

FIRST NATIONS INCOME ASSISTANCE IN PERSPECTIVE:  
ASSIMILATION, ACTIVE MEASURES AND THE WAY FORWARD

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*Final copy of the Major Research Paper*

Submitted in partial fulfillment of the requirements for the degree of:  
Master of Arts in Public and International Affairs

University of Ottawa  
Graduate School of Public and International Affairs  
Ottawa, Ontario

*November 20, 2013*

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## LIST OF ABBREVIATIONS

AANDC - Aboriginal Affairs and Northern Development Canada

AFN - Assembly of First Nations

ESDC - Employment and Social Development Canada

FNSDS - First Nations Social Development Society

IA - AANDC Income Assistance Program (on-reserve)

DIAND – Department of Indian Affairs and Northern Development Canada (former name)

INAC - Indian and Northern Affairs Canada (former name)

## ABSTRACT

The legacy of assimilation policy and the push for universality during the welfare state era weighed heavily on the development of the Income Assistance program for First Nations on-reserve. Today, high rates of income support dependency, coupled with poverty, unemployment and other social problems on-reserve, have incited the federal government to reform the IA program through the introduction of active measures. This paper argues that in order to achieve long-term success in reducing dependency and alleviating poverty on-reserve, the government will need to work with First Nations in partnership to develop an IA program that recognizes the legacy of assimilation and works to overcome it through an holistic and culturally relevant program design.

## INTRODUCTION

Income assistance provides support to individuals or families in financial need. For First Nations living on-reserve in Canada, funding is provided by Aboriginal Affairs and Northern Development Canada (AANDC) through the Income Assistance program (IA). The on-reserve income assistance dependency rate has presented little change in the last decade, falling just over 2.5%, from 36.85% in 2001-2002 to 34.28% in 2011-2012 (AANDC 2013c; DIAND 1996; INAC 2005). Given that IA is intended as a measure of last – and temporary – resort, stable dependency rates suggest the policy is falling short of its intended purpose. This is of particular concern in the First Nations context as on-reserve rates sit at nearly 30% above the national off-reserve average of 5%. In some regions, dependency soars beyond 50% (AANDC 2013c).

Furthermore, 28% of First Nations living on-reserve fall below Statistics Canada's low income cut-off, and reserves face an average 22% unemployment rate (Canada: 11% and 6.5% respectively) (Statistics Canada 2013). While economic development amongst First Nations has been a consistent objective of the federal government since Confederation (Shewell 2004), these figures point to the ongoing challenges faced by policymakers in developing a poverty reduction strategy that works. They also underscore the complex nature of policymaking for First Nations. The IA program may serve to alleviate poverty, but it is as yet unable to reduce financial hardship on-reserve.

Responding to elevated dependency rates, the 2013 federal budget announced the introduction of active measures initiatives to the on-reserve IA program, representing a significant shift in program design away from passive benefit distribution. Active measures are designed to avoid income assistance acting as a cul-de-sac, and to better integrate income support into the suite of social programming offered for First Nations aimed at reducing poverty,

unemployment and economic underdevelopment. By integrating training and pre-employment supports into the IA program design, there exists the potential to counteract what can be generally perceived as a policy gap that has resulted in elevated and stagnant income support dependency rates. It is important to ask, however, whether active measures will truly spell change for the livelihoods of First Nations on-reserve. There is a risk these initiatives will reduce federal income support budgets by shifting funds toward pre-employment support, and ultimately fail to move individuals off welfare and out of the poverty trap. Furthermore, as active measures have as yet been delivered by provincial governments for off-reserve clients, this strategy may not make sense in the First Nations context. Cultural divergence, the legacy of assimilative strategies, and reserves' economic and geographic isolation presents a unique implementation environment with a particular set of challenges inconsistent with the off-reserve context.

In exploring these ideas, this paper will examine the origins of the IA program along with its current configuration. I argue the IA program for First Nations must be situated in the context of both colonial/assimilation policies and the development of the welfare state, as it is strongly influenced by both these institutions. Indeed, the program's original assimilative intention, while no longer active, is still indirectly present in the program's design and objectives. By focusing on individual responsibility, integration to the mainstream labour force and market economics, and excluding indigenous tradition and culture, the program fails to appropriately connect with the clients it is attempting to reach, ultimately contributing to its inefficacy and the ongoing hardship faced by many First Nations. Going forward, active measures present the potential to address this disconnect in developing a program model that can work towards improving socio-economic conditions on-reserve. However, to succeed in the long term, program reforms will need to

overcome a number of challenges present in the current design of IA, the Crown-First Nations relationship, and the reserve context writ large. This paper suggests there are four dimensions to incorporate into a successful income support program for First Nations. First, any reform needs to recognize and address the social impact of assimilation policies. Second, any new initiative should work to incorporate indigenous culture and tradition into policy and programming to ensure IA is culturally relevant. Third, and closely related, substantive commitment to developing a culturally adapted program should be realized by involving First Nations in the design, implementation and decision-making processes of the program. Lastly, active measures strategies must work within and endeavour to overcome the institutional and socio-economic constraints resulting from *Indian Act* governance and geographic isolation through the reserve system.

This paper is based primarily on a thorough review of the existing research on the topic. The analysis was performed using online academic and grey literature search engines.<sup>1</sup> Interestingly, this research yielded relatively limited academic work produced on the subject of income support for First Nations. The vast majority of the search results focused on Aboriginal child welfare or education - specifically the impact of residential schools. The grey literature, notably AANDC and other federal government reports and guides, have served to elaborate the structure and details of the IA program. To develop a richer understanding of the history and current policy context of First Nations income support, the paper also draws on three qualitative research interviews conducted with experts in this field.

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<sup>1</sup> The research relating to First Nations income assistance specifically used the following key terms: “Aboriginal / Indigenous / native / First Nations / Indian”; “Canada / Canadian”; and “Welfare / income support / income assistance.” These search terms were applied to the following search engines: University of Ottawa Library Catalogue, ProQuest Social Sciences, Scholar’s Portal, Canadian Government Information Search Engine, Virtua (AANDC Library Catalogue), AANDC Publications Catalogue, AANDC e-Library and Library and Archives Canada.

The first section of the paper situates the First Nations IA program within its broader historical context. It underlines how colonization and assimilation ventures were involved in shaping the lives of First Nations for several centuries. It then explores the development of the welfare state and its relation to the First Nations IA program. The next section traces the philosophies and policies guiding the evolution of the IA, revealing its close relationship with federal assimilation policy and the expansion of the welfare state in Canada. The third section provides a description of the current IA program, its objectives and operationalization. It then analyzes the planned active measures changes. Lastly, the paper identifies strengths and challenges of the planned active measures strategy, recognizing advantages in terms of addressing poverty and persistent income support dependency, while defining pivotal gaps that are expected to undermine long-term results. The final section concludes with recommendations for developing a long-term, effective and culturally relevant active IA program.

## 1. SOCIAL WELFARE AND FIRST NATIONS IN CANADA

Before examining the IA program in detail, it is important to situate the program within a broader historic and policy context. The nature of First Nations income support today is in many significant aspects a product of its background. Developing out of the broader Indian assimilation policy context, and later within the period of national social welfare evolution, necessarily implies these two theoretical and institutional histories have important bearing on the decisions made regarding the design and implementation of the IA program. One of this paper's central arguments is that moving forward, this history should be closely consulted in working to overcome past wrongs resulting in current policy failure. In order to appropriately construct this argument, a thorough understanding of the welfare state's development and the Aboriginal policy

context, the historic complexities of which influence arguably all indigenous policy and Crown-First Nations relations today, become important elements in setting the stage for the rest of the paper. This section first analyses the origins of assimilation policy and its institutionalization in the *Indian Act*, and then traces the major theoretical developments leading to the creation of the welfare state and its change over time.

### *1.1: Assimilation, the Indian Act, and First Nations*

Colonialism and assimilation policies, institutionalized by the *Indian Act*, were explicitly designed to facilitate land appropriation, cultural eradication and integration into the liberal-democratic market economy of the dominant society (Alfred 2009, 54; McCaslin and Boyer 2009, 63; Shewell 2004, 4). Federal civilization ventures, premised on an assumed European racial superiority, affected cultural dismantling through the introduction of the reserve system, destruction of indigenous legal and political bodies, and the creation of a power advantage (Alfred 2009, 46; McCaslin and Boyer 2009, 63). Several scholars argue this history is tied to ongoing dependency and social harms present amongst First Nations, such as poverty, unemployment or low educational outcomes, and, ultimately, income support dependency on-reserve (Alfred 2009; McCaslin and Boyer 2009; Shewell 2004). Historical factors, then, become important elements to consider when developing policy in the present day to effectively combat the aforementioned issues.

#### *i. Ideological Foundations of Indian Policy: Land, Cultural Eradication, Liberalism*

Assimilation policy is founded on three primary, and interrelated, ideological assumptions; the benefits of cultural eradication, land appropriation and supporting a market-based economy. Beginning with the importance of culture, changing social attitudes in the

Victorian era toward indigenous people, who had previously been more or less left to their own devices, significantly influenced the nature of the relationship between First Nations and settlers. During this time, Protestant organizations in North America began calling for the ‘civilization of the Indian,’ preoccupied by a revived interest in converting all men to Christianity. Meanwhile, as humanitarianism and Romanticism spread, calls were increasingly heard for the protection of the ‘Aborigine’ from the wilderness, and to integrate him into the cushion of European civilization (RCAP 1996, 244; Tobias 1976, 14-16). This led to a notion of European cultural superiority, which permeated the colonizing endeavour in North America and abroad. It was determined to be the ‘white man’s burden’ to instruct and elevate the (noble) savage to a level of cultural repute, at the expense of indigenous culture and identity.

