserve will decrease, the number of people living on-reserve will increase significantly. As a result, there will be increasing demand for social services and economic development on-reserve;
- While the Canadian population is aging into the retirement-aged groups, the Aboriginal population is moving into the working-aged group where they will need labour market oriented services, such as post-secondary education, training, employment opportunities and assistance for economic development;
- This challenge will place heavy demands on Aboriginal communities and governments to provide suitable employment opportunities. By the year 2001, there will be 56,000 youth on-reserve of working age (17-24), 5,000 more than in 1991. Finding work for Aboriginal youth will become an increasing challenge. Failure will add to social assistance rolls (Hagey *et al.*:Part I: 17-18).

A more recent report noted that in 1991, more than 50 percent of the total registered Aboriginal population was aged 25 years or less (DIAND:1993: 20). Other points include:

- For Canada as a whole, only 35 percent of the population fell into the under-25 age cohort;
- Only 4.5 percent of the 1991 Registered Indian population occurred in the cohort aged 65 or more, compared with just under 12 percent of the total Canadian population;
- Women aged 65 or more represented 4.9 percent of the registered Indian population in 1991. By contrast, females aged 65 or more accounted for 12 percent of the nation's female population;
- In 1991, 4.1 percent of the male Registered Indian population was aged 65 or more. Among Canadian men, the proportion of the male population aged 65 and over stood at 4.9 percent (DIAND: 20).

These figures can have certain social and economic implications which can affect social and welfare policies and labour market policies.

The following Table outlines the growth in precise numbers for both the status and on-reserve Aboriginals. As the figures indicate, the numbers are increasing for both groups and this can bring new challenges to federal, provincial, and Band governments.

TABLE 7.2.2
Population growth: 1981-2001

Year	Total Status Indians (both sexes)		On-Reserve Indians (both sexes)	
	<i>Total Population</i>	<i>Growth Rate</i>	<i>Total Population</i>	<i>Growth Rate</i>
1981	336,900	—	237,600	—
1982	345,400	2.52	245,900	3.49
1983	354,400	2.61	253,300	3.01
1984	364,700	2.91	261,000	3.04
1985	376,400	3.21	268,000	2.68
1986	403,042	7.08	275,891	2.94
1987	431,439	7.05	282,671	2.46
1988	458,807	6.34	291,485	3.12
1989	485,186	5.75	299,869	2.88
1990	510,905	5.30	308,727	2.95
1991	521,461	2.07	316,273	2.44
1992	531,981	2.02	323,855	2.40
1993	542,426	1.96	331,457	2.35
1994	552,799	1.91	339,070	2.30
1995	563,082	1.86	346,711	2.25
1996	573,269	1.81	354,379	2.21
1997	583,356	1.76	360,599	1.76
1998	593,346	1.71	366,808	1.72
1999	603,271	1.67	373,027	1.70
2000	613,117	1.63	379,258	1.67
2001	622,901	1.60	385,514	1.65

Source: Janet Hagey, Gilles Larocque and Catherine McBride, *Highlights of Aboriginal Conditions: Part I Demographic Trends*, (Ottawa: Indian and Northern Affairs, October 1989), p. 21.

As the figures reveal, the Aboriginal growth rate is on the rise but it will decline in the late 1990s and in the early part of the twenty-first century. The breakdown by age is as follows:

TABLE 7.2.3
Population by age group
Total Status Indians 1981, 1991, 2001

Age	1981 Pop.	% Total Pop.	1991 Pop.	% Total Pop.	2001 Pop.	% Total Pop.
0-4	45,737	13.58	64,068	12.29	64,700	10.39
5-9	43,087	12.79	55,779	10.70	66,124	10.62
10-14	43,833	13.01	51,701	9.91	63,555	10.20
15-19	42,068	12.49	50,971	9.77	55,401	8.89
20-24	36,329	10.78	53,455	10.25	51,010	8.19
25-29	27,453	8.15	51,584	9.89	50,002	8.03
30-34	21,311	6.33	45,435	8.71	52,397	8.41
35-39	16,689	4.95	35,555	6.82	50,526	8.11
40-44	13,114	3.89	28,000	5.37	44,266	7.11
45-49	10,902	3.24	21,896	4.20	34,226	5.49
50-54	8,949	2.68	16,921	3.24	26,416	4.24
55-59	7,337	2.18	13,473	2.58	20,090	3.23
60-64	5,720	1.70	10,431	2.00	14,989	2.41
65 +	14,331	4.25	22,191	4.26	29,199	4.69
TOTAL	336,860	100.00	521,461	100.00	622,901	100.00

Source: J. Hagey et al., *Part I Demographic Trends*, p. 25.

TABLE 7.2.4
Population by age group
Indians On-Reserve
1981, 1991, 2001

Age	1981 Pop.	% Total Pop.	1991 Pop.	% Total Pop.	2001 Pop.	% Total Pop.
0-4	34,829	14.66	44,817	14.17	45,765	11.87
5-9	30,436	12.81	39,244	12.41	43,804	11.36
10-14	30,539	12.85	33,000	10.43	41,439	10.75
15-19	29,863	12.57	31,180	9.86	38,140	9.89
20-24	25,770	10.85	32,060	10.14	33,378	8.66
25-29	18,702	7.87	30,501	9.64	30,603	7.94
30-34	13,820	5.82	25,533	8.07	30,570	7.93
35-39	10,704	4.51	18,242	5.77	28,243	7.33
40-44	8,713	3.67	14,218	4.50	24,187	6.27
45-49	7,495	3.15	11,246	3.56	18,229	4.73
50-54	6,350	2.67	8,927	2.82	14,280	3.70
55-59	5,258	2.21	7,427	2.35	11,048	2.87
60-64	4,292	1.81	6,058	1.92	8,399	2.18
65 +	10,808	4.55	13,818	4.37	17,427	4.52
TOTAL	237,579	100.00	316,273	100.00	385,514	100.00

Source: J. Hagey et al., *Part I Demographic Trends*, p. 26.

The above Tables demonstrate the growing challenges which governments are facing in an age of restraint. The *Indian Act* is the ruling piece of legislation which renders the federal government responsible towards its Aboriginal peoples therefore appropriate services have to be provided. The figures reveal that the population is increasing but funding and services have not kept pace with that increase. The next section will outline how these demographic figures has affected the social conditions of the Aboriginal population.

8. THE SOCIAL CONDITION OF ABORIGINAL GROUPS IN CANADA

As mentioned, the social condition of Aboriginal groups in Canada has improved during the last twenty years but they still do not enjoy the same conditions as other Canadians. The reasons for this situation will be analysed next and some of the nuances of why the situation has not been improved, when compared to other Canadians, will be discussed. Funding to Band governments has not kept pace either with the increase in population or with the rate of inflation. The Conservative government set up a program called Alternative Funding Arrangements (AFA) which, as an aim, will permit more stable and predictable federal spending but it has been described as essentially block funding (Angus:1990: 29).

Aboriginal families, particularly status Aboriginal families, are increasingly relying on social assistance payments for income. As one report stated, "the increase in the proportion of Aboriginal people who rely on social assistance are much larger than the Canadian population" (Hagey *et al.*:Part II, 1989: 1).

