

TO BE POOR IN CANADA...

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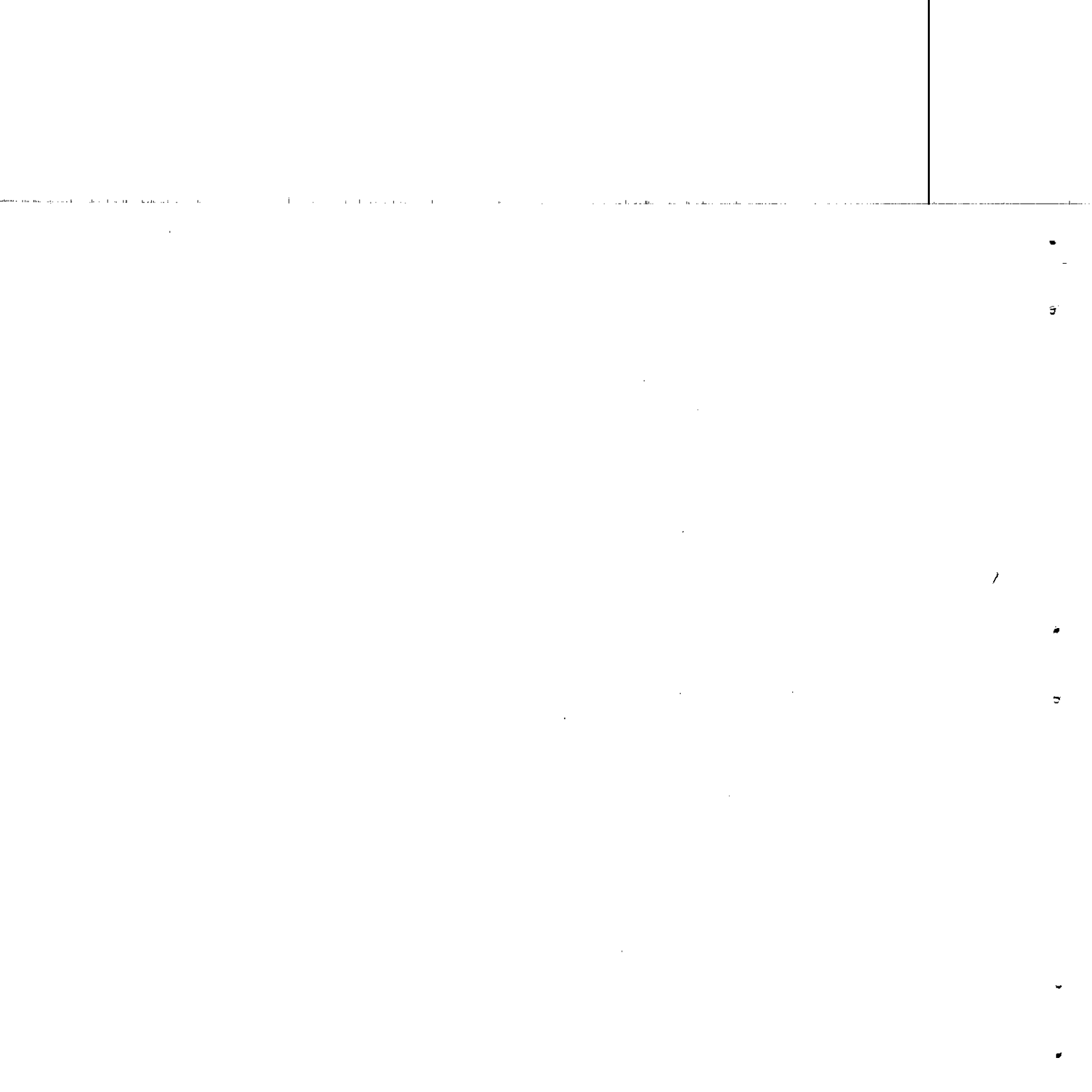
Acknowledgements: Larry Zbitnew
for consultation and suggestions

Ted Parnell
for much of the basic material and
editorial suggestions



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THE POOR IN CANADA

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CHAPTER 1 - THE POOR IN CANADA

Poverty means you live in a neighbourhood where there are likely to be few big supermarkets. As a result, you have to buy most of your groceries from the small neighbourhood store in spite of the fact that they cost so much more. "Well", you may say, "drive to a bigger store and pay less money for your groceries." But poverty also means you don't have a car or if you do, there's no money to get it fixed, buy licence plates, or put gas in it. Your small salary will only go so far and after rent, clothing, school supplies for the kids, and Alberta Health Care, there's not much left for food. So you buy your groceries at a store where your dollar is worth less because you have no choice.

Poverty means that you are a divorced or separated woman whose husband has taken off to heaven knows where and left you with two or three kids. And now you're on welfare and never seem to have enough money. "Well", you may say, "get a job and support yourself. Then you'll have enough money." But poverty also means that you probably married before getting much education and what can you do that will bring in enough money to cover day care costs for the kids as well as living expenses? So you stay home and live on welfare because you have no choice.

Poverty means that you don't have enough money to eat properly and you live in a cold and drafty house. As a result, you get sick and by the time you're better you've lost your job. You don't qualify for Unemployment Insurance and have no savings in the bank. You have to go to welfare in order to get food and rent money. They won't give you funds for anything else and the stores start hounding you because your payments have stopped. "Well", you may say, "borrow money from friends to tide you over, or take out a loan." But poverty also means that you don't have friends or family who can afford to lend you anything. And as for getting a loan - no bank will lend you money because you're poor and they're afraid to "take a chance" on you. And those creditors are breathing down your neck so you go to a loan shark and borrow the money at 24% interest. Sure it's illegal for him to lend money at such a high interest rate but you borrow it anyway because you have no choice.

Poverty may mean you are on welfare because you hurt your back and you can't work any more. You're already 60 years old and nobody wants to train you for another kind of work and besides, sometimes your back gets so bad you have to lie in bed for days. Any savings you had were used up long ago so the only source of income for you is your welfare cheque. And the money you get is just not enough because prices are going up so fast. The amount of money you are supposed to spend on food is based on last year's costs. As a result, you do without sufficient fruit and vegetables again this week, because you have no choice.

By now you have the general idea - once you're poor, you usually stay poor. There are so many things against you that it would take an exceptional stroke of good fortune for you to get out of it. It's a pretty discouraging picture but we must learn as much as we can about it in order to propose solutions.

As a beginning, let's look more closely at those people we are labelling as "poor" - who are they?

WHO ARE THE POOR?

We generally find more poor people within certain categories: old people, disabled persons, mothers with dependent children, unemployed persons, and those working at a wage which provides too little money for their needs. We have already looked into the lives of a person from each of these groups.

We can further describe the poor by saying that they are likely to have one or more of the following characteristics: little education, few skills, poor health, coloured skin, and rural background. Thus, if we take the case of a poor individual who fits into the category of "unemployed person" we should not be surprised to find that this person is also an Indian with a Grade 8 education.

Obviously, then, the whole problem of poverty is rather complex. It appears that no single circumstance will necessarily result in a person being poor. We can

say, however, that the more poverty-related characteristics (few skills, little education, poor health, coloured skin and rural background) possessed by a person the greater his chances of being poor.

TABLE I

Incidence of Low Income in Canada (Definitions of low income used here do not correspond to any "poverty line".)

	FAMILIES, %	UNATTACHED INDIVIDUALS, %
<u>1973</u>		
All units, Canada	14.1	39.6
Family Size: 1 person	-	39.6
2 persons	16.5	-
3 persons	11.8	-
4 persons	10.7	-
5 or more persons	15.6	-

The above figures reveal that unattached individuals are almost three times as likely to have a low income as are families.

Family size does not appear to have a very significant relationship to "low income".

Source: Income Distribution by Size in Canada, Preliminary Estimates 1973.
Cat: 13-206, Statistics Canada, October, 1974.

TABLE II

Incidence of Low Income in Canada (Definitions of low income used here do not correspond to any "poverty line.")

	FAMILIES, %	UNATTACHED INDIVIDUALS, %
<u>1973</u>		
By Area:		
Atlantic Provinces	20.1	45.7
Quebec	16.2	41.4
Ontario	11.1	34.7
Prairie Provinces	17.6	44.1
Alberta	16.5	38.8
British Columbia	8.8	40.6

We can see from the above table that people living in the Atlantic Provinces are more likely to have a low income than people living in other provinces.

Source: Income Distribution by Size in Canada, Preliminary Estimates 1973,
Cat: 13-206, Statistics Canada, October, 1974.

TABLE III

Incidence of Low Income in Canada (Definitions of low income used here do not correspond to any "poverty line".)

	FAMILIES, %	UNATTACHED INDIVIDUALS, %
<u>1973</u>		
By sex of household head: Male	11.1	32.6
Female	45.1	45.3

Families headed by females are four times as likely to have a low income as families headed by males.

Source: Income Distribution by Size in Canada, Preliminary Estimates 1973,
Cat: 13-206, Statistics Canada, October, 1974.

TABLE IV

Incidence of Low Income in Canada (Definitions of low income used here do not correspond to any "poverty line".)

	FAMILIES, %	UNATTACHED INDIVIDUALS, %
<u>1973</u>		
By age of household head:		
24 years and under	15.4	38.4
25 - 34 years	12.2	16.6
35 - 44 years	13.4	18.2
45 - 54 years	10.3	32.4
55 - 64 years	13.5	42.6
65 - 69 years	22.7	53.8
70 and years	27.4	69.5

Those over 65 years of age have the greatest likelihood of being in a low income category, compared to all other age groups.

Source: Income Distribution by Size in Canada, Preliminary Estimates 1973,
Cat: 13-206, Statistics Canada, October, 1974.

HOW DO WE DEFINE POVERTY? - We'll have to know what we mean by "poor" in order to understand why certain people are (or are not) classified as "poor".

There can be many variations in the definition of poverty. Poverty, for example, depends on what country we are talking about. In India, the average standard of living is much lower than it is in Canada. As a consequence, poverty in India and poverty in Canada are vastly different.

Even within Canada, it is difficult to state a "definition of poverty", which holds true for all times and all places. People living in one part of Canada, for example, may need considerably less money to buy the essentials of life than people in another part of Canada. There is a certain amount of difficulty, too, in measuring what poverty is for those engaged in farming, because farmers have an opportunity to grow some of their own food. Yet, some of their other costs of living are higher than for city dwellers.

This means, then, that poverty is relative. In attempting to define it, we must always pose the question, "What standard are we using to label a certain person or group of people poor?" Are they poor relative to people in other countries? Relative to people in other parts of Canada?

Within Canada, many factors have been used in considering "What is poverty?" Certainly a number of definitions have been put forth. For example:

Economic Council of Canada:

"insufficient access to certain goods, services and conditions of life which are available to everyone else and have come to be accepted as basic to a decent, minimum standard of living."