Secondly, land appropriation is closely related to the interest in cultural eradication and the third colonial/assimilative objective: the expansion of liberalism and the market economy. As a product of the operationalization of assimilation policy, First Nations were stripped of their legal rights and became officially considered to be legal minors and, therefore, wards of the state in need of the Crown’s paternal protection (Dickason 2006, 152).<sup>2</sup> While in early years, the Crown had offered First Nations protection from the settler populations, protection was now afforded as a condition of their legal dependence and a platform through which the state could guide First Nations' assimilation into Euro-Canadian civilization. It was determined that First Nations could not be immediately thrust into the prevailing society, and would first need to be instructed on the behaviours, norms and values characteristic of this society in an insulated

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<sup>2</sup> Given their presumed inferiority, the government legally identified Indians as legal minors until such a time as they could meet the criteria for enfranchisement. Through enfranchisement they would be officially integrated into Canadian society and have thereby shed their primitive and restrictive Aboriginal identity.

environment (Milloy 2008, 3; Shewell 2004, 30).<sup>3</sup> The government therefore set about creating reserved lands on which to create 'laboratories of instruction' by acquiring lands from First Nations to be held in trust until their preparation for integration was complete (Shewell 2004, 8-9).

Acquiring indigenous lands served another purpose as well. Land claims were also intended to support the burgeoning market economy by facilitating the expansion of Euro-Canadian settlement (Alfred 2009, 45-46). First Nations were ultimately relegated to reserve lands that represented small fractions of their original territories and were often far removed from arable lands and urban centres deemed necessary for European settlers to develop the economy (Alfred 2009, 46; Shewell 2004). The reserves created a physical space for assimilation to take root.

Land loss and abolishment of traditional institutions in favour of liberal governance and economic models were crucial undertakings in civilizing indigenous peoples for entry into Euro-Canadian society, the third ideological objective. Alfred notes “every aspect of [First Nations’] lives was reshaped in the interests of capitalism and to ensure the opportunity and profit potential of the white population recently settled in their homelands” (2009, 46). This resulted in the destruction of traditional subsistence systems and the marginalization of cultural values of collectivity. It is because of this destruction of indigenous economies and value-systems, argues Shewell, that First Nations are struck with poverty and dependence in the present day (2004, 4-5). This is a stark demonstration of the power advantage held by the government over First Nations and, importantly, locates dependence within the colonial legacy.

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<sup>3</sup> Importantly, income assistance was a fundamental tool of instruction used to convey these behaviours, norms and values. In particular, relief measures were harshly limited to instill in First Nations liberal values of thrift and self-sufficiency. This will be more thoroughly discussed in section 2: *Philosophies And Policy Trends Guiding Indian Welfare*.

It is important to note that throughout this period, assimilative policies did not go without indigenous opposition. However, as the Royal Commission on Aboriginal Peoples notes:

Indian protests against assimilative policies were interpreted as proof of their racial and cultural inferiority: they simply did not know what was good for them. The relative strength of colonial society in comparison to the increasing weakness of Indian communities was sufficient proof to Indian department officials of the inherent rightness of their perspective and ample justification for the paternalistic approach they had taken over the years (1996, 243).

This set of assumptions and understandings drove Indian policy forward with great effect, and was consolidated through the institutionalization of assimilation policy through legislation, the prime example of which being the *Indian Act*.

*ii. Institutional Foundations of Indian Policy: Assimilation Legislation, the Department of Indian Affairs and the Reserve System*

Canadian Indian policy traces its legislative roots to the British Imperial era and the Royal Proclamation (1763), which sets out a number of fundamental principles in the Crown-First Nation relationship. The 18th century was defined by respectful separation between the three ruling political bodies in British North America: the Imperial Crown, the colonies and First Nations (Milloy 2008, 3; RCAP 1996, 242). The Royal Proclamation enshrined in law this tripartite system of governance, effectively recognizing First Nations as self-governing, which, due to the legislative changes that followed less than a century later, is a tensely contested subject still today (Milloy 2008, 4). Furthermore, the Crown was charged in the Proclamation with protecting First Nations' 'undisturbed' enjoyment of these lands (Milloy 2008, 4; RCAP 1996, 242-243; Tobias 1976, 13-14). This fiduciary duty was what, in effect, allowed Indian policy to morph into a tool of assimilation, exclusion and a mark of dependence.

*The Act to Encourage the Gradual Civilization of the Indians in this Province and to Amend the Laws Respecting Indians, 1857* introduced the legislative concept of 'Indian status' outlining a number of criteria First Nations would need to achieve in order to receive land and

rights of enfranchisement. First Nations societies were not, however, being invited to join Euro-Canadian culture. Instead, the ‘Indian status,’ which was something quite different. Despite the language trumpeting the effort to integrate First Nations into Canadian society, this legislation strictly defined an Indian as being something entirely distinct from what it meant to be a Canadian. Furthermore, those very criteria the *Act* advanced for the realization of the ‘civilized’ Indian were things few Euro-Canadians possessed at the time, including literacy and the absence of debts (Tobias 1976, 16). To further these objectives, control of Indian affairs and lands was transferred to the administration of the newly created Chief Superintendent of Indian Affairs through the *Indian Lands Act* in 1860, and to Parliament through the *Constitution Act, 1867*. Despite the provisions outlined in the Royal Proclamation, First Nations were no longer recognized as an order of government and their independence was all but usurped by a subjugating federal institutional power.

These three aforementioned acts together paved the legislative path for the *Gradual Enfranchisement Act, 1869*, which marks the beginning of the official assimilation policy (RCAP 1996, 252). This act built on the original Indian enfranchisement act (1857) by adding much stronger measures to ensure assimilation and the breakdown Indian nations and institutions, mostly through the interference of the Indian Department in their affairs and the transmission of authority to the Superintendent General.

The *Indian Act*, which followed in 1876, was the consolidation of the previous four acts and the culmination of Indian assimilation policy in a singular document (RCAP 1996, 255; Milloy 2008, 8). The *Indian Act* completed the transition from protection to assimilation, from independent First Nations to individual wards of the state. Through the *Indian Act*, the Department now held control of the land, education, economic and political systems, religion and

finances of First Nations across the country (Milloy 2008, 8; RCAP 1996, 255; Tobias 1976, 18).

Because of First Nations' presumed inferiority, this afforded the government authority over indigenous affairs and the management of assimilation policy. This is why AANDC, rather than the provinces, delivers services on-reserve such as education, health-care and income assistance.

While the *Indian Act* has been amended several times since its initial passage, its legislative framework remains mostly the same (Dickason 2006, 182; Indigenous Foundations 2009; RCAP 1996: 238, 255). The amendments increased federal jurisdictional authority over the lives of First Nations in a manner that was “highly invasive,” setting out constraints that would have been deemed “illegal and unconstitutional” had they been applied to non-Indian Canadians (Indigenous Foundations 2009; RCAP 1996: 236). Through its legislative power, the government was able to continue with its assimilationist agenda until the mid-1970s, when the failure of the Chrétien/Trudeau White Paper<sup>4</sup> and a growing self-government movement forced it to reconsider the policy altogether (Milloy 2008, 17-18; Tobias 1976, 26).

The *Indian Act*, the reserve system and even the Department of Indian Affairs itself were designed and assumed to be self-terminating. With full enfranchisement of the Indian population, the Indian himself would have disappeared and the objectives of these institutions would no longer be relevant. In the early 20th century, then-Deputy Minister Duncan Campbell Scott proclaimed: “our object is to continue until there is not a single Indian in Canada that has not been absorbed into the body politic and there is no Indian question and no Indian Department” (Milloy 2008, 9). All three, however, still exist today and bear weight on the lives and futures of First Nations. The aim of this historical analysis is to show how the unique

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<sup>4</sup> The White Paper (1969) recommended the *Indian Act* be abolished, to do away with the discriminatory practices that formed the basis of the Act, and to bestow equal rights to First Nations. The White Paper, however, was vehemently opposed by First Nations, who saw this as the Crown’s dispossession of its rights and duties to them. Without the Act, First Nations would be granted equal status in society, but lose the special status that they believed protected their rights derived from the transfer of land to the Crown.

historic and legal relationship between the Crown and First Nations creates conditions so that Aboriginal policy and programming, including income assistance, is derived from a notably different set of philosophies than that of the non-indigenous Canadian population. The *Indian Act* was designed to shape and control all aspects of First Nations societies, with the ultimate goal of eradicating them. The objective of assimilation policy to replace First Nations culture with liberal, market-friendly values can be observed in the development of the IA program, and to a certain extent in the planned active measures initiatives. This will be further explored in sections 2 and 4 below. The evolution of Indian welfare policy is related not only to the colonial relationship between the state and First Nations, but also to the national and international development of the welfare state. This will be discussing in the next sub-section.

### *1.2: Social Welfare Theory and Practice*

The development of the welfare state can be traced over three relatively distinct periods: early 1900s up to and including the World Wars, the post-War 'Golden Age,' and the late 20th-century to the present. The following analysis explores Canadian and OECD social security evolution across these three periods, surveying social welfare theory and practice to identify the driving forces of welfare state development and change over time. Importantly, this examination reflects the social attitudes that also shaped the IA program during the same time period, concluding with a discussion of the roots and characteristics of active measures, the new initiative introduced into the IA program through the 2013 federal budget.

While limited provisions for social welfare have existed for several centuries in some countries, such as the Elizabethan 'Poor Law' in Britain, these were generally intended to maintain social order and ensure the stable function of the labour market. Three primary

indicators can be employed to identify the foundation of a modern welfare state regime: the introduction of social insurance to provide a modest income for individuals incapable of earning a living due to various contingencies; reconfiguring citizenship rights to include social rights; and a measurable increase in state expenditure on social policies and programs (Pierson 1998, 103).

In Canada, the process of social security development was gradual and organized. British colonial influence was strong. Like in much of Europe, Canadian legislators initially saw poverty as a local, private problem. It is for this reason that social services fell under provincial, and not federal, jurisdiction in the 1867 *British North America Act* (Rice and Prince 2013, 41). During World War II, considerable public debate surrounding the development of a welfare regime took place, spurred on by several national reports exploring the introduction of such a regime and proposing various programs to address social security (Rice and Prince 2013, 64).