8.1 Health Profile

The health of Aboriginals has improved since the 1960s but it still lags behind the Canadian average. A major study reported that life expectancy at birth for status Indians is "increasing and will continue to increase. Between 1981 and 2001, the life expectancy at birth for status Indians is expected to increase by 8 years for both sexes" (Hagey *et al.*:Part II: 5).

Nonetheless, non-Indians live longer than status Indians. In 1981, the life expectancy at birth for status Indians was approximately 10 years less than that of the national population, the same as it had been 20 years later (Hagey *et al.*:Part II: 5).

This information can be discomfoting if one assumes that medical advancement has reached all communities in Canada. The study also concluded that when life expectancy at birth will continue to increase for both status Indians and Canadians, a gap will still exist between both groups even though the gap is narrowing. The projections for 2001 state that "life expectancy for status Indians will be 6 years less than that for Canadians, 70 vs 76 for men and 77 vs 83 for women" (Hagey *et al.*:Part II: 5).

One factor affecting the indicator of life expectancy amongst status Indians is the decline in the infant mortality rate. Thus, life expectancy has increased significantly since the last thirty years. Although the infant mortality rate for status Indians has dropped dramatically (82 per 1,000 in 1960 and 22 per 1,000 in 1981), it nonetheless represents double the Canadian figure (10 per 1,000). In 1986, "infant mortality for status Indians was still twice that of the Canadian population, 17 per 1,000 for Indians compared to 8 per 1,000 for Canada" (Hagey *et al.*:Part II: 6). In 1990, the Aboriginal infant mortality rate dropped to 10 infant deaths per 1,000 live births and the Canadian rate was 6.8 per 1,000 live births. In 1991, the rate increased to 12 infant deaths per 1,000.

A note of interest concerning the health of Aboriginals is that although the rate of tuberculosis has considerably declined over the past 30 years, the situation has not improved since 1980. There is still an estimated report of over 300 cases per year (Dupuis:1991: 65). Between 1965 and 1985, the rate of tuberculosis per 100,000 population was 270 and 90 respectively (DIAND:1992: 30). There has been little or no change in the high rate of incidence

of this disease.

The high rate of suicide amongst status Indians is another factor affecting life expectancy. Although the rate has decreased from 1981 to 1986, from 43 to 34 per 100,000, it still remains over twice as high as the Canadian rate (15 per 100,000) (Hagey *et al.*:Part II: 7). The report also concluded that "the suicide rate for the total Canadian population has remained relatively stable, fluctuating between 13 and 15 per 100,000 between 1981 and 1986" (Hagey *et al.*:Part II: 7). This comparison with Aboriginal peoples demonstrates the instability and the apparent problems which are prevalent in many Aboriginal groups.

Another problem which stands out within Aboriginal communities is the rate of violent deaths. Historically, violent deaths have been more common within Aboriginal groups than in the Canadian population (Hagey *et al.*:Part II: 8).

In 1976, the overall rate of violent deaths for status Indians was more than three times the national average. In 1981, the rate of violent deaths for status Indians was 267 per 100,000, over four times the national rate of 64 per 100,000. Although there were fluctuations between 1981 and 1986, the status Indian rate of 157 per 100,000 in 1986 was just under three times the national rate of 54 per 100,000 (Hagey *et al.*:Part II: 8).

Some of the factors which are common to many Aboriginal communities and which also affect the figures are the remote nature of their communities which contributes to the alienation which many feel. Other conditions, "such as greater prevalence of firearms, substandard housing and heating systems, inadequate fire-fighting equipment, and limited access to medical assistance may contribute to the high rates of violent deaths" (Hagey *et al.*:Part II: 8). Recent episodes during the last two years has demonstrated the culminating affects which have rendered life on

the reserves for many Aboriginals highly stressful. Although the Conservative government has promised to intervene in many of the situations, most of the promises have disappeared.

8.2 Social Profile

Other social indicators show that the growth rates of status Aboriginal families (a family is defined as two or more people living in the same dwelling who are husband and wife or common-law partners, with or without children, or a lone parent with at least one unmarried child), is increasing (Hagey *et al.*:Part II: 9). In 1986, "there were 82,200 status Indian families. By 1991, this will rise to 114,600 and it is projected that in 2001, there will be 148,500 status Indian families" (Hagey *et al.*:Part II: 9). These figures are two times that of Canadian families (see chapter on Bill C-31) and, after 1991, the growth rate for the number of families living on-reserve will also be marginally higher than for Aboriginal families living off-reserve.

The composition of Aboriginal census families (a census family is defined as two or more people living in the same dwelling who are husband and wife or common-law partners, with or without children, or a lone parent with at least one unmarried child), as compared to the average Canadian family has always been larger in size "although the gap between status Indian and non-Indian family size has been narrowing since the 1960s" (Hagey *et al.*:Part II: 11).

For all groups, average family sizes decreased slightly between the 1981 and 1986 Censuses. The largest decrease was in the size of aboriginal families, from 3.9 to 3.5 persons. This may be due to changes in the definition of an aboriginal person that were instituted in the 1986 Census (Hagey *et al.*:Part II: 11).

Another study reported the following facts:

Due to the differences between the 1981 and 1986¹ Censuses related to population coverage and question formulation, comparisons between the 1981 and 1986 Censuses should be made with caution. Any apparent trends may not be completely valid, particularly for the on-reserve and total aboriginal populations (Oberle:1993: 21).

Although many studies have been done on Aboriginal people, the definitions and terminologies are constantly being changed which makes comparison methods difficult. This measure was consistently used during the neoconservative era in order to undermine the benefits of the welfare state.

Returning to average census family size, the fact still remains that the average status Aboriginal family living on-reserve is larger than both the average Canadian family and Aboriginal family living off-reserve. In 1986, Aboriginal families living on-reserve had "4.2 persons on average, one person larger than the average Canadian family. By comparison, family size for Indian families off-reserve was 3.4 persons, almost identical to the national average" (Hagey *et al.*:Part II: 11).

Single parent families are also a feature of Aboriginal groups. In both the 1981 and 1986 Census, the percent of single parent families amongst status Aboriginal was twice as high when

¹The information regarding the 1986 Census is based on data reported in 1985. Two important caveats need mention. First, in 1986, 90 Bands representing 136 Indian reserves were incompletely enumerated. The population on these reserves is estimated to be 45,000 persons. Second, income data for 347 small reserves are suppressed by Statistics Canada to protect confidentiality, leaving 511 reserves as the basis for all the reported data. Therefore, generalizing beyond the reserves with available data should be made with caution. [quoted in Peter R. Oberle, The Incidence of Family Poverty on Canadian Indian Reserves, (Ottawa: DIAND, January 1993, p. 1).]

comparing to Canadian families. But single parent families are more common amongst Aboriginals living off-reserve (30%) than by Aboriginals living on-reserve (24%). Other figures reveal:

- Almost 60% of the 13,700 status Indian single parents that are women live off-reserve while 77% of the 2,890 male status Indian single parents live on-reserve;
- In 1986, the percent of female single parents was 10% for Canadian families (Hagey *et al.*:Part II: 12).