Statistics Canada (1973):

"Any family or individual spending more than 62% of total income on food, clothing and shelter is in a low-income situation and likely to be suffering from poverty."

J. K. Galbraith in "The Affluent Society"

"People are poverty stricken when their income, even if adequate for survival, falls markedly below that of the community. Then they cannot have what the community regards as the minimum necessary for decency; and they cannot wholly escape, therefore, the judgement of the larger community that they are indecent."

All of these definitions could be relevant in determining who is poor and who is not. But measuring some of the factors employed in these definitions of poverty is difficult indeed.

As a result of these problems of measurement, income has been most frequently used to define poverty. Even if we decide that income will be our yardstick, however, there are other problems that immediately arise.

If we say that a family with a yearly income below \$4,000 is poor, then the number of people who are classified as poor will be smaller than if we define poverty for a family as an income below \$10,000 per year. Many more people would fit into the second category.

So the problem is a difficult one to resolve. For our purposes, we will use an income measurement of poverty developed by a recent Canadian Senate Committee which was set up to examine the whole question of poverty in Canada. This committee established "poverty lines" which gave various minimum income

levels for families of one to 10 people. Although their poverty lines were first given in 1969, they have been updated to 1973 figures. Information is not yet available to permit us to compute 1974 poverty line figures.

TABLE V

Senate Committee Poverty Lines for 1973 (Estimated)

Family Size	Senate Committee Poverty Lines
1 person	\$ 2,650
2 persons	4,440
3 persons	5,320
4 persons	6,210
5 persons	7,100
⋮	
10 persons	11,520

Source: Estimates supplied by Canadian Council on Social Development, Ottawa, July 15, 1974.

In 1973, then, a family of four with an income of \$6,210 a year or less was living in poverty.

Using these figures, it has been estimated that about 5.5 million Canadians are living in poverty. That means one Canadian in four is a member of a family unit whose income is below the poverty line.

Most people find these facts shocking. It is a commonly-held belief in this country that we have "a few poor people" but not enough poverty to be concerned about. As we have seen, however, poverty in Canada is very real. Certainly 5 million poor Canadians represent a tremendous problem.



SORRY-
IT'S BEEN
RECALLED



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Questions:

1. Look at Table 1 again. It is based on Statistics Canada's definitions of "low income" which are lower than the Senate Poverty Committee "poverty-line figures". If the data was based on the Committee poverty line figures, what changes would we see in the incidence of low income figures?
2. What are the limitations of identifying people living in poverty in terms of their income?
3. What is meant when one says that "poverty is relative?".
4. What message is being conveyed by the cartoon on the opposite page ? Is there any justification for the cartoonist's feelings?

Related Film Materials

"The World of One in Five", Edmonton Public School System, IMC Catalogue FI 1338. Also available from National Film Board 16mm: 106B 0169 040

THE WORKING POOR

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CHAPTER 2 - THE WORKING POOR

Congratulations - you have a job! You should be able to make ends meet and support your family ... shouldn't you? Oh yes, you should be able to do these things. But can you? For about 60% of Canada's poor, the answer is no. These people live in working families and don't receive welfare. They are poor in spite of working. Why?

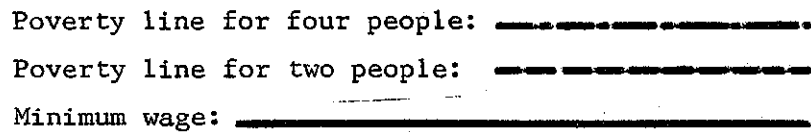
Part of the answer may lie in government policies and regulations concerning minimum wages, unemployment, and taxation.

Minimum Wages - governments set the minimum wage below the poverty line.

The Alberta government is responsible for legislation concerning certain aspects of work and working conditions. It has established Alberta's minimum wage at a level which is below the poverty line for a family of 2 or more persons.

The following table shows just how far below the poverty line our minimum wage has been during the last 5 years.

Comparison of Minimum Wage and Poverty Line Figures
between 1969 and 1973



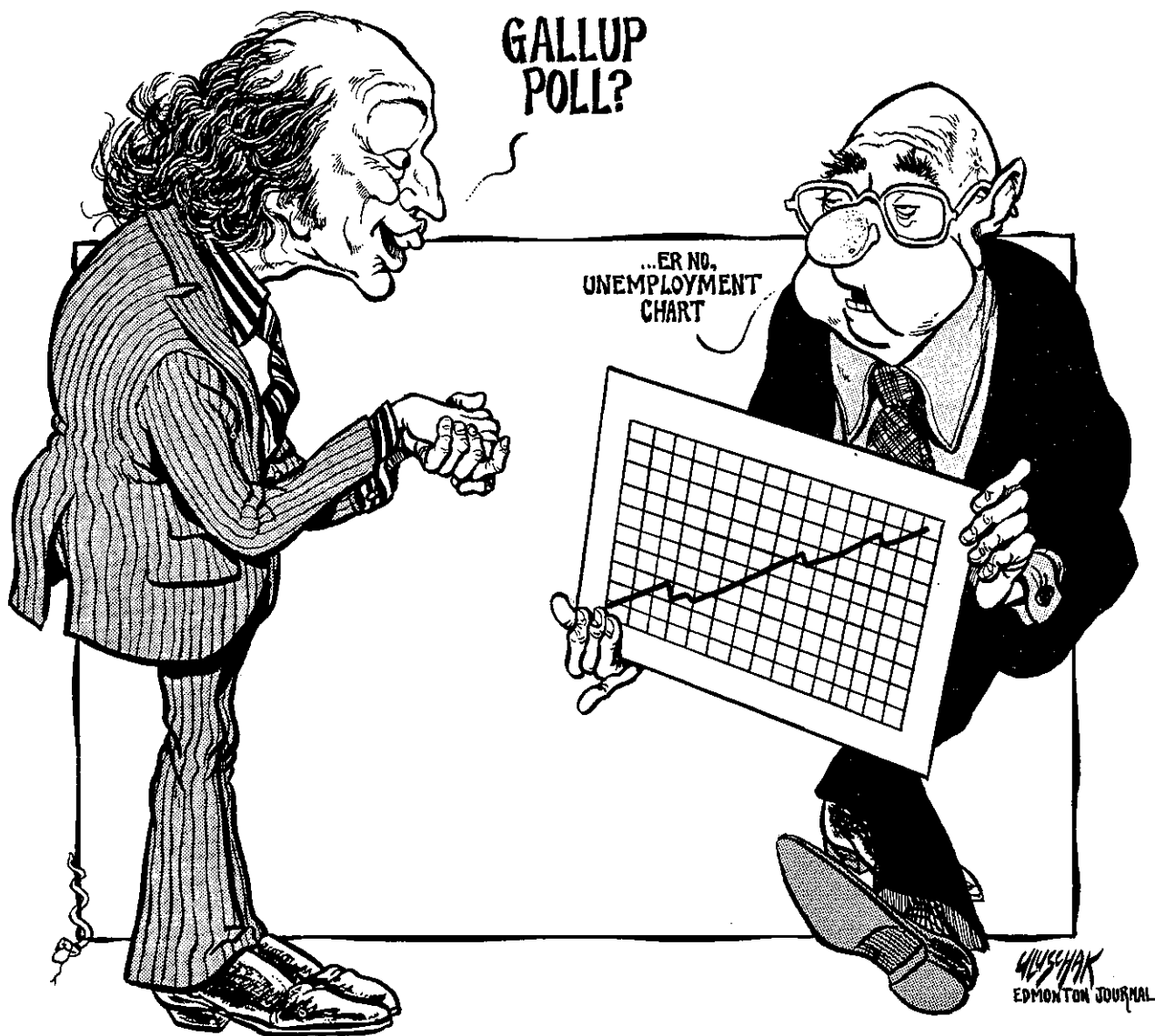
We can see from the previous table that the minimum wage is not always raised each year to take into account increases in the cost of living. The poverty line figures, on the other hand, are adjusted each year to allow for such increases.

Notice the extreme difficulties that would be encountered by a family of four, whose sole source of income is from a minimum wage salary. How does a family survive on such a small income? They do not starve to death - but they are often badly nourished. They seldom freeze to death - but they are frequently badly clothed and housed. In comparison to the rest of Canadians, they live a very bleak existence. Indeed, some workers are paid below the minimum wage level and are even worse off.

We should keep in mind, too, that although wages may be increasing, the cost of living is increasing as well. Inflation is a gloomy reality for everyone but particularly for those living on a low income. Prices are rising at a rate which far exceeds the rate at which low-income workers are receiving increases in salary. This is particularly true for those earning minimum wages. The working poor, particularly those earning the minimum wage or below, would need a hefty boost in wages to bring them to a level that is anywhere near adequate.

There is a further consequence of working people earning an inadequate income. This concerns our welfare system. A small percentage of people receive some social assistance due to the fact that they work but earn an amount which is too small for their needs. They require assistance because their earnings cannot support their families - wage rates take no account of family size. So some of them are able to struggle along only if they can receive partial assistance from welfare.

An adequate minimum wage would help these persons (and their families) to leave the welfare rolls. They could then earn enough to provide a decent standard of living and perhaps even save a little money to tide themselves over in time of emergency.¹ Presently, it only takes a sick child who needs an expensive prescription or a broken appliance to bring the average poor family to the end of its limited resources.



If our minimum wage were raised, then workers could be guaranteed a decent standard of living. Admittedly, employers are not forced to pay the minimum wage but frequently, the level of the minimum wage is used as a guideline in setting salaries.

We should, however, examine the other side of the coin. It has been suggested that substantial increases in the minimum wage may force some firms out of business completely or force them to at least reduce their labour requirements. If we adopt the attitude that a firm which is unable to pay a decent living wage should not be allowed to operate, then it is necessary to realize that alternative forms of employment must be found for any workers who might be displaced under these circumstances, (though Alberta presently has "full employment" and so Alberta's minimum wage could be raised with a minimal effect on employment.) ²

Unemployment Policies - people who want to work should be provided with jobs.

We have seen how government action in one regard, namely in setting minimum wages, can affect the working poor. Another area where the influence of government is felt very strongly by the working poor concerns policy on unemployment.