Two transformational works provided the intellectual leverage needed to implement the welfare state. John Maynard Keynes's *The General Theory of Employment, Interest and Money* (1936) redesigned economic theory, encouraging governments to spend in economic downturns to stimulate economic recovery (Pierson 1998, 114, Rice and Prince 2013, 61). William Beveridge, meanwhile, prepared a report entitled *Social Insurance and Allied Services* (1942) advancing the idea that public provision of relief could be offset by developing a system of social insurances. Together, Beveridge and Keynes introduced the idea of a market economy and welfare state co-existing, while creating a mediating role for the state to resolve conflicts between the two institutions. Furthermore, this meant unemployment could no longer be considered a private matter of individual failing, but a factor of market forces and thus a public

responsibility to address (Pierson 1998, 124; Rice and Prince 2013, 62). These ideas formed the fundamental theory underpinning the development of the welfare state.

Their timing was spot on. World War II cemented the powerful role of government in state and societal life, especially with the establishment of collective provision in the form of benefits for veterans. Additionally, citizen solidarity was bolstered as society together suffered the losses and horrors of war, creating an interest in community well-being and shared social supports (Pierson 1998, 122). The three decades following the war are considered the ‘Golden Age’ of the welfare state in which several important principles came to the fore: universality and a sense of shared citizenship, a commitment by the state to social welfare expansion, and, importantly, political consensus that market economics together with spending on social provision was the way forward (Pierson 1998, 122). Whereas citizenship had previously included civil and political rights, the welfare state era extended this conception to include social rights, and the state was expected to act as a central function to guarantee the equal access to these rights, including social welfare, for its citizens (Cox 1998, 3-4). In Canada, social and political discourse in the post-war period was similarly shaped by ideas of public responsibility, the commonality of social problems and social need. Furthermore, there was a recognition that the state should work to reduce insecurity and poverty. This work was facilitated by a belief in shared provincial and federal responsibility for social welfare programming and policy, and active cooperation between governments (Rice and Prince 2013, 84, 86). Together, this resulted in a number of changes that contributed to the construction of a welfare base, including: poverty moving from the private to public sphere of concern; the expansion of involvement from local organizations to include provincial and federal governments; and the development of centralized, professional services and more sophisticated policy instruments to address societal need (Rice

and Prince 2013, 56-57). Canada's modern (formal) welfare system developed beginning in 1927 with the federal *Old Age Pensions Act*, but was mostly consolidated in the 1950s and 1960s through federal legislation such as the *Old Age Security Act* (1951), *Unemployment Assistance Act* (1956), and ultimately the introduction of the Canada Assistance Plan in 1966 (Boychuk 1998, 42-43; National Council of Welfare 1987, 3). The Canada Assistance Plan was considered the 'legislative base' for the welfare system, requiring federal and provincial governments to equally share the financial costs of providing food and shelter needs (National Council of Welfare 1987, 4). This program was created two years after the IA program was approved for First Nations in 1964.

The Golden Age, however, proved to be finite. While the post-war period was marked by generally upward trends in growth and employment, the 1970s through to late 1980s saw increasing unemployment and decreasing trade. Once again, socio-political discourse began to shift. Criticism rose surrounding welfare state outcomes, particularly that social programming was leading to dependency, and a loss of public morality and individual ambition (Cox 1998, 1, 5; Rice and Prince 88-89). Critics suggested social security expenditure would be better allocated to economic investment, particularly as global and national economies struggled with the downturn (Rice and Prince 88-89). The Royal Commission on Economic Union and Development Prospects of Canada engaged to study the supposed welfare state crisis concluded in 1985 that social policy was not undone - support for upholding the social good while maintaining a market economy persisted - however there was no longer a uniform agreement on which means to employ to achieve these common ends (Rice and Prince 2013, 113). The political consensus Pierson pointed to as a crucial driver of the Golden Age had been lost, and Keynesian theory no longer held the influence it once did.

In the wake of the changing discussion surrounding social policy, new social risks have been increasingly identified. Rather than the post-war preoccupation with eliminating inequality between individuals, governments are increasingly concerning themselves with eliminating unequal access to technology and skills by building human capital, something considered vital for success in the current global economy. This has shifted the conception of equality from the welfare state notion of equality in the present, to the present focus on creating equal life opportunities (Jenson and Saint-Martin 2006, 441-444).

The identification of new social risks has resulted in an altered notion of citizenship, based on active participation, rather than passive social rights entitlement. Cox has argued that rather than social welfare being considered a right and fundamental element of citizenship, the social security paradigm shift has resulted in a discursive view of rights, with a return to citizenship obligations that characterized the Victorian era (1998). As individual responsibility gains prominence as a guiding principle of the new welfare state, universality and solidarity - feature elements of the post-war momentum to develop the welfare state - are losing ground.

Rice and Prince assert what once were social policies have been reconceived to become economic policies. Common social problems and public responsibility has been replaced by an emphasis on decreasing reliance, managing client efforts, education and lifelong learning supports, and market-based policy (2013, 292-293). Adopting a similar line of reasoning, Jenson and Saint-Martin suggest the identification of the 'new social risks' have prompted policy communities to converge around the same basic building blocks; lifelong learning, investing in the future, and individual choices having community benefits. While implementation varies between countries, generally learning over the life course begins with early childhood education and is supported by skills upgrading throughout the career to meet changes in industry and

technology. Investing in the future is achieved through instruments aimed at reducing childhood poverty, which has been shown to lead to low achievement and high social costs. Lastly, governments have begun to focus on prevention, rooted in individual responsibility, as a key to reducing community burden (Jenson and Saint-Martin 2006, 435-440).

These building blocks are the driving force behind the introduction of active measures, a prominent manifestation of the changing social policy environment. As opposed to passive income assistance, where a client receives financial support alone, active measures combine financial assistance with a number of pre-employment supports for clients intended to promote labour force attachment and self-sufficiency. These supports are designed to assist the client in their transition (back) into the workforce, through re-training, skills development, counselling etc (INAC 2007, 2, 23; Kruger and Nickerson 2012, 6; Torjman 1996, 1). In this way, welfare programming becomes a temporary - albeit undesirable - stage throughout a lifelong career and education path, with ideally less chance of clients becoming long-term users of income assistance. In Canada, the rationale driving welfare reform beginning in the 1980s and 1990s was the elimination of unemployment and poverty traps, where programs and tax measures create a situation where income and benefits from income support and associated programs are higher than re-entering the workforce. Furthermore, rising budgets and caseloads in the 1990s prompted concerns that the welfare system could a) not continue to be supported in its current design and b) that family poverty could induce inter-generational reliance on income support as children would not learn models of self-sufficiency (INAC 2007, 23; Interview notes 2013).

Active measures can be divided into three broad categories: mandatory participation, job search assistance and preparation, and financial incentives programs. Mandatory participation programs require income assistance clients to compliment their benefits with compulsory

employment or enrolment in employment-development activities. In its basic form, this program has been referred to as welfare-for-work, or ‘workfare,’ and criticized for assuming employable income assistance clients lack initiative (Torjman 1996, 4). Job search assistance programs can vary widely in the services they provide, from furnishing job market information to placement services. Thirdly, financial incentives absorb some of the costs of transitioning back into the labour force (INAC 2007, 24-25). While these three categories provide useful markers for identifying welfare reform supports, active measures programming will often combine elements of all intervention styles. Clients could receive support in multiple classes, including: education, pre-employment and training support, health and welfare interventions such as counselling and life skills development, and employment supports such as placements and child care referrals (Kruger and Nickerson 2012, 6-7). Increasingly, there is a push to encourage holistic active measures programming that follows a clinical-type path from triage through pre-employment support and treatment of ancillary issues with eventual restoration to the workforce. This has been becoming more and more relevant for provinces who had seen caseloads decreased, but must now address those clients with broader sets of employment restrictions, such as family issues, addiction or mental health problems, who will have greater difficulty leaving the income support system (INAC 2007, 45; Interview notes 2013, Kruger and Nickerson 2012, 16).

Whereas the welfare state was premised on government spending on social supports due to a belief in social rights as unequivocally attached to citizenship, the crisis of the welfare has led to a paradigm shift that calls into question the indivisibility of citizenship and social rights. Increasingly, social policy is developed within a framework that assumes individuals must uphold certain level of civic responsibility in order to exercise their social rights. The state invests in its citizens on the basis on an expected future return, as clearly exemplified by active

measures theory. By investing in income support, along with training and pre-employment supports for income assistance recipients, the state expects these individuals to actively seek employment and contribute to the human capital holdings of the nation. Benefits are no longer passively received, instead there is an exchange of investment on the part of the state and the recipient. Active measures programming is grounded in the assumptions of the social investment state and marks a shift in the welfare state design from rights-based social support entitlement, toward earned citizenship benefits premised on the idea citizen obligation. This social investment state model has influenced the recent changes to the IA program, albeit several years after active measures were first introduced off-reserve.

## 2. PHILOSOPHIES AND POLICY TRENDS GUIDING INDIAN WELFARE<sup>5</sup>

The two previous sections discussed the origins and founding principles of Canada's Indian policy and parallel developments in the construction of the welfare state. The present section discusses how these two seemingly unrelated historical processes meet in the development of the First Nations IA program. The emergence and consolidation of the IA program for First Nations largely follows developments in the broader welfare state, but it evolved from and in many ways acted as an instrument of assimilation, driven by the ideological and institutional foundations of assimilation discussed in the previous section. Income support is an intrusive program by definition, requiring applicants to share detailed accounts of how they spend and conduct their lives on a daily basis, while framed in assumptions of liberalism and individualism. For First Nations, there exists an additional layer of intrusion; as a social policy

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<sup>5</sup> It should be noted that this section draws extensively on Shewell's book *'Enough to Keep Them Alive': Indian Social Welfare in Canada, 1873-1965*. Few academics have written on the subject of Indian welfare policy and programming in Canada, which is surprising given the relative prominence of this issue area in political and First Nations discourse. Shewell's comprehensive work therefore offers an important, if not the foremost, contribution to the field.

premised on these assumptions, income assistance on-reserve has worked to integrate indigenous people into a value system that is in deep contraction with many of their traditional worldviews and economies.

