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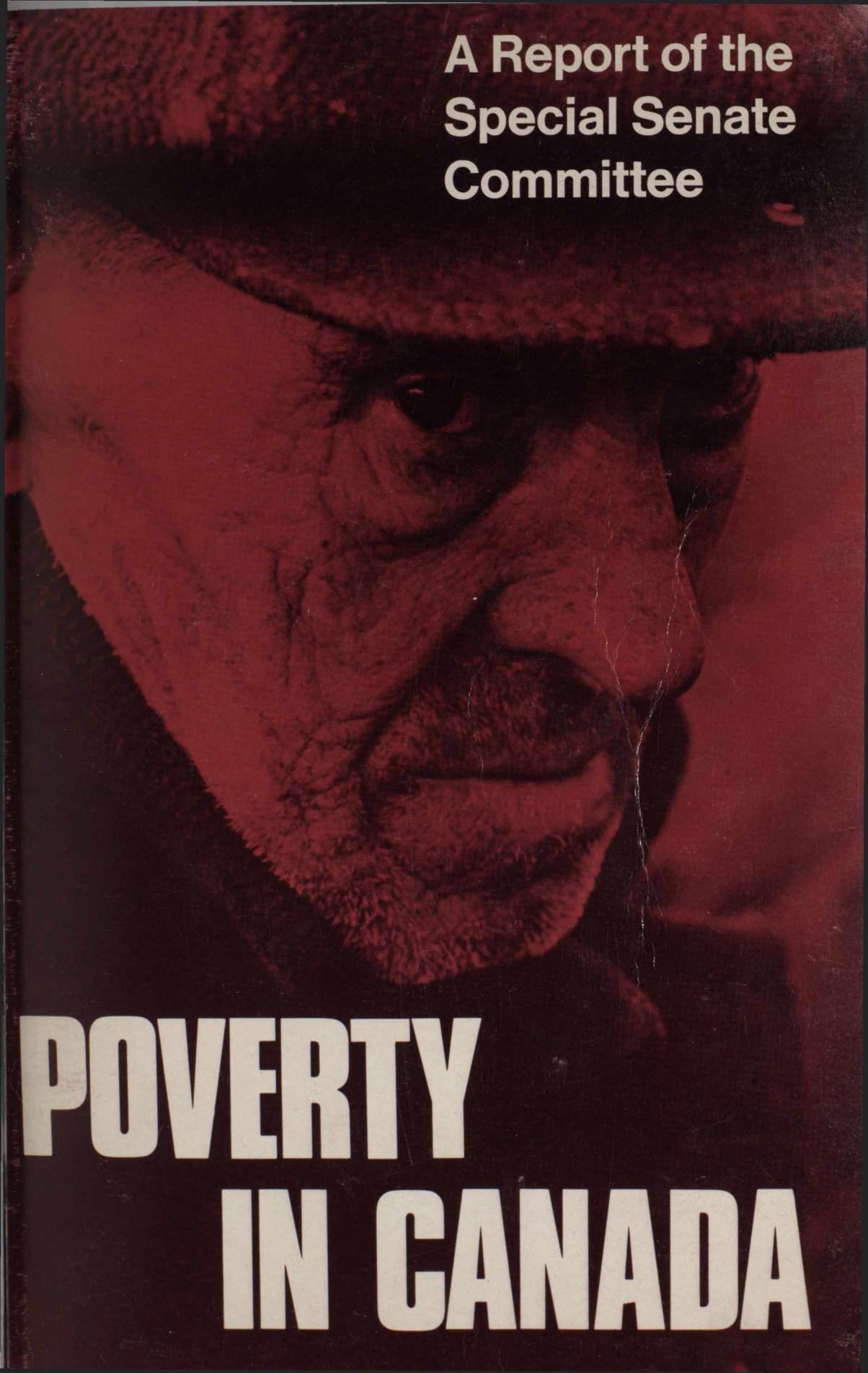
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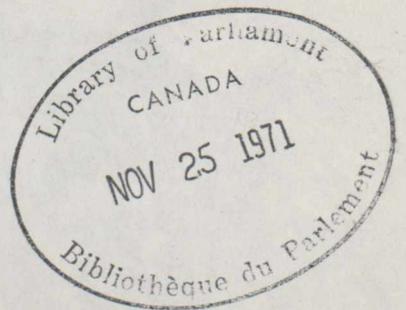
**A Report of the  
Special Senate  
Committee**

**POVERTY  
IN CANADA**



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POVERTY IN CANADA





Special Senate Committee on Poverty

# Poverty IN CANADA

Report of the Special Senate Committee on Poverty

As laid by the Hon. Justice Charles Gauthier  
and the following information Canada Postage

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## Special Senate Committee on Poverty

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The Honourable Herbert O. Sparrow, Saskatchewan

The following Senators also served on the Committee:

The Honourable John J. MacDonald, Prince Edward Island  
The Honourable Clement A. O'Leary, Nova Scotia (deceased)  
The Honourable Arthur M. Pearson, Saskatchewan  
The Honourable John Nichol, British Columbia

## Terms of Reference

On November 26, 1968, the Senate of Canada constituted the Special Senate Committee on Poverty by approving the following resolution:

That a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional, or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures;

That the Committee have power to engage the services of such counsel, staff, and technical advisers as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers, and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee, to sit during sittings and adjournments of the Senate, and to adjourn from place to place.

The Committee was reconstituted by the Senate during the second and third sessions of the Twenty-Eighth Parliament on October 28, 1969, and October 8, 1970.

## Foreword

Poverty is the great social issue of our time. Unless we act now, nationally, in a new and purposeful way, five million Canadians will continue to find life a bleak, bitter, and never-ending struggle for survival.

The poor do not choose poverty. It is at once their affliction and our national shame. Unlike the poor of earlier days, they know how poor they are, and so they face the future with little hope and mounting anger. The children of the poor (and there are many) are the most helpless victims of all, and find even less hope in a society whose social-welfare system from the very beginning destroys their dreams of a better life. The grim fact is that one Canadian in four lacks sufficient income to maintain a basic standard of living.

No nation can achieve true greatness if it lacks the courage and determination to undertake the surgery necessary to remove the cancer of poverty from its body politic. Canadians as a whole cannot escape their share of responsibility for the situation in which this nation finds itself. At the same time there is encouraging evidence that our citizens are becoming increasingly aware of and concerned about the plight of those who find themselves in a state of privation in the midst of plenty.

The social-welfare structure so laboriously and painstakingly erected in Canada over the past forty years has clearly outlived its usefulness. The social scientists who have studied it, the bureaucrats who have administered it, and the poor who have experienced it are of one mind that in today's swiftly-changing world the welfare system is a hopeless failure. The matter is not even controversial; everybody's against it. But what is to take its place?

It was to this complex, many-faceted question that the Special Senate Committee on Poverty addressed itself over the past three years. The Com-

mittee travelled the length and breadth of Canada on a fact-finding assignment without parallel in our history. Its members saw the tragedy of poverty at first hand; not in abstract terms but in the crucible of human experience. In many meetings with the poor, with social scientists, and with social-welfare organizations, the Committee amassed a wealth of material on which the recommendations of this report are based. The experiences related to the Committee at its many hearings from coast to coast illustrated and illuminated in graphic, human detail the statistical tables of the Economic Council of Canada.

The task entrusted to the Committee was to define and clarify the problem of poverty and to propose appropriate remedial action. A thorough study of so complex a problem would be an undertaking so vast that the Committee felt the poor could not be asked to wait years for the help they so urgently need. It is with this thought in mind that the Committee decided to make some proposals for immediate action which, it hopes, will eliminate some of the major problems, while at the same time pointing the way to an eventual long-term solution.

The Committee's unique confrontation with poverty in all its guises and its collection of invaluable first-hand evidence have combined to strengthen our belief that social justice has in fact been denied to the poor. Their human needs have not been fulfilled. The welfare system as it exists today is a chaotic accumulation of good intentions gone out of joint. We have been passionately wrong with a high sense of consistency. The fault lies in a lack of understanding of the basic causes of poverty and of its destructive effects on the whole community.

Nor does economic privation alone constitute the whole tragedy. It is merely one aspect of what is often a vicious circle. For the chronically unemployed, the unskilled, the poorly educated, the disadvantaged, infirm, aged, one-parent families, or inhabitants of depressed areas, poverty has become a way of life; an ugly sub-culture within Canadian society. Life is marked by frustration and hopelessness, by a sense of failure and, consequently, by despair and apathy. For those "On Welfare," life is too often characterized by a sense of dependency and of fear, and of being trapped in a substandard environment. Generally, they have inferior educational, medical, cultural, and information services and lack the skill or knowledge to make use of many facilities available to the general public. The greatest tragedy is that of the children. Neglected by a society which has failed in its duty to provide the essential facilities, they lack the education, the opportunity, and often the motivation to escape from their environment.

The poor do not want to stay poor. They want a share in the good things of life and they want equal opportunities. For a variety of reasons, they are the losers in the race for material sufficiency, but they are no longer resigned to their lot.

Unemployment Insurance, Social Assistance, Family Allowances, Old Age Security, and all the other measures incorporated in the social struc-

ture, admirable though they are in concept, fall far short of what is needed. Welfare is the most uncontrolled budget item at any level of government. The welfare system as we have it in Canada today was never meant to supply the basic means of support for a sizeable and ever-growing proportion of Canadian families.

The system has failed because it has treated the symptoms of poverty and left the disease itself untouched. It certainly does not reach the "working poor," that vast army in the labour force whose income is grossly insufficient. This weakness is not the only fault of a system which is already disintegrating. A major weakness lies in the sterility of a system that promises much but gives little; it is a system that contributes to alienation and dehumanization. The welfare state has created an environment in which the individual loses his self-respect and becomes prey to agonizing frustration.

Basically, however, the welfare system has failed because it has largely ignored the human factors associated with poverty. The good intentions of the legislators to help the people have been distorted and diluted through the process of implementation. They have somehow become lost in a maze of constitutional jurisdictions, agency divisions, and numerous independent bureaucratic structures often more concerned with what is not their responsibility than with what is. As a result, help has been secured by recipients only at the cost of humiliation, loss of self-respect, the break-up of families, and the destruction of human dignity. The system has become an instrument of paternalism whereby recipients have been compelled to do what others thought was good for them, and to conform to middle-class norms that the poor themselves often have neither comprehended nor appreciated.

The whole welfare system, at all levels, costs Canadians more than six billion dollars a year, yet it has not significantly alleviated poverty let alone eliminated it. Welfare rolls have not diminished. The problems grow, costs go up and up and up and will, in time, suffocate the taxpayer.

The reasons for the system's failure are many. Lack of determination and commitment by society as a whole are certainly fundamental factors. So too is the lack of understanding of the basic causes of poverty and its destructive effects on the whole community. We have forgotten the fact that the welfare system was designed merely as a supplement to the economic system. It provides for certain particular groups—the handicapped, the aged, the unemployed, and those unfortunates who are unable to support themselves. But it does not reach the working poor. Sixty per cent of the poor are not on welfare.

A new bill of rights for the poor must be preceded by a fundamental change in the prevailing public attitude towards those who live below the poverty level. Many cherished myths which helped give birth to the welfare system must be given final burial. One of these, that the poor are always with us, is a notion which the Committee categorically rejects. The economic system in which most Canadians prosper is the same system which creates poverty. Equally fallacious is the belief that economic growth could, in time, "solve" poverty. The evidence produced

before the Committee showed that in the 1950s and 1960s (when Canada enjoyed great economic expansion), in absolute terms poverty in Canada increased at the same time and at a similar rate.

Another myth is that the poor pay relatively less in taxes than others. They pay less in income tax, but the proportion of their income which they pay in other forms of taxation is actually greater than the proportion of income paid out by the relatively well-off.

A new approach is urgently needed. Such an approach must bring help and relief at once to those in need, and it must provide the foundation for policies that will ultimately eliminate the causes of poverty from our society.

It is the Committee's recommendation that the Parliament of Canada enact legislation to provide a guaranteed minimum income for all Canadians with insufficient income. This includes the elderly, the infirm, and the handicapped, female heads of families, the unemployed, those whose incomes are too low because they work in seasonal occupations, and those who are victims of jobs where the pay is insufficient to provide for their basic needs.

Furthermore, it is obvious that a guaranteed annual income of the magnitude required to deal realistically with poverty in Canada cannot be implemented overnight. That is a fiscal impossibility. The plan must be phased in over a period of years, and, not being prophets nor the sons of prophets, the Committee has no way of knowing what economic problems will arise in the future, nor what changes in the tax structure will be required to meet them. The funding of the Guaranteed Annual Income is the responsibility of the Federal Government, which would also have the responsibility of devising the kind of tax structure best suited to the circumstances.

For these reasons, under prevailing circumstances, the Committee recommends the Negative Income Tax (N.I.T.) method with a work incentive. The Committee believes the Negative Income Tax is the most feasible method of providing a guaranteed income. This plan meets three basic requirements. It provides adequate income, it preserves the incentive to work, and it is fiscally possible. The Committee sees in the Guaranteed Annual Income a means of establishing a floor below which the income of Canadian families will not be allowed to fall. Initially, it can be established at 70 per cent of the Senate Committee Poverty Line: \$3,500 for a family of four in 1969, when the Senate Committee Poverty Line for a family of that size was \$5,000.

What Canadian believing in the right to human dignity, could fairly deny that the income of the poor should be maintained at that level?

The N.I.T. method is flexible, and the use of the tax mechanism removes the degrading means test from the system. We already have a guaranteed annual income in the form of Old Age Security and the Guaranteed Income Supplement. We are already using the N.I.T. method in connection with the Guaranteed Income Supplement. The filing of an income tax return is a common practice for all citizens. The tax return becomes

the basis for income payments; there would be no other "inquisitions." While the Committee is aware that the use of the Negative Income Tax method involves some administrative difficulties, we do not regard them as insuperable.

It is not claimed for a moment that a guaranteed annual income is in the nature of a magic wand. The Committee believes it to be an effective tool to deal with the social and economic problems of this decade. To be used to the maximum advantage, it must of course be integrated into a realistic, adequate, and equitable tax system.

The adoption of the Guaranteed Annual Income will necessarily mean the abolition of much of the existing social-welfare system. Family Allowances, Old Age Security, and the present application of the Canada Assistance Act would no longer be required. Nevertheless, some form of social assistance will have to remain to meet special needs. The Canada Assistance Act, being based on "need," is adequate for that purpose. Those parts of the existing social-welfare program such as Unemployment Insurance, the Canada Pension Plan, and Veterans' Allowances that have social-insurance goals can be expected to remain.

The Committee sees the Guaranteed Annual Income as the first firm step in the war against poverty. The ultimate aim must be the creation of greater income-earning potential among the poor themselves. A wide expansion of manpower programs will be essential to train the unskilled and retrain those in declining industries. More relevant adult education programs will be necessary to provide the basis for industrial and technical training schemes. Much greater care in forecasting the future needs of the labour market will be essential to ensure that training is not in vain. Nor should it be forgotten that in an age of rapid technological change, the need for up-dating and retraining may well become an immediate concern not only of the underprivileged but also of those currently enjoying high living standards. Indeed, in the post-industrial age, when jobs as we have traditionally known them may be in ever-scarcer supply, we must reassess our whole attitude towards work and stress much more an individual's contribution to society in other, less routine ways.

Critics will complain that a guaranteed annual income will destroy the incentive to work. Such criticism demonstrates an ignorance both of the chaotic structure of the social-welfare system today, and of the very reason for its failure. It is unrealistic to tell an unemployed worker, desperately seeking a job, that a guaranteed annual income would weaken his willingness to work when he is trying to cope with a system that has just destroyed his job.

The prevalent public attitude to the work ethic has engendered a blind refusal to deal with the present realities, and a total unwillingness to search for bold and courageous solutions. The notion that the poor do not want to work can be quickly dispelled. The plain fact is that the vast majority of the "working poor," continue to work at jobs that pay no more than they would receive on welfare. Analyses of those on welfare show that less than two per cent beat the game. It is certain that if the present system is continued,

the future will entail spiralling costs necessary to prop up a crumbling and ineffective welfare system. The result will be dissatisfaction and bitterness among both those who give and those who receive.

But that is only the beginning. Sixty per cent of the poor are not on welfare. For them, there is not even the semblance of social justice. Consequently, there will be no good reason for their continued consent to a political, social, and economic system to which they give and from which they receive little.

Although great emphasis is placed on the concept of the guaranteed annual income, we repeat that economic solutions are only part of the answer to the larger social problems. In guaranteeing a basic economic position, we must also find a way to unlock the doors of our social institutions. The poor must be allowed to enter a world where they can truly exploit the promise of education, where they have the opportunity to choose a rewarding occupation, and where they can enjoy decent standards of housing and health care.

This is obviously not easy to achieve in a mixed society with diverse patterns of values and goals. But the poor are already clamouring for change. And in a modern and complex society such as ours, their entry can no longer be regarded as a privilege, but rather as a basic right that will allow people to develop fully the dimensions of their own personalities. It is imperative to make use of the now-wasted abilities of thousands of men and women to enable them to make a powerful and valuable contribution to our country.

Important changes are essential in the organization of our social services. The poor themselves should have a right to participate, to be heard, and, indeed, to share in the organization and administration of programs created for them. They have the right to lead their own lives in their own way without any other standards being imposed on them. The mere fact that they are economically underprivileged does not mean that they should be deprived of their rights as citizens, much less as human beings; for too long the poor have been people to whom and for whom things were done by others. We have been forever tightening the belts of the poor. The essence of a new program must be to help them help themselves; to give them a voice in what is to be done and how it is to be done. If the poor are being rapidly alienated from the mainstream of Canadian society, it is not only because they are excluded economically but because they are excluded from participation in the decisions that affect their own lives.

The existence of poverty not only deprives the poor; it impoverishes the whole economy. The inadequate participation of the poor in the economy, it has been estimated, deprives it of somewhere between one and two and one-half billion dollars a year. This represents an output that these people could have contributed to the economy if their productive capacity had been better developed and more effectively used. Additionally, there are other costs that arise directly from the social problems caused by poverty. Large expenditures for health care, welfare services, and justice will be reduced as poverty diminishes.

On economic grounds there is a powerful case for enabling the poor to stand on their own feet. On humanitarian grounds, the case for action is

compelling, especially in the case of those who are unlikely ever to be able to fend for themselves. The intangible and immeasurable factors of human well-being, social betterment, and communal harmony are in themselves reason enough to push ahead. The poor are asking only for social justice, a fair share. Whether they will receive it is a test of the sincerity with which Canadians hold the ideals they profess.

On these grave and complex issues, the Special Senate Committee on Poverty addresses itself directly to the people of Canada. The elimination of the scourge of poverty from the land is a vital national goal. It cannot be achieved without the compassion, the understanding, and the co-operation of the Canadian people. The test of national progress is surely not merely in providing more for those who have much—but also in providing enough for those who have too little. We must move from welfare strategy to income strategy; from services to money; from helplessness to hope; and from despair to destiny. We propose to pay people, not governments.

Five million fellow-Canadians, a veritable army of the dispossessed, cry out for action that will free them from the trap of poverty. They ask to be treated with the decency and dignity due to fellow human beings, and if their voices are becoming more insistent, it is understandable in the light of their experiences.

To do what has to be done will certainly cost money. Lack of action will cost many times more. What inaction will cost in lost humanity is infinitely greater. The Committee believes that the Canadian people whose lives are spent in a far different world are ready to face the challenge of poverty. It is a national problem, and only the national government can find a realistic and meaningful solution. It is for the citizens of Canada to demand that this be our priority project for the 1970s; a project that will stir the world's imagination and command its respect. We need search no further for a national purpose.



## Summary of Recommendations

The recommendations in this report provide the basis for a comprehensive Canadian anti-poverty program for the seventies. The individual recommendations are important, but their significance also lies in their interdependence. Their effectiveness depends on the extent to which they are integrated into an over-all strategy. From the Committee's point of view, the most important of these recommendations are those which involve new concepts, structures, and approaches intended to achieve a new social goal. In this summary, these recommendations are presented first.

The other recommendations relate to existing structures and practices and are intended to improve and up-date the systems which are now in effect.

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### Recommendations with Respect to a Guaranteed Annual Income:

1. that the Government of Canada implement a Guaranteed Annual Income (G.A.I.) program using the Negative Income Tax (N.I.T.) method, on a uniform, national basis.
2. that the proposed G.A.I. program be financed and administered by the Government of Canada.
3. that the proposed G.A.I. plan be designed to cover all Canadians who need it. Initially G.A.I. would not cover residents of Canada who are not Canadian citizens and Canadian citizens who are single unattached individuals under forty years of age.
4. that Basic Allowance Rates under the G.A.I. be set initially at 70 per cent of the poverty line for each family size as determined by the methods outlined in this report and raised progressively as quickly as possible.

5. that the G.A.I. plan incorporate a work-incentive mechanism to ensure that those who work receive and keep more income than those who do not. It is proposed that initially Basic Allowances be reduced at the rate of 70 cents for every dollar of other income.

6. that income-maintenance under the proposed G.A.I. plan be divorced from the provision of social services. The provision of social services would remain the responsibility of provincial governments.

7. that the Canada Assistance Plan (C.A.P.) be retained and up-dated to serve as a vehicle for federal-provincial co-operation and cost-sharing in the delivery of social services. C.A.P. would also be used to cover, on a "needs" basis, those not covered initially by the G.A.I.

8. that all existing federal income-maintenance legislation be progressively repealed. Social-insurance programs such as Unemployment Insurance, and the Canada Pension Plan, would be retained, as would certain contractual programs such as Veterans' Allowances and programs related to Canada's native peoples. The G.A.I. would immediately replace the Family Allowance, Youth Allowance, and Old Age Security programs, operated by the Federal Government.

9. that the G.A.I. program be based on the principle that no one would receive less income under the G.A.I. than he or she now receives from other federal programs such as Old Age Security and income supplements. Other allowances or insurance payments would be treated as "other income" and augmented through the G.A.I. program where they are less than the G.A.I. allowances.

10. that income tax exemption levels be raised so that no Canadian whose income is below the "poverty line" would be subject to income tax.

#### **Recommendations with Respect to "Poverty Lines":**

1. that the method developed in this report (see Appendix) be adopted by the Government of Canada. This method relates poverty to a measure of the "average standard of living" and is sensitive to changes in national average incomes and family size.

2. that the poverty lines established through this method and up-dated annually be accepted as a basic social indicator and be used to measure the extent and dimensions of poverty in Canada and their changes.

3. that these "poverty" lines be used as a basis for the G.A.I. program proposed in this report.

#### **Recommendation with Respect to a Council for Applied Social Research:**

1. that a Council for Applied Social Research be established at the national level

- a) to be responsible for comprehensive human-resource development and social-welfare research of an applied nature;
- b) to co-ordinate and encourage the dissemination of the research information available on social problems, and on poverty in particular;
- c) to conduct and disseminate applied research on social problems;
- d) to develop national social indicators;
- e) to be concerned with research on social problems as they affect groups within our society—the young, the old, single heads of families, and native, immigrant, and other minorities, etc.; and,
- f) to be responsible for development and refinement of the G.A.I. proposal made herein and to prepare plans for implementation.

#### **Recommendation with Respect to Workmen's Compensation:**

1. that the Federal Government take the initiative in seeking federal-provincial agreement on uniformity with respect to Workmen's Compensation benefits.

#### **Recommendations with Respect to Economic Policies:**

1. that "full employment" must be the prime objective and responsibility of government fiscal and monetary policy.
2. that "equal pay for equal work" legislation be passed and enforced by all levels of government for both the public and the private sector.
3. that easier access to labour unions for workers, particularly those in low wage industries, be encouraged and facilitated.
4. that prohibitions against discrimination in hiring be enforced.
5. that job-development, particularly of para-professional careers, be vigorously pursued.
6. that a formula be adopted to ensure the upward revision of minimum wage rates through the Canadian Labour Standards Code—such as the following:
  - a) the minimum wage should be determined as a percentage of the average wage rate for a province or zone;
  - b) a uniform basis should be used for the determination of zones within provinces;
  - c) no minimum wage should be lower than 60 per cent of the average wage-rate in each province or zone; and,
  - d) a planned program of raising minimum wages should be adopted. This would mean increasing the rates one step at a time and analysing effects of the increase before proceeding to the next.

### **Recommendations with Respect to Social Services:**

1. that, with the introduction of the Guaranteed Annual Income, federal and provincial governments negotiate to increase the quantity, quality, accessibility, and uniformity of social services available under the Canada Assistance Plan.

2. that user-participation be significantly increased at every level of the social-service structure, in the field (through outreach facilities and the use of para-professionals) and in the administration (on appeal boards and in planning and organization).

### **Recommendations with Respect to Consumers:**

1. that the Department of Consumer and Corporate Affairs disseminate information on consumer purchasing, consumer credit, interest-rates, and contractual loans through adult education and information programs directed specifically to the low-income consumer.

2. that joint government-industry schemes be established to provide insured loans to high-risk borrowers for essential requirements. This would permit industry to extend credit to many people now ineligible for reasons unrelated to bad credit history.

3. that collection agencies be made subject to uniform licensing and control by provincial governments.

4. that in the light of the inadequacies of the present arrangements under Part X of the Bankruptcy Act, the law be amended to provide for easier and cheaper personal bankruptcy.

### **Recommendations with Respect to Education:**

1. that the Government of Canada establish a National Office of Education without in any way interfering with or limiting or denying the constitutional and traditional prerogatives of the provinces in education. It must be recognized that there are national interests in education as distinct from provincial and inter-provincial interests. The functions of such an office would include the following:

- a) to develop and articulate national educational goals;
- b) to co-ordinate the distribution of federal investments in education and training to ensure the achievement of national educational goals;
- c) to sponsor and support educational research and research on education at the national level;
- d) to provide a national centre for information and data on education throughout the country;

e) to sponsor and support action-research programs such as the Canada NewStart Program with the objectives of developing and testing new approaches to education and training among the disadvantaged;

f) to support local communities and organizations, including those of Canada's native people, in achieving their participation in local educational systems.

#### **Recommendations with Respect to Health Care:**

1. that hospital and medical services be financed entirely out of general revenues.

2. that the Medical Care Act or similar legislation be the vehicle for bringing additional forms of necessary health care, including dental services and prescription drugs, to all Canadians.

3. that comprehensive community-based neighbourhood health centres be encouraged, and that more emphasis be placed upon preventive and rehabilitative aspects of health care.

4. that family-life education and family-counselling and family-planning programs be made available and easily accessible to the poor.

#### **Recommendations with Respect to Housing:**

1. that, in areas of urban renewal, the persons affected be allowed to participate in decisions as to how the area is to be "renewed." This could be effected by the setting up of neighbourhood committees. Such citizen participation would help assure the comprehensiveness of the contemplated renewal—the inclusion of planning for social services, health services, education services, library, recreational, and other services.

2. that the Minister of State for Urban Affairs take the initiative with provincial authorities to establish effective methods of ensuring that the benefits provided to the poor through the recommended G.A.I. are not absorbed by increased housing rents and costs. Cases were brought to the Committee's attention in which rent increases were made to coincide with Social Security benefit increases.

3. that further to protect low-income families in receipt of the G.A.I. from unscrupulous landlords the Federal Government, alone or in conjunction with provincial and/or municipal authorities, set up a fund for the purchase of houses which may be old but are still structurally sound, make them habitable, and rent them at cost or at subsidized rates to such families.