In Canada, we are frequently faced with high unemployment rates. The first to suffer under these circumstances is the person we have classified as "working poor." Those working at or near the minimum wage are liable not to be working full time and are frequently laid-off. They work in areas where 'job security' has no meaning, because they possess little education and skills. Their jobs have an unemployment rate which is two or three times the average. Thus, not only do the poor receive small salaries but they are not able to work consistently. ³

TABLE VI

Unemployment Rates By Occupation, Canada, 1973

Occupation	Unemployment Rates	
Office & Professional	3.0%	(Much training and skill required)
Service & Recreation	5.6%	
Primary	5.5%	
Craftsmen, Production, Process, etc.	6.6%	
Transportation	6.7%	
Labourers & Unskilled	15.7%	(Little training and skill required)
All Occupations	5.6%	

Source: The Labour Force,

Cat: 71-001, Statistics Canada, April, 1974, p.81

And the consequences of unemployment can be serious indeed. Research in the United States suggests that as unemployment rates go up, so do the mortality rates of newborn infants. Evidently, unemployment not only reduces the quality of life for those affected, but also the chances for infant survival itself.⁴

In time however, it will not be just the person with few skills and little education who suffers as a result of unemployment. We shall see this situation expanding to include people who have more training and education. In certain instances, machines may be taking over production from people who have education and training which traditionally assured them of good employment. This means that the working poor, who have even less training and experience, are in a position which is bound to worsen.⁵ Need we condemn these people to a life of welfare? Certainly not! And if they are to have employment available to them, then our government will have to act.

A beginning step, at least, has been taken in the last few years. This has been in the form of federally-sponsored Local Initiatives Projects (L.I.P.) and Opportunities for Youth (O.F.Y.) grants. Government officials are beginning to see that meaningful work must be provided for people when jobs are not available for everyone who requires them. The presence of these government-sponsored projects suggests that legislators realize that unemployment in traditional areas of work is increasing and that jobs must open elsewhere to take new workers. To date, the new areas of government-sponsored employment have been primarily concerned with providing services to various segments in the community - the projects that have developed have been in response to real community needs.

BUT - these projects have been seen as just that - "projects." They are considered temporary, as something other than 'work'. Because of our work-ethic, we have tended to think of work as necessarily taking place in business and industry. In order for the projects to be seen differently, then, there will

have to be a shift in thinking, a re-definition of our traditionally-accepted idea of "work." Is it only putting bolts in a car or can it be teaching old people about nutrition? Is killing animals in a slaughterhouse more productive than improving the quality of neighborhood life?⁶

This whole changing labour situation, then, will have to result in a re-definition of what is work. As well, a recognition of government responsibility in creating work and manipulating the economy will have to take place.

If the unemployed were given the chance to work in providing various services in the public sector, their contribution to society would be substantial. Just think of what could be done in providing assistance in crime prevention, environment control, recreation, etc. And guaranteeing jobs for all is, in fact, a public economy. Although workers need wages, their net cost to government would be much less. Lower unemployment rates would reduce government expenditure on social programs such as Unemployment Insurance, Social Assistance and other such services. The human misery associated with unemployment would be reduced as well and there would be a rise in average incomes. What's more, there would be an increase in the resources available to government to further reduce poverty!⁷

We see, then, that a great potential exists for government-sponsored jobs within the community. But sometimes measures used by government to deal with problems in other areas of the economy can even create unemployment. This happens most frequently during times of inflation.

Traditionally, governments have taken measures to reduce inflation which have also had the undesirable side-effect of increasing unemployment. You will recall that unemployment is distributed unevenly throughout the working population. The working poor are hardest hit - they tend to be unemployed most often. So, traditional means of reducing inflation have the most negative effects for the working poor.⁸

Recently, however, it has become apparent that the traditional practices which create unemployment to deal with the problem of inflation are no longer effective. Inflation is increasing steadily, even though traditional practices have been followed. Thus we are in particularly great need today of new, more positive policies. Decently paid employment, sparked by government intervention to see that the unemployed can obtain jobs in socially valuable areas, will lift many of the working poor from the depths of poverty.

Taxation - another area where government practices hurt the poor worker

Do you believe that our tax system takes from the rich and gives to the poor in Canada? If you do, talk to the one Canadian in four who lives in poverty.

That person and the others like him who make up the poorest 20% of our population have a grand total of 4% of all income. And those in the top 20% have over 40% of all income. What's more, these groups have kept their same share of the pie during the last two decades. In fact, the proportion going to the richest 20% of the population has even increased slightly.⁹

"But this is before taxes", you may say, "surely those at the bottom are in a better position after taxes are levied."

Such is not, however, the case. After taxes, the picture is basically the same.

After taxes, the picture is basically the same. The proportion of total income possessed by those at the top and those at the bottom is relatively unchanged. Supposedly, our tax laws are designed to lessen this gap and it is well publicized that the wealthy are taxed at a much higher rate than the poor. But nobody brags about the net result of the way our tax laws actually operate. It is surprising that after all types of taxes are paid, the poor in Canada pay 56% more of their total income in taxes than do the rich.

Why does taxation fail to re-distribute income - how does it happen that people are left about the same share of total income before and after taxes?

1. Exclusion of Income

Much income for higher income groups is excluded from the definition of "income" used by the tax collector. Fringe benefits (expense accounts, education allowances for children, pensions) which can amount to quite a large sum, are not taxed. So, although the rich are taxed at a higher rate, much of their income is not taxed at all because of all the deductions they can claim. In practice, then, the effective tax rate for high income groups is much lower than we would suspect.¹⁰

2. Use of Regressive Taxes

Our government relies heavily on regressive taxes. These taxes take a higher proportion of income from the poor than from the rich. Many of them affect goods and services that most people require; it is thus impossible in many cases, for the poor man to avoid paying them.

Some examples of regressive taxes are sales taxes, excise taxes and medicare premiums. To see how they can function so as to take a greater proportion of income from the poor working man, let us take a simple example:

Suppose a poor man and a rich man are going to purchase goods costing \$100, and that \$10 of the total cost results from tax levies. The rich

man will experience the impact of the tax much less than will the poor man. The tax will make a much smaller hole in his \$1,500 a month income than it will in the poor man's \$300 a month income.¹¹

3. Government Expenditures

When tax revenues are used to finance certain government programs, those earning higher incomes are most often in a position to benefit from the programs.

When a highway is constructed, who is most likely to use it? Certainly not those who lack money for cars, gas and insurance. When subsidies are provided to those purchasing homes, it's a safe bet that the poor will not be able to take advantage of them. The poor rarely have enough money to rent decent housing, let alone purchase their accommodation. What we're seeing then, is "welfare for the well-off, but it is seldom recognized as such."¹²

What, then, are the main effects of Canada's tax system on the rich and on the poor? (1) The rich are able to deduct a number of expenses from their income taxes which results in much less of their income being taxed. (2) The poor pay a proportionally greater amount of their income in taxes than do the rich. (3) The poor benefit less than the rich from many government programs which are financed with their own taxes.

If this regressive tax structure were made more progressive, there would be a lessening of the extreme differences in income experienced by those at the bottom and those at the top. Before any alterations in our taxation system take place, however, one major change has to occur. Presently, our tax system as a whole is seen as a means of raising revenue. The focus will have to shift so that our tax system is seen as a means of re-distributing income. We then must assure that tax practices under such a program would be in line with this new policy. If this were done, then poverty in Canada could be greatly reduced.¹³

Rural Poverty - A Special Case - Farmers are the poorest of the working poor.

Among the working poor, there is a special instance where poverty occurs with depressing regularity. This is in the farming industry. One hundred years ago, our economy was based on agriculture. Today, the attention is on the area of industry and commerce. Thus, focus has been more and more on urban problems and our attention has been distracted from those still on the farm. They have yet to see something of Canada's general prosperity. In fact, "farmers have the lowest earnings of any listed occupational group. Yet food is a prerequisite of life; no occupation can be more essential than farming. Members of this essential occupation are rewarded with a higher chance of existing in poverty than any other occupational group." 15

Questions

1. If a worker earning an inadequate salary is forced to obtain welfare assistance to support his family, the government aid received by that individual is also helping to subsidize the industry where he or she works. Explain.
2. Why do you think more working poor do not quit their jobs and go on welfare?
3. When Alberta's minimum wage is increased, what impact does this increase have on the buying power of the minimum wage earner? For how long?
4. Would it be more advisable to raise the minimum wage during a time of high unemployment or during a time of low unemployment? Why?
5. What is the difference between the official tax rate and the effective tax rate?

THE WELFARE POOR

3



CHAPTER 3 - THE WELFARE POOR

What is welfare or social assistance? It is financial aid that is given to people whose income is so low that they cannot buy the bare essentials of existence. In the vast majority of cases, their situation results from being unable to work. Reasons for being unable to work vary (and in some cases, there may be several of them), but generally speaking, welfare recipients get help because they:

- (1) are old
- (2) have health problems or are handicapped
- (3) have dependent children requiring their presence at home
- (4) are unemployed but seeking employment
- (5) are employed but receive an insufficient amount of income.

In Alberta, there are about 30,000 households receiving social assistance or welfare payments. People dependent upon social assistance in Canada constitute about 40% of Canada's poor. The amount of money received by those on welfare is less than the poverty line figures we examined in Chapter 1. Those in charge of allocating welfare funds are, in establishing such low welfare payments, really condemning those on welfare to a life of poverty. Why the word "condemn"? Because over 85% of welfare recipients have no other potential source of income. They cannot work. Certainly, they wouldn't choose to be on welfare if it was up to them.

Sometimes, recipients are prevented from working because their bodies are broken, crippled or diseased. In other cases, people have grown too old to take employment or employers will not consider them for available jobs because of their age. So when you're sick, disabled or old and poor, there is no alternative but to live on social assistance. People falling into these categories, in fact, make up nearly half of the welfare rolls.

Mothers with dependent children form another major group dependent on welfare. With no alternative means of support for themselves and their growing family, these women too are in the same position - they are forced to depend on social assistance. It can be argued that if these women are healthy, they should be working to support their children. Most of them would gladly do so, if they could obtain employment and be assured adequate child care. But they are often faced with poorly-paid employment and insufficient resources for child care on the one hand, and a subsistence existence on welfare on the other. Many women with dependent children opt for the latter simply because it at least assures them that they can care for their children.

Old people, the disabled, and mothers with dependent children, then, make up the bulk of those on welfare. Of the remaining 14% of recipients, the "potentially employable", about one-quarter of these are actually working but receive a wage so low that they require additional help from welfare. An additional group, about one-half of the 14%, receive welfare while involved in training programs. The remaining one-quarter are unemployed persons who are receiving assistance until they locate employment.¹⁶ Often these people are marginally employable, that is, their lack of training, experience, and education makes it difficult for them to obtain employment, particularly during times of high unemployment. When unemployment rates decline, however, they will take work. The experience of Edmonton's municipal welfare office has confirmed this.