### *2.1: The Development of Indian Welfare Policy*

As explored above, in the years after Confederation up to the First World War, the process of assimilation was founded upon principles of self-interest, liberalism and industry. As such, the Government set out to transform the indigenous population into one of settled farmers and gardeners, and instill in them values of self-sufficiency and thrift. A crucial part of this undertaking for the Government was the maintenance of peaceful relations with and between Indian nations. This was most often achieved through the supply of rations. Taken together with allotted rations to set up farming economies, there were fears these disbursements were beginning to appear as a form of charitable state donations. With charity, worried policymakers, would come dependence. Thus, there was a struggle within Canadian Indian policy during this time; between quelling the long-held threat of an Indian uprising and avoiding the creation of a cycle of dependence (RCAP 1996, 247; Shewell 2004, 29-32). More deeply, this struggle was indicative of the broader shift in Western policy toward liberal economic values, and concerns that encouraging dependency in any way would undermine Government efforts in its liberal civilization venture.

Interestingly, despite the liberal agenda. Shewell's study of government records during this period does unearth several cases of government relief beyond basic allotments, primarily to offset suffering from starvation. He notes the peculiarity of these cases, given the prevailing fascination with the 'natural laws' of economics. In his analysis he suggests despite the

dominance of the liberal paradigm, the deep-rooted European value of charity still held in extreme cases of suffering (Shewell 2004, 41). A Departmental statement issued in 1903 reads:

The Department desires that economy shall be exercised in supplying relief (as well as grain) to Indians of your Agency...[Indians] should be given to understand that they must rely [on their] own exertions for their support, and when possible [provide for] their own poor. [Relief] should not be given except in cases of illness [or when] the applicant is, on account of other infirmity [unable to provide] the necessities of life; or in cases where the [provision of relief] will prevent actual suffering (Quoted in Shewell 2004, 89-90).

This view coincided with a move toward centralised relief administration and institutional consolidation. Whereas aid had previously been distributed on behalf of the government through the Hudson's Bay Company or local missionaries, the corporation relinquished its role in 1897.

This meant the federal government assumed direct control of relief administration, which would take place in Ottawa going forward, eliminating local decision-making and interaction (Shewell 2013, 2). This reflects the ongoing marginalization of First Nations independence propelled forward by the ideological and institutional foundations of assimilation, which by this time were well-established. Indigenous peoples were increasingly losing control over their lives, livelihoods and those policies affecting these areas.

Those few cases of relief provision mark the beginning of government relief, or welfare, policy for First Nations. To be sure, in this period welfare relief was not yet considered state policy in Canada, and the prevailing sense was that the poor, as individuals, ought to overcome their lack of initiative, a driving cause of poverty. The important distinction is, however, that the entirety of the indigenous population was considered to be morally and economically destitute because of the Euro-Canadian assumptions of Indian cultural inferiority, and thus the state had taken on as its burden the duty to guide the Indian toward eventual membership in European society through the introduction of reserves and assimilation policies. Shewell maintains this inherently and significantly altered the nature of Indian welfare policy at its core (Shewell 2004, 30, 91). Indeed, the important influence of the assimilative endeavour on the preliminary

framing and development of the IA program is a reflection of the themes of cultural loss and predominance of liberal ideals explored in section 1.1, *Assimilation, the Indian Act, and First Nations in Canada*, above.

## *2.2: Towards Formal Policy Development*

Under Duncan Campbell Scott, deputy superintendent general of Indian Affairs from 1913 to 1932, formal statements and policy regarding welfare relief were issued to clarify responsibility. The overarching objective remained the assimilation project, and relief was determined within this framing. In order to be sure of the application of economy and restraint in granting relief, in 1915 the Department issued a circular establishing parameters to govern the provision of relief. Prime among them was the requirement that Indians now apply for relief, and their applications would be reviewed first by the agent, and then the Department. In essence, these parameters instituted the first means-tested system of welfare relief, pre-dating any such policy for the non-indigenous population. As Shewell remarked: “relief policy was being stated as a complete process involving application, investigation, approval, exceptions, method of issue, reconciliation of accounts, and payment of suppliers” (Shewell 2004, 99-101).

As an instrument of the assimilation agenda, relief between the beginning First World War and end of the Second was leveraged to first pacify any indigenous resistance in order to then instill in First Nations an understanding of 'self-reliance.' This was done by limiting any relief rations to bare minimums, with the idea this would encourage First Nations to become self-sustaining (Shewell 2004, 166). However, the institutional structure of assimilation paradoxically undermined any behavioural and economic effects this approach might have had. The reserves, set up to insulate First Nations from Euro-Canadian culture as they prepared for

enfranchisement, had instead isolated indigenous people geographically, economically and socially. Much of Canadian society regarded First Nations with prejudice, and their rural or remote location thwarted chances for employment off-reserve. While relief policy was enshrined within a doctrine of self-sufficiency and economic development, reserve lands themselves offered no employment or training opportunities. By the 1930s, the continued existence of the reserves started to point to a failing beyond the character of the Aboriginal himself; Canadians were beginning to perceive that the reserves were a fundamental factor affecting the dismal conditions in which most First Nations lived (Shewell 2004, 167). By the end of the Second World War, Canadian society was questioning Indian exclusion, as citizenship and social rights became an increasingly topical issue.

### *2.3: Citizenship, the Developing Welfare State and Provincial Outreach*

The post-war period up to the 1960s represents a significant shift in Indian policy generally, and relief policy in particular. While the Department maintained its interest in norms of individuality and self-sufficiency amongst First Nations, the means employed to achieve these ends were transformed. As had been developing throughout the early 1900s, the transition to secular statehood took hold in the post-war period. While Puritanical notions of charity and poverty had impacted Indian relief policy, whether officially or not, post-Confederation policy toward First Nations had given way to the social scientific method by the late 1940s. “The emphasis shifted away from harsh admonishments to be self-supporting toward a search for ways to make these goals achievable in physical, social, and economic terms. To this end, the branch began broadening its operational environment to harness the expertise of outside organizations and of sympathetic academics” (Shewell 2004, 173). This coincided with the push for social

citizenship rights and community well-being that marked the inter-war and post-war years in Canada. As section 1.2: *Social Welfare Theory and Practice* illustrated, Canadian and international society was increasingly advocating for social citizenship rights centred on community supports and welfare in the wake of the losses incurred by the World Wars and changing economic policy driven forward by Keynesian theory.

Together, these broader societal changes affected, but did not result in a transformation into a more culturally sensitive line of programming for First Nations. Rather, the social scientific method was undertaken to better understand the 'Indian problem' in order to build more viable solutions to Aboriginal dissemblance from Canadian society at large and strengthen the shift toward integration. A more 'benevolent' approach to Indian policy was adopted, however. Rather than assuming First Nations poverty resulted from moral deficiency as had been the Victorian attitude, the Department determined it should uncover the issues preventing indigenous people from becoming self-sufficient and achieving developmental success, in order to create appropriately responsive policy.

Shewell notes that studies conducted throughout the 1950s remained captivated by the notion of Aboriginal integration into Euro-Canadian society, and assumed the portrait of success to be based in liberal theory. Indeed, studies sought to uncover barriers to First Nations' participation in the Canadian economy, and the resulting programming promoted attachment to the labour market and/or mobility toward urban centres (Shewell 2004, 210-211, 219). During this time, a specific welfare branch was introduced, along with the first policy manual on relief in 1952. The manual provided program objectives and standard procedures. The statement of intent reads:

Relief assistance in kind may be provided indigent Indians when necessary to alleviate distress and hardship. Direct relief is not payable in cash but through provision of food, fuel, clothing, household equipment, care of the helpless, or other assistance as necessary in individual cases. The type and amount

of help depends upon the requirements of the Indian, his location, physical well-being, availability of country food, and ability to provide for himself. The basic principle is the welfare of the individual and every effort must be made to avoid discouraging initiative and self-reliance (Quoted in Shewell 2004, 239).

Despite having departed Victorian assumptions of poverty, this statement indicates a sustained wariness of becoming too generous with relief provision, particularly the provision of cash, and thereby deviate from the broad Indian civilization policy premised on the idea of self-sufficient integration into the Canadian job market, dominant economy and culture. In this way, welfare policy was being leveraged as a tool of behavioural control not by its provisions, but by implementing tight restrictions on eligibility and continued deference to case-by-case assessment in an apparent attempt to minimize disbursements. A central struggle in the policy becomes to reflect the changing nature of social policy in Canada, which was becoming increasingly responsive to the needs of the disadvantaged, without fostering the dependence that had been a prime concern over the course of Indian welfare policy development.

Important to the federal First Nations integration agenda was the breakdown of the 'ward of the state' mentality during the post-war years, demonstrated in part by changes to the *Indian Act* providing for provincial laws to apply on-reserve. Encouraged by the development of provincial social support programs founded on the notion of citizen rights to well-being, the Department engaged in a concerted push for First Nations integration, and with it the elimination of the federal role in Indian affairs (Shewell 2004, 253-254). Beginning in 1955, the Indian Welfare Branch began working with the Canadian Welfare Council, a relationship which encouraged an eventual evolution in Indian relief policy in the late 1950s to adopt minimum standards of relief based on off-reserve welfare programs and the conditions of self-supporting First Nations living on-reserve (Shewell 2004, 251, 256-257). As the Welfare Branch developed its administrative capacities, it came to realize the difficulty in delivering relief services to dispersed First Nations communities, particularly when the provinces were developing

increasingly sophisticated social welfare systems (Shewell 2004, 259). As a result, a Federal-Provincial Conference was held in 1963 to address these issues. The Conference determined First Nations had a right to receive the same provincial programs and services as other Canadians. Furthermore, Ontario and the Government of Canada signed the 1965 *Memorandum of Agreement Respecting Welfare Programs for Indians*, which effectively transferred the service delivery mechanism for Income Assistance to the province. Efforts to similarly transfer delivery to other provinces ultimately failed, however, and Ontario remains unique in its service arrangement with AANDC (Ontario 2013; Canada 2004, 13).