4. that public housing programs be enlarged and expanded. They are obviously not ideal, but no better solution has been found to the housing problems of the poor.

### **Recommendations with Respect to Law:**

1. that one jurisdiction, the provincial, be responsible for the entire administration of legal aid.
2. that federal funds, on a shared basis, be made available to any province that enacts bona fide legislation providing legal aid to the poor on any basis. There is as much justification for federal participation in "Justicare" as there is for federal participation in Medicare.
3. that all persons below the poverty line be entitled to legal aid as of right, and without qualification or contribution.

### **Recommendations with Respect to the Manpower System:**

1. that the Government of Canada shift its emphasis from Manpower training in narrow labour-force terms to a broad policy aimed at developing and making the best use of the human resources of the nation. This will require a number of changes in the priorities and emphasis which are reflected in the policies and programs of the Department of Manpower and Immigration. The departmental activities should be re-oriented from a service to employers to a service to individual citizens in terms of their particular needs for academic up-grading, occupational training, mobility assistance, and job placement. Restrictions which now effectively exclude the poor and disadvantaged from departmental programs must be removed.
2. that the Federal Government sponsor action-research programs aimed at the investigation and solution of the problems of Canada's disadvantaged citizens. The Canada NewStart Program is an example of how this type of essential work can be carried out.

### **Recommendations with Respect to Day-Care Centres:**

1. that child-care services be recognized and supported as a necessary resource for the contemporary Canadian family.
2. that expansion and development be carried out along the following lines:
  - a) day-care facilities to meet the needs of children under the age of three;
  - b) for children three years and over, day-care facilities should be related to the educational system and located where possible, in school buildings;
  - c) in the operation of these centres every effort should be made to make the maximum use of local para-professionals such as teachers' aides and teachers' assistants; and,
  - d) public subsidy should ensure equality of access to all of these facilities.

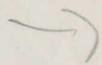
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## Introduction

### ANOTHER REPORT ON POVERTY? WHY?

The time has come to stop blaming the mirror for not being a window, for presenting us with things we would rather not see. The time has come for a little common honesty. The poor, after all, are not, as some still pretend, poor of their own accord. The poor have no uncommon moral flaw that sets them apart, let alone condemns them. They are casualties of the way we manage our economy and our society—and that fact is increasingly obvious to the poor themselves.

Have we not also added insult to injury? For in our own history, social reforms have been largely a matter of political concession by governments in power. The concessions were well-intentioned, but behind them lay a delicate political balance between giving enough to take the steam out of social unrest and leaving the distribution of power largely undisturbed.

In general, Canadian social and economic policies have tended to favour groups other than the most needy. It is this tendency which accounts for our lack of an over-all policy for social development and the piecemeal, superficial character of our welfare programs. If we believe that the poor are always with us, why have we not planned for them?

Before we can even approach a policy of social development, we must study poverty realistically; that can best be done by studying society itself realistically. Thus our report becomes more than another examination of economic and social characteristics of the poor. The Committee's mandate was "to investigate and report on all aspects of poverty in Canada."<sup>1</sup> Such an investigation involves a study not only of the effects but also of the causes of poverty—specifically a study of how our society and economy not only tolerate poverty but also create, sustain, and even aggravate it.

For such a study to be complete the fullest possible information is necessary. However, information on poverty in Canada is severely limited. The

most comprehensive information available is that based on the 1961 Census, which is now ten years out of date. Analysis of returns from the 1971 Census has not been completed; the data are not available and will not be for some time. The Dominion Bureau of Statistics (hereafter referred to by its new name, Statistics Canada) and other government departments have been most helpful and co-operative in providing the Committee with information, data, and analyses. But in many cases the information needed was simply not available. As a result, the Committee, its research staff, and most of the witnesses who appeared before it had to rely for the most part on limited data. The conclusions and recommendations of this report are based on the best available information. But, in spite of these limitations, the report, in our view, reflects a reasonably accurate picture of the current poverty situation in Canada, and the recommendations offer a practical blueprint for immediate remedial action.

It is obvious to us, however, that effective implementation of the recommendations of this report, or of any anti-poverty program, will require more and better information on all aspects of poverty. The Committee endorses the repeated recommendation of the Economic Council of Canada for the establishment of "an office to provide information and co-ordinate research on poverty."<sup>2</sup> Without adequate provision for research, pilot-projects, and program evaluation, the programs the Committee proposes will be subject to all the defects of the present welfare and social-service system. These proposals are expensive and complex, and a substantial investment in resources will be required if they are to be implemented successfully.

Despite the limited evidence available, certain conclusions seem quite clear. The root of the problem of poverty lies in a set of assumptions or myths we hold on how our society and economy operate. People on welfare are the target of much unfounded and unjustified criticism. The attitude of people often is "I have made up my mind. Don't bother me with facts." We have failed to realize that a free and equal society for many may not in practice mean a free and equal society for all. There is ample evidence in this report to indicate that this is so. The majority of the poor, it will be made clear, have difficulty gaining access to what a majority of us call "life," not to mention the "good life." The reason for this is the inadvertence, and even the indifference, of society where the problem of poverty is concerned; but this very inadvertence and indifference can be directly attributed to myths about society's workings and about the poor themselves.

Foremost among these myths is the belief that there is universal access to the social services we have been so conscientiously creating since well before the beginning of this century. Such access, however, does not exist, any more than does real equality of opportunity. To pretend that there is equality of opportunity for the poor not only is false but perpetuates a cruel and bitter illusion.

Nor does the fault lie in the poor themselves: for the most part, they are neither morally flawed nor physically idle by nature, as many even today still seem to believe. Likewise, people assume that we have done much for

the poor. This is quite true in theory and, to a lesser extent, in practice; but what society gives with one hand, it often takes away with the other. The poor not only still pay more for the goods and services most of us take for granted, they also pay proportionately more than most Canadians in taxes. It has also been a comforting assumption that continued economic growth would go some distance toward reducing poverty. But this has not been the case. As J. K. Galbraith once noted:

There must be no doubt that the means of rescuing the victims of chronic poverty or their children—investment to conserve and to develop resources, assistance in relocation of workers, assistance to new industries, vastly improved education, training and retraining, medical and mental care, youth employment, counselling, urban recreational facilities, housing, slum abatement, and the assurance of full civic equality—will require public effort and public funds. Poverty can be made to disappear. It won't be accomplished simply by stepping up the growth rate any more than it will be accomplished by incantation or ritualistic washing of the feet. Growth is only for those who can take advantage of it.<sup>2</sup>

We heartily agree with Galbraith's assessment of the myth of economic growth, and his insistence on some measure of social and economic planning, but we would add that the reason for eliminating poverty is not to "make things look better." Poverty is enormously wasteful of human and material resources; it creates social and psychological problems not just for the poor but for the entire society.

Wars on poverty have been proclaimed, but never launched. Instead, a kind of holding action has been fought on behalf of the poor; poverty has not been eradicated but has instead been made just barely tolerable. The poor, of course, have known for a long time just how the power is divided, and that they are too often treated merely as objects of social policy rather than as citizens who have been injured by society. But they are powerless; the welfare systems in Canada, and the social-service systems, and all the other systems which affect the lives of the poor, are shot through with a kind of suspicious paternalism, demeaning to its recipients, inadequate to their needs, bogged down in red tape and suspicion, punitive in spirit, and insufficient to break the cycle of dependency.

## WHAT THIS REPORT IS ABOUT

In this report, we try to do four things.

1. In the Foreword, we attempt to summarize the philosophical biases of the Committee, as they have developed over the period during which this report has been in preparation. We have learned much, lost some of our innocence, and discovered that some of the myths which we and other Canadians believed about the poor are both false and pernicious. We have learned that the poverty problem can be licked if we understand its dimensions, and if we have the will to try new solutions.

2. We try to develop a meaningful definition of poverty which permits us to define a more realistic poverty line than is currently used. This also permits us to identify the impoverished part of the population more clearly. Although the definition and measurement of poverty is now, and always will be, a controversial matter, the solution suggested provides a more just measure than those currently in use. Examination of the causes of poverty and the various economic factors which maintain poverty lead, in the later sections of the report, to a number of recommendations for dealing more effectively with the problem of eradicating poverty in the coming decade.

3. We examine the present welfare system and show that it is not working effectively.

4. On the basis of the foregoing evidence and arguments, we recommend that a Guaranteed Annual Income plan be introduced as the major weapon in solving the poverty problem. We also argue, however, that income maintenance cannot be the only weapon, but that solutions to many other problems both of an economic and a social nature must be simultaneously pursued.

The virtues of the income-maintenance approach in dealing with the basic poverty problems are shown to be many, and its deficiencies are considerably fewer than has been claimed by its opponents. It is a program which has many positive effects. It permits a rationalization of the present chaotic welfare structure; it solves the problem of stigmatizing the poor under present welfare rules; it provides a basic level of security for all Canadians, both rich and poor, against the hazards of modern life. With an appropriate incentive structure, it provides the basic necessities to the poor, so that they can enter the mainstream of economic life instead of spending all their energies scrounging for necessities. Furthermore, it is less costly than many critics have asserted.

However, the Guaranteed Annual Income program, although essential, is not, by itself, enough. We recommend additional programs of two sorts: supplementary programs for dealing with the side-effects of the G.A.I., and improved service programs for actually meeting the needs of the impoverished, as well as the other income-classes of society, with respect to minimum wages, health, education, housing, and all the other amenities that make for a satisfying life.

5. Among the heritages of contemporary Canada are the Protestant Work Ethic imported from Europe and the Frontier Ethic we share with the United States. These two social philosophies determine to a large extent the attitudes, myths, and beliefs of Canadians with respect to poverty, the poor, work, opportunity, and welfare. They sustain the image of the poor as shiftless, unambitious, and lazy, and the belief that poverty is largely self-inflicted. They assume that opportunities abound for anyone who wishes to take advantage of them, and that therefore idleness is evil and those who do not work do so by choice.

A recent development in Canadian social philosophy is the emergence of the more positive human-resource development approach. This philosophy recognizes the inherent value of a literate, educated, and trained population and the economic and social costs of under-development and under-employment of the nation's human resources. While we pay lip service to the fact that our human resources are our most valuable resources, we fail to invest in their development in ways which maximize their utilization and productivity. As we have done with natural resources, we exploit our human resources on a narrow, short-sighted basis. This produces under-employment and waste in the present generation and jeopardizes Canada's future by projecting the burden of under-developed and unproductive human resources into future generations.

Development of human resources to their greatest potential is regarded as a desirable objective in itself. Manpower development, in which we do invest, is much narrower and is concerned with development of human resources only in the economic sense—to increase productivity, and earning and spending power. Human-resource development is concerned with all of the people in the nation—men, women, and children—not in terms of their labour-force status or potential, but in the broader context of citizenship, culture, contribution, and satisfaction.

There is one further problem that must be faced. We cannot assume that the G.A.I. and the other proposed programs, as well as the existing programs will work without careful evaluation, research, and dissemination of information. It is therefore recommended that a Council for Applied Social Research be established. The aim of this Council is to provide a means for systematic, practical problem-solving in the area of human resources and social well-being to aid government and private agencies in delivering services more efficiently, and improving social and economic decision-making at all levels of government. It should provide decision-makers with the kind of knowledge that will assist them in taking account of the social and human context in which their programs operate.

The proposed Council will not be concerned with theoretical or academic research problems, or high-level policy problems, but with the hard, practical problems of selecting the most effective, least costly program which provides the most benefit; with determining how to minimize costly conflicts where some appreciation of the social context can help the decision-maker come to a better solution; and with the development of the kind of information-base necessary to improve social planning. The benefits of such research accrue not only to the impoverished, however defined, but to all groups in society who suffer the results of inadequately-based programs and decisions.

Like all arguments for change, the arguments in this report are a form of special pleading. However, we are confident that by frankly revealing our biases, by emphasizing our determination to eliminate poverty, reduce in-

equality, and provide basic security from hazard for all citizens, and by documenting our conviction that the existing system does not work acceptably—we will be heard and heeded.

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# PART I SECTION ONE

## The Poor—The World We Leave Behind

Looking Forward

When proceeding to a discussion of the dimensions of poverty, it is essential that we clarify what we mean by the word "poverty." The concept we mean is not only a matter of technical definition but also a statement of our attitude toward the unemployed, the underemployed, the disabled, the elderly, and other classes of people with low incomes or no incomes.

Definitions of poverty range all the way from the simplistic "lack of money" to comprehensive definitions which include social and economic conditions, and general lack of power. Various concepts of poverty include some or all of the following:

1. **Subsistence**—where poverty is defined in terms of minimum income necessary to maintain health and working capacity.
2. **Relative**—where poverty is defined in terms of a certain percentage below the average income of the population.
3. **Exclusion**—where the social consequences of poverty are the focus of attention rather than the needs of the poor. The "relative" dimension of poverty is exemplified by the European Council of Economic Co-operation's definition of poverty in Canada as presented in the *1968 Annual Review* (1969).

Poverty has been defined by the President's Council on Education

and the Social Sciences Commission on Income Distribution as "the state of being without the resources to meet the basic needs of life."

This is a relative definition in the sense that it is defined relative to a standard of living. It is not a statement of fact but a statement of value.

SECTION ONE

The Dimensions of Poverty

# 1

## Defining Poverty

Before proceeding to a discussion of the dimensions of poverty, its causes, and its effects, it is essential that we clarify what we mean by the word "poverty." The choice we make is not only a matter of technical convenience but also a statement of our attitude toward the unemployed, the underemployed, the disabled, the elderly, and other classes of people with low incomes or no incomes.

Definitions of poverty range all the way from the simplistic "lack of money" to comprehensive definitions which include social and economic exclusion, and general lack of power. Various concepts of poverty include some or all of the following:

1. *Subsistence*—where concern is with the minimum income necessary to maintain health and working capacity.

2. *Inequality*—where society is seen as a series of stratified layers, and poverty is defined by how the bottom layers fare relative to the rest of society;

3. *Externality*—where the social consequences of poverty for the rest of society is the area of concern rather than the needs of the poor.<sup>1</sup> The "externality" dimension of poverty is exemplified by the Economic Council of Canada's estimates of the costs of poverty to Canada as presented in the *Sixth Annual Review* (1969).

Poverty has been defined by the Economic Council of Canada as

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.<sup>2</sup>

This is a relative definition in the sense that it relates poverty to a minimum standard of living. It recognizes that people are considered (and consider

themselves) poor if their standard of living is significantly below that enjoyed by most people in their society. A relative standard of living is a more realistic measure of poverty than is minimum subsistence.

Poverty is always relative to a given time and place. The differences between Canadian and Asian poverty do not make the former any more tolerable. The poor in Canada are judged, and judge themselves, relative to the general situation in their own country, at any given point in time. They are not comforted or helped by reminders of their apparent affluence compared with the abysmally low living standards of the Asiatic or Latin American poor. Furthermore, the Canadian poverty level of 1971 is not the same as that of 1961, because the general standard of living has continued to rise over the past ten years. What we define as "poverty" must change constantly in relation to general living standards. In this sense, poverty's definition can never be precise and invariable.

John Kenneth Galbraith, in *The Affluent Society*, brought the attitudes of the whole society into play in the following definition which is also based on a relative concept of poverty:

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 larger community regards as the minimum necessary for decency; and they cannot wholly escape, therefore, the judgment of the larger community that they are indecent.<sup>3</sup>

An even more comprehensive definition of poverty based on consideration of inequality is provided by Miller and Roby. They define poverty as a lack of "command over resources over time."<sup>4</sup> Resources are taken to include not only money income and assets but also political power, individual self-respect, and opportunity. As Miller and Roby write:

Poverty is not only a condition of economic insufficiency: it is also social and political exclusion. We suggest that a minimum approach by government in any society with significant inequalities must provide for rising minimum levels, not only of (1) incomes, (2) assets, and (3) basic services, but also of (4) self-respect and (5) opportunities for education and social mobility and (6) participation in many forms of decision-making.<sup>5</sup>

The relative and comprehensive definitions of poverty presented above are endorsed by the Committee since they recognize that poverty is not simply a matter of low income but also a matter of relative lack of command over resources. Unfortunately neither the data nor the methodological tools are available to measure the complex relationships incorporated in these definitions. Like the Economic Council of Canada, Statistics Canada, and others, the Committee is forced to discuss poverty largely in terms of low income because income is the only component of standard of living for which adequate, relevant, quantitative data is available.

Income data\* can be used to define poverty in either an absolute or a relative sense. One method is to define poverty in terms of the income needed to sustain some minimum or subsistence level of physical health and capacity for work. The income requirements to provide adequate food, clothing, and housing for a family of given size are used to establish a poverty level. This method defines poverty in terms of an absolute "minimum-needs" standard, and therefore is not concerned with relative inequality. The Statistics Canada definition of poverty is based, for example, on the following statement:

A basic assumption for the main set of estimates was that any family or individual spending more than 70 per cent of total income on food, clothing, and shelter was in a low-income situation and likely to be suffering from poverty.<sup>6</sup>

The "inequality" or relative approach to defining poverty in terms of income data can be developed in two ways. One method defines the poverty level as a percentage, usually 50 per cent, of mean or median family income. While this method has some conceptual and mathematical advantages, the unavailability of accurate information on "real" family† income limits its practical application. Its greatest advantage is that, assuming an accurate index of "real" income, the poverty line changes as average income changes.

Another relative approach is to define low income in terms of the share of national income going to the bottom 10 or 20 per cent of the population. While useful as an index of income distribution, and of changes and trends in that distribution, this latter index does not provide a basis from which changes in the number of poor can be estimated over time. Unlike the subsistence or the average-income approach, it does not provide a basis on which a guaranteed annual income program can be based.

The organization and recommendations of the following sections of this report are based on recognition of the fact that poverty is a multi-dimensional concept, encompassing social, psychological, and economic malaise. Nevertheless, most people think of poverty—and the poor suffer poverty—as income deficiency resulting in material deprivation. The latter concept of poverty as low income, while in itself insufficient, is nonetheless necessary both for the measurement of poverty and for the development of programs to eliminate it.

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\* It should be noted that income data published by Statistics Canada, and used throughout this report, are based on "total income" as defined by Statistics Canada—total *money income received* (during the calendar year) from the following sources: wages and salaries, net income from self-employment, investment income, government transfer payments, and other miscellaneous income. Money incomes are reported *gross* of taxes (that is, before income or direct taxation). Income in kind is excluded, as are receipts of gifts, lump sum settlements from insurance policies, income tax or pension funds, capital gains and losses, and receipt from sale of assets.

†The word "family" in this chapter refers to the "economic" family—a group of individuals sharing a common dwelling unit and related by blood, marriage, or adoption. The use of this definition lends itself most readily to existing data on incomes. Also, because the family is defined in terms of familial relationships and marital status, it allows some simplifications. Considerations of the sex and ages of family members can be disregarded.



# 2

## The Poverty Line

In order to focus programs on those who need them, we must define, with as much clarity as possible, the essential components of a minimum standard for satisfactory living—not a subsistence standard but one which allows for dignity and decency.<sup>1</sup>

—Prime Minister Pierre-Elliott Trudeau

In the simplest terms, a “poverty line” represents the level of income which divides the families of a particular size, place, and time into the poor and the non-poor. A poverty line is both conceptual and statistical. It is conceptual in that it permits us to define the scope of poverty in a society; it is statistical in that it provides us with a means of counting the number of poor. Once we know the size of the problem, we can begin to estimate the cost of solving it, the feasibility of proposed programs. A poverty line provides an operational definition of poverty.

Given the fact that we are restricted almost exclusively to the use of income data, there are a number of ways in which we can establish a poverty line. None of these methods is completely adequate, since all tend to simplify a complex problem for the sake of statistical and informational convenience. They do, however, provide a basis for description and discussion of poverty, and provide a basis for planning remedial action.

The simplest method, and that most widely used, is to take an income of \$3,000 as the poverty line and adjust it for changes in the cost of living. This line is assumed to be close enough to subsistence-level requirements to support the necessary arguments. A second method is that used by Statistics Canada. In this method, subsistence, cost-of-living adjustment, and adjustment for differences in family size up to five, are made to produce a more realistic subsistence-level poverty line. Methods which are based purely upon relative income-deprivation concepts, which ignore the subsistence-level base, usually take some proportion of the average or median income as the appropriate poverty line. In terms of limits, the subsistence approach defines the minimum level of a scale or continuum, while the relative approach defines a maximum level, since complete equality would be achieved if every-

one in society were to receive an equal share of the disposable income—that is, the mean income for the population.

Given these various alternatives, it seemed reasonable to the Committee that in establishing a poverty line, we should take account both of the minimum subsistence-level budget estimates of Statistics Canada, cost-of-living adjustments, adjustments for family size, and of relative income-deprivation. The Committee poverty line, therefore, represents a compromise solution which takes the budgetary needs as a starting point and adjusts the resulting line to take account of the yearly increase in average income. Because all these approaches share a number of characteristics, they do not produce markedly divergent results.

Because the computation of this newly-proposed line is somewhat involved, the details of the computation and its relationship to the Statistics Canada procedure are presented in the Appendix. (See p. 199.) The procedure presented in the Appendix is not the only possible method. Its virtues are simplicity and greater realism. Simplicity means we are not taking account of other factors, such as family characteristics and geographical location; realism means that we are taking account of relative deprivation as well as the subsistence-level, market-basket approach of Statistics Canada.

#### THE STATISTICS CANADA/ECONOMIC COUNCIL OF CANADA POVERTY LINE

The Economic Council of Canada has adopted a poverty line developed in the mid-1960s by Miss J. Podoluk of Statistics Canada.<sup>2</sup> As a first step, the expenditure patterns of some 2,000 randomly-selected families were surveyed. It was discovered that, on average, families spent roughly half of their total income on the basic necessities of food, clothing, and shelter. It was decided that a family spending 70 per cent or more of its income on food, clothing, and shelter would be at or below the poverty level. This 70-per-cent figure, while arbitrary, did result in figures which were considered to be "reasonable." For instance, applied to the population as a whole in 1961, it placed about 25 per cent of Canadians at or below the poverty line.

Translated into dollar terms, the Statistics Canada/E.C.C. method produced 1961 poverty lines of \$1,500 for a single person, \$2,500 for a family of two, \$3,000 for a family of three, and \$500 for each additional person up to five persons.

That such poverty lines were none-too-generous can be inferred from the fact that families of four persons were allowed only \$20 per week for all expenses other than the basic necessities. This poverty line, besides being very stringent, had other limitations.

First, no allowance was made for family members beyond the fifth. Thus, in 1961, the poverty-line income for a family of five was \$4,000, but it was also \$4,000 for families of six, eight, and even more. Second, the 70-per-cent criterion for the basic necessities is relevant only at a certain point in time. As the national income rises year by year, the average family income rises as well, and the average percentage of income spent on food, clothing, and shelter may now be less than the 50 per cent it was ten or fifteen years ago. The criterion of 70 per cent of income spent on necessities is obsolete in 1971. Thus, this method is not satisfactory as a permanent yardstick for the determination of low-income levels.

Closely related to this point is the limitation that the E.C.C. poverty line is revised periodically with reference only to changes in the cost of living as measured by the Consumer Price Index. No allowance is made for changes in the general standard of living. The E.C.C. poverty line "marks time" in this sense, so that the gap between these poverty lines and the general living standard tends to widen.

## THE SENATE COMMITTEE POVERTY LINE

The Senate Committee undertook to develop a more realistic poverty line, one that would overcome some of the defects of the E.C.C. lines. Our concerns were to take account of families with six or more members, and to make adjustments for relative income-deprivation, so that the line would reflect the changing conception of poverty as economic conditions changed. In developing the Committee's poverty line, we kept three points in mind. First, the new line had to reflect changing patterns of expenditure rather than being fixed to the expenditure pattern of a particular point in time. Second, the line had to reflect changes in the standard of living rather than just cost of living. Third, it had to be easily understood, easily calculated, and easily revised on a yearly basis. In order to meet these criteria, and also to take account of the subsistence-level criteria, we developed the procedure described in the Appendix.

Yearly adjustments in the average standard of living can be derived from Statistics Canada's *Income Distributions by Size in Canada* which will be published every year beginning in 1972. Also, poverty-line incomes for family sizes other than four in any year can be easily calculated using the "Family Size Equalizer Points" method described in the Appendix. This "definition" of economic poverty, while no less arbitrary than any of the other methods proposed, has the virtue of being more realistic and better meeting the criteria proposed.

A comparison of the Senate Committee poverty lines with those of Statistics Canada/E.C.C. for 1969 (the latest year for which actual figures

are available) is presented in Table 1. The table shows that for each family size the Committee poverty lines are higher than those of the E.C.C. This should be taken to mean not that the Committee lines are too high but that those of the E.C.C. are too low, and likely to become even more unrealistic with time. This is true if we accept the assumption that the poverty line must be adjusted for changes in the level of standard of living—not only for minimum-subsistence considerations. It should also be noted in support of these proposed higher levels that Statistics Canada has stated their intention to review their poverty lines with a view to revising them upwards. We feel that the method developed by the Committee represents a more reasonable method of calculation than any of those presently in use.

Our intention in presenting the new poverty line is twofold: first, in terms of its intrinsic merit, we are more realistic and take account of relative income deprivation; and, second, we permit a more realistic appraisal of the costs and impact of the Guaranteed Annual Income. That the Senate Committee poverty-line incomes are not generous is demonstrated by a public-opinion survey conducted for the Senate Committee by the Canadian Institute of Public Opinion in May, 1970. The results of this survey indicated that most Canadians considered \$6,500 to be the minimum acceptable income for a family of four.

TABLE 1  
Comparison of Senate Committee and Statistics Canada/E.C.C.  
poverty lines by family unit size, 1969

Family unit size	Senate Committee poverty lines	Statistics Canada-E.C.C. poverty lines
	\$	\$
1	2,140	1,894
2	3,570	3,157
3	4,290	3,788
4	5,000	4,420
5	5,710	5,051
6	6,430	5,051
7	7,140	5,051
10	9,290	5,051

SOURCE: Staff Study; D.B.S., *Income Distribution by Size in Canada, 1969* (Cat. No. 13-542), Table 7.

Unfortunately, because the requisite data have not always been available, in the various tables presented in this report we have been forced to employ both the new Committee poverty lines and the Statistics Canada/E.C.C. poverty lines. It has also been necessary to use data from different years. Although these limitations make for some inconsistency, our conclusions are not thereby changed. The particular poverty line we employ is identified (by source and year) in the text.

**Recommendations:**

1. that the method developed in this report (see Appendix) be adopted by the Government of Canada. This method relates poverty to a measure of the "average standard of living" and is sensitive to changes in national average incomes and family size.

2. that the "poverty lines" established through this method and up-dated annually be accepted as a basic social indicator and be used to measure the extent and dimensions of poverty in Canada and their changes.

3. that these "poverty lines" be used as a basis for the G.A.I. program proposed in this report.

POVERTY LINE UPDATES

SEE

HCT20 PE 4374

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# 3

## Counting and Accounting for the Poor

### COUNTING THE POOR

There are two ways in which a poverty line can be used to measure the "amount" of poverty: by determination of the poverty rate, and by determination of the poverty gap.

#### THE POVERTY RATE

The poverty rate is determined by establishing the number of poor families or individuals who fall below the poverty line and expressing this number as a percentage of the general population. Table 2 shows the number of family units\* and individuals in Canada falling below the Senate Committee poverty lines.