Interestingly, female single parents are more common than those headed by male. The figure for female single parents as compared to male is approximately five times more for both the Canadian and status Aboriginal single parents.

Another indicator which assesses the quality of living conditions "is the proportion of a population that live in crowded dwellings. A crowded dwelling is defined as any dwelling occupied by more than one person per room" (Hagey *et al.*:Part II: 13). The incidence of crowded dwellings amongst the Aboriginal population has declined, "down two-thirds from 28.0% in 1981 to 9.4% in 1986. The decrease for all aboriginals may be due to changes in the definition of an Aboriginal person that were instituted in the 1986 Census" (Hagey *et al.*:Part II: 13). Although the rate of crowded dwellings may not have decreased, because of the change of definition of who is and is not an Aboriginal person, the incidence of crowded dwelling then decreases.

- Despite the declines in the percent of aboriginal dwellings that are crowded, the rates are still considerably higher than the Canadian figure and the gaps are increasing;
- In 1981, the percent of Indian dwellings on-reserve that are

- crowded was twelve times the Canadian rate. By 1986, it had risen to sixteen times the Canadian figure;
- In 1986, the percent of crowded Indian dwellings on-reserve was eleven times than in communities near reserves (Hagey *et al.*:Part II: 13).

A further indicator which affects the living conditions is dwellings with or without central heating. Central heating can be defined as "a steam or hot water surface, a forced hot air furnace or an installed electric heating system" (Hagey *et al.*:Part II: 14). In 1986, it was estimated that the largest Aboriginal group without central heating are those living on-reserve. The percent of dwellings without central heating was 38%, "seven times more than the Canadian rate of 5% and one and a half times that of total status Indians at 24%" (Hagey *et al.*:Part II: 14). As mentioned, although these figures clearly reveal the poor socio-economic condition of Aboriginal people, they have nonetheless been camouflaged into the neoconservative philosophy: regressiveness, changing the definitions between Census years, incomplete enumeration, and suppressing data by Statistics Canada. In this way, the changes in the living conditions of Aboriginal people do not appear to have changed significantly and therefore the government's cutbacks appear to be justified. The next chapter will outline the economic condition of Aboriginal groups in Canada.

9. THE ECONOMIC CONDITION OF ABORIGINAL GROUPS IN CANADA

9.1 Sources of Income

Other indicators which help to explain poverty amongst different population groups are major sources of income, such as government transfer payments.

One broad measure of dependence on social assistance is the percent of any population receiving most of their income from government transfer payments. Income from government transfer payments refers to all transfer payments received from federal, provincial, or municipal programs, for example family allowance, unemployment insurance benefits, and cash welfare (Hagey *et al.*:Part II: 15).

Data from the 1981 and 1986 Censuses reveals that every Aboriginal group reported an increase in the percent of the population which depends on government transfer payments as a major source of income. For the total status Aboriginal population, the increase was as high as twelve percentage points, from 33% in 1980 to 45% in 1985. These figures are dramatic when compared to the total Canadian population, "which increased only four percentage points from 16% in 1980 to 20% in 1985" (Hagey *et al.*:Part II: 15). The report also noted that "comparable communities near reserves reported slightly more than half the rate for Indians on-reserve", it can be assumed then that there exists for Aboriginal people, a chronic and systemic dependence on government transfer payments for survival.

A more detailed indicator of poverty is the "number of people receiving social assistance" (Hagey *et al.*:Part II: 16). For Aboriginal peoples, the figures can be alarmingly high. Some interesting highlights are as follows:

- Overall, the average number of Indians on-reserve receiving social assistance per month in 1987 was 15,000 higher than in 1981;
- While the percent of Canadians on social assistance began to drop

- in 1985, the percent of Indians on-reserve continued to rise; As a result, the percent of Indians on-reserve receiving social assistance was two and a half times the Canadian rate in both 1981 and 1987 but only slightly over two times larger in 1984 and 1985 (Hagey *et al.*:Part II: 16).

These facts reveal that social assistance for Aboriginal people is a disturbing economic and social reality. Recent figures show the following:

For on-reserve populations, social assistance reached \$365 million in 1988-89 - an increase of 29 percent over two years. This was expected to increase by 14 percent in 1989-90 (Employment and Immigration Canada:1991: 27).

Another government study found that the "average monthly number of social assistance dependants among registered Indians has increased 72 percent in the last eleven years from slightly over 88,000 dependants in 1981/82 to just over 151,000 in 1991/92" (DIAND:1992: 54).

TABLE 9.1.1
Average Number of Social Assistance Recipients
and Dependents per Month, Registered Aboriginal Population
Canada, 1981/82 - 1992/93

Fiscal Year	Average number of Recipients per month	Average number of Dependants per month
1981/82	39,146	88,079
1982/83	42,101	94,726
1983/84	43,750	98,438
1984/85	45,408	102,168
1985/86	48,494	109,112
1986/87	50,879	114,478
1987/88	54,170	121,882
1988/89	56,573	127,290
1989/90	59,680	134,280
1990/91	64,248	144,558
1991/92	67,139	151,065
1992/93	66,550	149,738

Source: Department of Indian Affairs and Northern Development, Basic Departmental Data, 1993, (Ottawa: Minister of Government Services Canada, December 1993), p. 61.

The above table needs to be properly analysed because officials at DIAND constantly change meaning and definitions which can be very misleading. First of all, recipients can be defined as "those individuals who receive social assistance payments whereas dependants are all individuals who benefit from the payments" (DIAND:1993: 125). Of the recipients who are excluded from the Table are Aboriginals residing in the Northwest Territories and Newfoundland. In the 1991/92 year, social assistance for registered Aboriginals who reside off-reserve in Alberta was covered by the provincial government and is therefore not reflected in the figures. In 1992/93, the same occurred in Manitoba for

registered off-reserve Aboriginals and therefore the drop in the numbers does not reflect the decrease in the number of Aboriginals receiving social assistance but the shifting of programs from the federal to the provincial governments. This change in policy has not been properly analysed during the neoconservative reign and it clearly demonstrates an agenda aiming to justify cuts to the welfare state – in this case, to one of the poorest and most marginalized group in Canadian society.

Cyclical dependence has become a dominant feature within many Aboriginal groups and is one which needs to be tackled by governments. The increase in the number of people receiving social assistance can be a heavy burden on governments, particularly the Conservative government, which has as an aim to drastically reduce government expenditures. Between 1981/82 and 1991/92, total social assistance expenditures for the registered Aboriginal population tripled. Data from DIAND show that "expenditures per recipient increased 77 per cent from 1981/82 to 1991/92, from \$4,216 to \$7,480. Over the same period, the consumer price index (inflation index) increased by 67 percent" (DIAND:1993: 56). Furthermore, the Aboriginal population increased dramatically and therefore if the figures were accurately assessed, there would show a decline in expenditures per recipient.

The social conditions outlined in the previous section also reflects the poor economic conditions of Aboriginal people. "Aboriginal people, particularly status Indians, continue to be among the most economically disadvantaged groups within Canada" (Hagey *et al.*: Part III, 1989: 1). The following section will outline a government report which has outlined the economic conditions of Aboriginal peoples, and it will provide brief highlights on actual and projected data related to education, employment and income.