Underlying this desire to devolve responsibility for the 'Indian file,' argues Shewell, was a belief on the part of the federal Government that Indians were at last beginning to undergo a process of assimilation with the mainstream (Shewell 2004, 259). Efforts to transfer responsibility for Indian welfare to the provinces demonstrate this. By pushing for devolved responsibility of the Indian file, the Department was relinquishing its commitments to treaties and the Crown-First Nations relationship, and in so doing further marginalizing and disregarding First Nations identity and unique heritage. Nonetheless, during this period the Department introduced a community development program and set about granting bands and their leadership greater responsibility by providing funding to develop and manage their own initiatives on-reserve. With this began the first instances of consultation with First Nations on policies affecting their demographic (Shewell 2007, 48). Resulting from the 1963 Federal-Provincial Conference, the Treasury Board approved the usage of provincial or territorial funding rates and eligibility requirements to determine the administration of a First Nations Income Assistance program in 1964 (Canada 2004, 13). The original First Nations IA Program was approved in 1964 (AANDC 2013c).

Shewell maintains, however, that even if the methods had changed the ultimate intention remained subsume traditional First Nations culture, identity and lifestyles into dominant Canadian society through integration (Shewell 2004, 336-337). By exploring the time period's focus on substantive civic membership, as underpinned by the developing welfare state, Indian policy was repackaging assimilation in rights-based discourse, but with largely the same outcomes. While the thrust behind post-war policy was no longer cultural eradication hinging on notions racial inferiority, the effect was to eventually grant First Nation equal rights in a society that was not their own, at the expense of their social heritage. As the analysis of the welfare state's evolution demonstrated, societal attitudes were increasingly pushing for inclusive citizenship, community well-being and government support. In the First Nations context, however, these welfare theory developments in many ways perpetuated colonial assimilation measures by framing indigenous peoples as outsiders to the Canadian society who ought to be included by assisting them to fit within Eurocentric cultural norms. While social security was being extended to First Nations through the introduction of the IA program, this was within a narrow framework disconnected from traditional Aboriginal cultural realities that continued to promoted liberal values at the expense of 'problematic' indigenous ways of life. As the political demonstrations by First Nations eventually leading to the failure of the 1969 *White Paper* indicated, notions of universality and equality failed in the Aboriginal context because these undermined indigenous people's unique historical status and relationship with the Crown.

#### *2.4: Self-Government and the Gathering Strength Report*

However, with the continued development of welfare state for Canadians off-reserve and a growing interest in civil rights, the Department was increasingly under pressure to re-evaluate

Indian policy. By 1966, Harry B. Hawthorn's report *A Survey of the Contemporary Indians of Canada* recommended the Government continue to encourage First Nations to join the formal job market and foster economic development on reserves, but raised important questions surrounding cultural identity. He suggested there was a need to preserve this identity and remarked on First Nations' special status in Canada (Shewell 2007, 45-46). The introduction of the community development program on-reserve, an empowered First Nations leadership, the rejected 1969 *White Paper*, led to indigenous groups increasingly pushing for sovereignty and self-government.<sup>6</sup> The Royal Commission on Aboriginal Peoples' work in the 1990s revealed the significant emphasis First Nations put on being involved in the development of social policy. Stemming from this, steps were taken to increase First Nations' autonomy, including over the delivery of income assistance (Shewell 2004, 341; Canada 2004, 14).

The 1998 *Gathering Strength Report* prepared by the Department drew attention to not only the development needs of First Nations on reserves, but recommended indigenous-centred and driven solutions to the challenges they faced. The *Report* emphasized a need for an holistic approach to addressing social issues present on-reserve, that recognized the importance of all aspects of indigenous lifestyles (Canada 1998, 15; Shewell 2007, 49). The report's recommendations have been implemented to greater and lesser degrees, as the paper's next two sections reveal. While formal recognition of First Nations involvement in the delivery of IA on-reserve exists, substantive involvement in terms of program development, particularly in relation to the planned active measures changes, is lacking.

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<sup>6</sup> As discussed above, the community development program set about granting bands and their leadership greater responsibility by providing funding to develop and manage their own initiatives on-reserve. The *White Paper* (1969) recommended the *Indian Act* be abolished, to do away with the discriminatory practices that formed the basis of the *Act*, and to bestow equal rights to First Nations. The *White Paper*, however, was vehemently opposed by First Nations, who saw this as the Crown's dispossession of its rights and duties to them. Without the *Act*, First Nations would be granted equal status in society, but lose the special status that they believed protected their rights derived from the transfer of land to the Crown. Together, these federal initiatives galvanized indigenous support of self-government and mobilized concerted campaigns to realize this objective.

## *2.5: The New Millennium and the Dawn of Active Measures Programming*

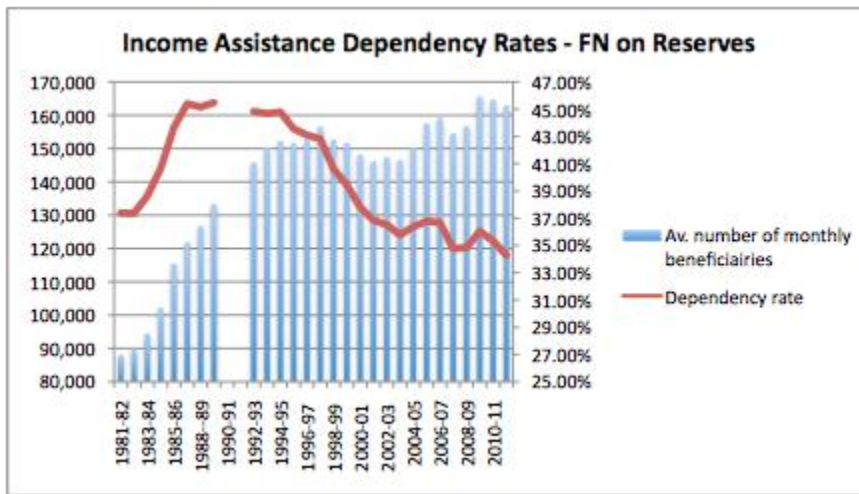
In the last 10 years, AANDC has actively engaged in better aligning its income assistance program with provincial programs' transition in the late 20<sup>th</sup> century from passive to active income support. While *Gathering Strength* introduced income security reform projects on-reserve to redesign income assistance to incorporate active measures and community involvement, it had little immediate impact on Departmental programming. It was not until 2003 that these changes came into force through Treasury Board approval. Active measures were first introduced to the Terms and Conditions of the 2004 *Income Assistance National Program Manual*, however did not receive funding authority (Canada 2004, 14; Interview notes 2013). In 2013, the federal budget committed \$241 million towards introducing active measure programming for youth aged 18-24 on-reserves who apply for income assistance. The specifics of this program, and its importance in terms of IA's historical context, will be explored in detail in section 3.2: *Introducing Active Measures Through AANDC's Enhanced Service Delivery Model*.

## 3. THE CURRENT POLICY CONTEXT

### *3.1: Contemporary Trends in IA dependency On-reserve*

Figure 1 (below) illustrates IA dependency between 1981 and 2012. While there was a significant increase in dependency rates between 1984 and 2000, it is noteworthy to remark the rate has returned to a relatively similar level as three decades ago. For policymakers, another concern is the steadily increasing number of beneficiaries. This has resulted in an expenditure increase of more than \$200 million since 2002, with planned expenditures for 2012-2013 projected to amount to over \$865 million (AANDC 2013a; AANDC 2013b). Increasing

numbers of beneficiaries for First Nations communities can suggest reserves are sustaining increasing levels of poverty and greater pressure on already limited housing infrastructure.



**Figure 1:** Income Assistance Dependency Rates On-Reserve (AANDC 2013c; DIAND 1996; INAC 2005; INAC 2007)

As a policy issue, high or increasing income support dependency rates create budgetary challenges for AANDC. The suggestion in the Department's published literature on the IA program is that it is not viable to maintain these levels of financial support. Indeed, if these trends continue, and as the on-reserve population continues to grow at a faster rate than off-reserve, AANDC may not be able to continue its support of all applicants, which could lead to more stringent eligibility requirements and increased risk of unmitigated hardships stemming from poverty on-reserve.

### 3.2: Program Implementation

The IA program is formally a policy arrangement between AANDC and First Nations, ungoverned by a statutory or legislative responsibility, meaning the Department could technically revoke funding or the program entirely at its discretion (Interview notes 2013, Shewell 2013, 7). As such, AANDC provides policy guidance and requires expenditure

reporting from First Nations (INAC 2007). The program itself is delivered through First Nation Chiefs and Councils, using funds transferred from AANDC headquarters to regional offices.

The main exception is in the Yukon where First Nations are all considered resident on-reserve and the AANDC regional office administers the IA program directly (INAC 2007). In 2011-2012, 541 First Nations across Canada delivered the IA Program (AANDC 2012c).

Case managers on-reserve determine the eligibility of applicants and distribute funds.

While there are minimum service standards set out by AANDC, there is a good deal of flexibility for First Nations in their particular delivery of programming. First Nations can adapt programming and maximize economies of scale where possible by pooling service delivery with other communities, or contracting delivery through provincial, municipal or other external organizations. Some concerns were raised surrounding the decentralized nature of programming, with the 2007 IA Program Evaluation calling for greater standardization and increased training for service delivery personnel and case managers to ensure similar levels of service across First Nations (INAC 2007).

In terms of funding and assistance payments, payments to clientele are differentiated on the basis of basic or special needs, and disbursements are paid out following the appropriate provincial fee schedule determined annually (Interview notes 2013). Funding is also disbursed to First Nations for the delivery of pre-employment supports and the program's service administration costs. Specifically, there exist two funding arrangements with First Nations: a Comprehensive Funding Arrangement or a Canada/First Nations Funding Agreement. The Comprehensive Funding Arrangement is a one-year agreement with the First Nation wherein all program expenditures are reimbursed by AANDC through contribution agreements. The Canada/First Nations Funding Agreement provides funding for up to five years, allowing for

greater administrative flexibility through longer-term planning and a transfer of agency to First Nations who can determine programming within a minimum standards framework (INAC 2007, 6).