From 1971 to 1973, the social assistance expenditures of the City dropped, in spite of increases in benefits during that period. Mr. Wass, responsible for the City Social Service Department, has attributed this decline primarily to the relatively low unemployment rates in Edmonton and Alberta. According to Mr. Wass, almost all "employable" recipients take employment as soon as they can find it.¹⁷

TABLE VII

Distribution of Social Assistance Caseload
by Reason for Assistance,
March 1974

Reason for Assistance	% of Total Caseload
Age (60 years and over)	20.2
Persons with dependent children	39.0
Physical illness or disability	18.9
Mental illness or retardation	8.2
Employable	13.8 (*)
Other	0.05
Total	100 % (N = 30,148)

- (*) - "employables" includes those:
- a) employed but receiving additional income supplements,
 - b) taking training programs,
 - c) temporarily unemployed but looking for work.

Source: Alberta Health and Social Development, Quarterly Statistical Review,
January - March, 1974, p. 18.

Alberta's welfare rates for a family of four were about 66.9% of the Senate Committee Poverty Line in 1973. In dollars and cents, this means they were about \$2,000 below the poverty line.¹⁸ This is, to say the least, a pretty significant amount. In other provinces, too, the same situation exists - people are allocated less money than the amount recommended by the Senate Committee on Poverty. And the Senate Committee was, ironically enough, established by the federal government!

Table VIII Annual Maximum Standards for a Couple With Two Children Under
Provincial Social Assistance Programs, By Province, April, 1973

Newfoundland	2,940
Prince Edward Island	3,552
Nova Scotia	3,300
New Brunswick	3,408
Quebec	3,510
Ontario	4,032
Manitoba	3,864
Saskatchewan	3,972
Alberta	4,158
British Columbia	4,200

Source: Department of National Health and Welfare, Ottawa,
Working Paper on Social Security, April, 1973. p.54

Obviously, there is a great variation between the level of assistance in various provinces. The assistance levels are, of course, established by the provincial governments but the money that goes into their welfare programs comes, in part, from the federal government. The funds from the federal government are received under a federal-provincial cost-sharing plan called The Canada Assistance Plan. But there is a catch in this cost-sharing plan - the amount of money which the federal government contributes to a province's welfare budget depends on how much the province itself is able to contribute to its own welfare funds. In terms of dollars transferred from the federal government to the provinces, the richer provinces receive more help than the poor ones. Poor provinces unable to raise sufficient funds to finance adequate welfare programs originally are not able to call for more money from the federal government. The welfare benefits are usually lower in those provinces which have trouble in raising revenue - the same provinces which usually have the most widespread demands for welfare payments, particularly from the unemployed. Thus, certain elements of regional disparity are perpetuated through the Canada Assistance Plan.¹⁹

Alberta, a wealthy province with welfare benefits more generous than most, still provides recipients with assistance which is far below the poverty line. If Alberta has the money potentially available, why do we provide such unrealistic welfare benefits?

Social Assistance - another clash between policy and practice.

Legislators usually maintain that people in need and have a right to some kind of help. But as is the case with taxation, policy and practice do not necessarily coincide.

One main reason that assistance rates are maintained at such a low level is that most people believe that those on welfare receive assistance because they do not want to work. This is, as we have seen, a myth. Most people on welfare are

receiving assistance because they cannot work. The widespread belief that welfare recipients just don't want to work, however, means that the rates can be established at a low level with no public outcry. The legislators have their beautifully-worded policies about people having a right to a dignified and adequate life style. Those who believe people on welfare are lazy bums, on the other side, see that the rates are pretty low and don't grumble as much about having to support those on welfare. It is a compromise that leaves the welfare recipient stuck in the middle, living a life of poverty. The little money he receives is administered in such a degrading way as to deprive the welfare recipient of his dignity and self-respect. In addition to providing him with below subsistence living allowances, there are a number of subtle ways in which the recipient is told that he "doesn't really deserve assistance".

Dignity and Self-Respect - the welfare recipient loses both

When welfare recipients are treated as if they don't really deserve assistance, the assistance is given grudgingly. The recipient is continually forced to prove that he is still unable to work; there is an atmosphere of "are you sure you couldn't take a job?" Welfare offices are often ugly, unpleasant places to visit, as if to suggest to these people that they aren't worthy of anything better. And what the recipient gets depends, in part, on what the social worker feels is justified.²⁰ Certainly, there are basics such as clothing, food, rent, and household expenses money. The provision of certain other services, however, often depend on the benevolence of the social worker. Extra money for a winter coat? Money for new shoes that can't be covered out of the small clothing allowance? Whether or not a person gets certain items is frequently left to the discretion of the social worker if the items aren't covered in a normal budget. They have the power to grant extra money if it is for expenses which they feel are valid. This, of course, is influenced by the worker's reaction to the personality and circumstances of the applicant. One worker may deny what another grants. The door is thus open for great variation.²¹

Even the process of trying to stretch an unstretchable budget to pay for clothing, transportation and food from one welfare cheque to another, is itself destructive of human dignity. The amount of money for the basic requirements of food and clothing were calculated by home economists. They are based on comparative shopping at excellent sale prices, and for clothing in off-season. This does not consider, however, that the average welfare recipient is not a trained shopper and is often unable to shop outside of his immediate neighbourhood, even if good buys are available elsewhere.²² What's more, rates for these basic items are infrequently adjusted for increases in the cost of living. The past few years have seen tremendous rises in prices in many basic articles. The poor welfare recipient must use his allowance, based on outdated estimates of costs, to buy goods at this year's prices. Certainly, this makes a bad situation even worse.

Policing the System - The myth of the welfare cheater.

Since recipients are so frequently thought of as welfare bums, not really "deserving" of assistance, many Albertans believe that a large proportion of those on welfare are cheating. A government attitude survey found that "Albertans believe that almost 30% of people presently getting welfare do not deserve that welfare, and are abusing the system."²³ Almost one-third of those interviewed felt that the extent of abuse exceeds 40%. Their beliefs are incorrect, as we shall see.

Serious welfare abuse is almost non-existent. The director of provincial public assistance in Alberta estimates that only one-tenth of one percent are acting unlawfully.²⁴

Nevertheless, welfare departments have elaborate procedures to catch cheaters, all of which cost money. They also involve dehumanizing and continual investigations into the recipient's lives.

The Canadian Association of Social Workers points out the high cost of maintaining this continual investigation. Welfare department officials spend the greater part of their time determining the initial and continuing eligibility of recipients. For the recipient who is potentially employable, this process is even more frequent and persistent.²⁵

When a person who is out of work comes to the welfare office, he finds himself continually reminded that he has failed. He is constantly urged to visit Manpower and sometimes required to keep lists of places where he has applied for employment. The inquiry comes over and over again, "What have you done?"²⁶ Little attention is paid to the fact that most welfare recipients who are seeking employment lack training, education and skills. They are not readily employable but, as studies have shown, they will take employment when it is available.

It is true that a tiny minority of welfare recipients cheat but our elaborate arrangements to catch cheaters usually ensures that they are caught. It is also true that when some social workers see that welfare recipients are living in poverty, they sometimes "bend the rules." But the widespread myth of welfare cheating and the general uneasiness that welfare recipients are "ripping us off" takes our attention from the real problem - poverty.²⁷

What About Incentives for Recipients to Work?

A minority of welfare recipients might be able to find temporary or part-time work. But present regulations penalize them for doing this. Presently, individuals can keep the first \$15.00 per month they earn and persons with families; \$25.00. Beyond this, the government takes the rest. So with the extra costs of going to work - transportation costs, extra clothes, babysitters, etc. - it is not worth their while working when they can find work. In effect, it costs them more to work than not to work. This is not exactly helping recipients to become more self-supporting.

The government is proposing to raise the exemptions to \$50.00 but this will hardly take care of extra employment expenses. The government is also proposing to let recipients keep part of what they earn beyond the \$50.00 exemption. If this happens, it will benefit both the recipient and the government. For the recipient, his income will be higher and the government will save money by reducing his welfare payment. This basic plan is a good one but some people suggest that the government is planning to take such a large share of the recipient's wages, that it will end up discouraging work. In some cases, the recipient will have to pay back more to the welfare department and the income tax department than he actually earns. Why should the recipient have to lose money to go to work? Why should he be poorer by taking temporary work than by staying completely on welfare?

Care must be taken, however, to realize that many of the welfare recipients may not be able to take even part-time or temporary employment. We must not fall into the trap of believing that among those people there are all sorts of individuals who could be working. For those that can get a little work, opportunities must be provided so that they can go ahead and do a little baby-sitting, typing, or whatever.²⁸

To this point, we have looked at the position of those who are working and poor, and those who are on welfare and poor. A picture is emerging which shows

them as people who are trying to struggle along on such small incomes that the quality of their lives is drastically reduced. In order to get a better idea of the impact of poverty on their lives, we will turn to a more in-depth look at how the poor, both working and on welfare, are treated as consumers. What happens to the poor as they obtain health care, education, housing and other supposedly universally available goods and services in Canada?



Questions

1. Why do you think the general public has so many misconceptions about life on welfare and the welfare recipient?
2. Why do you think welfare recipients haven't organized themselves into a strong group to protest low welfare benefits?
3. What would be a reasonable amount for a welfare recipient to keep, provided he or she could manage to take some work?

Related Film Materials

"Up Against The System", National Film Board
16 mm: 106B 0169 025

"A Young Social Worker Speaks Her Mind", National Film Board
16 mm: 106B 0169 026

THE POOR AND SOCIAL SERVICES

4



CHAPTER 4 - THE POOR AND SOCIAL SERVICES

There are certain "basics" that are in principle available to everyone in Canada. These include health care, education, housing, legal services and child care facilities. In practice, however, everyone does not have equal access to these essentials. Many of them are more "available" to those with higher income. The opportunity to obtain health care services, education, housing, legal services and child care services is definitely proportional to the level of one's income. We will examine each of these in turn, starting with the most surprising of the list - health care. Since we are all covered by the Alberta Health Care Plan, are we not assured of having our health problems taken care of?

HEALTH CARE - the poor are sicker more frequently, take longer to recover and suffer more disabling consequences of illness than do people with larger incomes.²⁹

Everybody, except people with no taxable income, pays for Alberta Health Care. For those with an adequate income, the yearly cost of Alberta Health Care is relatively insignificant. But those who are poor must pay a much greater proportion of their income for Health Care.