9.2 Education Profile

The indicator for education reveals that functional illiteracy is declining for Aboriginal peoples although the rate is still considerably higher when compared to Canadians. "Functional illiteracy can be measured by the percent of the population that have less than grade nine education" (Hagey *et al.*:Part III: 5). The 1986 Census revealed that 37% of all status Aboriginals have less than grade nine education which is twice the Canadian rate of 17%. For Aboriginals on-reserve, the functional illiterate figure stands at 45%, almost twice the rate for people living near the reserves which is 26%.

The rates for high school education, according to the 1981 and 1986 Censuses, have slightly increased for on-reserve and status Aboriginals "although fewer of them have completed high school compared to other Canadians" (Hagey *et al.*:Part III: 6).

- According to the 1986 Census, 28% of all status Indians have at least high school education, one-half the rate for all Canadians at 56%;
- The percent of Indians on-reserve with high school education or over is 22%, one-half the rate of people living in communities near reserves at 42% (Hagey *et al.*:Part III: 6).

Aboriginal bands across the country are taking more control in the education of on-reserve Aboriginal children. Although the proportion of children enrolled in band-operated schools is increasing and the proportion enrolled in federal or provincial schools is decreasing, "almost 70% of enrolment is still in federal or provincial schools" (Hagey *et al.*:Part III: 7). The poor success of Aboriginal people in earning a high school diploma means that relatively fewer Aboriginals are eligible to attend university. Since the age structure of Aboriginal people is younger than the Canadian average, a government study estimated that "the number of Aboriginal people who do not complete grade 12 is expected to increase over the next 20 years - particularly in areas of the country with large concentrations of Aboriginal people" (Employment and Immigration Canada:1991: 8).

Post-secondary enrolment is an indicator which reflects skilled employment and higher income. Although the number of status Aboriginals enrolled in post-secondary education has increased dramatically, some of the figures do not take into account the effects of Bill C-31 after it was implemented.

- Between 1960 and 1981, [status Aboriginals enrolled in post-secondary programs] increased ninety-one times, from 60 students to 5,464;
- Between 1981 and 1988, post-secondary enrolment increased another two and two-thirds times to 15,084 students;
- The annual growth rate in the number of post-secondary students declined between 1981 and 1984. In 1985, enrolment grew by 30% of the 1984 level;
- Since 1985 the number of students has continued to increase although the growth rate has returned to pre-1985 levels (Hagey *et al.*: 9).

It is important to remember that the population increased dramatically after 1985 and it is not always reflected in the figures. Other data reveals that the number of registered Aboriginals who are "enrolled in university increased from 60 in 1960/61 to 5,800 in 1985/86. The number of Indians enrolled in post-secondary institutions nearly doubled from 1985/86 and 1992/93 from 11,170 to 21,566 students" (DIAND:1993: 40). The Department of Indian Affairs and Northern Development does not have available the numbers of Aboriginals who are enrolled in university. This is due to factors such as the changes in the definitions regarding status Aboriginals and the increase in the population after 1985. As Angus (1990) mentioned, although the number of students increased incrementally, the spending per capita, once inflation and other measures are taken into account, decreases substantially.

The 1991 Census also revealed outstanding facts. Among the population aged 15 to 49 who identified with an Aboriginal group:

- 17% (54,780) reported no formal schooling or less than Grade 9 as their highest level of education; and
- 33% (107,765) reported having some post-secondary education (including

a university degree) (Statistics Canada:1991: xi).

These facts can be compared to the total Canadian population aged 15 to 49 where:

6% (837,560) reported no formal schooling or less than Grade 9 as their highest level of education; and
51% (7,407,730) reported having some post-secondary education (including a university degree) (Statistics Canada: xi).

Other government figures reveal that since 1990/91, the full-time post-secondary enrolment rate² for status Aboriginals has decreased. In 1990/91 the enrolment rate stood at 8.29 percent and by 1991/92, the rate dropped to 8.08 percent. This rate remains below the Canadian rate where in 1990/91, it was 10.25 and it increased to 10.68 in 1991/92 (DIAND:1993: 43).

Although post-secondary education has increased to a certain degree, the figures would then normally indicate an increase in labour force activity. But studies show that Aboriginal Canadians "are more likely than other Canadians not to be in the labour force. Those that are in the labour force are twice as likely to be unemployed" (Hagey *et al.*:Part III, 1989: 11). This topic will be discussed next.

²Note: "The age group 17-34 was selected because most students enrolled in post-secondary education fall in this age group. However, Aboriginal students tend to be older than other Canadians when they enroll in post-secondary institutions. As a result, while nearly 80 percent of Registered Aboriginal students are between the ages of 17 to 34, about 95 percent of all Canadian students fall in this age group" (DIAND:1993: 43).

TABLE 9.2.1
At least high school education
Aboriginals and all Canadians
1981, 1986
(% of population 15, and over)

Group	1981	1986
Canada	52.1	55.6
Comp. Communities	n/a	41.9
Total Status Indians	26.4	27.6
Indians On-Reserve	19.4	21.7
Indians Off-Reserve	37.5	37.5
All Aboriginals	28.3	39.7

Source: J. Hagey, G. Larocque and C. McBride, *Highlights of Aboriginal Conditions: Part III Economic Conditions*, (Ottawa: Indian and Northern Affairs Canada, December 1989), p. 28.

TABLE 9.2.2
Post-Secondary Enrolment: Status Indians
1981-1988
(number)

Year	Enrolment	% Increase
1981	5,464	—
1982	6,810	24.6
1983	8,062	18.4
1984	8,617	7.4
1985	11,170	29.6
1986	13,196	18.1
1987	14,242	7.9
1988	15,084	5.9

Source: Hagey et al., *Part III Economic Conditions*, p. 31.

9.3 Labour Force Profile

In April 1989, the government announced a new labour force development strategy entitled *Success in the Works*. The goal of this program was to aid Aboriginal people within the labour force because of the pressures for change. A background paper from Employment and Immigration Canada noted the following:

Increasing numbers of young Aboriginal people are reaching labour force age without the skills or training to participate in the labour market. Aboriginal unemployment rates remain twice the national average while Aboriginal skill and education levels remain much lower than the national average... These problems will worsen unless economic, social and human resource development policies and programs are more effective (Employment and Immigration Canada:1991: 6).

The background paper analysed the economic condition of Aboriginal people and the government is quoted as saying that it is fully aware that "Aboriginal people are clearly shown to have substantial barriers to joining the labour market and to be a largely underdeveloped and under-utilized component" (Employment and Immigration Canada:1991: 6). Aboriginal people fall mostly within the secondary labour market (low wages, unstable employment) as opposed to the primary labour market (high wages, stable employment). Empirical evidence suggest that one of the factors which contributes to this fact is that Aboriginal people are discriminated against and this essentially hinders access to the primary labour market (DIAND:1992: iii).