As mentioned above, Ontario stood as an exception amongst its peers in the 1960s push for federal devolvement, agreeing to integrate First Nations income assistance into provincial programming through the *Memorandum of Agreements Respecting Welfare Programs for Indians, 1965* (alternately referred to as the Indian Welfare Services Agreement). Still today, the province administers income assistance on-reserve on behalf of AANDC (Ontario 2013). This agreement sees AANDC deliver block funds annually to Ontario, with federal financing amounting to 95% of the program costs incurred by First Nations using Ontario Works (Ministry of Community and Social Services 2012). While AANDC retains funding authority, Ontario sets the terms and conditions of programming for First Nations through Ontario Works (the provincial social assistance program). As with the AANDC IA program, bands in Ontario deliver programming on-reserve. The Ontario agreement will likely see changes as the national AANDC Active Measures plan introduced in Budget 2013 is rolled out. The challenge will be in determining a convergence between Ontario Works' Terms and Conditions, along with provincial interests, and the Budget 2013 policy changes (Interview notes 2013).

### *3.3: Introducing Active Measures Through AANDC's Enhanced Service Delivery Model*

In the 2013 budget, the federal government announced it would be investing \$241 million over four years to deliver active measures programming to youth ages 18-24 currently enrolled in the IA program on-reserve. Employing active measures in the IA program is not entirely unexpected. Concerted efforts by provincial governments to engage active methods to

counteract growing income support caseloads was consolidated in the 1990s. Multiple sources have concluded it is time for AANDC to shift its policy focus to include active measures programming. As discussed above, primary driver of reform is program cost. In 2006, IA was the fourth most costly program of its kind in Canada (FNSDS and AANDC 2011, 1; INAC 2007, 1). Furthermore, AANDC's budget increases for basic services have been capped at 2% since 1997. This has meant the Department cannot keep pace with provincial expenditures, creating a program funding gap (INAC 2007, 3). As IA on-reserve is designed to closely follow the local provincial program scheme, this can lead to programming disparities amongst provincial recipients, differentiated on the basis of their on- or off-reserve status.

The *Active Measures Field Guide* produced by the First Nations Social Development Society in partnership with AANDC in 2011 advocates for change and the adoption of active measures programming, arguing this will help First Nations develop individual and community capabilities leading to increased 'social sustainability' (FNSDS and AANDC 2011, 1). The report draws attention to the high number of employable IA recipients on-reserve, asking "as a community can we afford to lose the human potential that exists within our membership when our long-term vision is to be a self sustaining nation? ...Why do our members choose poverty over earning their own wages?" (FNSDS and AANDC 2011, 2). In fact, in 2005-2006, 76% of IA recipients were considered employable (INAC 2007, 15). The AFN, AANDC and the FNSDS have drawn attention to the 'rite of passage' attitude that exists among some First Nations, wherein individuals choose to mark their 18th birthday by applying for income assistance (FNSDS and AANDC 2011; 2, 3; INAC 2007, 48; Kruger and Nickerson 2012, 2). Key informants interviewed in INAC's 2007 evaluation of the IA program suggested this perception is bolstered by community support of the notion of entitlement. In these cases,

leaders are left with little recourse as youth elect to move to income assistance rather than pursuing education or developing their careers, prompting the Evaluation to recommend a plan to reposition IA as an ‘undesirable’ option of ‘absolute last resort’ for youth (INAC 2007, 48-49).

The Evaluation ultimately concludes the IA program design is no longer relevant in terms of modern social assistance programming, and has not been successful in decreasing its caseload by assisting individuals transition from IA to employment. It recommends AANDC adopt holistic active measures programming in line with provincial programming to combat increasing costs and IA recipient numbers, with a particular focus on addressing youth dependence (INAC 2007, 51-52).

AANDC has previously explored moving from passive to active income support, beginning in the late 1990s with the introduction of Income Security Reform Demonstration Projects, at the recommendation of the *Gathering Strength Report* (DIAND 1997, 17; DIAND 2000, 16; INAC 2007, 3). Three years after *Gathering Strength* was published, over 130 projects were underway, engaging 354 First Nations (DIAND 2000, 14). The Department was granted Treasury Board authority to officially integrate active measures into its programming in 2003, with the first mention of the option found in the 2004 *Income Assistance Program National Manual* (INAC 2007, 3; Interview notes 2013). This authority was not, however, accompanied by a funding allocation, so AANDC regional offices made efforts to reallocate 5-7% of income support budget toward this initiative. These funds were dedicated to the development of programs through which IA clients could access training. In 2009-2010, AANDC headquarters set aside funding through the Social Development Program Management Infrastructure Initiative for regions particularly for the implementation of active measures, which assisted in the development of 93-94 pilot projects (INAC 2007, 3; Interview notes 2013; Kruger and Nickerson

2012, 3). In 2013, only 20% of First Nations were delivering pre-employment supports to their IA clients (AANDC 2013b). Budget 2013 marked the first official funding allocation toward active measures programming for First Nations on-reserve.

The budget announced the introduction of two active measures programs for First Nations, *Enhanced Service Delivery* and the *First Nations Job Fund*, through a \$241 million investment by both AANDC and Employment and Social Development Canada (ESDC).

*Enhanced Service Delivery* would comprise an allocation of \$132 million by AANDC over the next four years to develop a client-centred case management system for youth 18-24 focused on identifying individual needs and supports to overcome employment barriers. Participation in the program would be enforced using incentives and disincentives modelled after those found in the related province, suggesting the program would likely employ all three typologies of active measures (AANDC 2013b). The *First Nations Job Fund* is a new program being offered by ESDC through the remaining \$109 million investment. It offers job training and readiness programming for First Nations youth and would be delivered through the existing Aboriginal Skills and Employment Training Strategy (ASET's) infrastructure made up of local businesses and employers (Interview notes 2013). ASET's partners provide demand-driven skills development for clients while building connections with the private sector, provinces and territories (ESDC 2013). Like the *Enhanced Service Delivery* module, income assistance benefits would be dependent on participation in the *First Nations Job Fund* program (AANDC 2013d). In order to implement the active measures initiative, First Nations must meet certain eligibility requirements, including a demonstrated organizational capacity to offer case management and strong links with the ASET's network (AANDC 2013d). For those First Nations that choose to undertake active measures programming, mandatory participation for IA

recipients aged 18-24 and identified as being ‘job-ready’ within a year will be enforced (AANDC 2013b).

AANDC intends to build the *Enhanced Service Delivery* case portfolio to 14,000 youth participants over the next four years (AANDC 2013d). This will involve retraining IA service delivery agents - and hiring new agents in some cases - to better evaluate incoming applicants and develop individualized strategies for clients under the new system. In the new active measures system, a client will be assigned two case managers: an IA manager to handle initial intake, triage and address ancillary needs such as counseling, preliminary basic skills training and identification of family issues through *Enhanced Service Delivery*; and a *First Nations Job Fund* manager through ESDC to undertake the later stages of case management, focusing solely on skills training for employment (Interview notes 2013). In this way the managers will work with the individual’s sequential progress as they transition into the workforce. In the long-term, AANDC intends to move to a single-window approach, as many provinces have, where income support, triage, family/individual counseling, training, and similar programs and supports are all offered at a single office to clients (Interview notes 2013). AANDC will evaluate the active measures initiative at the end of 2016.

The active measures initiative introduced through Budget 2013 is consistent with, though a decade or more behind, the adoption by the provinces of programming that increasingly fits the profile of a social investment state. With active measures introduced to the IA program on-reserve, the program will depart from its previous passive model, reflective of the initial welfare state era from which it was born, toward a new vision of welfare state provision rooted in the principles of a social investment state.

#### 4. PROGRAM STRENGTHS, CHALLENGES AND DEVELOPING CULTURAL RELEVANCY

Active measures offer a number of important strengths. First and foremost, this strategy is focused on combating intergenerational poverty by actively working to (re)integrate clients into the labour market. Through supporting skills development, connecting with employment, active measures can kick-start the beginning of a trajectory of lifelong learning to protect against a return to welfare. Holistic programming, when appropriately delivered, has the potential to make a long-term positive change in the lives of individuals and communities. This is the fundamental objective of the active measures strategy, and will be a fundamental necessity in the First Nations context in order to overcome the legacy of assimilation policy and the social harms it inflicted.

Another key benefit of the active measures approach is that it integrates welfare into the sphere of education and employment. Whereas passive income assistance cuts ties with the employment environment, active measures permits income support to remain a part of the work world by repositioning welfare as a stage along the retraining/skills development path. Although an admittedly undesirable position, individuals that find themselves in an income assistance program that has adopted active measures are in fact in a process of workforce integration, ultimately avoiding being entirely disconnected from employment.

In terms of the AANDC's commitment and readiness for active measures, the Department has responded to the recommendations in the 2007 IA Program Evaluation calling for increased spending on active measures programming to effect long-term results to combat welfare dependency on-reserve. Furthermore, the Department is taking steps to reduce the fiscal costs of maintaining a heavy welfare load, while also prioritizing the livelihoods of First Nations. This

demonstrates an institutional commitment to addressing the Evaluation's criticisms. The seven evaluation recommendations AANDC is acting upon include developing a strategy with ESDC, the AFN, and provinces that recognizes the complex and unique needs of the on-reserve unemployed; and paying particular attention to the education needs of First Nation youth to address the high number of youth choosing income assistance over employment or post-secondary education (AANDC 2012a, 2-9).

With the new active measures program, AANDC has recognized the need to develop an holistic program to address barriers to employment. By incorporating multiple actors, both at the program level by integrating ESDC, and at the service delivery level by employing a case management for each individual to develop a tailored transition plan, this responds to recommendations from many sources (AANDC 2013b; INAC 2007, 45; Interview notes; Kruger and Nickerson 2012, 16). Furthermore, the proposed design of the *Enhanced Service Delivery* model and the *First Nations Job Fund* suggest these programs will reach beyond minimum employment supports to address an array of barriers through the initial needs identification process. These changes together have the potential to address a legacy of policy failure stemming from assimilation, by addressing modern needs and barriers, rather than passively signalling at behavioural change through restrictive relief provision.