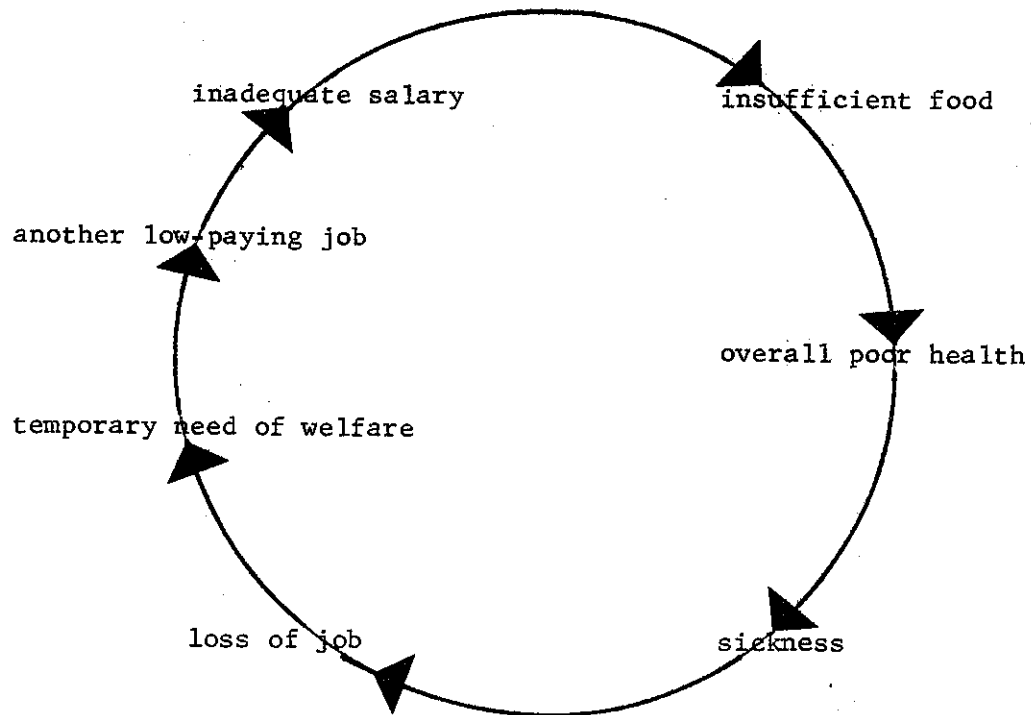
"But", you may say, "once the poor person has made his Alberta Health Care payments, he or she is in such a good position. There will be no huge doctor bills to consider." True enough, but just being able to receive medical attention does not seem to be sufficient to assure the poor of good health. They are still getting sick more often and take longer to recover. Our government subsidized Health Care Services do not seem to be of such marvelous benefit to the poor after all. Why not?

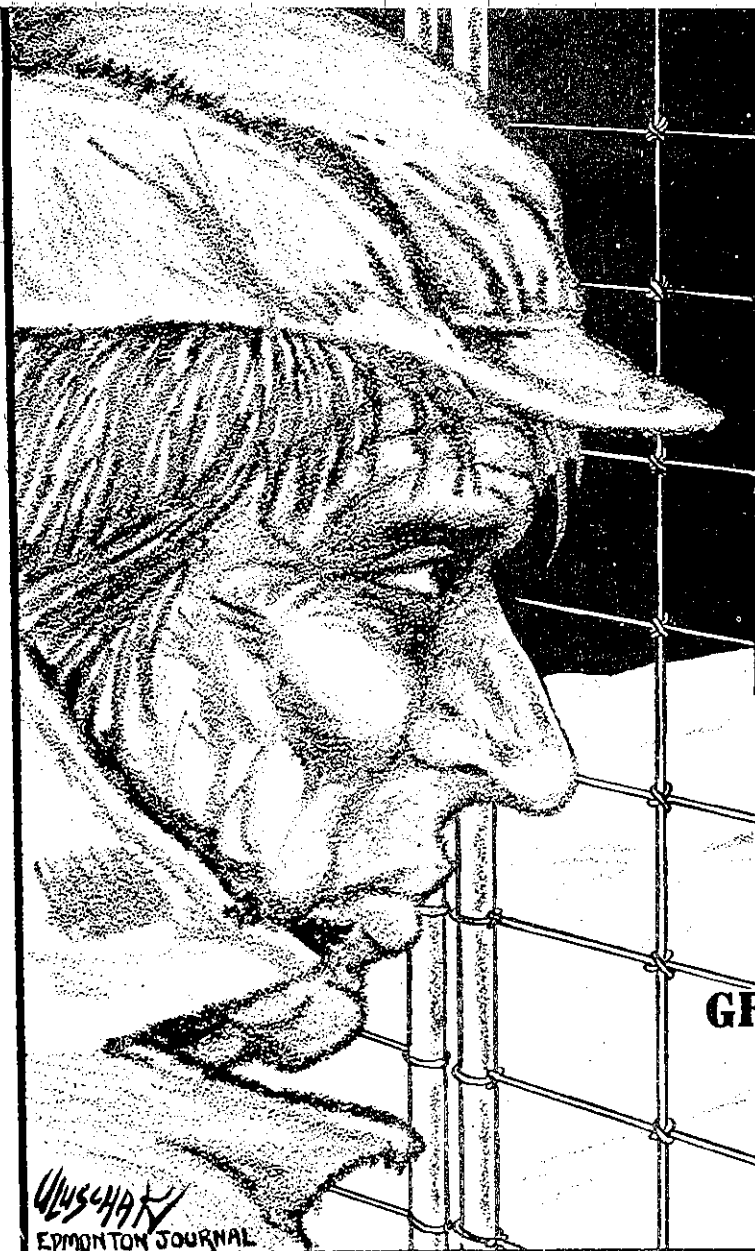
Let's look at a family of three which is composed of a father, a mother who is pregnant, and a young child. How are their health care needs being met through the Alberta Health Care services available to everyone?

Let's start with the father in a poor family. Because this man earns an inadequate income - we'll say his salary is 75% of the poverty line - it is difficult for the family to buy sufficient fresh vegetables, fruit and milk, to say nothing of meat. That means there are plenty of potatoes at lunch and supper but few oranges, apples and only a little milk for the children. Over the years, then, this man's health has deteriorated. He is not sick all the time, but the normal state of his health leaves him more susceptible to getting sick. So let's suppose he becomes ill. He is covered by Alberta Health Care and knows that he can get medical advice at no extra cost. He visits his physician and is told to rest in bed and is given a prescription for a drug to help him recover his health. He knows that if he gets the medicine he needs, then there will be no money left to pay the fuel bill this month and that if it is not paid, the gas company will not extend the family any more credit. He also knows that if he misses more than one day of work, his boss will fire him because last month, too, he was ill and missed several days. What are the man's choices, then?

The father in this poor family throws the prescription away, gets what rest he can, and returns to work before he is completely well. Eventually, he may get so sick that he is forced to remain in bed. He will then probably lose his job. The whole process is likely to begin anew when this man is well enough to get another job. We can describe this continual process as the vicious circle of poverty.

VICIOUS CIRCLE OF POVERTY





NO HELP WANTED

TO MORTAL MAN
GREAT LOADS ALLOTTED BE;
BUT OF ALL PACKS,
NO PACK LIKE POVERTY.

— ROBERT HERRICK

Let's look at the mother in this low income family. She is pregnant with her second child. There is no money for extra milk and vitamins for her as she goes through her pregnancy. She tries to take good care of herself but is lacking the necessary nourishment that is so important to assure the development of a healthy baby. When her baby is born, it is small and premature. After one year, the baby's development is slightly below what is considered "normal". If the mother in this family had been an Indian, the chances are that her baby might not have even lived. Infant mortality rates for Native peoples are at least twice the national average.

Finally, we consider the remaining child. What might be the health problems of an eight year old girl from a low income family? She is not too well nourished and finds herself getting the flu all the time. The doctor keeps saying that her resistance has to be built up and jokes about needing to fatten her up. She drinks as much milk as she can but there is never quite enough, so she sets off for school every morning just a little bit hungry.

One day the school nurse suspects that the girl may need glasses and she sends a note home telling the girl's mother and father about the child's suspected vision problem. They get her eyes checked and will manage, somehow, to get the glasses that the doctor recommends. During the child's general check-up, however, the doctor suggests that the parents take their child in to have her teeth examined as several of them appear to have cavities. The mother and father thank the doctor and leave, knowing they cannot possibly afford to pay dental bills too.

You can guess the ending of this story. One health problem after another plagues the members of poor families. They never have quite enough money to take adequate care of themselves on a daily basis. When they get sick, they never have quite enough resources to get completely well. So although they have access to Alberta Health Care (at a relatively high cost to them) the other resources that keep most people healthy are not available to the poor. Alberta Health Care coverage alone is not enough. Drugs, glasses, dental care - they all take money and the poor simply do not have it.

EDUCATION - School is supposedly for all children but the poor are far less likely to benefit from educational services.

Education is thought to be available to all children, but the poor, as we shall see, are far less able to take advantage of schooling. The girl from the poor family, you will recall, had a diet which left her hungry. Being hungry and in poor over-all health makes one less able to cope with the demands of school. It results in poor ability to concentrate and a lower energy level - less learning takes place.

Belonging to a low income family affects a child in other ways as well. Most schools are geared to the provision of education for the average child from the average home. The child in such an environment has usually been exposed to conditions which are conducive to learning. The home contains books, the parents feel education is of value and communicate this to the child. When he starts school, he fits right in.

Not so for the lower-class child. His parents, who did not find school rewarding, communicate little of the world of books and school to the child. When the child starts school, he wears the clothes that his family can afford to buy and senses that he is different from his classmates. In textbooks, he encounters a "normal" home life where children have plenty to eat, good clothes, a room of their own, etc.³⁰ For the child from a poor home, the way life is portrayed has little to do with his experiences.

Other problems of having little money add to his feeling of being "out of place." Less money is available for books, school supplies, extra-curricular activities, so a child's participation in field trips and clubs, for example, could be limited by a lack of funds. "Extras" all cost money and this means that the child from a poorer family is less likely to be able to afford them. So

the whole general school experience for the lower-class child is marred by factors over which he or she has no control.

In addition, there are sometimes differences between school facilities for low and middle-class children. Children from poor families usually attend schools that are of somewhat lower quality. These are often older schools, located in the older neighbourhoods, where poor families are likely to live. Older schools have fewer facilities; it is the newer schools which are usually equipped with the swimming pools, audio-visual equipment, special laboratory apparatus, etc.³¹

These factors and others, then, combine to make school a rather dissatisfying and discouraging place to be. Before the child reaches high school, he begins to think about dropping out and chances are good that he will do so when he reaches the legal age for school withdrawal. In fact, children from lower-class families tend to drop out of school in far greater numbers than children from middle and upper-class families.³² Many of them are taking the only possible route under the unpleasant circumstances - they drop-out, seeing the prospect of earning money as infinitely more rewarding than their school experience.

And what happens after they drop-out? For one thing, their incomes will be lower in the end. A definite relationship exists between the amount of schooling an individual has and his income.

TABLE I

Incidence of Low Income in Canada (Definitions of low income used here do not correspond to any "poverty line".)