In December 1989, a study conducted noted that "according to the 1986 Census, for each Aboriginal group, the proportion of the population over the age of 15 that is not in the labour force (a person is not in the labour force if he or she is not employed and is not looking for work), is higher than the Canadian rate of 34%" (Hagey *et al.*:Part III, 1989: 11). The highest proportion of the Aboriginal population who are not in the labour force are Aboriginals on-

reserve, where the 1986 Census figure stood at "57% or one and two-thirds times the Canadian rate" (Hagey *et al.*:Part III: 11). A further analyses of the problem of training and employment needs of Aboriginal people revealed that the 1986 Census data "estimated that 5,000 Aboriginal people must enter the paid labour force each year over the next five years in order to maintain the current unemployment rate for Aboriginal people" (Employment and Immigration Canada:1991: 7). Data reveals the following situation:

- For each aboriginal group, the proportion of the population that is employed is lower than the Canadian rate of 60%;
- Indians on-reserve have the lowest employment rate of all aboriginal people, 28% or half the Canadian rate;
- Between the two Censuses [1981, 1986], employment rates decreased marginally for all Canadians and greatly for status Indians (ten percentage points off-reserve and four percentage points on-reserve); and
- While more Indians entered the labour force between 1981 and 1986, the percent of those unemployed doubled from 8% to 16% for status Indians. The percent of Canadians unemployed increased only slightly in the same period, from 5% to 7% (Hagey *et al.*:Part III: 11).

The figures for the 1991 Census reveal that the situation has not improved. Among the 388,900 adults aged 15 and older identifying with an Aboriginal group:

- 167,090 or 43% reported that they were employed in the week previous to the Census (June 4, 1991) and 54,600 or 14% were unemployed. The unemployment rate for these individuals was almost 25%, and their participation rate was 57% (Statistics Canada:1991: xiii).

If the above figures are compared among the 21,304,740 total Canadian population aged 15 and older, the data will demonstrate the still disadvantageous position of Aboriginal people:

- 13,005,500 or 61% reported that they were employed in the week previous to the Census and 1,469,440 or 7% were unemployed. The unemployment rate for the total Canadian population aged 15 and over was just over 10%, and the participation rate for this

same population was 68% (Statistics Canada: xiii).

Other statistics among the same group of Aboriginal people who are aged 15 and older show that one-third (127,680) looked for work in 1990 and/or 1991. Nearly two-thirds reported that they had difficulty finding work either because of a lack of work or the few jobs which were available. Many also reported (41% or 52,410) that their education or work experience were not pertinent to the available jobs. Over 16% of the respondents reported "that they had trouble finding a job because they were an Aboriginal person" (Statistics Canada: xiv).

TABLE 9.3.1
Labour Force Activity
Aboriginals and All Canadians 1981, 1986
(percent of population 15 and over)

1981

Group	Employed	Unemployed	Labour force not in
Canada	60.0	5.0	35.0
Comp. Communities	n/a	n/a	n/a
Total Status Indians	38.0	7.9	54.1
Indians On-Reserve	32.3	7.1	60.6
Indians Off-Reserve	47.2	9.0	43.8
All Aboriginals	42.3	8.1	49.6

1986

Group	Employed	Unemployed	Labour force not in
Canada	59.6	6.9	33.5
Comp. Communities	51.8	7.8	40.4
Total Status Indians	31.4	15.8	52.8
Indians On-Reserve	28.2	15.1	56.7
Indians Off-Reserve	36.8	16.8	46.4
All Aboriginals	46.6	13.7	39.7

Source: Hagey et al., *Part III Economic Conditions*, p. 32.

* Comp. communities stands for comparative communities, which are the communities in close proximity to the reserves.

Other economic indicators, such as major source of income, showed that the percent of people with income who have employment dropped as a major source of income between 1980 and 1985. Whereas the Canadian figure dropped four percentage points, the figure for the proportion of status Aboriginals dropped thirteen percentage points. The 1986 Census also revealed that the figure for status Aboriginals who obtained most of their 1985 income from employment was 51%, "nearly three-quarters the Canadian rate of 71%" (Hagey *et al.*:Part III, 1989: 15).

For those groups who obtained their income from employment, the indicator of average individual income needs to be examined at a closer level. Figures from the 1981 and 1986 Censuses demonstrate that "the average individual income of people in all groups, expressed in constant 1985 dollars, decreased between 1980 and 1985" (Hagey *et al.*:Part III: 16). The

average individual incomes of Aboriginal peoples are dramatically lower than those of other Canadians.

- The disparity between Canadian and Indian income increased between 1980 and 1985. Although real individual income dropped for all groups, the average individual income for status Indians was 59 percent of that for Canadians in 1980 and decreased to 54 percent in 1985;
- According to the 1986 Census, in 1985, Indians on-reserve had the lowest average individual income of all groups at \$9,300, one-half the Canadian average of \$18,200 and two-thirds that of people living near reserves at \$14,700 (Hagey *et al.*:Part III: 16).

Oberle notes that the average individual income according to the 1986 Census was \$9,300 (1985 dollars) and that according to the 1981 Census, the average individual income for status Aboriginals was \$7,000. He calculated that this latter figure, once converted in 1985 dollars, "is about \$9,300, the same figure! This fact brings to mind a point made by Galbraith (1964: 14): *The central feature of the poverty-ridden community is the absence of any tendency to improvement*" (Oberle:1993: 11).

Average family income is another indicator which can demonstrate the disparity between Aboriginals and other Canadians. This disparity (expressed in constant 1985 dollars) has increased where in 1980, Aboriginal "economic families (an economic family is defined as two or more persons who live in the same dwelling and are related to each other by blood, marriage or adoption), received 63 percent of the income of other Canadian families and this decreased to 56 percent in 1985" (Hagey *et al.*:Part III: 17). The 1986 Census also revealed that status Aboriginals had the "lowest average family income at \$21,800, slightly more than one-half that of Canadian families at \$38,700" (Hagey *et al.*:Part III: 17). For Aboriginal families on-reserve,

the average family income is \$20,900 which is lower than both the average for off-reserve Aboriginal families at \$22,900, and of families living near the reserves which is at \$29,800 (Hagey *et al.*:Part III: 17).

- According to the 1986 Census, over half of all status Indian families reported incomes of less than \$20,000 in 1985;
- Aboriginal families are more likely to be in the lowest income groups than are other Canadian families. The proportion of economic families with incomes between \$20,000 and \$40,000 a year is roughly similar for all groups, between 30% for status Indians and 36% for all Canadians;
- Four times as many status Indian families have incomes under \$20,000 as over \$40,000 per year, 57% compared to 14%. By comparison, almost twice as many of all Canadian families receive over \$40,000 than under \$20,000 per year, 40% compared to 25% (Hagey *et al.*:Part III: 19).

The situation is worst for Aboriginal families living on-reserve who are more likely than off-reserve Aboriginal families to have incomes under \$20,000. The Census revealed that the proportion of off-reserve Aboriginal families with incomes over \$40,000 is about double when compared to on-reserve Aboriginal families (Hagey *et al.*:Part III: 19). Oberle notes that "about one in five Indian families on reserve have incomes between \$5,000 and \$9,999 below the poverty line (17.8 percent) and another 9.0 percent fall more than \$10,000 below" (Oberle:1993: i). He further notes that about one in ten families have incomes above the poverty line, which is between \$5,000 and \$9,999, "and more than one quarter of Indian families have incomes \$10,000 or more above the poverty line" (Oberle: i).