There are, however, a number of limitations to active measures programming in general. Studies in Canada and the United States have shown active measures programming has led to a decrease in income support caseloads initially (INAC 2007, 26; Michalopoulos et al 2002, ES-2).

However, mandatory participation programs have resulted in employment for clients, but not retention in the long-term (INAC 2007, 27). The literature review conducted in INAC's 2007 Evaluation of the IA program concluded active measures have resulted in lowered welfare

dependency, but deliver mixed results in terms of developing autonomy and economic well-being. It suggests post-employment supports are needed to see the transition from income support to full-employment through to the long-term (INAC 2007, 30).

Furthermore, at the micro level there are a number of limitations that plague the IA program in its current form, many of which were highlighted in the 2007 program evaluation, and these may bear weight on the effectiveness of active measures in the IA context. Firstly, at the community level, many First Nations do not impose access restrictions in line with provincial terms and conditions, resulting in standardization issues within provinces and across First Nations (INAC 2007, 17). Moreover, key informants interviewed in the course of research noted the challenges faced by many Band Social Development Workers in administering IA on-reserve. Notably, IA is not an arm's length program. Chief and council are in control of funding agreements, without an oversight body, which can result in IA eligibility being used as a form of vote buying. Indeed in some communities, dependency rates will rise during election campaigns. For case managers, their role is at once the most powerful and most vulnerable in the community. Many First Nations are small and closely knit, making it difficult for case managers to operate dispassionately as they must nominate or deny friends and family members seeking support (Interview notes 2013). In terms of change administration and long-term effectiveness, these internal problems could cause issues in the success of program adjustments.

Secondly, the 2007 program evaluation underscored that "there is limited capacity in INAC's regions and in First Nations communities to deliver basic services and active measures programming, to make linkages to other resources for IA clients, and limited monitoring of caseloads and a lack of outcome information" (INAC 2007, 22). The report was particularly critical of the IA program's lack of performance measurement schemes. In fact, performance

measures, results indicators, targets and long-term planning, demographic information collection, and risk management frameworks were found to be deficient (INAC 2007, 21). Going forward, these noteworthy weaknesses are sure to undermine active measures implementation, not to mention the successful functioning of the program at a basic level. Responding to client needs, planning, and determining long-term objectives will be impacted by underdeveloped performance measurement schemes.

These micro-level implementation level issues are compounded by information management problems. Reaching back to 1997, the *Gathering Strength Report* called for improved data management strategies within the IA program (DIAND 1997, 17). The program continues to be hindered by a lack of access to provincial data, preventing trend analysis, planning and strategy development (INAC 2007, 18). Furthermore, key informants noted IA does not support a nation-wide software program for First Nations and regions to use. This limits information sharing, standardized data collection and analysis, and allows for some cases to slip through the cracks and benefit from both provincial and AANDC IA compensation (Interview notes 2013).

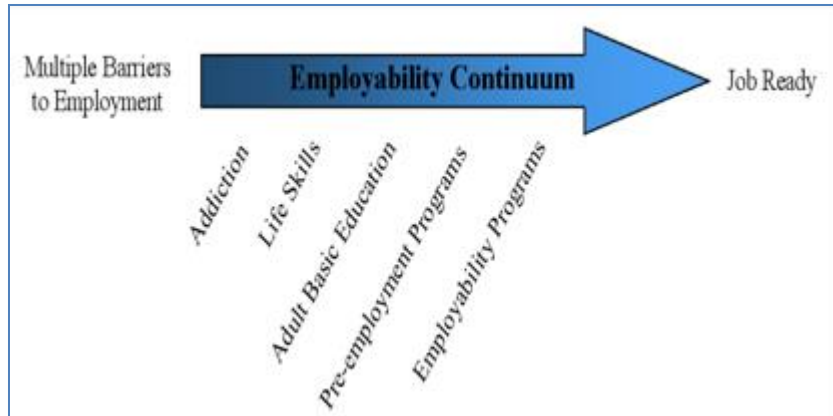
Lastly, the 2007 program evaluation called for increased staff training, noting many IA staff are under-qualified and have limited access to support for program delivery from AANDC regional offices and headquarters (INAC 2007, 18). In fact, organizations such as the First Nations Social Development Society in British Columbia and the First Nations of Quebec and Labrador Health and Social Services Commission play an important role in interpreting social programs and providing training for Band Social Development Workers. First Nations administrators also struggled with building connections to the ESDC ASETs infrastructure, which the new active measures initiative relies heavily upon in the employment transition stage

(INAC 2007, 18). As the IA program is positioned to become increasingly complex with the introduction of the active measures initiatives, thereby demanding greater skills of case managers and stronger networks with employment supports, staff limitations could prove to be a particular drawback in rolling out program changes. In 2005, half of the IA service providers on-reserve possessed only a high school education, and only one-fifth had received training for assessment and counselling (INAC 2007, 18). AANDC will need to invest significantly in training for front-line program administrators, especially for *Enhanced Service Delivery* to be initiated across First Nations. Without strong resources within the service delivery team, clients will not be able to take full advantage of the supports active measures intend to offer.

Taken together, IA program limitations will have significant effects on the active measures initiative. As it stands, the program lacks the necessary systems to support passive administration structure adequately. To fully transition to active measures programming, the IA program will require significant investment in staff training and skills upgrading, along with system developments in information management, evaluation and performance measurement, and data collection.

The unique First Nations context also presents a number of challenges for the implementation of active measures. The Action Implementation Plan for the IA program in response to a 2009 program evaluation calls on the department to develop a long-term strategy with ESDC, the AFN, and provinces to address causes of dependency. While AANDC has developed partnerships with other government departments and signed onto tripartite policy development agreements with Saskatchewan and Quebec to address barriers to employment, progress is reported as being slow, with a significant reliance on the willingness of other parties to engage (AANDC 2012a). While the active measures initiative of Budget 2013 is premised on

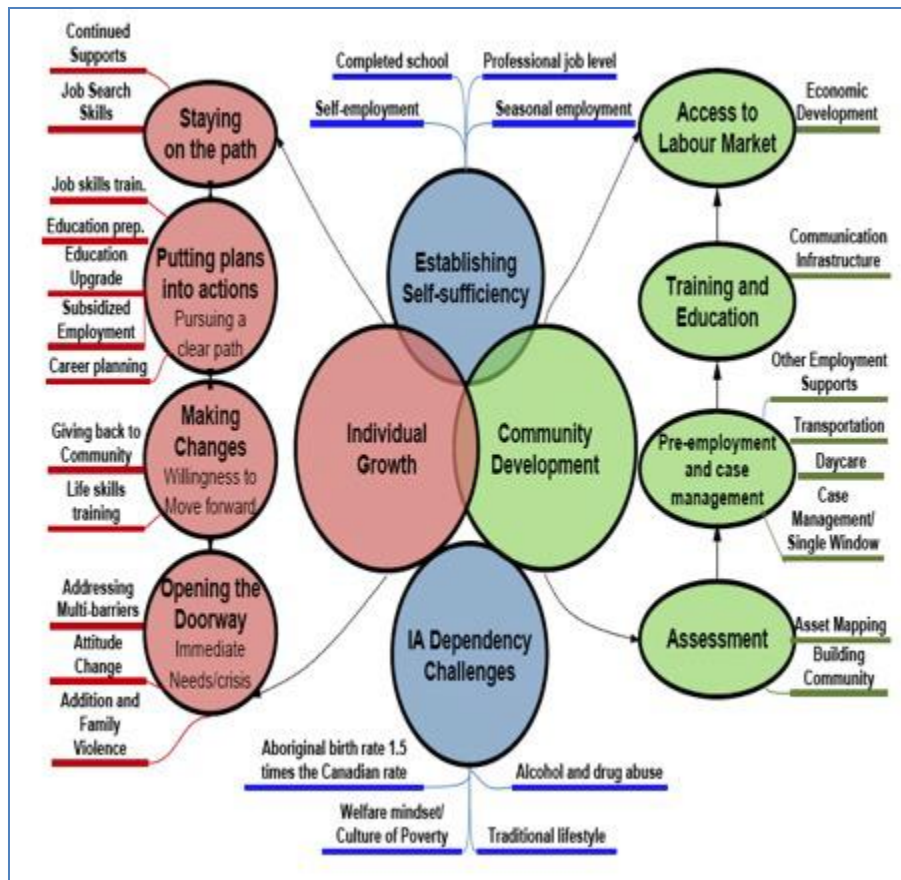
the removal of barriers preventing labour force attachment, there is a need to reach beyond the current program design to fully implement effective active measures programming. In fact, in a report prepared for AANDC in 2007, Johnston Research Inc. emphasized the need to address dependency drivers before job placement (Kruger and Nickerson 2012, 24). This suggests there exists an inherent flaw in AANDC's active measures program design that is moving forward without having completed its investigation into the drivers of dependence. Outside the Department, however, some work has been done in this area. In the 2010-2011 *Active Measures Roll Up Report*, the First Nations Social Development Society identified multiple barriers to employment throughout the implementation of its active measures pilot projects in British Columbia, including: low literacy, family maintenance debt, addictions, disability, lack of driver's license, socio-economic status, and multi-generational trauma (Kraneveldt 2011, 12). Similarly, the AFN suggested dependence can be divided into economic and social issues. Economic issues encompass geographical constraints, lack of employment opportunities nearby and a corresponding reluctance on the part of community members to leave the reserve in search of work. Social issues include addictions, family dysfunction, limited education, cultural impacts of residential schools and historic economic underdevelopment resulting in low self-esteem (Kruger and Nickerson 2012, 2). Many of these issues appear to be rooted in the outcomes of assimilation policy, pointing to their entrenched and historic nature making them particularly challenging to overcome. As Figure 2 (below) indicates, addressing addiction and life skills underpins progress along the employability continuum. The greater the prevalence of these barriers among a population, the greater the difficulty in advancing along the continuum towards employment.