	FAMILIES, %	UNATTACHED INDIVIDUALS, %
<u>1972</u>		
By education: 0-4 years of schooling	33.8	62.7
5-8 years of schooling	19.5	47.6
Some secondary	12.8	34.4
Complete secondary	7.4	26.9
Some post-secondary	6.0	24.1
University degree(s)	3.2	14.1

Note: 1973 figures are not yet available concerning incidence by education.

Source: Income Distribution by Size in Canada 1972,
Cat: 13-207, Statistics Canada, August, 1974.

Here again, we can see how the vicious circle of poverty may very well be perpetuated.

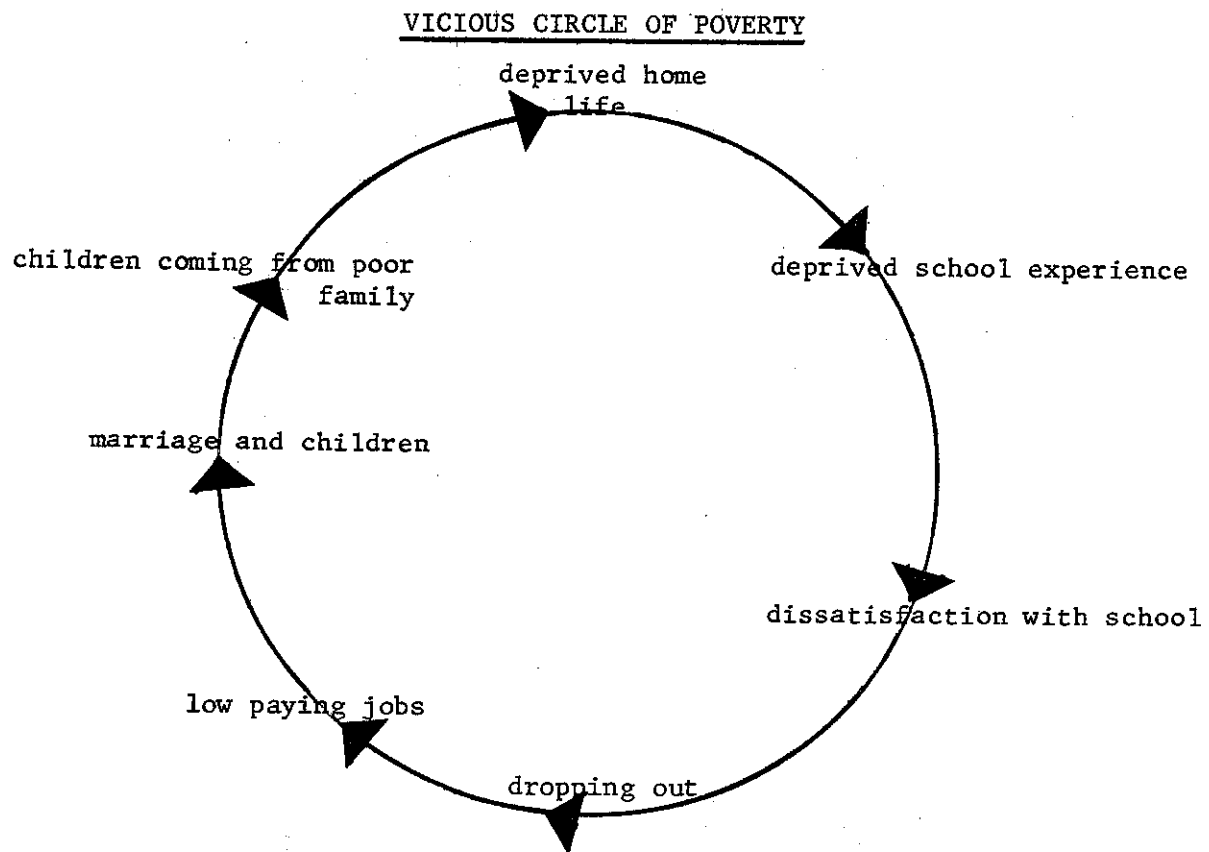




Photo Courtesy Poundmaker

Obviously, then, some refinement in our school system is needed in order to make it more relevant for those who need it most - children from poorer families. When people talk about education, particularly post-secondary education, being available to everyone, the "everyone" certainly does not include the poor!

HOUSING - The poor live in sub-standard, inadequate dwellings.

The most inadequate housing tends to be that occupied by the aged, broken families and registered Indians.³³ Not only that, these people are frequently forced to pay a very high proportion of their income to rent their second-rate accomodation. As we know, the poor are not usually able to take advantage of any Federal Government scheme to aid people to purchase their own housing. The poor are most frequently renters, and they often have little or no choice about where they live and what type of housing they can get. If the city in which they live has an over-all housing shortage, they find themselves in an even worse position.

Frequently, the poor obtain housing which has too few rooms for their needs. A number of children may be forced to share a room which was meant to accomodate one person. Inadequate plumbing, heating and lighting, holes in the walls and roofs and sometimes even rats, cockroaches and other vermin are found in the dwellings of the poor. And if they complain? Landlords are quick to give notice. They know that another family will move in and put up with the situation in a time when housing is scarce.³⁴

What is the solution? Government sponsored low rental housing has been one answer to the housing needs of the poor. The supply, however, is vastly insufficient to meet the demand. Great expansion of such a program is needed to enable the poor to live in decent housing.



LEGAL SERVICES - Money helps to keep you out of jail and assures you legal representation should you need it.

"Justice is blind." So the saying goes but in the actual operation of the law, there are definite differences in the "justice" received by rich and poor. There are a number of ways in which our legal system discriminates against the poor.

If a poor man is convicted of a crime and offered the choice of a jail term or a fine, he is more likely than a rich man to go to jail. He will not be able to pay the fine. And his employer will hold his job open for him during his sentence? Hardly!

When the need for a lawyer arises, the poor and rich alike are supposedly entitled to a lawyer's services. In such instances, it is thought that the person with an adequate income will approach a lawyer for legal advice and counsel. The poor person, on the other hand, is expected to have Legal Aid Services to turn to at least in provinces where such services are available. But evidence indicates that such programs are not having a great effect on the day-to-day court proceedings.³⁵ Only in criminal matters does it appear that the poor are most likely to be assured of legal representation. In civil cases, it is frequently much more difficult to have one's need for a lawyer accepted by those who assign the services of a lawyer under the Legal Aid schemes. Sometimes, in fact, civil matters may not even be covered by a legal aid program. In these cases, the poor are forced to pay for a lawyer or represent themselves in court. Being poorly educated, poorly dressed, they are less likely to make a credible appearance in court and more likely to have proceedings go against them. Greater availability of legal aid is required, therefore, to assure the poor that they will indeed be treated fairly under the law. The ability to pay a fine, or to pay for a lawyer's services, should not determine how one is affected by the law.

CHILD CARE CENTRES - Provision of quality child care facilities are essential to enable women to work.

Today, many more women are going to work than ever before. The question of what happens to their children under these circumstances is a very important one indeed. Since there is usually no-one to fill the child-care gap that is created when both parents (or the head of a single-parent family) are working, supplementary services must be available.

Such services have begun to appear in the last few years and these have taken the form of child-care centers. There is, however, a pressing need for the type of supplementary care that they offer. The overwhelming need in the area of child care, coupled with the small supply of such facilities, means that women:

- (1) go to work and are fortunate enough to be assured of adequate care for their children OR
- (2) go to work and are forced to accept inferior quality care for their children OR
- (3) remain at home and are unable to contribute to their own support. This is particularly relevant in the case of women on welfare.

Because women are finding it increasingly necessary to work, either to supplement their husband's income or as the sole source of support for their children, it is critical that provision be made for the care of their children. We have to make it possible for mothers to work without sacrificing the health of their children and without reducing the quality and strength of their family life.³⁶

Poor families, particularly, suffer under conditions where a shortage of child-care facilities exists. Currently, there are a number of government-subsidized centers within Edmonton which were established to meet the needs of low-income and single-parent families. They are, however, filled to capacity and

each has a long waiting list. The result of this situation has often been that parents are being forced to find second-rate care for their children. This is a most unfortunate solution to the problem, as it can result in children who are neglected, poorly nourished, and whose over-all physical and emotional needs are inadequately met.³⁷

To meet the growing needs for child-care facilities, then, we need a recognition on the part of our governments that such services are a necessary resource for the contemporary Canadian family. Expansion and development of child-care facilities is one very important support and public subsidy of these facilities will ensure that all who require them will have access to these services.

THE POOR AS CONSUMERS - The poor pay more for goods and the appeal of credit lures them into debt.

What do you do when you decide to make a major purchase? Probably, you begin by becoming aware of all the different brands, prices and qualities, which are available. You may visit a few stores to compare a number of actual pieces of merchandise. Finally, if it is a very major purchase and you lack sufficient funds to buy the goods out right, you may go to a bank to take out a loan. This done, you buy what you need and pay off your loan at the prevailing interest rate over the next couple of years.

But for the poor, nothing is ever this straightforward. When a poor family has to make a major purchase, they are often handicapped by lack of education, experience, training and opportunity as well as by a lack of ready cash.³⁸ They do not have as easy access to information about the different kinds and qualities of goods available - they do not have the time, energy or means of transportation to "shop around". And when they do decide to buy, goods will be selected from what is available in their smaller, more expensive, neighbourhood stores.

As for financing at a reasonable rate of interest, it is highly unlikely. Traditionally, banks have seen those with poor earning power as bad credit risks. This means that if the purchase is a necessary one, the poor person will have to turn to another source for credit. Finance companies and shady loan operators are far more likely to respond with the needed cash. The only catch is that the interest rate is two or more times as high as that charged by banks. So the poor as consumers are unable to buy goods which they have selected on the basis of price and quality, and they must use more expensive dollars to make their purchases.

A beginning response to these problems has been made by a number of banks set up to serve low-income groups. These have been established primarily in central Canada and were set up by the banking institutions themselves. They are to be found in low-income neighbourhoods and offer loans at a reasonable rate of interest. Extensive effort is also put into counselling the poor as to reducing their debts - the poor are as influenced by advertisers as the rich, and frequently get themselves deeply in debt by buying what they are told they "need".

Preliminary results of this program have shown that the poor are no more likely to miss payments or default on loans than the middle or high-income borrower. The poor as consumers, then, need more information about purchasing goods and credit, and access to more reasonable loans.

Questions

1. In a book called "The Vertical Mosaic", John Porter assessed Canadian Education as not providing enough opportunity for upward social mobility. What did he mean by this statement?
2. How do you think an increased income for poor people could serve as a kind of "preventive medicine"?
3. One mechanism which contributes to inequality in our society is the "multiplier principle." This refers to a "snowball" effect by which advantages are opened up to those who already have them and denied to those who do not. Look through this chapter again and pick out 4 examples of the "multiplier principle" in actual operation.