Poverty is a widespread phenomenon on Canadian reserves. Nearly half (47.2 percent) of Aboriginal families fall below the poverty line which is more than three times the Canadian rate. In 1993, it has been estimated that the highest rates of poverty on reserves are found in

Atlantic Canada and the prairie provines:

Nova Scotia (63.3); New Brunswick (58.4); Saskatchewan (57.6); and Manitoba (55.1). The lowest rates of poverty on reserve (which are still very high) are found in Quebec (33.9), the Northwest Territories (41.1), and British Columbia (41.9) (Oberle: i).

The following Tables will demonstrate the socio-economic position of Aboriginal people as compared to other groups in Canada. The most recent figures demonstrate the weaker position of Aboriginal people which has declined between 1980 and 1985. Furthermore, it is not misleading to assume, keeping in mind the Tory vision of governing, that the situation has not improved since 1985 because of the government cutbacks and recession which Canada is experiencing. Thus, governments still need to address in order to bring some justice and compensation within the communities.

TABLE 9.3.2

Major Source of Income: Employment
Aboriginals and All Canadians 1980, 1985
 (% of income earners)

Group	1980	1985
Canada	75.0	70.9
Comp. Communities	n/a	62.7
Total Status Indians	64.2	50.9
Indians On-Reserve	58.6	48.1
Indians Off-Reserve	72.8	55.6
All Aboriginals	66.4	65.4

Source: Hagey et al., Part III Economic Conditions, p. 36.

TABLE 9.3.3
Average Individual Income
Aboriginals and All Canadians 1980, 1985
 (1985 constant dollars)

Group	1980	1985
Canada	18,600	18,200
Comp. Communities	n/a	14,700
Total Status Indians	11,000	9,900
Indians On-Reserve	10,000	9,300
Indians Off-Reserve	12,400	11,000
All Aboriginals	12,000	10,400

Source: Hagey et al., Part III Economic Conditions, p. 37.

TABLE 9.3.4
Families in Canada Below the LICOs
(Low-Income Cutoffs)
(percent)

REGISTERED INDIAN

Province	On Reserve	Canada
Newfoundland	45.0	21.5
PEI	47.1	12.7
Nova Scotia	63.3	14.5
New Brunswick	58.4	17.2
Quebec	33.9	17.8
Ontario	44.5	11.1
Manitoba	55.1	15.7
Saskatchewan	57.6	16.5
Alberta	45.6	13.9
British Columbia	41.9	14.6
Yukon	48.4	14.0
NWT	41.1	19.4
Total	47.2	14.4

Source: INAC customized data from the 1986 Census in Canada in Peter R. Oberle, The Incidence of Family Poverty on Canadian Indian Reserves, (Ottawa: DIAND: January 1993), p. 5.

10. BILL C-31

Bill C-31 which was implemented on June 28, 1985 made important changes to Canada's *Indian Act*. The *Act* is now in line with the provisions outlined in the Canadian Charter of Rights and Freedoms (equality between sexes). The main features amended in the *Indian act* were:

- the removal of discrimination;
- the restoration of status and membership rights; and
- the increase of control of Aboriginal Bands over their own affairs.

The *Indian Act*, which was passed in 1867, is the ruling piece of legislation which renders the federal government responsible towards Aboriginal peoples and it has not been amended until 1985. Thus, the same rules and regulations of 1867 were also being applied in the latter half of the 20th century.

Before Bill C-31 was implemented, Aboriginal women were discriminated against. For example, the bizarre rules of the *Indian Act* disenfranchised Aboriginal status women if they married non-status men. The key amendments brought by Bill C-31 are to:

- treat men and women equally;
- treat children equally whether they are born in or out of wedlock and whether they are natural or adopted;
- prevent anyone from gaining or losing status through marriage;
- restore Indian status for those who lost it through discrimination or enfranchisement;
- allow first-time registration of children (and in some cases descendants of subsequent generations) of those whose status is restored; and
- allow for the registration of children born out of wedlock if either parent was a registered Indian, regardless of their date of birth (Indian and Northern Affairs Canada:1992: 4).

As a result of these changes, the status Aboriginal population increased which meant that

extra funding would be needed to cover that increase. High growth rates in the status Aboriginal population between 1985 and 1990, due to Bill C-31, have been estimated to have increased by 91,000 new registrants (Hagey *et al.*:Part I, 1989: 6).

Due to Bil C-31, the off-reserve Indian population will have experienced the highest growth rates of any aboriginal group between 1985 and 1990, with a peak of 17.3% in 1986. Growth will then steadily decline to a low of 1.2% in 1996. From 1997 to 2001, the growth rate of Indians off-reserve is expected to be similar to those of other aboriginal groups (Hagey *et al.*:Part I: 6).

Although within the scope of this thesis off-reserve Aboriginals have not been sufficiently examined, many have status (registered) and are significant when analysing the effects of Bill C-31. Figures indicate that by 1991, 18% of all status Aboriginals, or their children, will be Bill C-31 registrants. This will have a "major impact on the division of Indians on and off-reserve" because the majority of Bill C-31 registrants live off-reserve (Hagey *et al.*:Part I: 6). Thus, estimates predict that approximately "18% of all Bill C-31 registrants are expected to migrate to reserves" (Hagey *et al.*:Part I: 6).

The significant shift in the distribution of the Indian on and off-reserve due to Bill C-31 provides a challenge to federal and provincial governments. The rising proportion of Indians off-reserve may lead to increased pressure on governments to provide on-reserve like services to off-reserve Indians (Hagey *et al.*:Part I: 17).

The effect of this policy will lead to an increasing amount of Aboriginal families moving to the reserves which will add to the pressure for more housing on-reserve. "The growth in households on- reserve is driven in part by the supply of housing available" (Hagey *et al.*:Part II, 1989: 19). This adds to the already pressing problem of crowded dwellings on-reserve. Furthermore, Aboriginals on-reserve rely on social assistance more than other Canadians therefore, in a weak economic climate which Canada has been experiencing for the last couple

of years, more Aboriginals will move on-reserve to take advantage of the economic benefits which are tied to it. The following Table will provide some interesting figures which will show the increase in the Aboriginal population because of Bill C-31.

TABLE 10.1
Registered Indians and Indians Registered Under Bill C-31,
Average Annual Growth Rates Canada, 1981-2001

Year	Registered Indians		Total	Average Annual Growth	
	Excluding Bill C-31	Bill C-31 Population		Excluding Bill C-31	Including Bill C-31
1981	323,782	0	323,782		
				2.59	0.00
1982	332,178	0	332,178		
				2.95	0.00
1983	341,968	0	341,968		
				2.00	0.00
1984	348,809	0	348,809		
				2.82	3.28
1985	358,636	1,605	360,241		
				3.16	7.66
1986	369,972	17,857	387,829		
				2.40	7.24
1987	378,842	37,056	415,898		
				2.71	6.73
1988	389,110	54,774	443,884		
				2.65	5.06
1989	399,433	66,904	466,337		
				4.20	5.11
1990	416,195	73,983	490,178		
				3.83	4.41
1991	432,152	79,639	511,791		
				3.55	4.23
1992	447,514	85,947	533,461		
				--	--
1996	473,559	99,710	573,269		
				1.78	1.67
2001	517,226	105,675	622,901		

Sources: Indian and Northern Affairs Canada, Basic Departmental Data 1991, (Ottawa: Minister of Supply and Services)

Canada, December 1991), p. 7.