As the total number of individuals covered by Statistics Canada's *Survey of Incomes* (1969) was just under 20.5 million,† the overall poverty rate for that year was approximately 25.1 per cent; that is, one Canadian in four was a member of a family unit whose income was below the poverty line. Table 2 also shows that the incidence‡ of poverty (the poverty rate) was highest among unattached individuals, two-person families, and families with five or more members. The lowest incidence was among families with three and four members.

\* A family unit is a collective term for unattached individuals and families with two or more members (Statistics Canada).

† Excluded from these income surveys are those families and individuals in the Yukon and Northwest Territories or on Indian reserves as well as the institutional population.

‡ Reference to *incidence* of low income refer to the proportion of families in a specified group with incomes below the defined "poverty line." It is important to note that high *incidence* does not necessarily mean a high *number* of families or individuals receiving low incomes.

TABLE 2

Poverty rates by family unit size, 1969

Family unit size	Senate Committee poverty line income	Number of family units below poverty line (Total: 2,767,000)*	Number of individuals below poverty line (Total: 5,135,000)	Poverty rate
	\$	(thousands)	(thousands)	%
1	2,140	629	629	38.7
2	3,570	408	816	28.4
3	4,290	161	483	16.8
4	5,000	157	628	15.6
6.2†	6,570	416	2,579	28.5

\*Because these are estimates the figures have been rounded to the nearest thousand units.

†The family size 6.2 was that recommended by Statistics Canada for use as the average size of all those families of five or more persons. This simplification was imposed by the method presently in use by Statistics Canada for presenting income data.

SOURCE: Staff Study; derived from D.B.S., *Income Distribution by Size in Canada, 1969* (Cat. No. 13-542), Table 2.

### THE POVERTY GAP

Another measure of poverty, called the poverty gap, has also come into common use. The poverty gap (or "aggregate dollar-deficit") represents the amount by which the incomes of poor families fall short of their respective poverty-level incomes. Thus, if one family is \$1,000 below the poverty line and another family is \$100 below the line, the poverty gap for these two families is  $(\$1,000 + \$100 =) \$1,100$ .

The calculation of this gap requires, however, some operational definition of income. Ideally, such a definition would include all income, whether money or income in kind, received by family units in any given year. Unfortunately, no such income data are available. Even the comprehensive Statistics Canada definition of income (see p. 3) excludes receipt of gifts, lump-sum settlements from insurance policies, income-tax or pension-plan refunds, capital gains and losses, receipts from the sale of assets, and inheritances or bequests, as well as all incomes in kind. Nevertheless, as people at the lower end of the income scale are less likely to receive income from these sources (with the exception, perhaps, of some income in kind), the Committee felt that Statistics Canada income data, less the amount of personal income tax paid by those below the poverty line, would provide a reasonable estimate of "disposable income."

The poverty gap consists, then, of the total amount of money by which the "disposable income" of all family units falls short of their respective poverty lines. This method of calculation resulted in a 1969 poverty gap of about \$2.7 billion. A break-down of this figure by family size indicates, for instance, that the poverty gap for three-person families is about a quarter

of a billion dollars (\$.25 billion), while for families of five or more persons it approaches \$1 billion. Even this information, however, does not show how poverty varies in degree from family to family; for instance, a \$10,000 poverty gap spread amongst 100 families, each of which is \$100 below the poverty line, means far less economic deprivation for those families than the same poverty gap (\$10,000) shared by 10 families, each of which will be \$1,000 below the poverty line. In short, an aggregate poverty-gap figure, even by family size, does not indicate which families suffer from severe poverty as opposed to those whose incomes are only moderately below the poverty line.

The poverty rate and the poverty gap have the advantage of simplicity. They indicate how many individuals and families are below a given income-line, and how much money would be required to raise their incomes to the poverty line. They do not, however, differentiate between the family which is marginally below the poverty line and the family which suffers from severe poverty. Chart 1 has been prepared to demonstrate how low-income families are distributed on the income scale below the poverty line.

Chart 1 depicts graphically the distribution of poverty incomes (gross of personal income tax) by family size. The chart shows that both in extent and severity the problem of low incomes is real and pressing. The prevalence of moderate poverty is indicated by the fact that about 188,000 unattached persons had incomes between \$1,500 and the poverty line of \$2,140, and that about 82,000 two-person families had incomes between \$3,000 and their poverty line of \$3,570. Even more distressing, however, are the alarming figures on severe poverty in Canada. That is, Chart 1 shows also that 180,000 unattached persons had a yearly income of less than \$1,000. If an annual income of less than \$1,000 for an unattached person seems atrocious, how much worse must poverty be for those 12,000 families of five or more persons who also had less than \$1,000 a year? Some families of six persons survive on an income of about \$20 per week. Hard to believe, isn't it?

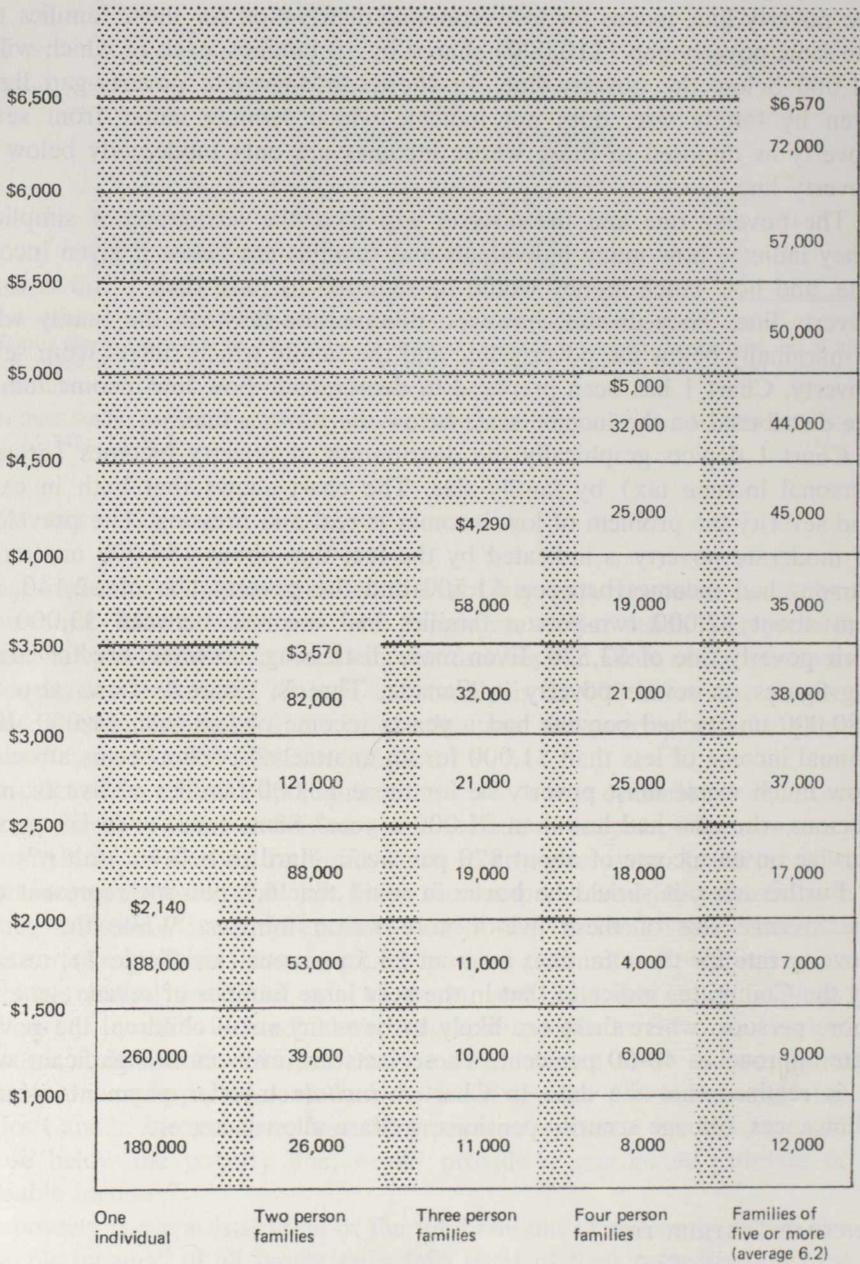
Furthermore, it should be borne in mind that 6.2 persons represent only the *average* size of these five-or-more-person families. While the general poverty rate for these families is about 28.5 per cent (see Table 2), research by the Committee indicates that in the very large families of seven, eight, and more persons, where there are likely to be many small children, the poverty rate approaches 40-50 per cent. These facts are even more significant when it is realized that the data in Chart 1 *include* transfer payments—family allowances, old age security pensions, welfare allowances, etc.

## INCOME DISTRIBUTION

A third method of estimating the dimensions of poverty is to examine the distribution of income over time. In this method, one compares the amount of income received by various segments of the population. Thus the amount

CHART 1

Distribution of Poverty by Family Unit Size, 1969.



Source: D.B.S., *Income Distributions by Size in Canada, 1969* (Cat. No. 13-542), Table 2.

of income going to the top 20 per cent of the population can be compared with the amount going to the lowest 20 per cent. The question answered by this type of comparison is that of how well or how badly the bottom group is doing.

Income distribution data for 1967 is shown in Chart 2. The chart is based on income after transfers; it includes government pensions, welfare payments, family allowances, and so on. The chart indicates that almost 40 per cent of the total income is received by the top 20 per cent of families; at the other extreme, the lowest 20 per cent receive only 6.8 per cent of total income.

An even more startling fact emerges from the data in Table 3, which shows the income distribution for various years between 1951 and 1967. The data show that the income distribution has remained virtually unchanged since 1951. While there has been some reduction in the proportion of income going to the top 20 per cent—41.1 per cent in 1951, compared to 38.5 per cent in 1967—only a small increase has been gained by the lowest group—6.1 per cent in 1951 to 6.8 per cent in 1967.

The data in Table 3 also show that, in fact, the gap in dollar-terms between the poor and the affluent has increased. Between 1951 and 1967, the lowest

TABLE 3

Shares of total non-farm family income received by non-farm families ranked by income, 1951-1967

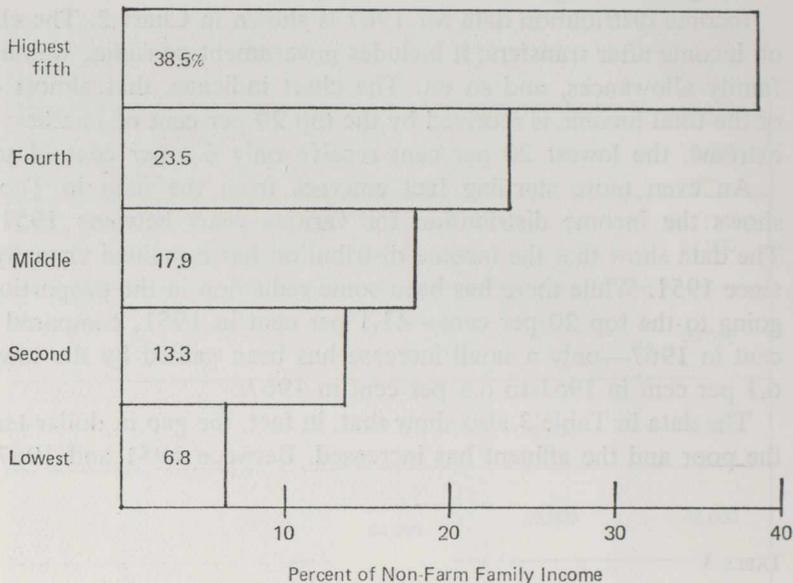
Year	Lowest fifth	Second fifth	Middle fifth	Fourth fifth	Highest fifth	Total
			%			
1951	6.1	12.9	17.4	22.4	41.1	100.0
1954	6.5	13.5	18.1	24.4	37.5	100.0
1957	6.3	13.1	18.1	23.4	39.1	100.0
1959	6.8	13.4	17.8	23.0	39.0	100.0
1961	6.6	13.5	18.3	23.4	38.4	100.0
1965	6.6	13.3	18.0	23.5	38.6	100.0
1967*	6.8	13.3	17.9	23.5	38.5	100.0
Upper limits			\$			Average \$
1951	1,820	2,700	3,480	4,640	n.a	3,535
1954	2,220	3,240	4,150	5,680	"	4,143
1957	2,380	3,600	4,680	6,350	"	6,644
1959	2,650	3,920	5,000	6,690	"	4,968
1961	2,800	4,270	5,460	7,180	"	5,317
1965	3,500	5,250	6,810	9,030	"	6,669
1967	4,090	6,060	7,930	10,650	"	7,756

\*Estimated on the assumptions that families are evenly distributed within the published income classes and that the proportionate relationship between non-farm and total income in 1965 also applies in 1967, after transfer payments.

SOURCE: Staff Study; D.B.S., *Incomes of Non-Farm Families and Individuals in Canada, Selected Years, 1951-1965* (Cat. No. 13-529), Tables 4 and 12; D.B.S., *Income Distributions by Size in Canada, 1965* (Cat. No. 13-528), Tables 13 and A 11; D.B.S., *Income Distribution by Size in Canada, 1967* (Cat. No. 13-534), Table 3.

CHART 2

Income distribution by quintiles (fifths) of non-farm families after transfer payments, 1967.



Source: D.B.S., *Incomes of Non-Farm Families and Individuals in Canada; Selected Years, 1951-1965* (Cat. No. 13-529), Tables 4 and 12; D.B.S., *Income Distribution by Size in Canada, 1965* (Cat. No. 13-528), Tables 13 and A 11; D.B.S., *Income Distribution by Size in Canada, 1967* (Cat. No. 13-534), Table 3.

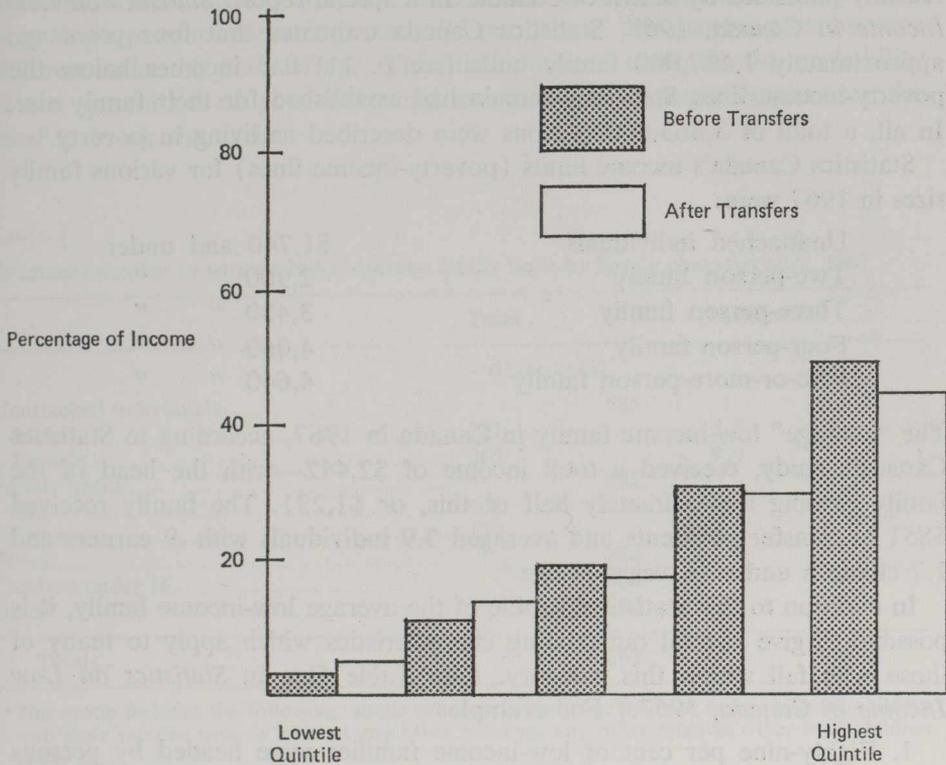
quintile (fifth) of the families gained, on the average, \$2,270; the third quintile, \$4,460; and the fourth quintile, \$6,010. The latter registered a gain greater by 50 per cent than that of the lowest 20 per cent. It is emphasized again that the incomes shown *include* transfer payments and are *before* income tax.

The effect of transfer payments on income distribution for the year 1967 is shown in Chart 3. These data indicate the limited success that current redistribution policies have had on the income levels of those at the bottom level.

The data substantiate the fact that large numbers of Canadians live in severe poverty. They further demonstrate that the existing welfare and income-redistribution systems are having no significant impact on the relative position of those who are poor. Additional information on the characteristics, location, and status of the poor in Canada is presented in the following section.

CHART 3

Income of families and unattached individuals before and after transfers, 1967.



Source: Staff Study; derived from D.B.S., *Income Distribution by Size in Canada, 1967* (Cat. No. 13-534), Tables 31-33.

### STATISTICAL BREAKDOWNS

For most Canadians, it is difficult to picture that large minority of the population whose lives are spent in poverty; to see who they are, how and where they live. As N. H. Lithwick said, "The poor are not seen and, being out of sight, are out of mind. They live near the core of large cities or in rural backwaters where most of society never goes."<sup>1</sup> One attempt to add depth and dimension to our understanding of the invisible poor, was made by the Economic Council of Canada in their *Fifth Annual Review* (1968). The E.C.C. profile of the poor identified several characteristics closely associated with poverty, including: lack of formal education, lack of employment, old age, and female-headed families.

The E.C.C. review was based on 1961 data. A more up-to-date estimate of the extent and intensity of poverty in Canada can be made from information recently published by Statistics Canada. In a special report, *Statistics on Low Income in Canada, 1967*, Statistics Canada estimates that four years ago approximately 1,417,000 family units (see p. 11) had incomes below the poverty-income lines Statistics Canada had established for their family size. In all, a total of 3,863,000 persons were described as living in poverty.<sup>2</sup>

Statistics Canada's income limits (poverty-income lines) for various family sizes in 1967 were:

Unattached individuals	\$1,740 and under
Two-person family	2,900 " "
Three-person family	3,480 " "
Four-person family	4,060 " "
Five-or-more-person family	4,640 " "

The "average" low-income family in Canada in 1967, according to Statistics Canada's study, received a total income of \$2,442—with the head of the family earning approximately half of this, or \$1,231. The family received \$851 in transfer payments and averaged 3.9 individuals with .9 earners and 1.7 children under 16 years of age.<sup>3</sup>

In addition to this statistical profile of the average low-income family, it is possible to give several outstanding characteristics which apply to many of those who fall within this category. (See Table One in *Statistics on Low Income in Canada, 1967*.) For example:

1. Eighty-nine per cent of low-income families were headed by persons who had not completed high school; almost half, 41 per cent, of these family heads had not completed elementary school.

2. Statistics Canada predicts that: "An increasing pace towards urbanization means that low income will become more and more an urban problem."<sup>4</sup> Already more than half (55 per cent) of low-income families live in urban areas; 30 per cent of them in cities with a population of more than 100,000.

3. The incidence of poverty (see p. 11) is still extremely high in rural areas; although only 21 per cent of the total population live outside urban areas, 45 per cent of all low-income families live in rural areas.

4. The incidence of poverty remains high in the Atlantic provinces, although more than half of all low-income families (54 per cent) live in either Quebec or Ontario.

5. Nearly two-thirds (63 per cent) of low-income family heads worked for at least part of the year; 38 per cent gained most of their income from wages and salaries, and another 21 per cent were self-employed; 37 per cent of low-income family heads worked *full-time* during the year.

6. More than a quarter (27 per cent) of all low-income family heads were 65 years of age or older.

7. Eighty-five per cent of low-income families were headed by men.

Further identification of the poor is provided in Tables 4 and 5. Table 4 shows that by the standards of the 1967 Statistics Canada/E.C.C. poverty lines there were 3,863,000 poor in Canada. Of that number, 15 per cent were single persons. More important, 36 per cent of low-income persons were children under 16 years of age. This high proportion signals the probability of one generation of poor following another, and strongly emphasizes the need to break the cycle.

TABLE 4

Estimated number of persons in low-income family units by family characteristics, 1967

	Total	Distribution	
	(thousands)		%
Unattached individuals.....	585		15.1
Male.....	221	5.7	
Female.....	365	9.4	
Family heads.....	832		21.5
Male.....	708	18.3	
Female.....	123	3.2	
Wives.....	684		17.7
Children under 16.....	1,404		36.3
Other*.....	359		9.3
Totals.....	3,863		100.0

\*This group includes the following: single children 16 and over living at home, married children with their spouses with or without any other relatives, any other relatives other than children under 16.

SOURCE: D.B.S., *Statistics on Low Income in Canada, 1967* (Cat. No. 13-536), Statement B.

Table 5 shows the same total of poor people according to provincial distribution. Perhaps the most striking fact brought out in this table is the concentration of poor in Quebec and Ontario. Quebec alone had more poor people than the combined Western Provinces, and nearly twice as many as all Maritime Provinces.

Table 6 shows the regional distribution of poor families, their number, average family income, and average family size. For low-income families, generally, incomes are higher in the Atlantic provinces and Quebec, and lower in Ontario and the Prairies.

Table 7 shows in more detail some of the characteristics of urban and rural poverty. For example, in the largest cities, family size among the poor averages 3.5 per cent, while in rural areas it averages 4.3. The last column of Table 7 shows a striking difference in the location of poor families with female heads. On the one hand, 24 per cent of these families are located in cities of over half a million and 27 per cent in cities of over 100,000. On the other hand, only 6 per cent of such families are located in rural areas. Home-ownership among poor families ranges from a low 37 per cent in the

TABLE 5

Estimated numbers of persons and children under 16 in low-income family units by province, 1967

Province	Number of persons in low income family units	Distribution	Number of children under 16 in low-income family units	Distribution
	(thousands)	%	(thousands)	%
Newfoundland.....	197	5.1	90	6.4
Prince Edward Island.....	54	1.4	20	1.5
Nova Scotia.....	223	5.8	87	6.2
New Brunswick.....	188	4.9	81	5.8
Quebec.....	1,232	31.9	486	34.6
Ontario.....	902	23.3	298	21.3
Manitoba.....	204	5.3	72	5.1
Saskatchewan.....	253	6.5	82	5.9
Alberta.....	299	7.7	99	7.1
British Columbia.....	312	8.1	85	6.1
Canada.....	3,863	100.0	1,404	100.0

SOURCE: D.B.S., *Statistics on Low Income in Canada, 1967* (Cat. No. 13-536), Statement C.

TABLE 6

Selected statistics of low-income families classified by region of residence, 1967

Region of Residence	Total low-income families	Average family income	Average family size
	(thousands)	\$	
Atlantic Provinces.....	132	2,655	4.5
Quebec.....	248	2,627	4.3
Ontario.....	203	2,310	3.6
Prairie Provinces.....	175	2,188	3.7
British Columbia.....	73	2,400	3.2
Canada.....	832	2,442	3.9

SOURCE: D.B.S., *Statistics on Low Income in Canada, 1967* (Cat. No. 13-536), Table 5.

largest urban centres all the way up to 91 per cent in rural areas. (Of course, "home ownership" says nothing about the *quality* of the home.)

Table 8 presents some information on selected characteristics of low-income men and women who are not members of families. It will be noted that the incidence of low income is higher among women than among men—47 per cent as against 30 per cent.

There are various special categories of people of concern to poverty studies. Information about some of these is contained in the following tabulations which assume the 1967 Statistics Canada/E.C.C. poverty lines and which are based on data published by the Department of National Health and Welfare in 1970 in *Income Security for Canadians*:

TABLE 7

Selected statistics of low-income and other families classified by size of place of residence, 1967

Size of place of residence	Families	Average family income	Average transfer payments received	Average size of family	Average number of children under 16 years	Home-owners*	Families with female head†
	(thousands)	\$		(persons)		%	
Low-income families							
Metropolitan centres:							
500,000+	149	2,438	884	3.5	1.4	36.9	24.1
100,000—499,999	101	2,474	889	3.7	1.6	46.8	27.2
30,000—99,999	40	2,497	979	3.3	1.3	45.7	25.6
Other Cities:							
15,000—29,999	48	2,530	942	3.9	1.7	64.4	19.0
Small urban areas	119	2,521	1,057	3.7	1.5	71.4	15.1
Rural areas	375	2,392	747	4.3	1.9	90.7	5.9
Totals	832	2,442	851	3.9	1.7	69.3	14.8
Other families							
Metropolitan centres:							
500,000+	1,305	9,638	327	3.8	1.3	57.1	6.8
100,000—499,999	856	8,910	360	3.9	1.4	67.2	6.9
30,000—99,999	288	8,644	351	4.0	1.5	68.7	4.5
Other Cities:							
15,000—29,999	259	8,210	367	4.1	1.6	68.8	5.2
Small urban areas	426	7,915	437	4.1	1.6	73.5	5.6
Rural areas	551	7,460	487	4.5	1.8	85.4	3.3
Totals	3,686	8,766	376	4.0	1.5	67.3	5.9

\*Proportion of families who own their home.

†Proportion of families with female heads.

SOURCE: D.B.S., *Statistics on Low Income in Canada, 1967* (Cat. No. 13-536), Table 8.

TABLE 8

Distribution of low income and all unattached males and females by selected characteristics, 1967

Selected characteristics	Males		Incidence of low income	Females		Incidence of low income
	with low income	All males		with low income	All females	
	(thousands)		%	(thousands)		%
Canada.....	221	731	30.2	361	766	47.3
Newfoundland.....	6	12	49.2	8	11	68.6
Prince Edward Island.....	*	*	*	*	*	*
Nova Scotia.....	12	27	43.8	15	27	55.2
New Brunswick.....	6	17	35.7	10	20	52.6
Quebec.....	53	177	30.1	108	208	52.1
Ontario.....	59	250	23.7	116	280	41.5
Manitoba.....	14	39	35.4	19	41	46.4
Saskatchewan.....	15	42	36.9	18	38	47.8
Alberta.....	18	62	29.2	24	54	45.2
British Columbia.....	35	102	34.3	43	87	49.3
Area of residence:						
Metropolitan.....	110	484	22.7	217	538	40.4
Other cities.....	14	49	29.4	52	81	63.9
Small urban areas.....	33	78	42.1	51	86	58.9
Rural areas.....	64	121	52.7	45	66	68.6
Age group:						
14-24 years.....	42	155	26.9	85	177	48.1
25-34 years.....	13	128	10.3	11	72	16.0
35-44 years.....	14	91	14.8	8	47	17.9
45-54 years.....	19	94	20.2	25	78	31.6
55-64 years.....	34	97	35.3	59	136	43.6
65-69 years.....	25	53	47.0	51	83	61.6
70 years and over.....	74	113	65.9	124	177	70.1
Schooling:						
None or some elementary	98	185	52.9	99	129	76.7
Completed elementary or some high school	83	296	28.0	159	313	50.7
Completed high school or some university	35	186	18.7	102	283	36.1
University degrees	5	64	8.4	5	45	10.7

\*Sample too small on which to base a reliable estimate.

SOURCE: D.B.S., *Statistics on Low Income in Canada, 1967* (Cat. No. 13-536), Tables 12 and 13.

1. *Disabled Persons.* It is estimated that there are about 180,000 needy disabled persons between 18 and 65 years of age, of whom about 60,000 are mentally retarded.

2. *Aged Persons.* More than 800,000 persons over 65 years of age have such low incomes that they qualify for the income supplement. About two-thirds of the people over 65 fall below the 1967 poverty-income levels.