Related Film Materials

"The Poor Pay More", University of Alberta, Extension Department
A75 80-5

OUR FORGOTTEN NATIVES



5

CHAPTER 5 - FORGOTTEN NATIVES

Why include a special chapter on the problems of the Canadian Indian? Because the tremendous problems and overwhelming poverty faced by Canadian Natives are so significant that they cannot be conveyed in a general discussion about poverty. Whatever the conditions for Canada's poor as a whole, they are assuredly worse for our Indian population. Their poverty is hidden away on reserves and in isolated Native communities and in city slum housing where non-Natives seldom venture.

A glance at a few newspaper headings gives some indication of the problem: "Native Rate of Alcoholism Boggles the Mind" (Edmonton Journal, December 6, 1974); "20% Treaty Indians Lack Basic Housing" (Edmonton Journal, June 20, 1974); "50% Native Student Drop-out Feared" (Edmonton Journal, August 28, 1974); "Their Life So Bleak Indians Prefer Death" (Edmonton Journal, September 28, 1974).

Some of the background behind newspaper stories like these comes from information about the housing, health, education, employment, and general life style of our Native peoples. Consider the following:

HOUSING - Indians live in some of the most inadequate housing in Canada.

A recent Federal Government survey disclosed that 818 of Alberta's 4,381 Treaty Indian family units need new homes. Housing programs to help improve the quality of Native accommodation on the reserve are only part of the answer, as often the rapid rate of inflation regarding building materials means that homes are started and not completed.³⁹ Figures published in a Statistics Canada publication called Perspectives Canada show, in fact, that the condition of housing has largely deteriorated since the mid-Sixties.

"Such substandard conditions of Native housing in Alberta constitutes a serious danger to the health, safety and life opportunities of the people who must inhabit such dwellings. It leads to serious illness which haunts Native people throughout their lives, reducing their chances to gain education, training and good employment. It prevents many of them from becoming independent and self-supporting. The number of dwellings which are fire hazards or are condemned constitute a standing danger to life itself." 40

HEALTH - Indians are six times more likely to perish in childhood; they spend twice as much time in hospitals as whites do and have a life expectancy of about 30 years below that of non-Indians. 41

Native people die younger than other people in this province. In 1971, the infant death rate for Alberta treaty children was 230% higher than for Albertans generally. Alberta treaty Indians have a tuberculosis rate 14 times higher than the provincial average. The comparison is much the same for a great many other diseases. Many of these problems could be prevented by ensuring adequate food, clothing and shelter for Native families. 42

It would seem that the problems of merely surviving are immense. Compared to Whites, Indians are at least ten times more likely to die of an accident or in an incident relating to violence. Alcohol abuse is largely responsible; 50% of deaths on reserves are related to alcohol problems. 43

EDUCATION - Not only is it true that fewer Native children are attending school, but Native pupils are also concentrated in the elementary grades since fewer go on to high school and fewer still to post-secondary education.

In the mid-1960's, the drop-out rate for Indians across Canada was almost eight times higher than for non-Indians. In spite of a slight improvement since then, drop-out rates are still alarming. Even now, 94% of Indian children

drop-out before completing high school and less than 40% complete Grade 8. Compared to other children in Alberta, only one-quarter as many Alberta treaty children and one-sixth as many Metis children reach Grade 12. But the Native child doesn't suddenly "drop-out"; it is a steady gradual process more akin to being "pushed-out" than to dropping out.⁴⁴

Schools in Alberta and Canada are mostly oriented towards white, middle-class, urban children of an Anglo-Saxon cultural background. Yet Native children are coloured, lower-class and mostly rural with a different cultural background. The schools do not understand them or take them into account very much. Some Native children do not speak much English and a great many more understand it only a little. This makes it difficult for them to learn. Schools teach competition; Native children are taught to work co-operatively. Schools concentrate on White history and culture; Native ways are usually mocked. Native children are made to feel unwelcome; school becomes unbearable. In addition they usually do not get proper food so their brains cannot function as well as they could if these children were well-fed. All of these factors, plus many more mean that few Canadian Native children go on to University, or even finish high school.⁴⁵

EMPLOYMENT - Native unemployment rates are regularly ten to fifteen times higher than the national average. In Alberta, they vary from 80% in the winter to 50% in the summer.

Because of their low education and skill levels, poor health and cultural differences, Native people are confined to the lowest occupational levels. If a Native person can find a job at all, it is usually in seasonally-based employment such as logging, fishing, trapping or construction. When work is not available, Native people are forced to depend on welfare. Native unemployment may account for as much as four-fifths of Alberta's unemployment and the situation appears to be getting worse. There has actually been a drop in the proportion of Native people employed in Alberta industries over the past ten years.⁴⁶ With such great difficulty in obtaining employment, it is not hard to understand why so many Natives live in poverty.

NATIVES IN JAIL

There is another area of special concern for Canadian Native people. The proportion of Natives admitted to jail is very high. In Alberta in 1973, Natives comprised 24% of these admissions. This rate is about six to eight times their proportion of the total population. This situation has improved in recent years (there were twice as many Natives in jail in 1967) but it continues to be a very serious problem.⁴⁷ About 80% of them are serving sentences relating to liquor control offences. Most of these are for non-payment of fines in conjunction with the Liquor Control violations. Presumably, if most of these people had enough money to pay their fines, they would have escaped jail sentences. But the low income of most Native people forces them to opt for incarceration when they are offered the choice of paying a fine or going to jail. We can see how the extreme alcohol problems plus the fact of having a low income made the chances of a Native person going to jail for an alcohol-related offence very high.

SPECIAL PRIVILEGES

The term "Native" or "Indian" often leads us to think of the special "rights" which were promised in treaties signed by the governments of Canada. We often think that Natives get more money spent on them than others do. When the facts are known, however, it becomes clear that Natives have actually received less. They have received only a fraction of the amount spent on health care, employment opportunities, education, etc. of that received by the general population. In short, they have been "cheap" citizens, costing our governments much less than the average citizen. As a result, they comprise the lowest class in our rich and developed country.⁴⁸

The severe circumstances which face Native people and their high rates of poverty bear closer resemblance to the situation of underdeveloped countries of the third world than they do to the mainstream of Canadian society. If Canada is

to become a country of greater equality of opportunity with a fairer sharing of resources, then there will have to be quite a few changes in the way we treat our Native people. 49



Out of sight—out of mind

Questions

1. Give 5 examples of ways in which the non-Indian culture in Canada encourages competition. Think about what happens in the school, in business, in politics.
2. Why do you think the cartoonist pictured the reserve as having a fence around it?
3. Would you say that the high rates of Native poverty constitute a form of discrimination?

Related Film Materials

"The Ballad of Growfoot," Edmonton Public School System,
IMC Catalogue, FI 1044
National Film Board, 35 mm: 105B 0168 147
16 mm: 105B 0168 147

"Circle of the Sun," Edmonton Public School System,
IMC Catalogue, FI 518
University of Alberta, Extension Department
A53 12-4

ARE THERE ANY ANSWERS?

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CHAPTER 6 - ARE THERE ANY ANSWERS?

CHANGES IN PRESENT PROGRAMS - how could we make more money available for the poor?

Present government programs which were designed to promote "income security" have obviously not succeeded. We are still faced with the problems of poverty. There are, however, a number of ways in which several of these programs could be improved. We will look at the way they presently operate and then consider ways of re-organizing the same programs.

1. Unemployment Insurance

Unemployment Insurance is available to people who have been employed but require temporary help during a period of unemployment. When a person has met the basic qualifications, that individual is eligible to receive benefits. The conditions for receiving Unemployment Insurance vary, but generally, a person must show that he or she has worked the required number of weeks, and that the work was in an occupation covered by Unemployment Insurance (if you are self-employed, you cannot collect Unemployment Insurance) and the person applying for benefits must be able to prove that he or she is available for work.

Note that no mention is made of income. Whether or not you get Unemployment Insurance has nothing to do with how rich or poor you are.

At present, benefits can be collected even when individuals have a high income for the year from employment or other sources. And a person in a family unit with two or more income earners, with a total family income of \$10,000 or \$20,000 or \$30,000 or more, may also collect benefits. Do these people really need the extra "support" from Unemployment Insurance when they are out of work?⁵⁰

Furthermore, in the case of those eligible to receive Unemployment Insurance benefits, the amount they receive is based on their previous earnings. Thus, if a person was employed at a job which had a small or irregular salary, that person would receive a lower benefit from Unemployment Insurance than if he or she had been employed at a high paying job. So those who had the advantages resulting from a well-paying job are still in a favored position - they get continued help to remain in that position from Unemployment Insurance. 51

So, government-sponsored Unemployment Insurance has little to offer as far as reducing poverty is concerned. With some changes, however, the poor could be more effectively assisted by Unemployment Insurance benefits. If payments were made to families only when the total family income fell below the average family income for a given family size, then those who most need extra financial assistance would receive it. In this way, the plan would pay benefits only to those whose family income was below the average standard as a result of their unemployment rather than to those who are unemployed, whether they have an income deficiency or not. Less money would go to people not requiring it and the amount of money available for payments to others would increase. Those needing financial assistance during a period of unemployment would then receive an amount sufficient to meet their needs, rather than a very small sum of money, as presently is the case for those previously earning a small wage. 52

There is another area where changes in present programs would have positive effects for the poor. This concerns the payment of demogrants. A demogrant is a payment which is made to all people who share a characteristic and who fall in a certain category; it is universal and paid regardless of one's income or need for it. Two examples of demogrant payments which we have in Canada are Family Allowance and Old Age Security payments. Every family with children, regardless of whether they are rich or poor, receives a Family Allowance cheque. Old Age Security benefits are paid to all persons aged 65 or over, who apply - again, such payments are made not on the basis of need, but by virtue of a person falling into the "over 65" category.

Both Family Allowance and Old Age Security payments were designed to provide assistance to people who might be under financial strain, either due to the presence of dependent children or a decreased income after retirement.⁵³ No one can argue with that logic; many older people and families with growing children are definitely in a position of need. But because benefits are paid to all people in these categories, rather than just to those in need, demogrant payments such as Family Allowance and Old Age Security are weak and rather ineffective as a means of reducing poverty. If such payments reached those really needing financial help, they could have a far greater impact on the position of the poor as an increased sum of money would then be available for each payment.

Generally speaking, then, we can see that with some re-designing, a number of present "income security" programs could far better meet the needs of the poor.

But we can also look ahead to consider what possibilities there might be for a more general overhaul of our total "income security" program. Something you have probably heard little about is a guaranteed annual income. It is now appearing as a major solution to the problem of poverty.

A NEW POSSIBILITY - what does a Guaranteed Annual Income (GAI) really mean?

Under a guaranteed annual income plan, the government guarantees as a right that each family or individual has a basic yearly income, and pays them the amount of money necessary to bring them up to the minimum. The larger the family size, the larger the guaranteed income.