**Figure 2:** Employability Continuum (FNSDS 2011, 16).

Because of the particularly complex set of barriers to employment identified by the FNSDS and the AFN, preparing a rich, holistic active measures strategy is particularly important. The Johnston Report developed a thorough approach to active measures integration into individual programming and community planning, pictured in Figure 3 below. While these exact steps may not be appropriate in every community's reality, it provides a captivating visual of the sophistication required of a holistic program. Active measures extend well beyond introducing a handful of skills development programs. Rather, active measures demand systemic change to achieve self-sufficiency, employment and economic development. While dependent on a host of variables, the 'Beyond Welfare to Self-Sufficiency' plan also highlights the exciting possibilities of a well-delivered active measures initiative, particularly in the First Nations context.

Principally, active programming offers a pathway toward economic development and increased autonomy, key aspects of rebuilding self-government within First Nations.



**Figure 3:** ‘Beyond Welfare to Self-Sufficiency’ (Included in Kruger and Nickerson 2012, 30).

This discussion on the strengths and challenges of implementing active measures must be rounded out by an assessment that locates the IA planned changes within the broad First Nations context. In exploring the origins and philosophical foundations of the IA program, this paper drew particular attention to the impact of assimilation policy and the changing welfare state context on program design and delivery. In order to implement long-term solutions to income support dependency, it is crucial that policy reforms address those broader issues relating to the First Nations context. There are four integral dimensions to introducing policy reform appropriate for this context: address the legacy of colonialism and assimilation policy, involve First Nations as decision-makers in the design and implementation of the initiative, develop a

culturally relevant program, and overcome geographic and economic marginalization. Cultural relevancy is key to developing a long-term solution because it considers historical legacies and in working to overcome them builds solutions that make sense in the First Nations context leading to greater chances of success.

### 1) Legacy of Assimilation

The last half century seen a remarkable shift in income assistance policy away from the colonial/post-Confederation assimilation strategy premised on racial inferiority toward the negotiation of self-government agreements and increased First Nation autonomy in program delivery. The new active measures initiative, however, appears to withdraw a significant measure of independence from Band Councils. While communities can choose to participate in the new initiative, the parameters appear to be tightly dictated by AANDC and ESDC, and there is seemingly no mechanism to withdraw from the program. Additionally, AANDC plans to implement a more stringent compliance regime through the active measures initiative, to reduce overpayment and program deviation (AANDC 2013d). This could further diminish First Nations input in program design and tailoring. The history of patriarchal management of First Nations makes the relinquishment of control over policy particularly problematic, even if this is a sensible choice given federal bureaucratic experience in program management. AANDC, ESDC and First Nations have a responsibility to ensure this arrangement remains flexible and focused on knowledge sharing. The IA program reform should be considered as an opportunity for First Nations administrators to expand their organizational capacity by engaging with a well-developed institution in an exercise of sharing best practices *between governments*, ensuring First Nations maintain their partner role in the equation. The historic control over First Nations' lives exacted on the part of the federal government through the *Indian Act* contributes to an

understandable reticence or wariness on the part of some First Nations leaders to engage with federal initiatives. For the reform to succeed and employment rates increase, it is important for the Department to foster First Nation buy-in through assurance that this program will not mean a loss in autonomy.

2) Increase First Nations' Agency and Autonomy in Policy Design and Implementation

Federal policy objectives may still focus on economic development and employment strategies founded on liberal-democratic assumptions, but the assimilation objective through cultural eradication has undoubtedly been extinguished. Today, AANDC is interested in working with First Nations within certain limits as the gradually increasing number of partnerships with First Nations organizations and tripartite commitments demonstrate. It is also important to recognize that many First Nations communities, leaders and organizations support the introduction of active measures to the IA program. That being said, going forward First Nations will need to ensure that substantive recognition of their unique cultural status and independence (I use the term in reference to paternalistic notions of inferiority) is maintained and developed. This can be achieved by First Nations holding a position of influence in determining the structure and implementation of the IA program going forward. Actively involving First Nations in the development of social policy affecting their communities provides a lived commitment to respect and recognize the extinguishment of assimilation policy.

Under the current program design, funding is set aside for administrative functions, such as case management and training costs, but not for program development, essentially removing First Nations' agency in this area (AANDC 2013a). By contrast, the Aboriginal Human Resources Development Strategy (AHRDS) active between 1999 and 2004 implemented a structure whereby programming authority was transferred from the federal government to First

Nations. Through the AHRDS, First Nations could use funding to design and deliver tailored programming to best respond to community needs (DIAND 2000, 15). Rather than a reduction in autonomy, AANDC should move toward devolving social policy authority to First Nations councils. Interestingly, social policy reshaping through the identification of new social risks points to the possibility for First Nations to assert increased autonomy over programming. New social risks generally spell out a redefinition of the state-society relationship through a retreating notion of guaranteed social rights. First Nations, however, did not enjoy the Golden Age of welfare, as Indian policy of the day maintained their legal, political and social exclusion from Canadian society at the time. When perceived in an historic context, the outcomes of new social risk planning are an advantage to First Nations. By focusing on individual responsibility and investment in long-term outcomes through lifelong learning and youth investment, policy-making in response to new social risks is notably different from IA programming which has always been means-tested, rather than rights-derived. While new social risks may be perceived as a step back in Canadian rights entrenchment, they are in effect a step forward in the First Nation policy landscape as the post-assimilation relationship between the Crown and First Nations continues to develop. The paradigm shift brought on by these risks offers an opportunity for an important conversation to be had between First Nations and the federal government centred on economic development and future prospects.

### 3) Develop Cultural Relevancy

IA programming lacks indigenous-centred solutions, resulting in a cultural disconnect. Shewell explores the importance of control over social policies in a recent paper by drawing on the example of Quebec. Depending on which society within a state a particular group identifies with primarily, they expect their citizenship rights will be protected and promoted by either a

national or sub-national government. In the case of Quebec, the Quebecois identify as first belonging to a sub-national order of government (the province), and therefore expect the provincial government to have ultimate control over social program design and delivery.

Similarly, Shewell argues First Nations see their citizenship as first attached to indigenous society (2013). Following this line of reasoning, programs such as the AHRDS are well-suited to the First Nations context because of their focus on promoting indigenous-level autonomy and decision-making to produce culturally relevant policy. In order to make sense within the context of First Nations, address the particular problems faced by indigenous peoples living on-reserve, and develop an holistic model to development, a culturally-relevant program created by social assistance experts and First Nations alike is necessary to create long-term success. This can work to ensure the legacy of assimilation is dismantled and while aspects of market economics are incorporated, they are configured in a manner appropriate to the indigenous cultural environment.

#### 4) Geographic and Economic Challenges

The last key to broad program success is addressing geographic and economic challenges derived from the reserve structure that has historically marginalised many First Nations communities, creating a disconnection between communities and off-reserve markets. Beyond social issues barring employment, First Nations access to jobs is key to successfully implementing active measures and reducing unemployment (Kruger and Nickerson 2012, 8).

Lack of a local job market and geographical challenges to finding employment require communities to develop innovative strategies specific to the community. In these cases, education, developing partnerships and job creation are of particular importance, though facilitating economic development is certainly not an easy or immediate solution (Kruger and

Nickerson 2012, 5). Kruger and Nickerson caution in their report that active measures achieve less success in rural or remote communities (2012, 17). In fact, twenty percent of First Nations are remote or isolated communities, with the highest IA rates presenting in these areas (INAC 2007, 10). In these cases, active measures may not be enough.

To complicate matters further, key informants report that when it comes to geographical challenges, identifying patterns and developing standardized strategies can be an arduous task. Community realities can often defy conventional logic. While a fly-in community may be expected to have particularly high rates of IA dependency, this First Nation may have a highly developed network of partnerships to position their community as a prominent source of labour for a particular industry. Another community located within commuting distance of a major urban area may, in contrast, sustain high levels of unemployment due to persistent barriers such as addiction and intergenerational trauma undermining their integration into local labour markets (Interview notes 2013).

Given the unique geographic constraints imposed on First Nations through the reserve system, greater attention needs to be paid in developing employment supports that are effective in rural and remote contexts. Furthermore, programming cannot assume full mobility on the part of employable IA recipients, if not least because of the cultural attachment for many First Nations to their reserve communities. The IA program should be increasingly integrated with economic development initiatives to account for this attachment to reserve lands.

## CONCLUSION

This paper has sought to examine the IA program using a cultural and historic framework of analysis, asking why high levels of poverty and unemployment have persisted on reserve as

demonstrated by elevated levels of income support dependency. By tracing the colonial impact on First Nations communities through assimilation policy, the effect of sustained cultural marginalization and geographic isolation through the insulating design of reserves is stark.

Furthermore, the driving ideas and institutions at the core of assimilation policy translated into the fundamental philosophical tenets of the IA program. Indian inferiority and the need to develop attitudes of self-sufficiency and individualism amongst indigenous people toward their eventual integration into Canadian society coloured the program's implementation.

Interestingly, the development of the welfare state in many ways served to further trivialize indigenous culture by influencing IA policy to undertake an interest in solving the 'Indian problem' by endeavouring to help First Nations overcome their weaknesses (at least on paper) to better integrate into Canadian life.

As the welfare state has gradually been re-envisaged as a social investment state, attitudes toward First Nations social policy have also changed. In an effort to address growing social security budgets, governments have been rethinking their approach to welfare provision by moving to a social investment framework that balances citizen contribution with future-oriented investment by the state. This has led to the Budget 2013 commitment to incorporate active measures into the IA program, in an effort to combat youth dependency and generally high dependency rates. While pre-employment supports present the potential to address root problems of poverty and unemployment on reserve by developing individual, holistic client plans, the path toward individual and community success is complex and requires long-term commitment. In order to develop a reformed IA program that addresses the four dimensions of disconnection - assimilation, cultural relevancy, First Nations agency, and geographic/economic marginalization - AANDC needs to develop a long-term strategy in partnership with First

Nations, with a significant financial commitment. Through cooperation, mutual respect and some measure of compromise, AANDC and First Nations have the potential to remedy the grave social challenges facing many communities across Canada.

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