3. *Mothers with Dependent Children.* More than one-third of the families consisting of a mother with dependent children in her care have incomes below the 1967 poverty levels. There are about 150,000 mothers who are raising 330,000 young children.

4. *Families with Children under 18.* Almost one-quarter of the 3.5 million families with children under 18 are below the 1967 poverty levels.

## CHARACTERISTICS OF THE POOR

### THE WORKING POOR

Among the poor, the working poor have the unhappy distinction of being less readily recognizable than others in their income group. Sharing most of the "middle-class" aspirations of the rest of the nation, they are, in effect, the most invisible of all.

Too often being poor and being on welfare are assumed to be the same thing. This attitude has had some unfortunate practical results, one of which the Department of National Health and Welfare noted in its brief to the Committee:

As provincial assistance plans have been developed, they have not generally recognized the needs of employed persons working at very low rates of pay—the working poor.

In general, assistance benefits are not available to the working poor under existing policies.<sup>5</sup>

The poor who work—and who work hard—have been virtually ignored. (Of the 832,000 families who, in 1967, fell below the Economic Council's poverty line, 525,000 heads of families were in the labour force—working for what can be called poverty wages.)<sup>6</sup> The Family Bureau of Greater Winnipeg summarized the plight of the working poor this way:

For the working poor, who comprise by far the largest poverty group, the lack of income is not the most dramatic criterion for poverty. Rather the lack of opportunity, resources, and power are the more significant concerns. Life needs, such as shelter, food, and clothing, are somehow meagrely met; but such luxuries as recreation and supplemental purchasing power do not often exist. Poverty becomes circumstantial and highly nebulous. Poverty lines don't effectively describe the true nature of poverty; nor do any of the other, often-used social, economic, and political criteria define what it means to exist at a subsistence level.

Our communities are not geared to supporting low-income people who lack purchasing power or social influence. If an individual admits defeat, our society benevolently places him on welfare, and he faces bureaucratic control of his activities. His life is then governed by the rules and principles of an often-archaic system which believes a person on welfare relinquishes his rights. Also, he must not be allowed to become too comfortable for fear that he will become a parasite.<sup>7</sup>

In spite of its faults, the welfare system does offer certain advantages over working for low wages. The welfare department purchases many basic services for its clients which the low-income worker cannot afford, such as optical, medical and dental services, drugs, and household repairs. Certain areas of influence and power also accrue to the welfare recipient, but are denied to the working poor. Obviously, one compromise must always be made by the individuals or families desiring these questionable advantages: they must be willing to lose their social dignity by choosing to carry the stigma, "welfare recipients." For many, including the working poor, this is a high price to pay.

Where do the working poor live? What do they do? According to Statistics Canada, in 1969, 85 per cent of all low-income families, including the working poor, lived not in the Maritimes, but elsewhere in Canada—more than half, 58 per cent, lived in Ontario and the Western provinces; about 56 per cent lived in urban areas, 36 per cent in metropolitan areas (cities with populations over 30,000).<sup>8</sup> As for what they do, data from surveys conducted in Nova Scotia and Ontario in 1967, for example, give a clear indication of the type of work and, more important, its low-wage characteristics. For example, 35 per cent of the men and women in laundries, cleaners, and pressers in Ontario earn less than the minimum wage at that time. Further, 26 per cent of workers in eight other industries in Ontario—leather, cotton, yarn, woollen mills, knitting mills, clothing, wood, retail trade, and personal service—were earning less than the minimum wage.<sup>9</sup> Fifty-seven per cent of the men and 78 per cent of the women employed in laundries, cleaners, and pressers in Nova Scotia earned less than the minimum wage.<sup>10</sup>

It is worth noting that about 65 per cent of the work force in Canada is still outside the fold of organized labour.<sup>11</sup> (Unions have increasingly restricted themselves to high-wage, heavily concentrated industries such as steel or auto manufacture.) Worth noting, too, is the fact that one worker in three in Canada is a woman—a woman usually making less than a man in a comparable position, often in industries already characterized by low-wage structures. (See Table 9).

A more general description of the working poor is that they are those who too often work to earn less money than they would receive as welfare clients. It is shocking but true that even were they to receive minimum wages, these wages are, generally, below basic welfare levels. (See Chart 4.) As Dr. D. L. McQueen, the former director of the E.C.C., pointed out:

76 per cent of poor families at the time of the 1961 census had one or more earners in the family, and 66 per cent of poor families obtained most of their income from wages, salaries, and self-employment. These two percentages must be rammed home again and again to the Canadian public. They identify the phenomenon of the working poor, who, together with those others who are in the labour force but unemployed and take jobs when they can find them, turn out to be most of our poor family heads. . . .<sup>12</sup>

TABLE 9

Percentage distribution of individuals in the labour force\* by sex, by income groups, and by average earnings in selected occupational groups† Canada, 1965

Income Group	Managerial		Professional and Technical		Clerical		Sales		Service and Recreation		Miners, Craftsmen, etc.	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Under \$1000.....	1.2	13.8	1.8	10.9	4.4	15.0	10.2	34.1	11.0	46.6	2.9	23.2
\$1000—\$1999.....	2.0	14.2	2.4	10.6	5.7	15.1	8.9	31.0	10.0	22.7	5.0	25.6
\$2000—\$2999.....	4.8	21.5	4.6	13.8	12.7	24.7	8.8	22.3	16.0	21.0	8.5	27.9
\$3000—\$3999.....	8.1	15.9	8.9	21.9	15.1	28.1	15.2	10.8	20.5	7.7	14.4	15.6
\$4000—\$4999.....	11.8	18.3	11.1	18.4	22.7	12.5	13.5	0.6	17.9	1.3	21.0	4.8
\$5000—\$5999.....	14.1	9.4	14.1	12.8	20.5	3.1	13.1	1.0	11.4	0.7	20.5	2.6
\$6000—\$9999.....	35.6	7.0	39.5	10.9	18.6	1.4	24.4	n.a.	12.7	n.a.	26.2	0.3
\$10,000 and over.....	22.6	n.a.	17.5	0.7	0.7	0.1	5.9	n.a.	0.6	n.a.	1.5	n.a.
Totals.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average earnings.....	\$7,501	\$2,987	\$7,133	\$3,549	\$4,255	\$2,617	\$4,682	\$1,477	\$3,462	\$1,278	\$4,682	\$2,027
Average earnings of full-year workers‡.....	\$7,920	\$3,351	\$7,602	\$4,226	\$4,713	\$3,263	\$5,287	\$2,077	\$4,120	\$2,099	\$5,290	\$2,756

\*Individuals in the Labour Force were classified according to their job at time of the survey; individuals not in the Labour Force at time of survey are excluded.

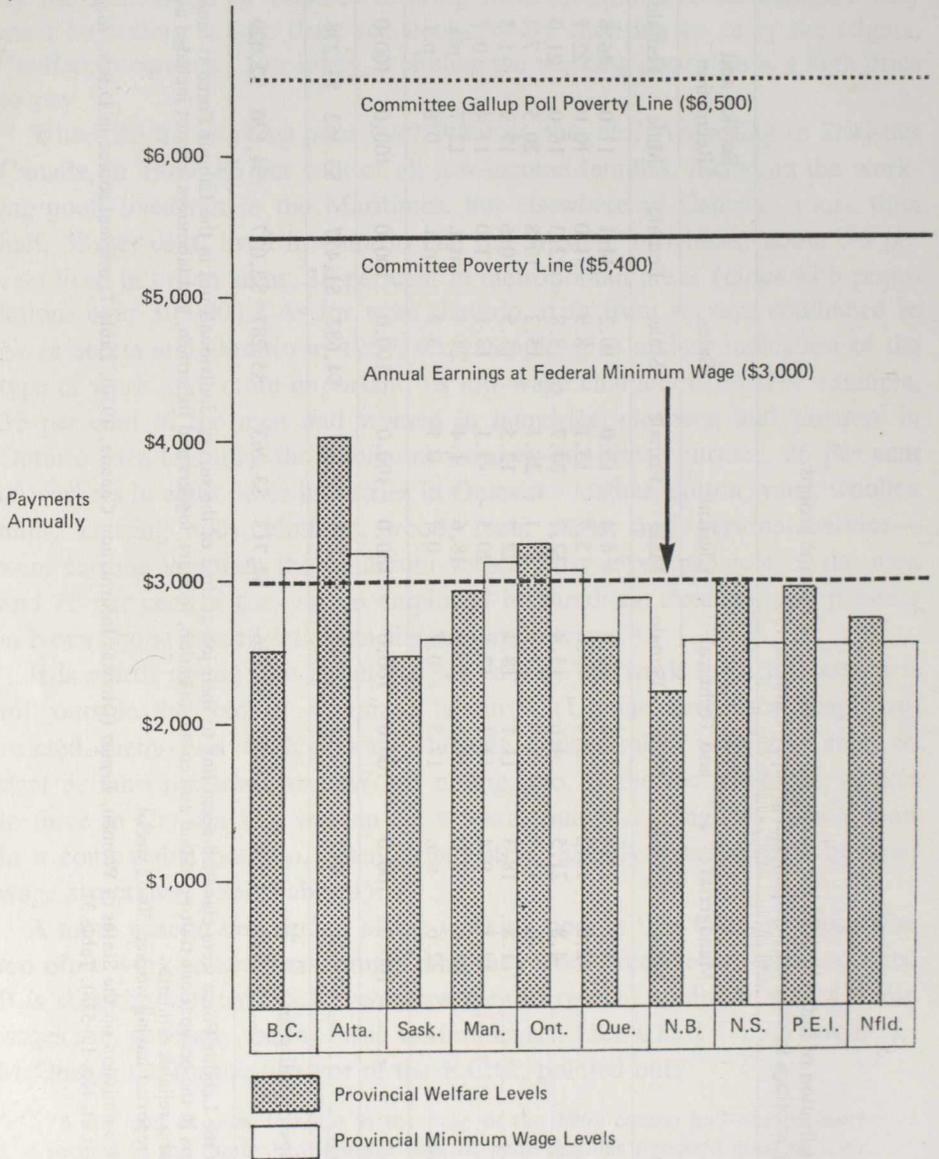
†Female workers in the occupations transportation and communication, farmers, loggers and fishermen, and labourers are not included as the number of workers is too small for a reliable estimate.

‡Workers who reported having worked 50–52 weeks.

SOURCE: Royal Commission on the Status of Women, *Report* (Ottawa: Information Canada, 1970), Table 7; original source in D.B.S., *Income Distribution by Size in Canada, 1965* (Cat. No. 13–528), Table 31.

CHART 4

Comparison of welfare payments, minimum-wage earnings, and poverty lines, for a family of four, by province, 1970.



Source: Department of National Health and Welfare, *Monthly Budgets* (December, 1970).

Dr. McQueen presented a clear synopsis, based on 1961 data, of the importance of the "working poor" among those families in poverty. A report on low-income families by Statistics Canada published in June, 1971, shows the situation has not improved since then. For example, Table 10 shows labour-force participation of those defined as low-income during the year 1967.

Statistics Canada summarized this information by stating:

63 per cent of the low-income heads worked at least some time during 1967, and fully 59 per cent of those who worked during the year worked full-time, i.e. 50-52 weeks, and at least normal working hours. The other 41 per cent of those who worked, worked anywhere from one to 49 weeks, and during the span in which they worked may or may not have worked normal working hours, or worked 50-52 week and not the normal hours.<sup>13</sup>

Thus, more than 60 per cent of low-income family heads worked during 1967; the majority of them worked all year, and yet were still poor. What keeps them at work? All evidence demonstrates that they are poor *not* because they do not want to work but *in spite of* working. The Work Ethic seems to have played them false. Here is a good place to ask ourselves the question: "Can we afford to maintain a system where going on welfare is more profitable than going to work?"

TABLE 10  
Distribution of low-income families by selected characteristics, 1967

Selected characteristics	Families with	Percentage
	low income	distribution of
	(thousands)	families with
		low income
		%
Weeks worked by family head in 1967:		
None.....	298	35.9
1-9 weeks.....	27	3.3
10-19 weeks.....	32	3.9
20-29 weeks.....	50	6.0
30-39 weeks.....	51	6.1
40-49 weeks.....	46	5.5
50-52 weeks.....	327	39.3
Work experience of family head in 1967:		
Worked full time.....	306	36.8
Worked but not full time.....	219	26.3
Did not work.....	307	36.9

SOURCE: D.B.S., *Statistics on Low Income in Canada, 1967* (Cat. No. 13-536), Table 1.

And yet, polls such as those conducted in 1970, by the Canadian Broadcasting Corporation and *Maclean's* show that a majority of Canadians

continue to identify the poor as those on welfare and to believe that the poor are poor because they do not want to work.<sup>14</sup> Such beliefs are wrong in themselves but, in times of economic recession, can be humiliating for those who suffer the consequences. For example, during the winter of 1970-71, when unemployment in Canada rose to 6.6 per cent, single, able-bodied men and women in Halifax not only found it difficult to get jobs but, according to evidence before the Committee, in order to obtain welfare relief, were required to produce a document with the signatures of ten employers, each certifying that there was no job available to the applicant.

### *Workmen's Compensation*

For the working poor, the balance between earning just enough to get along and having to do without certain basic necessities is easily upset. Income interruption or income reduction, even for a short period, spells disaster for anyone whose budgeting is done on a week-to-week or even day-to-day basis. The reduction of earnings which takes place during the period when a low-income worker is forced by accident or injury to rely on Workmen's Compensation benefits inevitably causes serious problems.

Both Unemployment Insurance and Workmen's Compensation benefits are scaled according to earnings. Minimum benefits are exceedingly low. A breakdown of the benefits provided by the different provinces is shown in Table 11.

When accidental death occurs, the loss of income can be disastrous. In the fall of 1970, a member of the Senate Committee's staff happened to look out the window just as a young man walked by. A second later the man lay dead on the sidewalk, struck by material falling from a nearby building under construction. The man left a wife and child. At the time of his death he was earning about \$750 a month as a business-machine salesman.

In a letter to our Committee, the Workmen's Compensation Board said:

Entitlement was promptly established for [the widow] and her son under the provisions of Section 37 of the Ontario *Workmen's Compensation Act*.

[The widow] was awarded the \$400.00 basic burial allowance, plus the statutory lump sum of \$500.00 for additional expenses. She is also receiving a monthly pension which, under the present legislation, is \$125.00 and which will be paid for life regardless of any other assets or incomes unless she should remarry.

An additional \$50.00 per month under the present law is being paid for her son . . . which will continue to age sixteen, and beyond that if he continues his education.

Recent legislation (August, 1971) has increased the benefits payable under the Ontario *Workmen's Compensation Act* to a monthly pension of \$175 and \$60 for each dependent child. (See Table 12.)

TABLE 11

## Workmen's Compensation benefits by province

Province	Maximum yearly earnings	Maximum weekly compen- sation*	Monthly pension† to widow	Monthly pension per child	Monthly pension to orphan child
	\$	\$	\$		
Newfoundland.....	6,000	86.54	100	\$35 to age 16—to 21 if in school.	\$45
Prince Edward Island.....	6,000	86.54	100	\$25 to age 16—to 21 if in schopl.	\$35
New Brunswick.....	6,000	86.54	100	\$25 to age 18—to 21 if in school.	\$50 to 21 if in school.
Nova Scotia.....	7,000	100.97	115	\$38 to age 18—to 21 years if in school.	\$45 to 18 or to 21 years if in school.
Quebec.....	6,000	86.54	104.04	\$36.41 to age 18 or in school.	\$57.22
Ontario.....	9,000	129.81	175	\$60 to age 16 or in school.	\$70
Manitoba.....	6,600	95.19	120	\$45 to age 10—\$50 to 16 years. \$60 after if in school.	\$55 to 10 years—\$60 to 16 years. \$70 after if in school.
Saskatchewan.....	6,600	95.19	127.50	\$50 to age 16, to 21 if in school.	\$65
Alberta.....	6,600	95.19	110	\$50 to age 16 and \$55 up to 21 years while in school.	\$50
British Columbia.....	7,600	109.62	140.19	\$48.77 under 16—\$54.86 16 to 18 if in school; \$60.96—18 to 21 if in school.	\$54.86 under 16 \$67.05 if in school.

\*Waiting periods vary from one day in most provinces, to 4 days in New Brunswick.

†In addition to monthly pensions, provincial boards provide widows with:

(a) lump sum payments ranging from \$200 in Nfld. and N.B., \$250 in B.C. and N.S.; \$300 in Sask. and Alta.; \$400 in P.E.I.; to \$500 in Que., Ont. and Man.

(b) funeral expenses ranging from \$300 to \$600.

SOURCE: Information supplied by Canada, Department of Labour, Accident Prevention and Compensation Branch.

TABLE 12

Workmen's Compensation Board, Province of Ontario, benefits schedule, 1971

Benefits	Calculation	Maximum	Minimum
Temporary total disability.....	75% of pre-accident earnings computed to reflect the rate at which the workman was remunerated, for duration of disability.	75% of \$9,000 per year— \$129.81 per week.	\$40.00 for earnings between \$40.00— \$53.33 per week or the full amount of earnings if less than \$40.00.
Temporary partial disability....	75% of the difference of average earnings before the accident and the amount a workman is earning or is physically capable of earning after the accident, for duration of disability.		An amount proportionate to the impairment of earning capacity usually 50%.
Permanent total disability.....	75% of average earnings based on 12 months prior to accident, for duration of disability.	75% of \$9,000 per year, \$562.50 per month.	\$175.00 per month.
Permanent partial disability....	A proportion of 75% of earnings corresponding to the degree of impaired earning capacity, for duration of disability.		A proportion of \$175.00 per month consistent with the degree of earnings impairment.
Death.....	\$500.00 lump sum \$400.00 burial expenses \$175.00 per month widow \$ 60.00 per month each child \$ 70.00 per month each orphan child  Benefits are extended beyond the age of 16 for continuance of education.		
Medical aid.....	All necessary medical aid without limit or cost to the workman including prescription drugs and the repair or replacement of damaged artificial appliances, such as dentures or glasses. These services are also provided for claims in which there is no wage loss.		

SOURCE: Information supplied by the Workmen's Compensation Board, Province of Ontario.

## Recommendation:

1. that the Federal Government take the initiative in seeking federal-provincial agreement on uniformity with respect to Workmen's Compensation benefits.

## THE WELFARE POOR

Not all the poor are able to join the ranks of the working poor. Eighty-four per cent of the adults who depend on the welfare system have no alternative means of support. They require assistance simply because they are not capable of earning a living. They are the ones left behind by our economic system—the elderly, the sick, the disabled, and women in charge of families which require their presence in the home. (See Table 13.) A few others, about three per cent of welfare recipients, are members of the labour force, but work at jobs which do not pay them enough to live on.

TABLE 13

Persons (excluding dependents) receiving social assistance, July, 1970

Category	Percent	Number
Aged (not all over 65 years).....	9	59,580
Permanently disabled or ill.....	41	271,420
Female heads of families.....	26	172,120
Temporarily disabled.....	8	52,960
Some working poor.....	3	19,860
Unemployed*.....	13	86,060
Total†.....	100	662,000

\*Unemployment rate, July 1970: 6.6 per cent (Source: Table 1, *Canadian Statistical Review*, May 1971).

†Total number of persons (including dependents) for this period is 1,300,000.

SOURCE: Information supplied by the Department of National Health and Welfare, 1971.

The remainder, slightly more than one in ten, are prospective members of the labour force who are not currently working. To categorize all of these persons as shiftless, irresponsible, and inherently lazy is to ignore the realities of the current employment picture. At a time when unemployment among the general population is around six per cent, job opportunities are almost non-existent for the person with no skills, little education, and general lack of ability to compete. Even during times of relatively high employment, competition for available jobs remains strong due to the exceptionally large number (200,000) of persons annually entering the Canadian labour force. An increasingly automated, technological society holds out little hope for improvement in this situation.

Professional social workers, economists, and welfare administrators—including the director of the Corporation of Professional Social Workers of the Province of Quebec, the president of the Quebec Welfare Council, a former moderator of the United Church of Canada, the director of the Economic Council, and the director of Welfare Social Services for the City of Montreal—all rejected the popular misconception of the welfare chiseller in their testimony before the Special Senate Committee on Poverty.

The Chairman of the Canadian Association of Social Workers spoke for all of them when he told the Committee:

The expectation that all citizens can find work at adequate salary levels at a time when a high level of unemployment is apparently either beyond federal control or a policy choice, is ludicrous. The attempt to enforce this expectation is often wasteful of workers' time and destructive of recipients.

The popular image of the welfare chisellers, both those who could work but don't and those who live royally on welfare by exploiting the system is, in fact, just a myth. It is well established that the vast majority receiving assistance cannot work because of age, disability, sickness, death, or desertion of the breadwinner, or because of child-care responsibilities.<sup>15</sup>

In spite of this, the popular image of the malingerer who refuses to work so that he may enjoy the benefits of the welfare system persists. The popular attitude is summed up in the challenge: "Very well, 63 per cent of the poor worked. What of those 37 per cent who did not work?" In answer to this question, another quotation from Statistics Canada may be helpful. They found:

Within the low-income group that did not work, 80 per cent were either families headed by persons 65 and over or women. Consequently the low-income problem for families with non-working heads is strongly linked to the age and sex of the head.<sup>16</sup>

These facts provide their own rationale for an attack on poverty based on an income-maintenance scheme that includes work incentives. Fully 30 per cent of all poor families are headed by persons who for all intents and purposes are "unemployable"—women with dependents at home or those aged 65 or over. For these persons who have little or no other income, an adequate basic living standard must be provided. Another 63 per cent of low-income families were headed by persons who worked. These families require the provision of work incentives so that through participation in the work force they may raise their standard above that minimum provided by a basic allowance and pull themselves out of poverty.

Between them, these two categories of poor families account for 93 per cent of families in poverty. The remaining 7 per cent were also in the "did not work" category. If the proportion of those who were disabled and thus "unemployable" and those who were unable to find work during the year, is subtracted from this 7 per cent, the remaining percentage would be negligible.

Studies in Canada and the United States substantiate the argument that the number of poor who "beat the system" is extremely small, almost certainly less than two per cent, a rate which compares favourably with institutional chiselling on expense accounts. A study by S. G. Peitchinis, for example, on the employability of social-welfare recipients in Calgary, classified those on public assistance according to the following categories: unable to work because of illness or incapacity; unable to work because of age; parent with dependent children; able to work but temporarily out of work; inadequate income. (See Table 14.) Only 5.4 per cent of assistance cases involved employable people. Peitchinis concluded that

an examination of the characteristics of people on public assistance, and the circumstances which forced them to seek public assistance, provides very little support to those who propagate the thesis that public welfare breeds a population of parasites, and perpetuates groups of welfare recipients. . . .<sup>17</sup>

TABLE 14

Families and individuals by reason for receiving public assistance, Calgary, October, 1968

Category	Per cent	Number
Unable to work because of illness or incapacity.....	33.7	62
Unable to work because of age.....	12.0	22
Parent with dependent children.....	38.6	71
Able to work but temporarily out of work.....	5.4	10
Inadequate income.....	10.3	19
Total.....	100.0	184

SOURCE: S. G. Peitchinis, "Why Should Anyone in Calgary Need Aid?" *Canadian Welfare* (May-June, 1969). Unpaginated.

## THE RURAL POOR

Rural poverty is an example in which social and economic inadvertence and indifference have been permitted to confuse the cause of poverty with the characteristics of the poor. The gradual shift from agriculture to industry and commerce has been one of the most obvious characteristics of western society, and more recently of Canadian society. And the ever-swelling ranks of the urban poor—swollen in fact by many thousands of people from rural areas—have tended to distract our attention from those left behind. The Federal Task Force on Agriculture noted in 1969:

There appear to be about 100,000 farm families living in poverty in Canada, even after non-farm income has been added to farm income. Only about

one-third of the heads of these families are under 45 years of age—the more mobile age group. For many of the remainder it would be difficult indeed to shift to new locations and to new occupations.<sup>18</sup>

In addition, in 1969, there were 572,000 rural non-farm poor in Canada (an alarmingly large proportion of whom were Indians and Métis).<sup>19</sup>

Technology has radically altered the very nature of agrarian society, making larger and larger farms employing fewer and fewer people the rule rather than the exception. Farming has become part of the industrial sector, inextricably involved in and responsive to the cycles of the urban cash economy. Hundreds of thousands of people all over Canada affected by this development were for years unplanned for and ignored. Even now such programs as the Fund for Rural Economic Development (F.R.E.D.) or the *Agricultural Rural Development Act* (A.R.D.A.) and other programs for regional development are only partially successful in dealing with the problem.

It is shocking that so predictable a trend was allowed to have such predictable results, and that programs to deal with the social aspects of the problem are still inadequate. The Task Force on Agriculture stated:

Except for programs with universal coverage such as family allowances and Old Age Security, present welfare services tend to serve the farm population much less well than city people. Unemployment insurance, for example, does not apply to farmers; health services are mostly poorer and disability allowances harder to obtain; many families live on provincial or municipal welfare at bare subsistence levels and in many districts the welfare budget is not adequate to cover all families in need.<sup>20</sup>

## MINORITIES

When talking of who the poor are, there is always the danger of losing the human character of all the poor in the socio-economic characteristics of particular groups of poor. This is true whether we are talking about regional poverty or rural-versus-urban poverty or groups which are penalized for characteristics such as colour or creed. Most Canadians know the often sordid story of this country's Indians, and have at least heard of the similarly unfortunate history of Canada's Eskimos. Many would be shocked, however, to learn that in Nova Scotia, where the black minority is larger and more coherent than elsewhere, racial segregation by law ended only a few years ago. Nor is this story quite over. For example, the Executive Advisor of the New Brunswick Association for the Advancement of Coloured People told the Committee:

We black people understandably have expressed our plain, unvarnished views and deep concern, in numerous surveys and interviews, about the limited areas of employment, all seemingly to no avail. This society, which educates its members to the "Protestant Ethic" to the exclusion of other ethics, most notably Afro-Canadian or Afro-American, finds it hard to give gainful and meaningful employment to the products of this educational system.<sup>21</sup>

Canada's native peoples present a parallel problem. Being an Indian or an Eskimo adds to the burden of poverty. A poor man who is Indian or Eskimo should be regarded in the same light as a poor man who was a blacksmith, or one whose farm has given out, or whose outport has stagnated, or who is out of work because of economic conditions, or who is handicapped physically or mentally. Surely the time has arrived to stop reiterating the obvious. More than a century ago the Governor-General of Upper Canada, Lord Elgin, observed:

If the civilizing process to which the Indians have been subject for so many years had been accompanied by success, they have surely by this time arrived at a sufficiently enlightened condition to be emancipated from the state of pupilage in which they have been maintained; if, on the other hand, the process has been inadequate to achieve the desired end, it has been long enough in unsuccessful operation to warrant the adoption of some other method of procuring this result.<sup>22</sup>

The challenge is still there. It applies not just to the Indians, but to all the poor.

The Committee is concerned to make special reference to our native peoples—Indians, Métis, and Eskimos (or Innuits, as they prefer to be called)—who make up 2.5 per cent of the population. Despite a high mortality-rate and a short life-expectancy (thirty-six years for Indians and twenty for Eskimos, compared with sixty-two years for Canadians generally), they are still the fastest-growing group in Canada. It is estimated that the Indian population (247,000 status and 250,000 non-status) will double within fifteen years.<sup>23</sup> As Chief Walter Deiter explained to the Committee, not all native people are poor, but those who are can be described as “the poorest of the poor.” The conditions under which they live—poor housing, sanitation, educational, and health services—are worse than even the worst in the larger society.