HOW DOES IT WORK? - There are two basic ways of administering a GAI

One plan is called a Negative Income Tax. With this plan the government would establish guaranteed amounts for each family size and if any family or individual fell below that amount, they would receive enough money to bring

them up to the guaranteed level. For example, if a couple's income was \$1,000 below the poverty line, they would receive \$1,000 from the government.

A Demogrant Plan would give exactly the same amount to each individual or to each family of the same size.

A Negative Income Tax would cost a great deal less money as only those who needed the money would receive it. Those who did not need it would not get it. It could reduce poverty for less money.

IS IT A GOOD THING OR NOT?

1. SIMPLICITY - A Negative Income Tax Guaranteed Income would allow us to do away with:
 - a) family allowances, youth allowances, family assistance, (federal programs).
 - b) social assistance which includes: blind person's allowances, old age assistance, disabled person's allowances, mothers allowances, and public assistance (these are all Alberta programs).
 - c) old age assistance, guaranteed income supplement (federal).
 - d) Unemployment Insurance.

Thus twelve programs would be replaced by one program. This would mean less confusion in discovering what benefits one was entitled to; less administration, red tape and bureaucracy. People would automatically receive their benefits without even having to apply, because your income tax form would give all the information they needed. A great deal of money could be saved in administration and this money could go to people in increased benefits.

2. ELIMINATION OF POVERTY - A Guaranteed Income Plan is probably the simplest, cheapest and most effective way of ensuring that every Canadian has sufficient resources to afford decent housing, decent diets, decent medical care and generally a decent standard of living.

IS IT A DISINCENTIVE TO WORK?

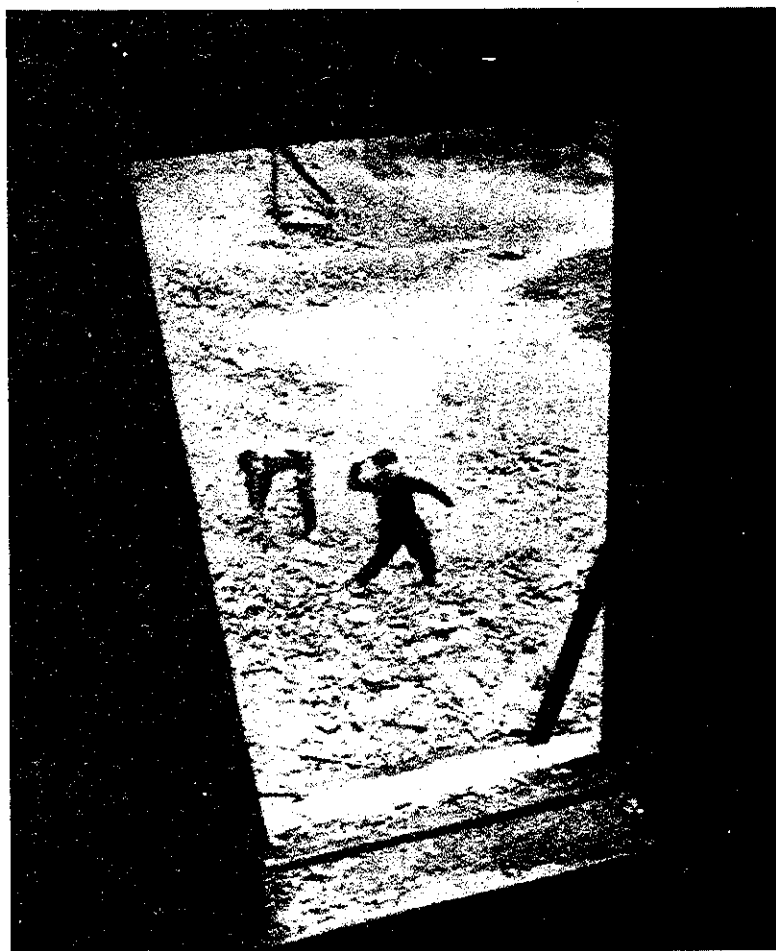
A Guaranteed Income experiment in New Jersey has found there is no disincentive to work as long as the person is allowed to keep more than 30¢ of every dollar he earns.

"There is no evidence indicating a significant decline in weekly earnings introduction of a national negative-income tax program will not give rise to a tidal wave of voluntary idleness."

Another U.S. experiment found that guaranteed income programs do not discourage people from working and may actually encourage many, perhaps by providing them with enough emotional and financial security to hold a job. A three-year experiment has begun in Manitoba, modelled after the American experiments. It will test various benefit levels, methods of administration and responses of recipients. We can expect that Manitoba's experiment will produce results similar to those in the United States.

IS IT DEGRADING?

Present welfare programs are extremely degrading to people who depend upon them. Investigators must snoop into every private aspect of a person's life.



A Guaranteed Income would be much less degrading.

Almost everyone in Canada has received Old Age Security, Family Allowance or Unemployment Insurance or some other government payment. Guaranteed Income would be much the same and therefore no more degrading and probably much less so, especially if an automatic increase occurred equal to the average rise in the standard of living each year. Then people would not have to go begging to the government to get increases they deserve anyway.

IS IT COSTLY?

If all of the programs mentioned above were eliminated, people who needed it would get higher benefits and it would cost about the same and possibly less than we now spend on these programs.

In addition, poverty costs Canada billions of dollars each year. These costs could be eliminated within a few years. As well, the extra demand for goods and services would increase and economic growth would occur. In total, Canada would probably benefit to the tune of many billions of dollars each year with a guaranteed annual income. The issue really is one of responsibility to others. Do people have a right to a certain minimum income?

BENEFITS TO CHILDREN

Children in poverty in Canada are more seriously sick, more often, and get poorer health care. They also get poorer education, poorer diets, poorer jobs, and are much more likely to end up living in poverty.

A guaranteed annual income would give these children more equality of opportunity and better chances for a decent life.

IS A GUARANTEED INCOME THE ULTIMATE ANSWER?

No. If the benefit levels are set below the poverty line, it will be little better than present inadequate programs. The benefit levels should be set to guarantee a decent minimum standard of living acceptable in our society.⁵⁴

Will government, in the end, decide on a level that gives people barely enough to live on simply because of an unrealistic idea of what people need? Will we recognize that our current inflation means that people living on a fixed income (as would be those who had no other source of income but a GAI) cannot cope with increasing prices unless their incomes are periodically increased? Will we, in fact, ignore the fact that additional income is the single most important factor in helping the poor to escape poverty? ⁵⁵

If these concerns are not recognized when a GAI is implemented (and that will likely be in the next few years), then we may find ourselves with guaranteed annual poverty. Also, if changes in other areas of government policy are not forthcoming at the same time, the positive effect of even a generous GAI scheme will be limited. It is essential that any plan be combined with changes in unemployment policy and in taxation and income distribution policy to effectively eliminate poverty. That means our minimum wage must be increased, jobs must be found for those requiring them, and that medicare should be free. The question remains "Are we willing to do what is possible?"⁵⁶

Questions

1. What do we mean when we say that demogrant payments are not selective?
2. Is it fair to criticize a government program such as Unemployment Insurance because it does not substantially reduce poverty, when the Unemployment Insurance Commission program was not originally designed as part of an overall program to reduce poverty?
3. What is the difference between a negative income tax plan and a demogrant plan as far as a GAI is concerned?
4. A GAI plan could free welfare workers to provide new "social services". Explain.

"Do you expect us to
sit idly by and
accept your definitions
of poverty and your
band-aid solutions?
Our children are rebellious
now, and they turn their
anger on their families.
When they realize how
helplessly we are trapped
under the present structures,
on whom will they turn
their anger?"

Proceedings of the
Special Senate Committee on Poverty p.7
"Up To The Neck"

FOOTNOTES

1. Alternatives to Poverty and Welfare in Alberta, p.10
2. "Is There a Need for Income Supplementation", p.11
3. Guaranteed Annual Income: An Integrated Approach, p.91
4. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.11
5. Alternatives to Poverty and Welfare in Alberta, p.15
6. Guaranteed Incomes and Guaranteed Jobs, p.9
7. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.11,12
8. Guaranteed Annual Income: An Integrated Approach, p.73
9. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.13,14
10. Alternatives to Poverty and Welfare in Alberta, p.5
11. Guaranteed Annual Income: An Integrated Approach, p.139
12. Ibid, p.140
13. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.16
14. Guaranteed Annual Income: An Integrated Approach, p.141
15. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.13
16. Quarterly Statistical Review, for years 1973 and 1974 for breakdowns of "employable".
17. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.9
18. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.2
19. Alternatives to Poverty and Welfare in Alberta, p.21, and Poverty in Canada, p.68
20. Alternatives to Poverty and Welfare in Alberta, p.22

Footnotes - cont'd

21. Ibid, p.22
22. Ibid, p.21
23. Public Attitudes Toward Public Assistance In Alberta, p.1
24. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.7
25. Alternatives to Poverty and Welfare in Alberta, p.24
26. Ibid, p.23
27. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.7
28. A Proposal for a Financial Incentive Policy, p.1-3
29. Alternatives to Poverty and Welfare in Alberta, p.14
30. Poverty in Canada, p.118
31. Poverty in Canada, p. 116
32. A Study of High School Dropouts in Alberta, p.50,51
33. What About Poverty in Canada, p.12
34. Poverty in Canada, p.138
35. Poverty in Canada, p.144
36. Information on Day Care, p.4
37. Ibid, p.1
38. Poverty in Canada, p.106
39. Edmonton Journal, June 20, 1974 "Treaty Indians Lack Basic Housing".
40. Disposable Native, p.10
41. Edmonton Journal, September 28, 1974 "Their Life So Bleak Indians Prefer Death".

Footnotes - cont'd

42. Disposable Native, Ch.6
43. Edmonton Journal, December 6, 1974 "Native Rate of Alcoholism Boggles the Mind".
44. Disposable Native, Ch.3; Edmonton Journal, August 28, 1974, "50% Native Student Drop-out Feared".
45. Disposable Native, Chapters 2,3, and 4.
46. Disposable Native, Ch.7; "Native Employment Research", 1972
47. see Alberta Corrections Branch, Annual Report 1973, and Edmonton Journal, December 6, 1974, "Native Rate of Alcoholism Boggles the Mind".
48. Disposable Native, Ch.8
49. Ibid
50. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.17
51. Ibid, p.17
52. Ibid, p.17
53. Alternatives to Poverty and Welfare in Alberta, p.19
54. "Guaranteed Annual Income", September, 1973. (Much of the material in the Section on Guaranteed Annual Income comes from this source).
55. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.23
56. An Updating Supplement to Alternatives to Poverty and Welfare in Alberta, p.24

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