Department of Indian Affairs and Northern Development, Basic Departmental Data 1992, (Ottawa: Minister of Supply and Services Canada, December 1992), p. 7.

Department of Indian Affairs and Northern Development,
Basic Departmental Data 1993, (Ottawa: Minister of Government Services Canada, December 1993), p. 7.

Bill C-31 has also had an impact on the growth rate for the number of status Aboriginal families where, "at its peak in 1987, the growth rate of status Indian families was 9%, six times that of Canadian families" (Hagey *et al.*:Part II, 1989: 9). The study also noted that by 1991, the effects of Bill C-31 are expected to diminish but the status Aboriginal family growth rate will still be higher than the growth rate for Canadian families. The long-term projection for the year 2001 sets the growth rate for status Aboriginal families at 2%, twice as high compared to Canadian families.

Bill C-31 has had a larger impact on the growth rate of off-reserve families than that of on-reserve families. In 1987, the growth rate off-reserve was 22%, seven times the on-reserve rate of 3% and in 1990, the last year Bill C-31 will have had a major impact, it will be 11%, four times larger than the on-reserve rate of 3% (Hagey *et al.*:Part II: 9).

The number of status Aboriginals living off-reserve will increase significantly and this will pressure governments to face new challenges in a period of difficult economic changes.

At the onset of Bill C-31 in 1985, it was estimated that "approximately 1,600 C-31 registrants were added to the Indian Register. In 1990, Bill C-31 registrants represented approximately 15 percent of the total registered Indian population" (Indian and Northern Affairs Canada:1991: 6). Long-term projections show that by 1996, approximately "100,000 Bill C-31 registrants and their offspring could be added to the Indian Register, representing approximately 17 percent of the total registered Indian population for that year" (Indian and Northern Affairs

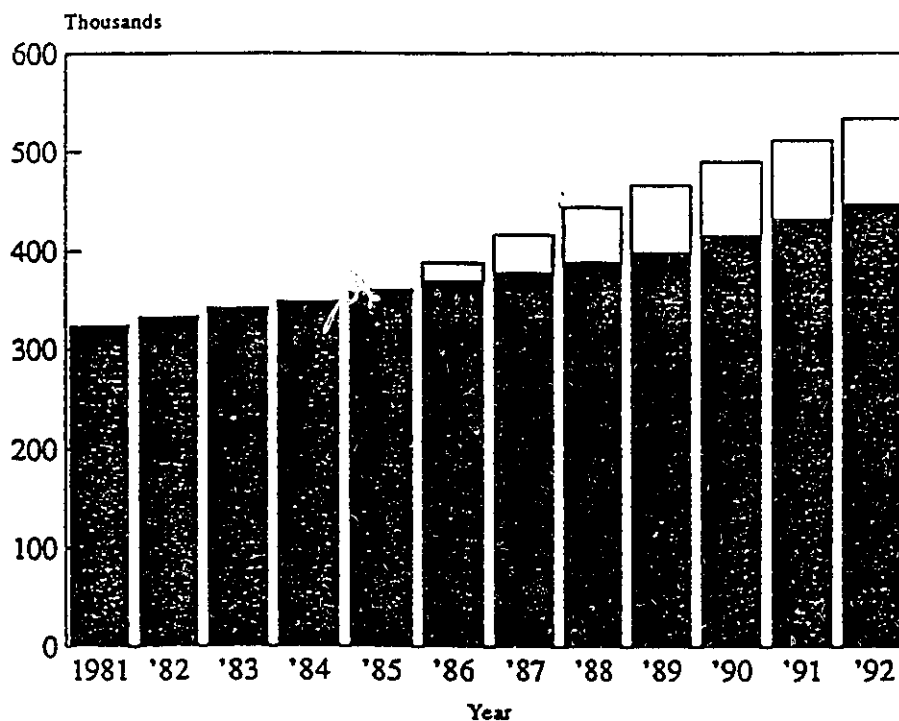
Canada:1991: 6).

Other projections note that because of Bill C-31, the total registered Aboriginal population is "expected to reach approximately 755,200 in 2005, a 42 percent increase from 1992" (DIAND:1993: 4). The high growth rate between 1986 and 1989 affects mostly off-reserve Aboriginal populations and this is directly linked to the effects of Bill C-31. By 1992, Bill C-31 registrants represented 16 percent of the total registered Aboriginal population.

CHART 10.2

Population Bill C-31

Registered Indian Population Growth Showing Bill C-31 Actuals



Source: DIAND, Basic Departmental Data, 1993, December 1993, p.6.

As the Chart demonstrates, the actual growth rate of the registered Aboriginal population has grown substantially during the neoconservative era. The impact of Bill C-31 has put a tremendous pressure on the Department of Indian Affairs and Northern Development and this impact needs to be translated into feasible policy decision-making.

CONCLUSION

The welfare state, particularly the Canadian welfare state, is in danger of being further dismantled if neoconservative policies continue to dominate within the decision-making spheres of Canada's social programs. The neoconservative government, headed by Brian Mulroney, dramatically reduced the welfare state, and thus has weakened the socio-economic position of Canada's First Nation communities. Further to affecting First Nations, the New Right movement weakened citizenship rights for all Canadians and has undermined Canada's political culture.

Furniss and Tilton (1977) perceived the welfare state "as a search for a middle road between the waste and irrationality of unencumbered capitalism and the loss of liberty and individuality imposed by totalitarianism" (Kolberg and Uusitalo:1992: 77). Therefore, if the welfare state declines, the waste and irrationality which will be brought on by capitalism, will further erode the bonds of nationhood. Other authors, such as Myles and Brym (1992), who caution the East's new "love affair" with a "self-regulating market and a democracy based on negative freedoms (implying also a minimal state)", note that "without democratic limits on market forces, on property rights, and on distributional issues, social tensions might run so high as to invite violence and repression" (Ferge and Kolberg:1992: 4). In Canada, not only have the bonds of nationhood been weakened, but we have seen how the social tensions brought on by a neoconservative ideology has further repressed Aboriginal groups.

Since the inception of the Canadian state, Dominelli notes that the "wholesale destruction of indigenous forms of welfare already in place among its native Indian and Inuit people is an

issue which the state has yet to address adequately" (Dominelli:1991: 51). As we have seen, the vulnerable position of Aboriginal groups in Canada has further been eroded with the inception of neoconservative policies. The direction of these policies, as compared to Western industrialized countries, clearly shows that Canada's economic position has weakened. In countries where the neoconservative ideology has been most influential, Canada, the U.S., and Britain, "the taxation system can be used as a powerful instrument of social policy" (Dominelli: 52). The burden of taxation within these countries clearly demonstrates that it falls disproportionately on low income earners. Thus, regressive policies within the Canadian welfare state ultimately harms the most vulnerable groups, and in this instance, Canada's Aboriginal groups have been negatively affected. Countervailing forces, such as Aboriginal lobby groups, are continuously challenging the governments' neoconservative ideology, demanding that the welfare state meet their needs because of the disadvantaged position in which they are. This force has become an important element in their struggle for equality.