The Committee is aware that well-intentioned attempts have been made and programs have been developed to improve the lot of Canada's native peoples; but the statistics quoted above, and the living conditions described (some of which the Committee saw for themselves), are a scathing indictment of the lack of success of these programs. Clearly we have failed to do right by our native peoples, and their plight is a blot on Canada's record and a cause for shame for all Canadians.

In the opinion of the Committee, this failure is due mainly to a basic misunderstanding and/or lack of appreciation of native cultures and the values on which they are based. The derogatory and demeaning references contained in our text books and other educational material indicate this. These should be replaced with references that reflect the true nature and values of the native cultures.

A second factor (which stems from the first) is a paternalism which is blind to the rights of native peoples as people and to their need to preserve and develop their own identity and self-respect. All welfare recipients

are victims of paternalism, but in this case it is of a different kind, and comes from federal rather than provincial sources.

The Committee is convinced that unless this situation is reversed and attitudes are changed, no program, however well-thought-out and implemented, can ever hope to succeed. The Indians and Eskimos are proud races, and their cultural heritages and traditions play an important role in developing the personal pride and dignity of the individual.

### THE "CULTURE" OF POVERTY

Variations on the poverty theme are endless. There are almost as many types and characteristics as there are poor. Attempts to distinguish one category from another, although they may succeed in giving a statistical profile of a particular type of poverty, end by obscuring the fundamental human suffering at its root.

It is possible, for example, to make elaborate distinctions between poverty as it exists today and as it was thirty years ago. The Company of Young Canadians pointed out some of these differences to the Committee:

Hererein is also one of several major distinctions between poverty as we know it today and depression poverty of the thirties. Poverty then was, for most, a recent imposition. It was recognized then as a failure of the system—not of the men who suffered. The poor could retain their pride and their expectations for better things to come, and consequently kept trying. Today's poor have typically been born into poverty, as were their fathers and often their grandfathers. Our self-satisfied, affluent society constantly reminds them that it is their own personal failure as men and not a failure of the system that has created their condition. Failure destroys pride, repeated failure creates an expectation of failure, and expectation of further failure is hardly conducive to muster the world to try again.

A second major difference between poverty of the sixties and of the thirties is that poverty must be seen as a relative condition. A poor man in a poor society is far different from the poor man in a rich society. Though their bellies may be just as empty, the latter suffers a poverty of the spirit unknown to the former. Unlike his predecessor of the thirties, the poor man in the sixties accepts the larger society's attitude that the system is the success and he is the deviant. Furthermore, the depression poor related their condition to a society that viewed with their own eyes. Today's poor must relate their condition to an image of society dangled before them on a twenty-one-inch screen. No control can dim the contrast between the advertiser's dream and the viewer's reality, and that ever-widening gap is a discouraging force.<sup>24</sup>

In much the same way, it is possible to isolate and attempt to measure the "quality of life" of culturally coherent groups or the inhabitants of particular areas. The president of the Métis Society of Saskatchewan described poverty in this way:

Basically, poverty among the Métis is simply a lack of employment and adequate incomes. However, there are secondary aspects of poverty, such as housing, colonialism, racism, and cultural circumstances. For those born into poverty, no enrichment of the mind can be accumulated; awareness of racial

or cultural identity cannot grow; and there is almost no hope for the expression of individual potential. Instead, disease, insecurity, hunger, cold, injustice, harassment, and oppression prevail. There is little opportunity in any avenue, and practically no incentive to develop the mind and spirit. People who are born in poverty learn to think, feel, and act so that not only do they adapt themselves to living in poverty, but restrict themselves to performing in that particular environment. Furthermore, they are unable to learn how to think, act, and feel in ways that will permit them to function adequately in a non-poverty environment.<sup>25</sup>

As the Committee travelled across the country listening to the poor and studying their submissions, the members became convinced that insufficiency of income creates many of the same problems wherever and whenever it occurs. There is little to choose between poverty in one area or another, between one group and another. Almost inevitably, as the Canadian Association of Social Workers told Committee members, each consequence becomes a new cause with the result that the individual feels overwhelmed with a sense of utter powerlessness and worthlessness. Some of the poor feel they are born to the small loaf; in the words of one welfare recipient: "We are born poor and will stay poor . . . there is nothing we can do to change it."<sup>26</sup> A representative from the Neighbourhood Service Centre of Greater Winnipeg described to Committee members what it is like to be poor:

To experience from day to day the hopelessness and degradation of poverty and all that it implies is to understand the demoralizing effect it can have on the human spirit. Self-respect and dignity are difficult commodities to maintain and instill in one's children when faced with poverty and the social attitudes that accompany it.<sup>27</sup>

She then referred to the Economic Council's statement that

Even the best statistics can only hint at this. They cannot capture the sour atmosphere of poor health, and bad housing. The accumulated defeat, alienation, and despair which often so tragically are inherited by the next and succeeding generations.<sup>28</sup>

Perhaps the statisticians cannot document these facts, perhaps the professionals cannot find the right words, but the poor people themselves can. They understand only too well where they stand in society. A group from Edmonton, calling themselves Humans on Welfare, stated in their brief to the Senate Committee:

To become poor, to be forced to seek welfare assistance, is to be damned to second-class citizenship, to be thought of, and treated, as something less than a human being. Raped of dignity, you experience constant panic, frustrations, deprivations, and injustices. Worse still, is the shattering hopelessness of knowing you are trapped . . . because the system is designed to keep you there . . . to maintain you in the welfare trap . . . unless you possess extraordinary determination and good health, or are blessed with good luck, you will remain trapped on welfare street, to stink and die there.<sup>29</sup>

## CAUSES OF POVERTY

### FACTORS IN THE POVERTY EQUATION

#### *Introductory*

We must never lose sight of the fact that a central cause of poverty is a social attitude which is reflected in economic and social policies. As the Vanier Institute of the Family suggested, in its brief to the Senate Committee on Poverty, it is possible

that this involuntary exclusion [of the poor from the mainstream of society] arises, not from the characteristics of the poor themselves, but from the fact that in our society there is a pervasive discrimination against low-income people—discrimination which, consciously or unconsciously, permeates the policies of most of our major institutions. Such a theory, if it accords with the evidence, might go a long way towards explaining how poverty is created and sustained in an affluent society.<sup>30</sup>

The Chairman of the Economic Council spoke forcefully on this issue before the Committee, and quoted from the Council's *Sixth Annual Review* (1969):

Institutional rigidities and attitudes in the education system, in industry, in labour unions, in governments, have become embedded in policies and practices which tend to make the economy function in a way that is pervasively discriminatory against the poor.<sup>31</sup>

Our society puts too many people in double-jeopardy: it penalizes and stigmatizes those who earn little or no money, yet gives them little opportunity to succeed. Many of those who wish to preserve the Work Ethic show little concern over the fact that minimum wages are generally below welfare-payment levels. Such attitudes and practices inevitably result in social conditions which themselves perpetuate poverty. Such a process was outlined in the brief presented to the Committee by the St. Vincent de Paul Society of Canada:

The state of poverty . . . stems from four major factors, namely, permanent or chronic *unemployment, illness* or physical disability of one or both parents, *insufficient income* in proportion to family responsibilities, and *alcoholism*. There is also . . . a maze of interdependent secondary or remote causes such as matrimonial problems, lack of education, lack of adequate preparation for the labour market, laziness or desertion on the part of the family breadwinner, recent migration to an urban center, and the general apathy of the social environment. All these factors are so closely inter-related that it becomes impossible to determine whether one is dealing with the causes or the effects of a hopeless situation, and even when concerted action is taken against one or the other of these factors in particular, no significant progress is achieved in the overall situation.<sup>32</sup> [Our italics.]

The blame for what has happened obviously cannot be laid on the poor. Rather, as we have said, it lies in a prevailing social attitude—largely based on the myth that equality of opportunity exists in our society. The

underlying assumption is that he who fails, fails of his own accord. The individual's potential at birth is taken into account, but the interaction between the individual and the social and economic conditions into which he is born is overlooked.

To obtain rewards from our economic system, the primary requisite characteristic is the ability to do work. To this a worker must add a certain innate ability, a minimum level of education, job experience and/or training. But these characteristics are, in most cases, shaped by the economic system itself. Even before the Canadian worker enters the labour market, the characteristics of the environment he was born into will already have shaped, to a large degree, the kind of success he will enjoy in the market place. The kind of income and status enjoyed by the one generation will certainly affect the next generation. There is a good deal of evidence to suggest that the income-level and education of the parents influence the goals and aspirations of the children. (In Montreal alone, 80 per cent of adult welfare recipients have not reached Grade 8.)<sup>33</sup> In 1967, of the 3.8 million Canadians below the E.C.C.'s poverty line, about 1.4 million (36 per cent) were under sixteen years of age. (See Table 4.) The odds against a child's ever lifting himself out of poverty are greater if he is raised in rural or under-developed areas rather than urban areas, and if his parents are unemployed rather than working. The odds are even greater if the head of the child's family is a woman. The inheritability of poverty has reached frightening proportions. In Montreal, where \$4 million a month is paid out in welfare payments<sup>34</sup> that do not come close to meeting needs, welfare officials are now discovering a third generation on welfare. This situation is prevalent in many other parts of the country.

In its report to the Committee, the Vanier Institute of the Family stated:

Those children from low-income families who persist in the school system are . . . much less likely to continue their education than are children from non-poor families. The basis on which higher education is provided in this country still requires some substantial commitment of personal resources, and, in addition, some evidence, for admission, of good past performance in the school system.<sup>35</sup>

A welfare group from Montreal presented to the Committee their newsletter, in which they wrote:

One of the most important consequences of poverty is that it affects the ability of the poor to invest in themselves and thereby to lead more productive lives in the economy. This is indicated by the lower relative expenditures on categories of goods and services which are particularly important as a basis for skilled and effective labour-force participation; such as expenditures on education and reading.<sup>36</sup>

Too many of the poor have what the former Chairman of the Economic Council of Canada, Dr. J. R. Smith, described as "remedial disadvantages"—disadvantages caused by inadequate preparation, education, training, and investment in themselves. They are unable to play an effective part in our economic system, and,

At the same time, our economic system tends to operate in a variety of ways that do not provide adequate opportunities. In many cases and in many places, our system seems to discriminate against making effective use of people whose capacities may be limited but who nevertheless do have capacities, and have capacities that certainly could be developed further, especially as they gain work-experience, and perhaps on-the-job training.<sup>37</sup>

Dr. Smith continued: "In approaches to recruitment [employment], there are frequently rules—if not formal rules, then rules of thumb—which tend to discriminate against the poor."<sup>38</sup> These rules generally demand high levels of educational achievement or certain kinds of experience that are really not necessary for the jobs available.

As M. W. Menzies pointed out:

The basic fact is that our economic policies and social philosophy have not evolved far enough to take account of one over-riding fact of the modern age—the incredibly rapid pace of technological change. Those responsible for economic policies at the federal and provincial levels must deliberately stretch their minds to comprehend this fact of revolutionary technological change, and then make up their minds to adopt those radical policies needed to get to the roots of the problem. Institutions must be adapted, and attitudes reshaped, to the needs, not of the past, but to those of the years ahead. This can only be done if the fundamental premise is accepted that generous compensation must be provided to those damaged by what is, and should be, a rapidly increasing pace of change in the whole structure of the economy. The objective of economic and social policy must not be confused with relief or traditional social welfare objectives, and indeed must be kept quite separate and distinct.<sup>39</sup>

Because of far-reaching historical trends in economic development, more and more people have been hurt by and have been demanding remedies to the economic system. Such trends include the shift from agricultural to industrial and commercial activity and the more recent shift, within the industrial-commercial sector, from small-scale manufacture to large-scale service industries.

### *Fiscal and Monetary Policies*

In a nation such as ours, with its regional inequalities and entanglements in the American economy, the problems emerging from economic growth call for a sophisticated array of complementary social and economic policies. It appears that Canadian governments and their advisors have not been able to keep the country on the path of a steady and substantial economic growth. When they have acted to stabilize the economy, they have not been singularly successful. As the E.C.C. says, in *Performance and Potential*,

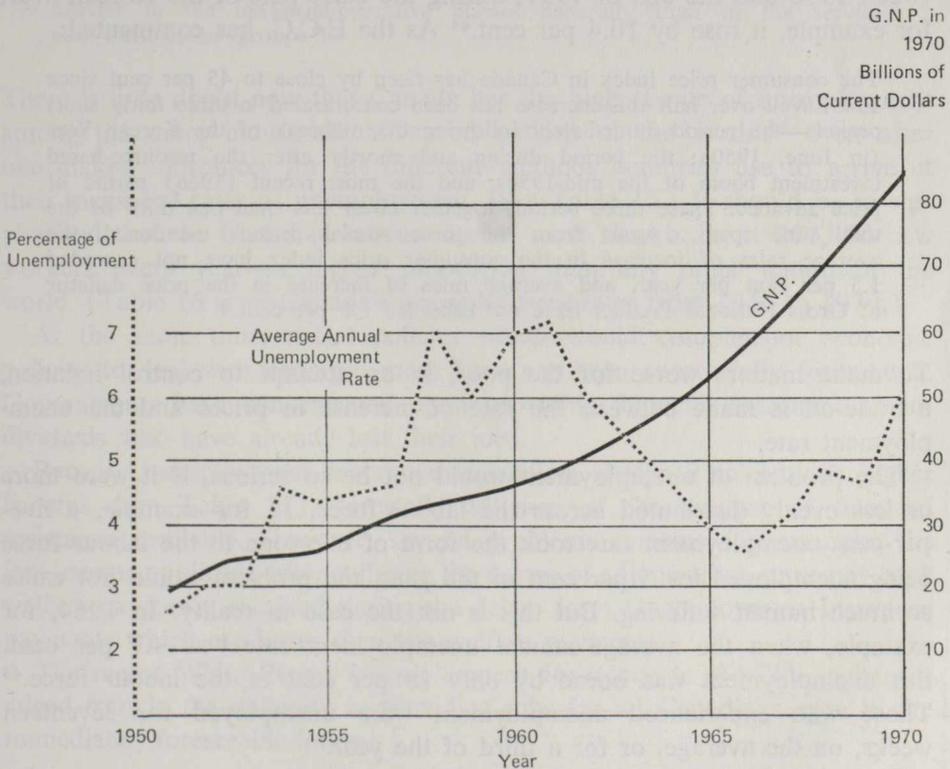
Government tended to think of their role as a "balance wheel" in the economy, adding to total demand whenever private demand weakened, and constraining total demand whenever the latter becomes excessive. Subsequent analysis has suggested that sometimes the actions taken had destabilizing results. Compensatory measures were, in practice, not always appropriate in relation to the timing and amplitude of cyclical fluctuations.<sup>40</sup>

The result has been a resort to fiscal and monetary policies that sometimes produce unfortunate side-effects, such as the current rise in unemployment which has paralleled current attempts to control inflation. Inevitably, these "side-effects" have created greater hardships for the poor, particularly the working poor, than for the rest of the population.

Since the post-war years there has been an enormous advance in this country's economic well-being. Canada is among the top four countries of the world—with the United States, Sweden, and Switzerland—in its standard of living; over the past twenty years, the Gross National Product—the value of all goods and services produced by Canadians in a year—has increased more than four and one half times.<sup>41</sup> With this growth has come the 50-percent increase in the standard of living which has been of great benefit to thousands of Canadians and their families. But the working poor—a considerable minority in our society—have had a small share in the rewards.

Moreover, Chart 5 demonstrates that the economic growth-rate of our country, like that of other western industrialized countries, has not been steady; instead it presents a picture of surges and staggers. For example, in the early 1950s, and again in the 1960s, the growth-rate of the economy was

CHART 5 Gross National Product Growth and Unemployment, 1951-70.



Source: Sylvia Ostry, *Unemployment in Canada* (Ottawa: Information Canada, 1968), Chart 1.

well under its potential. In 1961, for example, it was more than 7 per cent below potential output, with a consequent loss of \$3 billion to the country. The recession between 1969 and 1970 has been calculated by the E.C.C. to have cost the country \$5 billion to \$6 billion in terms of economic growth.<sup>42</sup> The real G.N.P. growth for 1970 was 3.3 per cent. This compares with increases of 3.5 per cent in 1967, and of about 5 per cent in 1968 and 1969.<sup>43</sup> These losses in capital growth are total, in that they can never be made up. They are also cumulative, in the sense that the loss of capital growth now has a long-term weakening effect on the accumulation of capital growth in the future.

Essentially, these lags in the economy, marked by high unemployment, have followed periods of intense growth which created a complex set of problems. More money in the hands of more people increases the demand for goods and services. This demand can have the effect of bringing about a shortage of materials and labour, setting the right environment for skilled workers and strong unions in the high-profit industries to push for higher wage demands. In combination, these factors can create an inflationary and eroding effect on the value of the dollar—the kind of inflation that is reflected in the rise of the consumer-price index and the loss in real buying power of a worker's wages. At times, the cost-of-living index jumps. Between 1950 and the end of 1951, during the early part of the Korean War, for example, it rose by 10.4 per cent.<sup>44</sup> As the E.C.C. has commented:

The consumer price index in Canada has risen by close to 45 per cent since 1949. Well over half this increase has been concentrated in three fairly short periods—the period immediately following the outbreak of the Korean War (in June, 1950); the period during and shortly after the resource-based investment boom of the mid-1950s; and the most recent (1966) period of price advance. These three periods together cover less than one third of the total time span... Apart from the three special periods mentioned, the average rates of increase in the consumer price index have not exceeded 1.5 per cent per year, and average rates of increase in the price deflator of Gross National Product have not exceeded 2.0 per cent.<sup>45</sup>

To make matters worse for the poor, in an attempt to control inflation, a trade-off is made between the rate of increase in prices and the unemployment rate.

The problem of unemployment would not be so serious, if it were more or less evenly distributed across the labour force. If, for example, a five-per-cent unemployment rate took the form of everyone in the labour force being unemployed for 5 per cent of the year, the problem would not cause so much human suffering. But this is not the case in reality. In 1964, for example, when the average annual unemployment rate was 4.7 per cent, this unemployment was borne by only 15 per cent of the labour force.<sup>46</sup> Those who experienced unemployment were unemployed for seventeen weeks, on the average, or for a third of the year.

Not only is there an uneven distribution of unemployment among individuals, but the incidence of unemployment is not random in terms of

the occupational structure. It is concentrated in the low-wage occupations. As Woods and Ostry stated:

In a recession, some industries are more severely affected by unemployment than are others. In the second quarters of 1960, when 6.7 per cent of the total labour force in Canada was unemployed, the unemployment rate in construction was 19.1 per cent; in primary industry, 7.5 per cent; in manufacturing, 6.4 per cent; in transportation and other utilities, 6.1 per cent; in trade, 4.3 per cent; and in service industries, only 3.0 per cent. Looked at another way, manufacturing and construction together contributed almost 50 per cent of total unemployment. No doubt these figures reflect some unemployment which is not purely cyclical, but, in general, depressions affect the investment and durable-goods manufacturing industries (construction, iron and steel, the "light" consumer-good industries). As would be expected, the variation in occupational rates is also marked. Thus, the rate of unemployment for office and professional workers in the second quarter of 1960 was 2.3 per cent; for transportation occupations, 9.1 per cent; service occupations, 5 per cent; primary occupations, 6.7 per cent; manufacturing and mechanical, 6.2 per cent; construction, 16.9 per cent; and laborers, 19.3 per cent, the highest of all. In a sense, the group which is least able to bear the disaster of unemployment—the unskilled—carries the heaviest weight of the recession, while the burden of unemployment weighs least upon those for whom it is probably less of a financial hardship—the office and professional worker. Similarly, the 1931 Census revealed that while the unemployment rate among the professional class of workers in 1930-1 was 7.9 per cent and, among the clerical occupations, 12.3 per cent, it was 47.9 per cent among the unskilled. Moreover, unemployment was far heavier in the industrial-operative classes generally than in the service and white-collar groups.<sup>47</sup>

There is little doubt now that Canada has the highest rate of unemployment among the more industrially-advanced nations of the world,<sup>48</sup> even after one makes allowances for the different methods countries use to arrive at their measured rates of unemployment. (See Table 15.) It should be re-emphasized that the Canadian labour market must absorb about 200,000 new workers every year—a higher proportion than any other nation in the world. (Table 16 gives Canada's unemployment rates from 1946 to 1970.)

At the same time, social policies which would complement economic policies to deal with unemployment have not been successfully formulated. Governments have concentrated upon providing financial assistance to individuals who have already lost their jobs.

Recent Unemployment Insurance legislation, designed to provide higher benefits (see Table 17), forestalls criticism of the amount of financial assistance available. However, several problems remain: for example, the low-income applicant, after suffering the delays of adjudication, must pay back welfare payments, received during the delay, from Unemployment Insurance payments which are lower than the welfare payments.

The recent White Paper, *Unemployment Insurance in the 70's*, acknowledged frankly the difficulty in providing jobs for all Canadians even in the immediately foreseeable future:

In the 70's, it is fully expected that temporary unemployment will be a possibility for a broader spectrum of the Canadian work force than ever

before. Unexpected layoffs and unemployment because of automation and other technological changes are beginning to disturb a wide range of workers from all occupations who fear that, one day, their jobs may be declared redundant or out-dated.<sup>49</sup>

TABLE 15

Unemployment and inflation in selected non-communist industrialized countries

	1959-68			1964-68		
	Unemployment		Inflation*	Unemployment		Inflation*
Japan.....	1.0	†	4.8	0.9	†	4.7
Netherlands.....	1.2	‡	3.6§	1.3	‡	4.6
Sweden.....	1.4	‡	3.6	1.3‡	(1.7†)	4.2
France.....	n.a.		3.3	n.a.		3.0
Germany.....	1.1	‡	2.4	1.0	‡	2.5
Switzerland.....	n.a.		2.8	n.a.		3.5
Britain.....	1.9	‡	3.1	1.9	‡	3.9
Belgium.....	3.7	‡	2.4	3.0	‡	3.6
Australia.....	n.a.		2.3	n.a.		3.0
Canada.....	5.3	†	2.1	4.2	†	3.1
U.S.....	5.1	†	1.8	4.4	†	2.5

\*Consumer Price Index.

†Labour Force Sample Survey.

‡Unemployed registered with employment service.

§1961-68.

SOURCE: International Labour Office, *Year Book of Labour Statistics* (Geneva: I.L.O., 1968), Tables 10 and 25.

TABLE 16

Unemployment rates, Canada, annual averages, 1946-1970

Year	Unemployment rate	Year	Unemployment rate
	%		%
1946.....	3.8	1958.....	7.0
1947.....	2.6	1959.....	6.0
1948.....	2.6	1960.....	7.0
1949.....	3.3	1961.....	7.1
1950.....	3.8	1962.....	5.9
1951.....	2.6	1963.....	5.5
1952.....	3.0	1964.....	4.7
1953.....	3.0	1965.....	3.9
1954.....	4.6	1966.....	3.6
1955.....	4.4	1967.....	4.1
1956.....	3.4	1968.....	4.3
1957.....	4.6	1969.....	4.7
		1970.....	5.9

SOURCE: Sylvia Ostry, *Unemployment in Canada* (Ottawa: Information Canada, 1968), Table 1; D.B.S., Labour Force Surveys.

TABLE 17

## Unemployment Insurance program, July 1, 1971

Conditions of eligibility	minimum of 8 weeks of insured employment in past 52 weeks; 20 weeks (in previous 52) for full benefits
Scale of benefits	<i>Regular</i> —66-2/3% of average weekly earnings—rising to 75% in later stages. <i>Special</i> —66-2/3% of average weekly earnings for maximum of 15 weeks. <i>Maximum</i> —\$100 weekly for maximum of 51 weeks.
Scale of contributions	<i>Temporary</i> —maximum—\$1.89 per week \$98.28 per year <i>Proposed</i> (Jan. 1, 1972)—71c to 88c per week on \$100 a week salary depending on the average unemployment rate. At \$150 a week level, range will be from \$1.06 to \$1.32.

SOURCE: Information supplied by the Unemployment Insurance Commission.

Migrants pushed from rural to urban communities continue to add to our unemployment problems. We have also seen clerks and teachers "in surplus supply," and a shortage of summer jobs for students. Under-employment (when the skills a person has are not used in the job he is able to obtain) is now a serious problem. A number of theorists have advanced the proposition that an income-maintenance plan will be essential as more and more people are displaced by automation. With cybernation (machine systems combined with computers) in formative stages, it is too early to despair of increasing employment opportunities; but it would be foolhardy to ignore the hazard such technological change presents to any ideas of "full" employment. Even if, as other authorities maintain, there will still be job opportunities, they will require higher levels of skill; and there must be great advances in job-training and in income guarantee during the process of adjustment.

Two further points must be made about jobs. First it must be emphasized that the larger the number of jobs available, the fewer will be the demands upon the costs of an income-maintenance program. Moreover, the Committee's proposed type of Guaranteed Annual Income includes an incentive to work and to increase earnings, so job opportunities and manpower services, including preparation for jobs, are vitally important. Second, the great majority of those now receiving public assistance are unemployable. This means that even an ample supply of jobs has limitations.

There is a continuous need to improve the structural imbalances of the economy and to pursue fiscal and monetary policies that ensure steady growth and employment opportunities. At the same time there must be an effort

made to maintain a decent floor-level of income. A program of income maintenance would do this, and would improve aggregate demand and indirectly contributing to the creation of more jobs.]

### *Taxation*

The popular notion that our tax system takes from the rich to give to the poor is a myth. Before the 1940s, during the Great Depression, there was some indication that an equalizing trend was taking place in the total amount of income shared before transfers. However, research done by the Royal Commission on Taxation (1966) demonstrates that, since the 1940s, our tax structure had surprisingly little effect on the profile of income distribution already described.<sup>50</sup>

Governments rely on a regressive tax structure as a source of public revenue. (Regressive taxes are those which take away a higher proportion of income from the low-income groups than from the high-income groups.) An examination of Table 18 shows that 56.5 per cent of the income of those earning less than \$2,000 (before transfer payments) goes to paying taxes. If social-security contributions are included, this becomes 60 per cent of their income. By comparison, those with incomes over \$10,000 pay only 37 to 38 per cent in taxes.

Theoretically we have a form of wealth tax in Canada—the property tax. However, it does not really function as such: for example, raised assessment of property taxes against landlords may be passed on to tenants in the form of higher rents. The property tax becomes especially regressive when it hits aged home-owners with low incomes. (The property tax, import duties, sales tax, and excises are all completely regressive because they are direct taxes on consumption—and the poor are hardest hit by them.)

Personal income tax discriminates heavily against large families. Although deductions are granted for each child, the deductions only partially recognize that the cost of supporting a family of seven is greater than the cost of supporting a family of three. Even more important, the assets of an individual before taxation are not taken into account: a man who has an income of \$10,000 a year is taxed exactly the same as a man whose investment, say, from \$200,000, gives him an income of \$10,000 a year. The economic distance between the two is enormous: when the first man loses his job, his economic base is wiped out; not so for the second man, who can use his assets in a multiplicity of ways.

(When tax revenues are used to finance government programs, the poor usually end up paying a greater proportion of their income than the rich do for highways, transportation, education, etc.; but, in return, benefit less.)

TABLE 18

Effective total tax incidence for the total tax structure, 1961\*

Tax Source	Family money income class						
	Under \$2,000	\$2,000- 2,999	\$3,000- 3,999	\$4,000- 4,999	\$5,000- 6,999	\$7,000- 9,999	\$10,000- and over
				%			
Federal taxes, total.....	27.3	16.9	18.0	17.3	19.3	20.7	23.8
Individual income tax.....	1.1	1.9	3.3	4.5	7.2	8.8	10.4
Corporation income tax.....	6.5	3.4	2.8	2.3	2.4	2.7	6.1
Sales tax.....	8.0	4.2	4.2	3.7	4.0	4.1	2.7
Selective excises.....	4.3	2.6	2.6	2.3	2.5	2.4	1.5
Import duties.....	4.7	2.3	2.2	1.9	2.0	2.0	1.3
Estate duties.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.4
Social security contributions.....	2.7	2.5	2.9	2.6	1.2	.7	.5
Provincial and local taxes, total.....	32.7	16.0	14.2	13.1	13.5	13.5	14.6
Individual income tax.....	.1	.3	.5	.7	1.1	1.4	1.6
Corporation income tax.....	2.0	1.1	.9	.7	.7	.8	1.9
Sales and excises.....	8.2	4.5	4.6	4.3	4.7	4.5	3.0
Succession duties.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.5
Hospital insurance premiums.....	2.6	.9	.7	.5	.4	.3	.1
Property tax.....	16.3	6.8	5.4	4.8	4.3	4.0	3.8
Other taxes.....	2.7	1.6	1.4	1.3	1.4	1.5	2.2
Social security contributions.....	.8	.7	.8	.8	.9	.9	.5
Total taxes, all levels.....	60.0	32.9	32.2	30.5	32.8	34.2	38.4

\*Using the "broad income" base.

Note: Details may not add to totals due to rounding.

SOURCE: W. Irwin Gillespie, "The Incidence of Taxes and Public Expenditures in the Canadian Economy," Table 2.3. Study No. 2 for the Royal Commission on Taxation (1966).

## Minimum-Wage Legislation

Governments have been aware of the fact that the majority of Canadians draw their incomes from wages and salaries, and that the working poor in particular are hardest hit by the lack of a comprehensive minimum-wage policy. Yet there have been no significant changes. The fact remains, however, that the majority of poor families have at least one employed member. Minimum-wage policy and legislation are important to any attack on poverty. Obviously, such policies and legislation are not a cure-all. Even if minimum-wage levels were adequate to lift a family of three out of poverty, they might still be incapable of doing so for larger families. More action research must, however, be done in this direction, especially since many in the industrial-commercial sector insist that any such policy could well inhibit economic growth and development.

The provinces have major jurisdiction in labour matters, by virtue of Section 92 of the *B.N.A. Act* which gives them exclusive power to make laws regarding "property and civil rights in the province," including details of contracts between employers and employees. (The Federal government has only residual powers in this area through the *Canada Labour Code [Standards]* [1965]. These regulations apply only to about 8 per cent of the Canadian Labour Force.) As shown in Table 19 the current provincial minimum-wage rates vary widely—ranging from a low of \$.95 per hour for women in Prince Edward Island, to a high of \$1.65 for men and women in Ontario. Although it is generally true that the provincial increases in minimum-wage rates tend to follow increases in the federal (which is now \$1.75 an hour), it is apparent from this table that wide differences still exist.

Minimum-wage regulations are often violated. Non-unionized industries, usually the small service industries, find it relatively easy to do this. Frequently, if a complaint is lodged, the employee is found to be incompetent and dismissed, to be replaced by another who is again paid below the minimum wage. Provincial variations in the minimum-wage rate are almost inevitable in the light of the variations in economic strength of different Canadian industries. By and large, however, legislation seems to be moving toward equality, and the Committee can only add its support to movement in this direction.

The Committee believes that there should be an early increase of minimum wages to 60 per cent of the average wage rate in a given area. The 60-per-cent level is not suggested because it represents an ideal figure. Rather, it is an attempt to take into account the differences of wealth that now exist in various regions. At present, it is unrealistic to expect that industry in the Atlantic provinces could pay the wages that might be possible in British Columbia or Ontario. If national standard levels were imposed, the consequences to industry and enterprise in some areas might well be disas-

trous. On the other hand, we know the importance of raising minimum-wage levels. A start must be made somewhere, and the Committee believes that 60 per cent of the average wage in an area represents a practical and realizable immediate goal. The effects of gradual increases could be studied continuously. In that way, damaging consequences in the area could be forestalled.

TABLE 19

Current minimum wage rates.\* General rates for experienced adult workers.†

Jurisdiction	Date Effective	Rates
Federal.....	July 1, 1971	1.75
Alberta.....	October 1, 1970	1.55
British Columbia.....	May 4, 1970	1.50
Manitoba.....	October 1, 1970	1.50
New Brunswick.....	September 1, 1970	1.25
Newfoundland.....	July 1, 1970	1.25 (men) 1.00 (women)
Nova Scotia‡.....	July 1, 1971	1.35 (men) 1.20 (women)
(Zone One)		1.25 (men)
(Zone Two)		1.10 (women)
Ontario.....	April 1, 1971	1.65
Prince Edward Island.....	September 1, 1969	1.25 (men)
	July 1, 1968	.95 (women)
Quebec.....	November 1, 1971	1.50
Saskatchewan.....	June 1, 1971	1.50
(ten cities)		1.50
(rest of province)		1.40
Yukon Territory.....	May 1, 1970	1.50
North West Territories.....	September 1, 1970	1.50

\*In most provinces minimum wage orders now cover practically all employment except farm labour and domestic service in private homes. Farm labourers are, however, covered in Newfoundland, and certain farm-related occupations in Ontario. Most jurisdictions exclude a few additional classes of workers.

†Minimum rates apply throughout the jurisdiction except in Nova Scotia and Saskatchewan, where there are regional differentials. In six provinces minimum wage orders provide that inexperienced workers may be employed during a learning period at a rate below the regular minimum. In all jurisdictions except British Columbia and the Northwest and Yukon Territories, special minimum rates have been set for young workers, or for students or for workers in certain categories such as newsboys or messengers. The general minimum wage order for male workers in Prince Edward Island excludes persons under 18.

‡Zone one consists of Halifax-Dartmouth, Sydney and New Glasgow and surrounding areas (10 mile radius) and of Truro, Amherst, Yarmouth, Antigonish and Port Hawkesbury and surrounding areas. Zone two consists of all parts of the province not included in Zone one.

SOURCE: Canada, Department of Labour, Legislative Research Branch, Research Series "Minimum Wage Rates in Canada", supplied to the Committee by the Department.

Table 20 presents data to illustrate this proposal. The first two columns of Table 20 include *salaries* as well as wages, and are almost certain to be above the appropriate figure for wages alone. More accurate figures would be required to determine the actual levels in Column 2 of the Committee's recommendation.

TABLE 20

Comparison of Senate Committee proposed minimum wage levels and actual minimum wages and salaries, 1969

Province	Average weekly wages and salaries*	Proposed Minimum (60% of average)	Actual (1969) Hourly Minimum†	Actual (1969) Weekly Minimum
	\$	\$	\$	\$
Newfoundland.....	105.86	63.52	.85 women 1.10 men	34.00 44.00
Prince Edward Island..	80.99	48.60	.95 women 1.25 men	38.00 50.00
Nova Scotia.....	95.56	57.40	Zone 1 1.00 women 1.25 men Zone 2 .90 women 1.15 men	40.00 50.00 36.00 46.00
New Brunswick.....	96.89	58.13	1.15	46.00
Quebec.....	114.93	68.96	Zone 1 1.25 factories, shops and offices 1.05 hotels and restaurants Zone 2 1.15 factories, shops and offices 1.00 hotels and restaurants	50.00 42.00 46.00 40.00
Ontario.....	121.52	72.91	1.30	52.00
Manitoba.....	107.81	64.69	1.35	54.00
Saskatchewan.....	107.86	64.72	1.25 ten cities and 5 mile radius 1.15 rest of province.	50.00 46.00
Alberta.....	117.84	70.70	1.25	50.00
British Columbia.....	129.19	77.51	1.25	50.00

\*Based on most recent available data—1969 average weekly wages & salaries.

†Wages for experienced workers, assuming a 40-hour week.

SOURCE: Staff Study; D.B.S. *Canadian Statistical Review* (Cat. No. 11-003), Section 4, Table 17.

## Regional Inequalities

Federal stabilization policy has not dealt successfully with regional inequality. In August, 1969, when the over-all unemployment rate was 4.7 per cent, actual unemployment in the wealthier provinces, except British Columbia, was on the margin of acceptability; but in the poorer ones, unemployment was far beyond an acceptable level. (See Table 21.)

TABLE 21  
Indicators of provincial and regional disparities, 1969

Province	Annual personal income per capita		Average weekly wages and salaries		Employed as % of working-age population	Unemployment rate
	\$	(Canada = 100)	\$	(Canada = 100)	%	%
Newfoundland.....	1,613	56	106	90	38.8	10.3
P.E.I.....	1,818	63	81	69	48.6	5.3
Nova Scotia.....	2,304	79	96	81	47.0	5.4
New Brunswick.....	2,080	72	97	82	45.1	8.5
Atl. region.....	2,032	70	n.a.	n.a.	44.5	7.6
Quebec.....	2,626	90	115	98	50.8	6.9
Ontario.....	3,365	116	122	103	56.1	3.1
Manitoba.....	2,842	98	108	91	54.1	2.7
Saskatchewan.....	2,516	87	108	92	51.6	3.1
Alberta.....	2,913	100	118	100	58.5	2.7
Prairie region.....	2,784	96	n.a.	n.a.	55.3	2.9
B.C.....	3,116	107	129	110	53.9	5.0
Territories.....	2,542	87	n.a.	n.a.	n.a.	n.a.
Canada.....	2,906*	100	118	100	53.1	4.7

\*Excluding the personal income of Canadian non-residents.

SOURCES: Staff study based on advance information from Statistics-Canada; D.B.S., *Canadian Statistical Review* (Cat. No. 11-003), Section 4, Table 17; derived from D.B.S., Special Surveys Division, Special Labour Force tables.

Federal governments and provincial governments have been aware of the problem, and it has been an important factor in the shaping of most of the social and economic legislation in Canada in this century. The ministers who shaped the *Victoria Charter* (1971) proposed the following article in Part VII, "Regional Disparities":

The Parliament and Government of Canada and the Legislatures and Governments of the Provinces are committed to:

- 1) the promotion of equality of opportunity and well-being for all individuals in Canada;

- 2) the assurance, as nearly as possible, that essential public services of reasonable quality are available to all individuals in Canada; and
- 3) the promotion of economic development to reduce disparities in the social and economic opportunities for all individuals in Canada wherever they may live.

However, the article immediately following this one states:

The provisions of this part shall not have the effect of altering the distribution of powers and shall not compel the Parliament of Canada or Legislatures of the Provinces to exercise their legislative powers.

Only \$1 billion, a little over one per cent of the G.N.P., was distributed to the provinces last year through government equalization payments. Clearly this is not enough to create a better revenue-base for government services in the have-not provinces. The differences in regional unemployment rates were almost as wide in 1970 as they were ten years before, in 1960. (See Table 22.)

TABLE 22  
Unemployment rates by regions,\* 1960 and 1970

	1960	1970
		%
Atlantic provinces.....	10.7	7.6
Quebec.....	9.1	7.9
Ontario.....	5.4	4.3
Prairie provinces.....	4.2	4.4
British Columbia.....	8.5	7.6
Canada.....	7.0	5.9

\*The unemployed as a percentage of the labour force for each region.

SOURCE: Information supplied by Statistics Canada.

Official regional-redevelopment programs were begun in 1961, and other than by using the measurements already described, it is extremely difficult to judge these programs over the past ten years. Brewis, in his article, "Regional Economic Disparities and Policies," commented:

With regard to past expenditures specifically, evaluation has been skimpy. This is one of the more serious deficiencies of policy. Substantial sums have been and continue to be allocated to various programs, but little analysis of the probable effects has been made public. In some cases little is known, and what is known is not always released. Some bodies and agencies are less ready to make information available than others. It is widely recognized, however, that many outlays, both federal and provincial, show a very poor return, and heavy losses have been incurred by some of the poorest provinces. The main beneficiaries of aid in the past have often been large capital-intensive industries rather than the depressed local communities which the subventions were designed to assist. Cost per local worker employed in some cases has been extremely high, amounting in effect to several years' gross income.<sup>51</sup>

## Market Imperfections

The marketplace—with its “imperfections”—perpetuates poverty in the way it distributes opportunities within the work world. Market imperfections include: lack of information on production techniques and actual market conditions; immobility of labour and capital in moving from one industrial sector to another; inhibitions placed on competition by powerful corporations.

Those who lack skills, property, and an education do not have the flexibility to deal with economic ups-and-downs. This reality led John Kenneth Galbraith to observe, in *The New Industrial State*, that, in fact, there seem to be two distinct economies operating in North America. The first, according to Galbraith, is really the sphere of the giant corporations that dominate the nation's productive activity. The second economy is the one which employs the poor.<sup>52</sup> It is in this economy where, as Michael Harrington, author of *The Other America*, pointed out, “One finds transients such as migrant farm workers and casual restaurant employees, and the steady workers in the shops of cockroach capitalism.”<sup>53</sup>

Because it exploits sweat more than machines, and because its labour is by and large non-union, the second economy is extremely sensitive to the cyclical ups-and-downs of the larger one. Indeed, one of the common economic indicators taken as a call for government action to dampen down the economy comes at that point where employment is high and the demand for labour reaches down into semi-skilled and unskilled. Even the Economic Council of Canada's goal, a combination of 3 per cent unemployment and 2 per cent inflation,<sup>54</sup> means that, for what is seen as the most ideal growth adjustment, at least 250,000 employable workers must, by nature of the stabilization formula, be left unemployed.

It is obvious that in such circumstances unions are relatively powerless. There is only room for wage-negotiation if the union has the power to organize and to control wages through the whole industry and, at the same time, set the labour-demand by restricting the number of workers in the industry. Such measures do not, of course, solve the problems of the workers who are excluded.

Unable to cope with these kinds of problems, large unions have turned their attention to the high-wage industries of modern technology. There, because of the control of consumer markets by the corporations, the capital intensity (that is, the low proportion of labour costs), and relatively higher profits, the unions can create considerably more pressure in pushing for higher wages. This is especially true because industries which have considerable capital investment cannot afford prolonged strikes and are anxious for early settlements. Bargaining between strong unions and strong corporations invariably results in high prices passed on to the consumers, which forces the poor to pay higher prices or denies them needed goods and services.

There are many factors over which the worker has no control which can unexpectedly knock him out of the work force and into the ranks of the unemployed. A simple cancellation of a project or priority is enough to do it. For example, in the past few years workers have suffered massive and unexpected layoffs in industries ranging from the Ungava iron mines in Labrador to the Dunlop plant in Ontario, the latter leaving 400 long-time employees jobless. Examples are far too numerous.

Many farmers do not have the necessary capital and cannot take advantage of technology. Wealthier individual farmers and farming corporations can, and in doing so increase productivity, and, at the same time, undercut the prices of the less affluent farmer. Since the 1940s, the agricultural population has declined from more than 30 per cent of the population to less than 10 per cent.<sup>55</sup> In 1970, approximately two-thirds of individually-owned farms were considered marginally productive as economic units.<sup>56</sup> Agricultural and seasonal workers, displaced by technology, are a persistent problem as they flow into urban areas. Sudden structural changes in the economy can threaten or impoverish whole communities which are "left behind." These can be changes in demand (the uranium mines of Elliot Lake); or a depletion of resources.

Business mergers and changes in corporate structures have displaced plant workers, white-collar workers, and even middle-management personnel.

The widespread under-employment found in the Atlantic Provinces, the Prairies, and the remote areas of primary industry in Canada is brought about by complex combinations of causal factors. In these areas, poverty and low wages are often found to be concentrated in certain industries. These are industries which do not have the private capital to invest in technology, are up against stiff competition, and have a low margin of profit. And some industries impose a repressive low-wage environment on the primary producer. The pulpwood-cutting industry in the Maritimes is an example.

In August, 1970, several members of the Senate Committee visited the Tracadie area of New Brunswick. The following is a staff report of their visit:

The camp is twenty-five miles northwest of Newcastle. It has in it thirty-five cutters and stackers. The living accommodation is deplorable. There are eight men to each hut which measures approximately ten feet by eighteen feet. There is no electricity, no running water. The men arrive early Monday morning, and stay until Friday night in these conditions. The only water supply they have is a stream of questionable purity across the road from their camp.

A good woodcutter can cut three cords of wood per day at \$7.00 per cord. He earns therefore as a maximum \$21.00 per day.

He supplies his own chain-saw which can last at a maximum two years. The saw, plus financing over a two-year period, costs \$400.00. In addition maintenance on the saw is approximately \$100.00 and the two-year cost of chains would add another \$160.00.

A woodcutter's weekly gross earnings for a maximum work period of 30 weeks per year are approximately:

Maximum weekly gross:	\$105.00	
Less		
Room and board.....	\$12.00	
Weekly cost of saw.....	11.00	-\$22.00
Cost of fuel and oil for saw.....	6.00	
Cost of transportation.....	4.00	
	<hr/>	<hr/>
	\$33.00	\$44.00
	<hr/>	<hr/>
Net:	\$72.00	\$61.00
Net hourly earnings:	\$ 1.80	\$ 1.53

This is a very low-gross, hourly rate when one considers the investment required, the short work year, and the inadequate working conditions.

The men spoken to had been there many years. They all knew they would be better off on welfare, and yet continue to work and live under what I would consider medieval conditions in 1970.<sup>57</sup> [To this on-the-spot report one of the Committee's staff added this comment: the method used to cut, and the waste that results, virtually ensure that no trees of any size will grow in the area for about fifteen years.]

There are two possible reasons why the pulpwood-cutters stay in the area. In the first place, they apparently do not have the financial resources to move their families to more promising areas. Secondly, they cannot bring themselves to abandon the only community they have known. Consequently, they continue to live a marginal existence.

Even within the market system, there is little chance for the skilled worker to move independently, and almost none for the semi- and unskilled worker. This lack of labour mobility from low-wage to high-wage jobs ensures the continuation of wage inequalities. One barrier to mobility is its economic cost: that of job-seeking, moving, and training. At least as important is the availability of high-wage job opportunities which may be restricted by monopolistic market control of firms, by union restriction of labour supply, and by the interaction between the two in the form of wage-push and consequent labour-saving technical change in high-wage industries. Discrimination against racial and ethnic minorities, and against women, in hiring preferences and wage-determination, limits the upward mobility of these groups.

### *Conclusion*

The problems presented any modern government, and governments of Canada in particular, are staggering. On the one hand government must deal with a private sector increasingly characterized by heavy concentration of ownership and control, both national and international, and on the other

hand government must deal with social problems the scale of which is unprecedented in history. Canadian governments have been in a dilemma. On the one hand, our social problems are those of heavily-industrialized areas like Europe and the United States, and our constitution allows the central authority great discretion in such important areas as fiscal and monetary policy. Our country, on the other hand, is not so well developed as the United States or Europe, and development must be encouraged.

It is easy to criticise the performance of governments past and present, and to sketch alternative scenarios which are largely academic. It is something else to make constructive proposals which recognize the deep-seated historical reasons for failure of policy-making and implementation, and which recognize the contemporary, international constraints on the national economy. The need for a realistic assessment of problems and for the development of policies in the light of that assessment is self-evident.

#### **Recommendations:**

- 1. that "full employment" must be the prime objective and responsibility of government fiscal and monetary policy.**
- 2. that "equal pay for equal work" legislation be passed and enforced by all levels of government for both the public and the private sector.**
- 3. that easier access to labour unions for workers, particularly those in low wage industries, be encouraged and facilitated.**
- 4. that prohibitions against discrimination in hiring be enforced.**
- 5. that job-development, particularly of para-professional careers, be vigorously pursued.**
- 6. that a formula be adopted to ensure the upward revision of minimum wage rates through the Canadian Labour Standards Code—such as the following:**
  - a) the minimum wage should be determined as a percentage of the average wage rate for a province or zone;**
  - b) a uniform basis should be used for the determination of zones within provinces;**
  - c) no minimum wage should be lower than 60 per cent of the average wage-rate in each province or zone; and,**
  - d) a planned program of raising minimum wages should be adopted. This would mean increasing the rates one step at a time and analysing effects of the increase before proceeding to the next.**

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42. "In 1961 in North America, the lost output in that year alone was equivalent to about fifty billion dollars for the United States and over three billion dollars for Canada. (In today's larger Canadian economy, an equivalent gap would of course be bigger in dollar terms—over five billion dollars.) Moreover, such losses are cumulative for every year in which such a gap exists between actual and potential output." E.C.C., *Performance and Potential: Mid 1950s to Mid 1970s* (Ottawa: Information Canada, 1970), p. 56.
43. *D.B.S. Weekly* (Ottawa: Queen's Printer, 1971).
44. Economic Council of Canada, *Third Annual Review* (Ottawa: Queen's Printer, 1966), Table 4-2, p. 90.
45. *Ibid.*, pp. 89-90.
46. Sylvia Ostry, *Unemployment in Canada* (Ottawa: Queen's Printer, 1968), Table 12, p. 23.
47. H. D. Woods and Sylvia Ostry, *Labour Policy and Labour Economics in Canada* (Toronto: Macmillan, 1962), pp. 365, 367.
48. Economic Council of Canada, *Performance and Potential: Mid 1950s to Mid 1970s* (Ottawa: Information Canada, 1970), p. 21.
49. Canada Department of Labour, *Unemployment Insurance in the 70's*, (Ottawa: Queen's Printer, 1970), p. 5. Cat. No: LU4-270.
50. Royal Commission on Taxation, *Report* (Ottawa: Queen's Printer, 1966).
51. T. N. Brewis, "Regional Economic Disparities and Policies" in L. H. Officer and L. B. Smith (eds.), *Canadian Economic Problems and Policies* (Toronto: McGraw-Hill, 1970), p. 351.
52. John Kenneth Galbraith, *The New Industrial State* (New York, N.Y.: Signet Books/The New American Library, 1968), p. 21.
53. Michael Harrington, *Toward a Democratic Left* (Baltimore: Penguin, 1969), p. 54.
54. Economic Council of Canada, *Sixth Annual Review* (Ottawa: Queen's Printer, 1969), pp. 6, 8.
55. Task Force on Agriculture, *Report* (Ottawa: Queen's Printer, 1970), p. 6.
56. *Ibid.*, p. 409.
57. Visit to East-Coast New Brunswick (August 7, 1970), as reported in *Proceedings of the Special Senate Committee on Poverty*, Second Session, No. 63 (August 6, 1970), p. 7.

## SECTION TWO:

### Our Welfare System—A Costly Mistake

# 1

## Introduction

For various reasons, some ethical or moral, some economic and expedient, most western nations have provided some kind of welfare system for their poor. The brief of the St. Vincent de Paul Society observed, of the varying attempts, that

many have resorted to an exaggerated form of state socialism which succeeds in providing every human being with the basic vital necessities, but not without sacrificing even the slightest trace of individual liberty. Others, including Canada, have attempted to solve the problem of poverty through a number of state interventions in the various sectors where the need became more readily apparent. Such interventions, in the form of an ill-assorted and unco-ordinated series of welfare measures, not only failed to provide the desired, lasting solution but brought about the conditions described . . . as "the mess" of the Canadian welfare system.<sup>1</sup>

Canada has spent, and continues to spend, very large sums of money on income-security and welfare programs, as Table 23 shows. But their impact on the lives of the poor has been less than we might have hoped. The billions that have been spent have only made the lives of the poor a little less desperate, though this is not to be discounted. A crucial deficiency of our attempts to deal with poverty has been clearly identified by a former director of the Economic Council:

While the poor lack many things, their most fundamental lack is one of opportunity—of the liberty to exercise meaningful choice in our economy and our society. If they had that liberty, in ampler measure than today, they, or at any rate their children, would perform the greater part of the job of lifting themselves out of poverty.<sup>2</sup>

In short, we cannot expect major accomplishments unless we guarantee the necessary preconditions of sufficiency and opportunity.

TABLE 23

Estimated expenditures under federal and provincial income-security programs, 1969-1970

Program	Expenditures in dollars (\$ millions)	Percentage distribution %	Percentage of G.N.P.* %
<b>Social insurance program:</b>			
Canada Pension Plan.....	48	1.1	.1
Quebec Pension Plan.....	15	.3	.0
Unemployment Insurance.....	542	12.4	.7
Workmen's Compensation†.....	185	4.2	.2
Veterans' Pensions‡.....	218	5.0	.3
Sub-total.....	<b>1,008</b>	<b>23.1</b>	<b>1.3</b>
<b>Universal and income-related income support programs:</b>			
Old Age Security.....	1,467	33.6	1.8
Guaranteed Income Supplement.....	263	6.0	.3
Family Allowances§.....	657	15.1	.8
Youth Allowances**.....	78	1.8	.1
Sub-total.....	<b>2,465</b>	<b>56.5</b>	<b>3.1</b>
<b>Social assistance programs:</b>			
<b>Special groups:</b>			
<b>(means-tested)</b>			
Aged.....	3	.1	.0
Blind.....	4	.1	.0
Disabled.....	24	.5	.0
Veterans.....	107	2.5	.1
Indians and Eskimos.....	18	.4	.0
<b>General Assistance:</b>			
<b>(needs-tested)</b>			
Mothers' allowances.....	28	.6	.0
Unemployment assistance.....	29	.7	.0
Canada Assistance Plan††.....	678	15.5	.8
Sub-total.....	<b>891</b>	<b>20.4</b>	<b>1.1</b>
<b>Total.....</b>	<b>4,364</b>	<b>100.0</b>	<b>5.4</b>

\*The Gross National Product in fiscal year 1969-1970 was \$80.08 billion. D.B.S., *Canadian Statistical Review*, Vol. 46, No. 7, Table 1.1.

†Cash benefits only.

‡Pensions for disabled veterans and widows.

§Includes Family Assistance benefits for the children of recent immigrants (who are excluded from the Family Allowance program) and payments under Quebec's Family Allowances program.

\*\*Includes Quebec Schooling Allowances and Newfoundland's Parents' Supplement (Schooling Allowances).

††Assistance payments only; excludes expenditures on health and welfare services, child welfare, and care of children in institutions.

SOURCE: Canada, Department of National Health and Welfare, *Income Security for Canadians* (Ottawa: Information Canada, 1970), Tables 1, 2, 3 and 4.

In each generation there are some poor people who are able to escape from poverty against all the odds and obstacles. But for most, it is simply impossible to control their economic destinies. It will continue to be impos-

sible until we find the means to increase their choice, to expand their liberty, to admit them to the service environment, and to convince them that they were not born to the "small loaf."

No one speaks well of the welfare system we now have for dealing with poverty. In that sense it is not controversial: everybody is against it. Why should this be so? How did the system get that way? Answers to these questions emerge from a description of the system and how it operates.



# 2

## The Federal Welfare Structure

### HISTORICAL BACKGROUND

The men who framed the *British North America Act* made very little mention of governmental obligation towards the poor. Organizations supported by charity were declared to be within provincial jurisdiction, and that was considered sufficient. This was not a deliberate omission. The question simply did not arise. It never occurred to the legislators of the time that massive governmental intervention on behalf of the poor would ever be necessary. Local charities were already in business; local charities were quite enough.