We have seen the emergence of the New Right, which originated in the United States, and was later espoused in Canada. The change in public policy in the U.S. from the liberal establishment to Reagonomics and the Bush years "strongly affected the distribution of income and well-being in American society" (Ferge and Kolberg:1992: 5). Piven and Cloward describe this change where the:

[M]obilized business community claimed that the campaign against the welfare state was a response to popular sentiment; that the programmes of the welfare state sustain poverty, lead to marital breakdowns, and thus do more harm than good. Most importantly, it was argued that the attack on the welfare state (cutting taxes and slashing programmes) was necessary to fuel profits and investment to enable U.S. business to compete successfully on the international market (Ferge

and Kolberg: 5).

These similar arguments evolved within neoconservative circles in Canada, which then led to the election of the Progressive Conservatives in 1984 and 1988. We have seen how this government, in keeping within the bounds of the neoconservative ideology, has managed to limit spending and programs, deregulating the economy, reforming the tax system to encourage incentive and efficiency, and containing inflation. These policies have led to an unemployment rate of over ten per cent and a decline in welfare state politics.

The attack by the New Right cannot continue to undermine citizenship rights and the democratic nature of nation-states. In Canada, Hagey *et al.* have outlined the demographic, social, and economic condition of Aboriginal groups and have concluded that:

Canada's aboriginal people, especially Indians on-reserve, experience relatively poor economic conditions compared to other Canadians. These conditions have a number of implications, particularly for status Indian policy, programs and activities which provide a challenge to federal, provincial and band governments (Hagey *et al.*:Part III, 1989: 21).

Aboriginal communities face a serious limitation to sustainable economic development, due to factors of location, lack of resources, discriminative practices, and because of a population which is ill-prepared to enter the labour market (Hagey *et al.*:Part III: 21). These factors have been compounded with the fact that the Conservative government, pressured under the competitiveness theme, abandoned industrial policies, and cut social spending. Thus, all levels of government in Canada, along with Band councils, need compelling alternative vision in order to defend the welfare state and to improve the programmes which the state already has in place. According to Ehrenreich, social welfare:

[C]ould become a stable institutional mechanism for meeting fundamental human needs -- including needs for participation and meaningful self-expression -- that are ignored or distorted in our present society, and that would be denied forever in the utopia of the right (Ehrenreich:1987: 193).

Thus, as stated in the hypothesis, the neoconservative government, between 1984 and 1993, has managed to reduce the Canadian welfare state which has further weakened the socio-economic position of Aboriginal groups in Canada. The New Right movement has severely hampered the role of citizenship and has undermined the democratic process of the nation-state. This reinforces a neoconservative agenda and thus weakens the bonds of nationhood. Rice and Prince note that "one of the costs of the changes that have taken place during the Conservative era has been a reduction in social integration" (Rice and Prince:1993: 411). Ideology has become one of the central themes in many governments today and the present Liberal government in Canada must face the remnants of neoconservatism, particularly in the area of social tensions, and the weakening of citizenship rights.

The ever-changing ideological climate also represents changes in the intellectual tools in analysing the different possibilities revolving around the sphere of social policies. What many have come to accept is that welfare state policies, which are ultimately designed "for the improvement of the condition of life of the individual", (R. Titmuss in Gough:1979: 1) are instruments which all nation-states need to utilize because of the inherent inequalities produced by a changing technological world in which we inhabit. Within the scope of this thesis, different indicators have been compared and contrasted following the UN guidelines but the importance is to look beyond the statistics. In Canada, the Census data from 1981, 1986, and 1991 have been compared but, as mentioned, the accuracy of that comparison is questionable. The

neoconservative ideology helped to shape and define many of the figures therefore it is the ideology which matters the most. Thus, discarding neoconservative ideologies will bring a more humanist approach within political economies which will ultimately serve to benefit the masses.

APPENDIX

Terminology

The following terminology, which is used throughout this thesis, is defined using the Department of Indian Affairs and Northern Development's format.

Aboriginal: This word refers to the descendants of the original inhabitants of Canada. The *Constitution Act*, 1982 specifies that Aboriginal peoples include the Indian, Inuit and Métis peoples of Canada. The Constitution contains no legal definition of aboriginal peoples. The following terms, however, describe each group.

Indian: A *status Indian* is a person registered or entitled to be registered as an Indian according to the *Indian Act*, (as amended by Bill C-31 in June 1985). Approximately 50% of the status Indians in Canada are treaty Indians, that is, persons who are affiliated with an Indian body or band which was signatory to a treaty with the Crown. The Department, by virtue of the *Indian Act*, is responsible for providing support and services to status Indians only.

Non-status Indians include, but are not limited to, Indian people, or those descended from them, who have lost their right to be registered as Indians as defined by the *Indian Act*. Before June 1985, this group included Indian women who married non-Indian men. With the passage of Bill C-31, certain provisions became entitled to reinstatement to Indian status and band membership. Others, as specified in Bill C-31 amendments, became newly entitled status Indians.

Inuit: The Inuit are the aboriginal inhabitants of northern Canada, who reside north of the 60th parallel; and in northern Quebec and Labrador, somewhat south of the 60th parallel. The federal government's power to make laws with respect to Indians, and lands reserved for Indians, was interpreted to extend to the Inuit by the Supreme Court of Canada in 1939. The Inuit, however, are not covered by the *Indian Act*, and only those Inuit in northern Quebec and Labrador receive services from the Indian and Inuit Affairs Program.

Innu: The Innu are a special group of Indians living in Quebec and Labrador (Naskapi and Montagnais only).

Métis: There are at least two different views about the meaning of the term "Métis". Some maintain that the term refers to those of aboriginal ancestry who are descended from the historic Métis community of Western Canada. Others say that "Métis" refers to persons of aboriginal ancestry who identify themselves as Métis, as distinct from Indian or Inuit. The Department has no legal

responsibilities toward Métis.

Source: Department of Indian Affairs and Northern Development, *Indian and Northern Affairs Canada and Canadian Polar Commission: 1993-94 Estimates Part III Expenditure Plan*, (Ottawa: Minister of Supply and Services, 1993), p. 2-4 to 2-5.

In this thesis, Canada's Aboriginal people will also be referred as First Nations, for they were the original inhabitants of this land. All references which I have used to distinguish Aboriginal people are through the titles "First Nations", "Natives", and "Aboriginal". The term "Indian" has only been utilized in when a direct source has been used by the Department of Indian Affairs or other governmental bodies. The term "Indian" is inappropriate because of the historical error made by Christopher Columbus and therefore, in order to render some justice and respect to First Nations, within this thesis the term "Indian" is omitted from my observations.

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