The legislators of the time had few alternatives. They subscribed to the political thinking of the time, which did not concern itself with the poor—at least not in relation to government. As the twentieth century progressed, a new idea began to take hold. It came from many sources—a new breed of social critics, new styles in economic thinking, and a massive pressure from the increasingly urbanized and industrialized poor and the working classes—and it ended in a common realization that there was, in fact, some over-riding obligation on the part of government towards the poor, and that local charitable relief was not enough.

Municipal governments began to spend more and more money in this area, and when it became obvious that they could not handle the problem alone, provincial governments began to assume some responsibility for over-all supervision and financing in the social-welfare field.

The Federal Government moved into the field of social welfare for the first time in 1927, when it established an old age pension scheme without serious opposition. At that time, however, it was still generally considered that the Federal Government had very little business in this area; the provinces were doing an adequate job, in so far as there was a job to be done.

Things changed during the Great Depression (which began in 1929 and continued until the beginning of the Second World War, 1939), for it became quite clear that the old methods of dealing with unemployment, hunger, and misery simply were not good enough. Poverty was no longer something that happened to a hidden minority. It was obviously affecting a near-majority of people, and Canadian governments—the Federal Government in particular—were under pressure to do something about it. The Federal Government responded to that pressure with a plan for an unemployment insurance scheme; and when the courts decided that this kind of legislation was beyond the constitutionally-defined powers of the Federal Government, the government went so far as to obtain a constitutional amendment.

This train of events seemed to indicate that the Federal Government was committed to taking some direct action in the interests of the poor, and that it was prepared to face down opposition to do it. As time went on, this commitment did produce a series of federal programs that would have startled legislators twenty years earlier—family allowances, refinements in old age pensions, adult employment training, aid to blind and disabled persons, youth grants, and a contributory pension plan for members of the labour force.

These programs were not, however, general welfare programs. They were aimed at specific kinds of hardships, specific categories of people. Welfare payments to the poor in general—as opposed to the unemployed or the seriously handicapped—were left in the hands of the provincial and municipal governments. There were strong constitutional and political traditions for this. There were also drawbacks to the arrangement. As the Federal Government brought in measures that were almost, but not quite, welfare programs, there were increasing difficulties in the co-ordination of federal and provincial programs. At the same time, the welfare programs of the wealthier provinces were getting farther and farther ahead of the programs in the poorer provinces.

By mid-century, it had become clear that the federal programs were out of step with the general assistance that was being offered at the provincial and municipal level. Welfare and social programs in Canada were in a serious administrative tangle. In 1956, the Federal Government, through the *Unemployment Assistance Act*, attempted to extend coverage beyond these categories—to broaden its programs—by allowing cost-sharing procedures in assistance payments for “employable” unemployed persons. Two years later, these cost-sharing procedures were further extended to include “unemployables,” including residents in homes for special care.

There were still gaps, and the gaps were becoming obvious. By 1966 the Federal Government had realized that those welfare-related programs in which it shared costs with the provinces—Unemployment Assistance, Old Age Assistance, Blind Persons, and Disabled Persons Allowances—were still running into serious administrative problems, and that provincial and municipal welfare payments were dangerously inadequate. In 1966, the

*Canada Assistance Act* was passed. The Canada Assistance Plan was not really an embodiment of new ideas in the field of welfare reform; it was a new way of spreading welfare and assistance money around, a fiscal device to take some of the burden off the provincial treasuries.

While these are the main historical developments, we must concede that this sketch does not begin to describe the development of the innumerable welfare administrations and social-service organizations in Canada. The luxuriant growth of government and quasi-government agencies has been so marked that poor people are quite likely to be dealing with two, three, or five organizations at once.

The Committee has chosen to review some of the broad programs, from the federal level down to the municipal level, without attempting to describe each and every program that might bear upon specific groups such as the aged or the disabled. The Federal Government does have a number of specific direct-payment programs such as Old Age Security, Family Allowances, Canada Pension Plan, as well as many other less well known programs which affect fewer people. But our first concern here is with the Canada Assistance Plan. It is the program and mechanism by which the Federal Government enters into the public-assistance field, locking into provincial and municipal schemes.

## CANADA ASSISTANCE PLAN IN THEORY AND IN PRACTICE

The Canada Assistance Plan, initiated in 1966, gave the Federal Government a share in the financing of assistance and welfare services and employment-rehabilitation projects. It was the government's intention to make sure that every Canadian who needed welfare or social assistance received it in adequate amounts. The Plan was not restricted to the impoverished; help was to be extended also to those about to become in need. "Assistance" according to the Department of Health and Welfare was

any form of aid to or on behalf of persons in need for the purpose of providing basic requirements such as food, shelter, and clothing; items necessary for the safety, well-being, or rehabilitation of a person in need, such as special food or clothing, telephone, rehabilitation allowance, or items necessary for a handicapped person; care in a home for special care such as a home for the aged, a nursing home, or a welfare institution for children; travel and transportation; funerals and burials; health care services; welfare services purchased by or at the request of provincially approved agencies; and comfort allowances for inmates of institutions.<sup>1</sup>

The Canada Assistance Plan legislation left certain areas totally in the hands of the provinces; education and correction, for example, were quite specifically excluded. But, generally, the legislation seemed to provide the machinery for a substantial federal involvement in the fight against poverty, or at least the encouragement and backing for a fight against poverty.

What resulted, however, was less than the federal planners had hoped. Differences developed because the Plan was, in the final analysis, only a plan—one that the provincial governments could pick up, reject, or accept only in part as they chose. Many governments, especially in the poorer provinces, could not afford to make full use of the Plan.

C.A.P. provided a fifty-fifty split of welfare and social-assistance costs between the provinces and the Federal Government. But because the provinces had always had constitutional responsibility for their welfare services, the effective control of C.A.P. programs remained with them. The provincial governments were to continue to set their own rates for assistance, and to determine the definition of a person in need. The federal legislation laid down only two stipulations: that provinces not insist on residential qualifications for welfare recipients; and that appeal boards be established in the provincial welfare systems. There were no requirements about standards of service nor about the extent to which preventive services should be provided.

Nor was C.A.P. presented as a package. Provincial governments were quite welcome to participate in some C.A.P. programs, and not in others, at their own discretion. Consequently, only three provinces (Ontario, Saskatchewan, and Alberta) have integrated Blind Persons Allowances into general C.A.P. programs; only six provinces (Newfoundland, Prince Edward Island, Nova Scotia, Ontario, Saskatchewan, and Alberta) have integrated Disabled Person's Allowances. None of the provinces, up to now, has taken advantage of the projected C.A.P. programs for Indians. Similarly, C.A.P. makes provision for assistance to the working poor, and yet only Alberta has taken any real advantage of this provision.

There is some evidence that other provinces are, in fact, subsidizing employed people through their welfare programs, but there is reluctance to admit the fact—presumably to avoid applications from the working poor. The Committee understands that about 20,000 people are being subsidized across the country; but only Alberta openly provides this benefit on any substantial scale.

In terms of dollars transferred from the Federal Government to the local governments, the rich provinces receive more help than the poor ones. C.A.P. requires that the provinces which participate in its programs spend their federal subsidies before they receive them—that they finance their own welfare programs and then submit a bill to Ottawa for half the expended amount. Provinces that are unable to raise sufficient money from their general revenues to finance an adequate welfare program in the first place are unable to call for more money from the Federal Government. They are reimbursed for half the amount they have spent, and if they have been able to spend only a little, they receive little in return. Welfare rates are usually lower in provinces which have difficulty in raising revenues—exactly those provinces which run into the most widespread demand for welfare payments.

This cost-sharing structure can lead to striking differences in welfare payments for people only a few miles apart: a family of four in Hull receives

\$100 a month less in general welfare assistance than a family of similar size across the river in Ottawa. None of these benefit structures reaches any accepted poverty line for a given family size. (See Table 24.)

TABLE 24

Monthly and annual budget standards\* for items of basic welfare need by provinces, December 1970. (For a family of 4—i.e., 2 parents and 2 children, a girl of 8 years and a boy of 13 years.)

Province	Monthly	Annual
		\$
Newfoundland†.....	230.00	2,760
Prince Edward Island‡.....	244.00	2,928
Nova Scotia§.....	263.00	3,156
New Brunswick**.....	187.66	2,251
Quebec††.....	218.00	2,616
Ontario‡‡.....	271.00	3,252
Manitoba§§.....	246.10	2,953
Saskatchewan***.....	215.15	2,581
Alberta†††.....	335.00	4,020
British Columbia†††.....	211.00	2,532

\*Actual allowances granted may be subject to ceilings (see footnotes) and do not necessarily correspond to the budget standards. Municipalities which administer assistance may supplement provincial allowances. Basic needs are defined as food, clothing and shelter. Extra allowances which may be given under special circumstances are not shown.

†Urban rent, including fuel allowance.

‡Exclusive of fuel allowance, which may be paid on basis of actual cost, includes urban rent.

§Including allowances for fuel, rent, and utilities, which together may not exceed \$115. However, provincial maximum monthly allowances are set as follows: \$75 for women 60-65 years who are single, widowed, deserted, divorced or unemployed; \$100 for disabled persons and persons 65 or over; \$175 for families.

\*\*Exclusive of fuel allowance which may be paid on the basis of actual cost. Amounts specified for the various items of basic need are maximum amounts and the total allowance may not exceed an amount considered to be a reasonable standard in the community. Rent at \$60 per month for urban accommodation is included in the \$188 shown on Table. However, rent is usually paid at cost and \$60 per month is used only as a guide.

††Includes fuel and rent for Zone III (Montreal): Zones II and I are \$5 and \$15 less respectively.

‡‡Rent for heated premises.

§§Exclusive of fuel and utilities which are paid on the basis of actual cost.

\*\*\*Exclusive of fuel allowance which may be granted according to provincial schedule or on the basis of actual cost. Rent may also be paid on actual cost.

†††Amounts for provincial allowances are specified for food, and clothing only; other rates are set at community standards. Rates are not specified for Municipal allowances. However, amounts shown are fair approximations, according to the Department of Social Development Province of Alberta.

†††Includes fuel.

SOURCE: Canada, Department of National Health and Welfare, Welfare Research Division, *Monthly Budgets for Items of Basic Need under Provincial Assistance Programs* (Revised December, 1970).

These provincial discrepancies are paralleled, in a modified way, in the welfare policies of municipalities in each province. Since municipalities are normally required to pay for their own services, impoverished municipalities, where the demand for welfare is highest, are unable to provide adequate

benefits. If the municipal level of government is not able or willing to provide various public-assistance benefits, it cannot collect a part-share from the provincial level of government, and, in turn, the province cannot collect from the Federal Government. Since the levels of financial benefits and other services that finally filter through this system are pitifully low, it is not surprising that some people regard government itself as a major cause of poverty.

The Canada Assistance Plan is a shopping-list of programs available for cost-sharing, and the provinces are able to pick and choose the programs they like and can afford. The Department of National Health and Welfare reported, in its brief to the Committee, that

While provinces have made substantial progress towards the improvement of assistance levels, further movement is hindered by three major factors. One is the scarcity of financial resources, bearing in mind that 50 per cent of costs must be found within the province; the poorer provinces assert that they cannot afford to provide a desirable standard of assistance and services to eligible persons. A second is the absence of consensus about the standard of living that such programs should support. A third problem is the relationship of assistance levels to work incentives.<sup>2</sup>

These problems are now being examined by task forces set in motion after a federal-provincial meeting of welfare ministers in January, 1969. Interim reports have been made by these task forces; but definite action on these problems may still be some time off.

## OTHER FEDERAL PROGRAMS

There are some programs of the Federal Government that provide certain direct payments to persons in designated categories of need; these payments are uniform across the country, and quite different from the C.A.P. payments. They include Old Age Security payments (with a Guaranteed Income Supplement); Family Allowances; Youth Allowances; and payments under the Canada Pension Plan (C.P.P.). (The latter is, of course, financed through contributions of participants.) Criticism of these programs in submissions to the Committee focussed on the fact that benefit levels in all cases were inadequate, and in most cases were unrelated to rises in the cost of living.

Old Age Security (O.A.S.) payments, in January, 1971, amounted to \$80 per month, twice the original level (\$40) set in 1951. (The pension is adjusted by increases in the Pension Index developed for the Canada Pension Plan; the ceiling for increases in any one year is 2 per cent.) During this period, the consumer-price index rose about 44 per cent, while the average weekly industrial earnings rose 138 per cent.<sup>3</sup> In 1967, the Federal Government introduced a Guaranteed Income Supplement (G.I.S.), equivalent, on April 1, 1971, to \$55 per month. A single pensioner, at these rates, receives with the pension and the supplement, \$1,620 annually; a married couple

(both receiving pension), \$3,060 annually. (The G.I.S. is reduced at the rate of \$1 per month for each \$2 of outside income available to the pensioner.)

According to the brief of the Department of National Health and Welfare, the Old Age Security program is not intended to provide for total maintenance, but rather to "provide a basic pension as a floor on which Canadians could build a retirement income."<sup>4</sup> The seriousness of this limitation may be judged by the fact that in August, 1970, 476,110 pensioners, or 28 per cent of the total, had no other sources of income. An additional 347,970, or 20.5 per cent, received part of the G.I.S.—or, in other words, had an outside income of less than \$62 per month.<sup>5</sup> Old Age Security, then, is not keeping up with the general rise in the standard of living. Many pensioners, to be sure, have some source of income besides their pensions; but very many do not.

The *Family Allowance Act* of 1944 was originally intended to "correct to a degree the imbalance between family income and family need."<sup>6</sup> The Department of National Health and Welfare, acknowledging to the Committee the inadequacy of payments, pointed out:

The gross national product was \$11.9 billion in 1946 and \$71.5 billion in 1968. When the program was in full operation in 1946, the average weekly industrial wage in Canada was approximately \$32.50 per week; it is now \$120 per week. The cost of living has risen by 111 per cent since 1946. By contrast, the average monthly family-allowance payment per family between March 1947, and March 1969, has increased by 15 per cent; the average payment per child went up 12 per cent.<sup>7</sup>

Benefit rates are currently set at \$6 monthly for each child under ten years of age and \$8 monthly for children between the ages of ten and sixteen. Two provinces, Quebec and Newfoundland, have added supplements to the federal scheme. In addition, a program of youth allowances, begun in 1964, provides for payments of \$10 monthly to sixteen- and seventeen-year-old dependent children in all provinces except Quebec, where "school allowances" were instituted in 1961.<sup>8</sup>

The Family Income Security Plan now under study by Parliament will attempt to re-establish the original intention of the *Family Allowance Act* by increasing maximum benefits. It will, at the same time, introduce the selective principle to the benefits schedule and allow the provinces more flexibility in administering family allowance policies. It proposes that a family with one child and an income of less than \$4,500 receive maximum benefits, with adjustments for family size. It would also extend coverage to sixteen- and seventeen-year-olds, thus replacing the Youth Allowances program. Two maximum benefit rates will be established, for children under twelve and those from twelve to seventeen. Suggested amounts are up to \$15 for the first group, and up to \$20 for the second.

Critics have suggested that the additional monthly income will not result in significant changes in the percentage of total income required to cover

basic needs, and that, when inflation is taken into account, payments will approximate the level set in the 1940s. An even more fundamental criticism was raised in the House of Commons during the debate on the proposals:

Do we assist the poor by giving something to people because they are poor, or do we adopt over-all social policies that get rid of poverty altogether? What I do not like about this selective approach of giving people allowances because their incomes are low is simply that you give money to people because they are poor, and you give them so little that you keep them poor. It is time that a program like this and other programs such as Old Age Security and all the others were geared to an over-all income program, not just income security, not just enough for people to live on because they happen to be young, out of work, or poor, but a program that makes sure that all the people in this country share in the abundance which it is our capacity to produce.<sup>9</sup>

Full retirement pensions under the Canada Pension Plan will not be available until 1976.<sup>10</sup> In July, 1971, the maximum retirement pension available under the plan was \$60.73 per month; maximum disability pension, \$109.87; widow's pension, \$68.79; orphan's pensions, \$27.06 for the first four children, and half that amount for each remaining child. The maximum death benefit available was \$540; and these rates diminished for families which had not been contributing at the maximum level.

The general complaint in the briefs to the Committee, that the benefits of federal categorical programs (such as Family Allowances and Youth Allowances) are too low, is valid. The briefs are unanimous in stating that no one benefit, or combination of benefits, would support an individual or family at a level approaching the Senate Committee poverty lines. It may be argued, of course, that they were not intended to do so, that they were only intended as some help for the relief of hardships in specific groups—the young, the old, the handicapped. But the argument is weakened if the programs that are supposed to look after the general needs fail to do so. And, as we have seen, the provincial and municipal welfare systems with their cost-sharing under C.A.P. fail to meet the need.

Whatever the intentions of C.A.P., there remain wide variations in public assistance benefits across the nation. The plan has not induced even the wealthiest provinces to supply welfare benefits at levels of adequacy. Many people in need, notably the working poor, have scarcely benefitted at all. They are obviously in a disadvantaged position in programs of social insurance as well, because the contributions they are able to make are insufficient to gain adequate benefits.

# 3

## The Provincial Franchise

The provinces decide which welfare programs will be established, who will or will not be helped, and how much help will be given, both in money and services. Some provinces provide services and payments which others do not. Some provinces—Ontario, for example, and Nova Scotia—still leave certain kinds of welfare payments for their municipalities or regions to administer, and still collect part of the cost of welfare payments from those municipalities or regions; others, like Prince Edward Island, use the municipalities only to do some of the bookkeeping. In Newfoundland welfare administration is all in the hands of the provincial government.

Apart from programs of social insurance, such as the Canada Pension Plan and the federal categorical programs such as Old Age Security, the welfare system really comprises the ten different provincial systems plus the welfare systems of the Territories. What they have in common is a record of failure and insufficiency, of bureaucratic rigidities that often result in the degradation, humiliation, and alienation of recipients.

Each provincial welfare department was asked to provide a self-description to the Committee. Eight of them did so; Quebec and British Columbia did not. Of the eight responding departments, some went into considerable detail; others did not. The Ontario brief presented a detailed examination of Ontario's welfare system, and was supported by a cogent and disturbing report from the welfare department of the City of Ottawa. It seems reasonable, then, to take a close look at the welfare system in Ontario and Ottawa, and then to describe the main ways in which the systems in other provinces differ.

There are other advantages in this approach. Family and social services in Ontario cost about \$250,000,000 a year<sup>1</sup>—although, of the ten provinces, its per-capita income is highest. The Regional Municipality of Ottawa-Carle-

ton, the capital of Canada, spent, in 1970, almost a third (\$12 million) of its regional budget (\$38 million)<sup>2</sup> on welfare programs. If things are wrong in Ontario and Ottawa, they can only be worse in Newfoundland and St. John's, or in Saskatchewan and Saskatoon—places where there are fewer resources and more needs.

Finally, the Committee has chosen to analyse the Ontario welfare system, not because it is extraordinarily good or extraordinarily bad—Alberta's, in many respects, is better, and the systems in the Maritime provinces are for financial reasons less effective—but because the documentation is there, and the data are more or less complete. (Alberta, incidentally, supplied a brief which also included a great deal of specific detail; it has not been used as a reference point here simply because the Alberta system, in general, is well in advance of the other provincial systems.)

## THE ONTARIO WELFARE SYSTEM—AN EXAMPLE

Ontario administers its public welfare program under two pieces of legislation: the *General Welfare Assistance Act*, and the *Family Benefits Act*.

General Welfare Assistance is administered by the municipalities and regional governments; it is a short-term program, set up to help people who have run into temporary trouble, but are likely—in theory, at least—to be able to get back on their feet soon. Family Benefits, on the other hand, are administered directly by the Provincial Department of Social and Family Services. They provide long-term relief for people who, for one reason or another, are not expected to be able to support themselves within any reasonable length of time.

The amounts paid out to people on welfare under each program are worked out by provincial administrators and are adjusted every so often, although apparently not at any set interval. According to the Ontario brief, General Welfare Assistance provides about as much money to the recipient as Family Benefits.\*

### FAMILY BENEFITS

Family Benefits were introduced in 1966, so that the province could take advantage of the new, federal Canada Assistance Plan. The program replaced a number of categorical programs for the blind, the widowed, the disabled, female heads of families, and permanently disabled fathers.

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\* In some of the other provinces, "short-term" allowances can be strikingly smaller than "long-term" benefits; generally, however, the difference is administrative. It is, in almost every province, easier to be cut off short-term welfare than long-term. In Saskatchewan, every able-bodied male welfare recipient is routinely removed from the welfare rolls each spring. But, in Newfoundland, some welfare recipients have been on 'short-term' welfare for twenty years.

When a recipient applies for Family Benefits, the province determines his needs—according to a schedule based on family size—and his assets\* and decides whether he must have extra help to meet those needs. The categories for eligibility are strictly defined. To receive Family Benefits, a recipient must be a member of one of the following categories:

1. a person 65 years of age or older who is not receiving Old Age Security payments from the Federal Government; the wife of a man who is receiving Old Age Security, if she is at least 60 years of age and not eligible for C.A.P. payments in her own right; or a woman between the ages of 60 and 65 living as a single person (for example, a widow, an unmarried person, or a woman whose husband is in prison);
2. a disabled person, at least 18 years old, blind or with “another disability which causes him to be severely limited in activities pertaining to normal living”;
3. a mother with a dependent child or children, who is a widow, whose husband has deserted her for three months or more, or whose husband is in prison, hospital or a similar institution; or a mother with a dependent child or children who is unmarried or divorced;
4. a dependent father with a dependent child or children, or a foster mother with a foster child.<sup>3</sup>

In December, 1970, the rates under the *Family Benefits Act* in Ontario† were as shown in Table 25.

The kinds of people who receive Family Benefits—primarily the elderly, the disabled, and female heads of families—are most unlikely to find employment; and they are unlikely to have any outside income. However, the *Family Benefits Act* does give a specific guarantee that if a recipient does somehow manage to find some outside income, he can keep some part of it. Not all of it will be subtracted from his benefits.

These exemptions are not generous. For example, a deserted mother who has a child below the age of nine—one of the comparatively few recipients of Family Benefits who could conceivably manage to find a job and keep it—receives a basic Family Benefits allowance of \$2,234 (\$43 per week). She is permitted to earn an extra \$432 (\$8.30 per week) without penalty, bringing her income to \$2,666 (\$51.30 per week), and is then taxed, through benefit reductions, at a rate of \$.75 on every \$1 beyond that \$8.30 per week. (See Table 26.)

Recipients of Family Benefits (and General Welfare Assistance) do receive free hospital, medical, and prescription-drug coverage. Their benefits are not

\* The judging of assets in this regard is, of necessity, handled in a rather arbitrary manner. In Ontario, a single person applying for a Disabled Persons Allowance is allowed to retain \$1,000 in liquid assets. If a foster-child has over \$500 in liquid assets, he is not eligible for assistance—but his foster-mother may be. A widow with \$25,000 or so, from a life-insurance policy, could buy a house with it (houses are not considered “liquid assets”), and then apply for assistance. Administrators handle each case on an individual basis.

† For sample rates in other provinces, see Table 24.

TABLE 25

Ontario monthly budget standards for items of basic need by type of family, December, 1970. Provincial rates under the *Family Benefits Act*

Type of Family	Pre-added budget*	Fuel†	Shelter‡	Total§
\$				
<i>Adults</i>				
Single living alone.....	68	—	47	115
Married couple.....	109	—	95	204
<i>Families with children</i>				
<i>One parent with:</i>				
girl 8.....	100	—	95	195
girl 8, boy 13.....	130	—	100	230
boy 16.....	117	—	95	212
<i>Two parents with:</i>				
1 child 6.....	131	—	100	231
2 children: girl 8, boy 13.....	166	—	105	271
3 children: boy 6, girl 9, boy 11	193	—	110	303
4 children: girl 4, boys 7 and 9, girl 12.....	220	—	115	335

\*Amount for the pre-added budget covers food, clothing, utilities, household supplies, and personal requirements. An increase may be authorized for special diet.

†A fuel allowance may be authorized for unheated accommodation for the period Oct. to Apr., or if the recipient resides in a territorial district, Sept. to May. This may be apportioned over a twelve-month period; annual amount varies by the type of accommodation and number of rooms.

‡Heated premises. Rates for unheated premises are \$10 less for married persons with or without children.

§The maximum allowance payable is \$330 up to four beneficiaries, and is increased by a further \$15 monthly for each beneficiary in excess of 4. Supplement of up to \$22 a month may be paid by the municipality under the General Welfare Assistance Act to recipients who require assistance to meet shelter or extraordinary needs.

SOURCE: Canada, Department of National Health and Welfare, Welfare Research Division, *Monthly Budgets for Items of Basic Need under Provincial Assistance Programs* (Revised December 1970).

TABLE 26

Annual earnings exemption application to social assistance levels

Family unit	Social assistance budget	Income exemption	Earnings beyond which ineligible
	\$	\$ %	\$
1 person (living alone).....	1,380	288+25	2,126
(disabled).....	1,560	288+25	2,366
2 persons (1 child 0-9).....	2,234	432+25	3,409
(1 child 16+).....	2,544	432+25	3,822
3 persons (2 adults, 1 child 0-9).....	2,772	576+25	4,270
(1 adult, 2 children 16+).....	3,024	576+25	4,606
4 persons (2 adults, 2 children 0-9).....	3,156	720+25	4,926
(1 adult, 3 children 16+).....	3,576	720+25	5,486
5 persons (2 adults, 3 children 0-9).....	3,540	864+25	5,582
(1 adult, 4 children 16+).....	4,128	864+25	6,366

SOURCE: Ontario, Department of Social and Family Services, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 43. (May 25, 1970), Table 7.

taxable (except, as explained above, through benefit reductions as income rises), and Family and Youth Allowances are not counted as income. Even with these adjustments, however, the payment levels under the Ontario Family Benefits scale keep their recipients well below any reasonable poverty line and discourage attempts to climb above it.

Earnings-exemption provisions vary from province to province. Saskatchewan allows recipients to keep 50 per cent of their earnings, to one-quarter of their welfare allowance. Manitoba allows no earnings beyond \$20 a month.

The situation in Quebec was described to members of the Committee:

Mrs. C. has been raising her three children alone for nine years. In 1967, she was receiving \$150 per month from Quebec (Needy Mothers Pension). There wasn't enough to eat, so she took a part-time job as a bus monitor on the children's school bus, which netted an average of \$50 per month for a ten-month year. The minimum allowance for a mother with three children in Quebec is \$135 a month, and you are allowed to supplement your income by \$1,000 per year. The amount Mrs. C. could make on the bus was \$500 a year.

The Quebec government reduced her allowance by \$10, to \$140 a month, on account of her part-time job. Living in the Jeanne Mance Housing Project, she had to pay an average of \$16 more for rent a month. End result from her working on school bus: although she was earning \$50 a month, it cost a total of \$26 a month for extra rent and Quebec Needy Mothers allowance—total gain, \$24 a month. When school was out, the allowance of \$140 was all she had to live on.<sup>4</sup>

In Newfoundland, no earnings are allowed. One man there told the Committee that when he borrowed money to try to finance a store, his allowance was cut off—"So, no matter how you try to get up there is always someone to pull you down."<sup>5</sup>

#### GENERAL WELFARE ASSISTANCE

The *General Welfare Assistance Act*, in its present form, came into being in the 1950s to permit the Ontario government to enter into agreements with the Federal Government under the *Unemployment Assistance Act*. In 1966, it was integrated with the Canada Assistance Plan, and the province now shares its cost with the Federal Government, on the same fifty-fifty basis as the Family Benefits scheme.

General Welfare Assistance is administered directly by 480 municipalities (and forty-seven Indian bands which are covered by federal programs under a separate agreement), and by nineteen larger units (counties and districts) which have been joined together for that purpose, and which cover welfare programs for another 425 municipalities.

The *General Welfare Assistance Act* sets out a number of classes of people who are eligible for assistance:

1. an unemployed but employable person who is looking for work, and can prove it to the administrator's satisfaction;

2. a person who has lost the principal family provider (for example, a widow at the head of a family);
3. a disabled or unemployable person, an aged person, or a resident of a nursing home;
4. a resident of a municipal hostel for the transient or needy; and,
5. a foster mother on behalf of a foster child.<sup>6</sup>

Some of these people eventually qualify under the *Family Benefits Act*, and for them General Welfare Assistance is only a temporary measure, to cover the time taken by provincial administrators in processing their applications for Family Benefits.

General Welfare Assistance programs are paid for by the municipalities and regions which administer them. They recover 80 per cent of their expenditure from the province. Minimum benefit rates are set by provincial administrators. The provincial authority requires the municipality to pay a certain minimum part of the General Welfare Assistance schedule to welfare recipients, but leaves a number of supplementary payments to the discretion of the municipality. These supplementary payments include special amounts (which are not to exceed \$20 per month) to recipients of Family Benefits or Old Age Security payments, and also special items such as drugs, dental and optical services, prosthetic appliances, travel and transportation, vocational training, funerals, or burials. In times of economic recession, the budget runs short a lot faster than usual. Toronto's Welfare Committee recently decided to stop providing eyeglasses and false teeth, among other things, to welfare recipients.

If the municipality chooses to pay the extra supplement to Old Age Security pensioners or to Family Benefits recipients, the province will pay 80 per cent of the cost, leaving 20 per cent, for the municipality to carry on its own. But if the municipality chooses to go farther, and provide dental care, or eye glasses, or other "extras" for its welfare recipients, the province will pay only 50 per cent of the municipality's expenditure. This means that a bias is built into the system, towards minimal cash payments.

As noted, these payments are usually about the same as the payments for Family Benefits recipients; and, as in the provincial Family Benefits schedule, certain necessities—food, clothing, and personal care—are lumped together into a "pre-added budget," drawn up by provincial authorities.

As the Ottawa brief noted, the provincial legislation does not break the pre-added budget figure into the respective components.<sup>7</sup> There is no way of knowing what portion is supposed to provide for food or clothing or personal requirements. The provincial authorities have made some calculations, not open to inspection, which have the effect of concealing the fact that the total sum is inadequate. The "pre-added" budget may force a family to forego newspapers or church attendance, or any number of other reasonable requirements of daily life, when one of the items it is supposed to cover is not

available at the assumed price level. One of the many perceptive critics of welfare systems, Albert Comanor, has drawn attention to this sort of problem:

Another anomaly is the use of an apparently scientific design procedure to develop a defective product. A technology is developed to construct tables of consumer requirements; its use is then successively corrupted with the technical label being retained. Of course it is understood that the real intent is to determine who is to be excluded from the system rather than to create something that enhances effective use. But this process contributes to an illusion that there has in fact been an individualization of services, that what has been evolved has some specific significance for the recipient's well-being. Since the grant amount has been so carefully calculated, it takes on an aura of legitimation that persuades practitioners in the field that they have done something important and suppresses the client's ability to say it is not enough.<sup>8</sup>

British Columbia adopts the same approach as Ontario; most of the other provinces are more specific about how much money is allowed and for what purposes. Newfoundland, in particular, is to be commended for the little book, *Directory of Services Provided*, published by its Department of Social Services and Rehabilitation.<sup>9</sup>

Even though Ontario raised its welfare allowances in May, 1970 (see Table 27), the amount of increase was unrealistic. The statement made to the Committee by the Ontario Federation of Citizens in the previous year is still very relevant:

It has been the observation of many of our members that while municipal welfare given to families over a short period of time—temporary unemployment, sickness, etc.—is inadequate, it does not necessarily represent extreme hardship on a short-term basis.

In instances where receipt of public assistance is prolonged the situation becomes vastly different, e.g. single parents with young families, permanently disabled men, etc. Even a budget-conscious mother who can exist and feed her family from month to month on her allowance can find nothing to spare to look after occasional furniture requirements, costly repairs to household appliances, drapes, rugs, winter clothing, snow boots, holidays, etc. The result is a gradual but steady deterioration of such homes. As things wear out or are damaged, they are not replaced or repaired, and the family head faces increased depression as his or her home collapses around them . . . families obliged to receive assistance for substantial periods of time must face the fact that the Canadian public, through their governments and administrators, want:

1. their homes and families to disintegrate eventually
2. their children to always wear hand-me-downs
3. adults or children to turn to crime in an effort to keep pace with the neighbours
4. to ensure they never enjoy a vacation together
5. their children to go without such things as Easter eggs (we know of one family allowance recipient criticised for buying a child an Easter egg), trips, and adequate education
6. separated women to forego male company permanently.<sup>10</sup>

In January, 1970, a family of six, according to the schedule, would have received about \$179 a month on the pre-added budget. In 1966, the family would have had about \$47, after food costs, to buy clothes and other personal items. By January, 1970, the margin for clothing and personal costs had

shrunk to about \$22—somewhat less than \$1 a week for each member of the family. Even with the increase in the pre-added budget in May 1970, the margin rose to only slightly above \$1 a week per person.

TABLE 27

Ontario monthly budget standards for items of basic need by type of family, December, 1970. Municipal rates under the *General Welfare Assistance Act*

Type of family	Pre-added budget	Household maintenance	Utilities	Fuel†	Shelter‡	Total§
\$						
<i>Adults</i>						
Single living alone.....	50	8	10	—	47	115
Married couple.....	90	8	11	—	95	204
<i>Families with children</i>						
One parent with:						
girl 8.....	81	8	11	—	95	195
girl 8, boy 13.....	110	8	12	—	100	230
boy 16.....	97	8	11	—	95	211
Two parents with:						
1 child 6.....	111	8	12	—	100	231
2 children: girl 8, boy 13.....	145	8	13	—	105	271
3 children: boy 6, girl 9, boy 11.....	171	8	14	—	110	303
4 children: girl 4, boys 7 and 9, girl 12.....	197	8	15	—	115	335

\*Amount for the pre-added budget covers food, clothing and personal requirements. May be increased for special diets.

†If accommodation is unheated, a fuel allowance is authorized for the period Oct. 1 to Apr. 30 and where recipient resides in a territorial district, Sept. 1 to May 31. The fuel allowance may be apportioned over 12 months and varies according to type of accommodation and number of rooms.

‡Heated premises. Rates for unheated premises are \$10 less for a family.

§The maximum allowance in which the Province will share is \$330 to a recipient with 3 dependents or less, with a further \$15 for each dependent in excess of three.

SOURCE: Canada, Department of National Health and Welfare, Welfare Research Division, *Monthly Budgets for Items of Basic Need under Provincial Assistance Programs* (Revised December, 1970).

Perhaps the inadequacy of benefit levels can be shown even more graphically with illustrations of rental allowances and housing costs. The fact that there is a serious shortage of decent, low-cost housing in this country leads directly to exploitation of the poor, not only by forcing them to accept inhuman living conditions, but by gouging them in the process. Table 28 shows rentals paid by forty-eight families receiving assistance in the Ottawa area, none of whom could find decent housing, or, in most cases, any kind of housing at the payment level provided in the provincial schedule.

TABLE 28

Rental allowances for and actual rent paid by 48 Ottawa-Carleton welfare families, 1970

Size of Family	Average welfare assistance granted	Average rental allowance*	Average rent paid	Average number of rooms	Heat included (% of cases)	Light included (% of cases)	Rental allowance as % of rent paid (average)†	Rent paid as % of total assistance (average)‡	Number of families
		\$					%		
2.....	174	82	145	5.0	80	40	57	83	10
3.....	201	87	133	4.1	77	46	65	66	13
4.....	263	88	163	6.0	17	10	54	62	6
5.....	288	93	162	5.7	33	17	57	56	6
6.....	309	99	164	6.1	43	29	60	53	7
7-9.....	310	99	170	5.3	50	0	58	55	6§

\*These figures do not reflect increases granted by the provincial government in May 1970.

†The average % for all families is 59%.

‡The average % for all families is 62%.

§4 families with 7 persons and one each with 8 and 9 persons.

SOURCE: The Regional Municipality of Ottawa-Carleton, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 15 (January 27, 1970), p. 55.

The appalling living conditions that lie behind these statistics can perhaps be suggested by a few examples, one from Ottawa, a second from the Maritimes, and a third from Calgary. They show how far short of adequacy housing allowances are.

1. The Ottawa-Carleton Welfare Commissioner supplied this illustration to the Committee:

Man and wife and 9 children ranging in all from 3 to 14 years (of whom 3 are below 9 years of age and 6 are between 9 and 14 years).

Family receives \$370.00 per month from Provincial Welfare Department. Family has been on welfare for approximately 10 years and is likely to remain on welfare for several more years due to the poor mental/physical health of the husband. He has been classified as unemployable.

Monthly Allowance.....		\$370.00
Monthly Expenses <sup>1</sup>		
Shelter		
Rent.....	\$115.00	
Fuel.....	40.00 <sup>2</sup>	
Electricity.....	12.00	
Telephone.....	7.50	
		\$174.50
Food (approximately).....		280.00 <sup>3</sup>
Payment on stove.....		9.50 <sup>4</sup>
		464.00
Total monthly expenses.....		464.00
Minimum monthly deficit.....		\$ 94.00

<sup>1</sup>It should be noted that the expenses shown do not include provision for recreation, newspapers, clothing, household utilities or medicines, etc.

<sup>2</sup>During very cold spells, the fuel costs is approximately \$50.00 per month.

<sup>3</sup>The family is usually short of food for about a week or so each month and depends on the St. Vincent de Paul Society to give some minimal assistance.

<sup>4</sup>The family had to purchase a stove on credit about a year ago, because they were unable to get one through the Provincial Welfare Department.

The children of this family attend Public School and get clothes free to attend school through the Public School Board.

Dental care was needed and was available free through the Province, but dentures are available only through the City Social Service Department which has a very long waiting list, and very little money. Consequently the wife was told that she would have to wait for about a year before she would receive her dentures.

Medicines are obtained free, through the Out-patients' Clinic of a hospital.

2. In the Maritimes, housing for the poor is most unsatisfactory. In one of these provinces the Committee visited a widow with six children, living in a two-storey frame house with no windows upstairs, no beds upstairs for the children; the downstairs consisted of a fire-trap kitchen, a small living room, and a small bedroom. Shortly before the Committee's visit, one of the children had fallen through the floor from the second storey onto the stove. The hole

was still there. The local welfare department considered the arrangement reasonable; they paid only \$10 per month rent.<sup>11</sup>

3. The situation is not much better in the West. A Calgary alderman told the Committee:

Here is a case of a woman who lived in a building which by checking through the land titles office here in Calgary [we found] was built between 1907 and 1913. . . . This woman lives in a room 21 feet by 9 feet. She had in the past 18 months three rent increases amounting to 33 per cent. Her latest one brought her up to \$60.00 per month for a room 21 by 9—189 square feet. This is a building with more cockroaches than people. . . . I found out that this particular apartment was being managed by a very well established financial institution of this country. . . .<sup>12</sup>

While these are necessarily brief discussions of the allowances for housing, and of kinds of housing for the poor, they serve as a reasonable cross-section of the inadequate responses to this need. The rates provided by the welfare schedule in Ontario (1970), as we have shown, are dismal. They are also inflexible; there is an absolute ceiling of \$330 in payments to a family of four and \$15 extra, per month, is allowed for each extra child. The payments are not geared to rising prices of food, services, and other necessities. And the payments are not geared to simple social realities; any system which expects a woman with five children to find decent urban accommodation in Ottawa for \$115 per month is simply not realistic. Some landlords, in fact, make a very good living by running "welfare houses" at exorbitant rates, because other landlords are reluctant to accept welfare families. When welfare rates went up in Ontario recently, so did some "welfare-house" rates.

In general, these same criticisms apply to public assistance across the nation. The system has been called, with apparent fairness, a monopoly system. One may say, with minor qualifications, that it is unresponsive to the needs of users, who have to take what they can get.

## ADMINISTRATION

It is perhaps here, in the administration of the public assistance system in Ontario and throughout the entire nation, that faults and failings are most glaring. It repels both the people who depend on the hand-outs and those who administer them. Alienation on the part of welfare recipients and disenchantment on the part of welfare administrators were evident in much of the testimony before the Committee and almost every brief referred in some way to the degradation and frustration occasioned by the Canadian welfare systems. A few examples may be cited from across the country.

The social welfare administrator of the Catholic Welfare Bureau of Charlottetown expressed his view that,

in many cases, the humanistic basis of the legislation is soon lost in the midst of the bureaucratic organization which administrators feel necessary to imple-

ment the legislation. We become so concerned with the economic and financial aspects of a program, and the fear of its effect on the tax structure, that we in welfare barely meet the basic needs of the poor in relation to today's standard of living. As a result, we do not look at the seemingly more expensive, long-term rehabilitation possibilities, but seem content with social welfare programs as they are.<sup>13</sup>

The brief of the Government of Manitoba stated:

An adequate attack on poverty is not simply a matter of providing some sufficient income . . . but is very much a question of the manner or process by which such a sufficient income is provided. If its provision is seen as an act of benevolence, even though it is the impersonal benevolence of the state, it will support the largely false assumption that poverty is the fault of the poor, and will reinforce the feeling of recipients that they have no rights of their own and no control over their own lives. Their well-being depends on others. There develops a state of helplessness, powerlessness, alienation, and cynicism. . . .<sup>14</sup>

The brief of the Calgary Social Planning Council also drew specific attention to the "service" component of the public-assistance programs, as well as the financial side:

The first question to decide regarding financial-assistance programs is whether they are a right or a privilege. If they are a privilege, then the present system is justified in the way it operates. The present system has broad guidelines for what is deemed to be suitable financial assistance to people in need, but the clear goal of financial-assistance programs in this province is to hasten the possibility of getting the person off the welfare rolls (although not necessarily into employment). Welfare recipients are, therefore, persuaded to accept counselling services and a variety of rehabilitation programs to get back into the work force. Many clients believe that they must co-operate with these rehabilitative efforts in order to continue to receive financial assistance. . . .

It seems to me that the day has come when the financial-assistance program should be looked upon as a right and not a privilege. . . .

The first result of any decision to establish a financial-assistance program as a right would be to eliminate the broad range of rehabilitation services run by the welfare department . . . the recipients of financial assistance, having accepted the assistance as a right, would be freed to use their own initiative to sort out the services they require in order to re-enter the market as independent persons.<sup>15</sup>

As this brief makes clear, a large part of the question is whether or not income maintenance is a right or a gift. The traditional answer has been to consider it a gift. The system was set up in such a way that the "worthy" poor would be discovered by an investigation, would receive resources in cash or kind, and would be "helped" to use these gifts properly. The surveillance of the recipient was laced with "moral suasion." This was required since it seemed obvious to early administrators that the cause of poverty was character not circumstance. Individual failure could be remedied only by personal redemption. Committed to this notion, it was easy to adopt the theories of Darwinians, Freudians, and others who replaced moral shortcomings with psychic and even biological ones. Later still it was possible to continue to find the key to poverty in character, not circumstance, by emphasizing distortions of

family communication patterns or other remote factors. So the "moral suasion" turned into "casework services" as the process of reform.

Whether the counselling "services" have had real value to the recipients of public welfare is doubtful. Certainly, if the goal of such services is to secure children against poverty, to provide assistance with dignity, to reduce dependency or the incidence of such social problems as delinquency or illegitimacy or family breakdown among recipients, there is no clear evidence known to the Committee that the goal has been achieved. If the goal of such "services" is to ease the misery of being poor, the evidence seems to be mixed. There are certainly some relationships between welfare workers and clientele that are helpful, but such relationships are often short-lived due to rapid staff turnover. Public-assistance programs have had the dual responsibility of helping their clients and at the same time being charged by local governments to keep costs down. So the transactions between welfare workers and recipients have often been strained. It is difficult, if not impossible for one person or one department to be a dispenser of casework services and a financial investigator at the same time. Saving money and saving people are often goals in conflict. The relationship of the skimping donor and the bargaining recipient overwhelms the foundations of a worthwhile helping relationship.

Making the acceptance of "services" a condition of financial benefits has been unsuccessful for other reasons as well. As many of the recipients of these services see it, conversation and pressure to get off assistance are substituted for cash and real help. As a result, people often "play the welfare game" or rebel against this paternalism—both effects ultimately defeating whatever good intentions the approach may have had. It is also worth mentioning that understandable resentment is sometimes fostered by the mixture of forced dependency on the one hand and administrative caprice on the other. Inevitably personal judgments (not to say chance, whim, or prejudice) of district administrators or frequently-changing workers affect decisions.

People—whatever their income class, needs, and ability to use various kinds of service—are enormously varied. Whether therapy is directed towards the individual or towards some distortion of family communication patterns, a counselling approach identifies the essence of the problem as lying within the people. And, of course, this is sometimes where it is. But the effectiveness of the counselling approach, particularly if counsellors are middle-class professionals, seems to be more pronounced amongst the non-poor.

When it is applied to the poor, its effects are almost impossible to measure, for several reasons:

1. Casework in a context of poverty starts with an almost insurmountable disadvantage. There is growing evidence that services without a basic level of income wastes the efforts of the helpers.

2. As described earlier, the financial interests to be served in the public-assistance system distort the nature of helping relationships.

3. Few trained social workers are recruited to the public-assistance field, for they recognize the disadvantages described above and go elsewhere to practise their skills. The remaining workers are strangled in red tape and paper work, and with limited training serve caseloads in the hundreds.

4. Many of the counselling services tend to disguise fundamental problems that need correction. Just as the "pre-added" budget, described earlier, disguises the inadequacy of the Ontario allowances, so a service such as "budgeting assistance" often disguises the fact that the recipients live in dehumanizing, forced life-styles without the smallest luxuries, and that our "buyer-beware" market leads regularly to victimization of vulnerable groups.

The process of trying to stretch an unstretchable budget for food and clothing from welfare cheque to welfare cheque is in itself destructive of human dignity. It's a wonder how well women have been able to manage with so little, for the burden in the home usually falls on them. But there are innumerable other ways in which the administration of many welfare systems are defeating to the people they are intended to serve. The Social Planning and Research Council of Hamilton reported to the Committee:

On occasion an applicant waits all morning to be seen at the Public Welfare Department of Hamilton, only to learn that he should have gone to the Social Services Department of Wentworth County.... The Hamilton Public Welfare Department takes automobile licence plates from recipients, making these plates available to them again on the basis of specific needs which are approved by the Department.... Hamilton's office for Public Welfare is inadequate. While the structure is relatively new, having been built in 1962, the wicket-like interviewing partitions were not designed to provide privacy, and the need to apply for public welfare is a matter of personal embarrassment to many recipients.... The office is frequently very crowded with applicants having to wait for long periods of time.<sup>16</sup>

The Moderator of the Assemblée Générale de l'Île de Hull described welfare procedures in that city:

First of all, when you try to reach the Welfare by telephone—it does not work; if you wish to speak to a Mister so-and-so, who would be in charge, you cannot reach him; the calls are screened by a receptionist who transfers your call to another gentleman who asks you to which subject you are referring, and so on; you are unable to reach the persons in charge. Then you are being received by the accounting people; you enter a large room a bit smaller than this one; there are no chairs, and you must remain standing, and when it is your turn, you go to the counter, where there are three or four persons in charge, and there you make out the statement, with reports—the public statement that can be heard by everybody in the room; they can hear what you say. Then, you wait for months, you do not receive an answer, it drags on, and you must come back.... What happens is that people end up by being discouraged, and when they have to return to the Welfare three or four times, they return home and say: there is nothing we can do, and I will endure my misery and crawl in my hole. It is like that.<sup>17</sup>

There is evidence that welfare offices in many municipalities are deliberately made as unpleasant as possible, administration of welfare payments as cum-

bersome as possible, and information about the rights of welfare recipients as incomplete as possible, in order to cut down on the number of applicants for welfare payments. The process is, almost everywhere, a humiliating one; and, in many places, the humiliations continue long past the application stage.\*

The administrative practices in Canadian welfare systems are often archaic and illogical; where there is more than one kind of welfare support provided, as in Ontario, communication between the two organizations is usually ineffective, and there is little over-all planning to make them work together. The Assistant Director of the Ottawa Social Planning Council told the Committee:

We get a number of ladies phoning us, toothless women, some of them young women, many of them with a number of children and they have had their teeth removed at public expense by the Ontario Government and then they have to apply to the municipality to have dentures put in. This is not only a silly situation from the medical point of view, but these people have to prove themselves and their need to yet another level of government. This takes time. They have to go out and get estimates. Then at last if there is enough money made available by regional government, they will have their dental services provided . . .<sup>18</sup>

The Commissioner of the Ottawa-Carleton Social Welfare Department outlined the same problem:

It is very difficult for people not used to the complexities of government to understand why they have to go to one government for this and another government for that. It is confusing; it is discouraging; it is time-consuming; it tends to shunt people back and forth. Needs may not be met promptly, and sometimes not at all, if the municipal budget is strained . . .<sup>19</sup>

The cost of administering all this complexity is staggering. For example, one Committee staff member, who visited an Ontario welfare office, calculated that the methods used to issue one twenty-five-cent bus ticket, in terms of time and energy, cost the welfare system about four dollars!

The administration of welfare systems is inefficient and unresponsive at least partly because that administration is a one-way process. Welfare recipients, in most provinces, have no say in the workings of the system (although an exception to this rule seems to be developing in Manitoba); their function is to receive welfare, not to give advice, and certainly not to run things—even their own lives.

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\* These humiliations often lead to a profound and usually quite justifiable militance on the part of welfare-rights groups. One recent dispute in Hamilton (which centered around the apparent truculence of some welfare workers) led a Hamilton controller to remark that the welfare office appears "as if it were carefully designed to increase tension, stimulate hostility in the recipients, and defensiveness in the staff." The staff, meanwhile, called for protective bars to be placed around the welfare administration areas.

## APPEAL

Under the terms of the Canada Assistance Plan each participating province must set up, and make effective, a welfare appeal board.

A representative of the Ottawa Social Planning Council told the Committee:

The appeal procedure is really much too weak. It is not well enough known to the community, and the appeal procedure is something that confronts deflated and unhappy people at a very bad time and creates a great deal of bitterness. So it seems to me the community has been oblivious, maybe willfully, to the appeal procedures.<sup>20</sup>

The Deputy Minister of the Department of National Health and Welfare said:

We hope that through this continued process of federal-provincial consultation, plus the concern displayed by welfare rights organizations and the normal attention that legislatures apply to this matter, we will see the appeal mechanism provision fully effective. Its development has been slow, but we do feel confident that it is moving ahead. We have done everything we can within the context of our federal-provincial relationships to press very hard in this connection.<sup>21</sup>

The appeal mechanism will not, however, be "fully effective" in the near future. The Province of Saskatchewan, for example, has eleven district appeal boards, with people who are independent of the welfare system participating in them; but any appeal from the regional board's decisions must be heard in Regina, and it is up to the appellant to pay his own way there to argue his case.<sup>22</sup> The Province of New Brunswick has recently instituted what its welfare minister calls a "pretty broad appeal board"; no representatives of the poor are included. Generally speaking, appeals boards seem to be treated as extensions of the provincial welfare departments, and not in any way as independent entities. They are naturally geared to act in the interests of the welfare system, and not in the interests of the welfare recipient.

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### CHAPTER 2.

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5. Old Age Security figures supplied by the Department of National Health and Welfare (October, 1970) state that the total number of pensioners as of August, 1970, was 1,695,487.
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8. With the introduction of the federal scheme, Quebec agreed to make certain changes in its schooling allowances program so that it would be comparable to the federal measure; since then that province has been compensated by a tax abatement adjusted to equal the amount that the Federal Government would otherwise have paid in allowances to Quebec residents. The federal allowances together with the Quebec schooling allowances cover all eligible young people in Canada.
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# 1

## Introduction

The Guaranteed Annual Income recommended in this report will be a long step towards providing a foundation of financial adequacy upon which services can be supplied with effectiveness. Many of the briefs to the Committee emphasized that money alone would not be a sufficient approach to poverty. The poor have, in effect, been excluded from many of the services enjoyed by the rest of the population. As we have seen, those of the poor drawing public-assistance benefits have had some access to a "service" component linked to the financial benefits. But it has been, with few redeeming qualifications, a poor system of services, quite in keeping with the parsimonious income benefits.

It is appropriate at this point to review the larger social-service system.

### WHAT ARE SOCIAL SERVICES?

The meaning of the term "social services" is not generally agreed upon. There are definitions such as that of U.N.E.S.C.O.: "An organized activity that aims at helping toward a mutual adjustment of individuals and their social environment."<sup>1</sup> Perhaps more commonly, there are simply lists of what social agencies and social workers or other workers do or should do. These lists may be quite extensive in range. An example is the version of the Canadian Council on Social Development, in their publication, *Social Policies for Canada*. It includes:

1. Day care for children, perhaps as part of the school system.
2. Homemaker services and nursing home-care services.
3. Specialized institutional and community services for the aged.

4. Counselling on money management, occupations and employment, legal and family matters.
5. Family education programs.
6. Mental health clinics, and programs for the emotionally disturbed and mentally retarded.
7. Help to offenders leaving prison.
8. Leisure-time facilities and programs.
9. Services to protect the individual from his family or to protect the family from one of its members.<sup>2</sup>

This list can be extended almost at will. It can also be enlarged in scope. North American definitions of social welfare and associated social services have traditionally been much narrower than those of other Western countries. It could be enlarged to include the public-library services, art galleries, police services, public housing, or public transportation. Besides enlarging the scope of the list, one can sub-divide to describe specific activities: treatment of alcoholism, marital counselling, special aid, or entertainment, family-planning services, summer camps, day-care services, and so on. This variety and range of activities may be divided further by public and private auspices, religious affiliation, field of service (vocational rehabilitation, mental health), methods (individual or group therapy), voluntary or obligatory services (marital counselling or probation). With such a *mélange* of service divisions, it is not too surprising that definitions of social services are confusing, that costs are difficult to determine, and that attempts to assess programs have often been inconclusive.

#### PRIVATE AGENCIES

The various organizations came into being haphazardly, one by one, as needs came to be identified, and as the community (or sometimes just a few enlightened members of it) decided to try to meet those needs. For example, the Children's Aid Society of Winnipeg grew out of a sort of S.P.C.A. Shortly after its establishment, it was noted that children, too, were neglected, and gradually the care of children became the dominant focus. Over the years it was enlarged to include many of the inter-related functions that go with the obviously inter-related problems that people have: services were extended to the troubled families amongst whom child neglect might only be a tip of the iceberg, to unmarried mothers, to people who wanted to adopt children, to parents wanting to improve their relationships with their children or with one another.

Much the same history has been repeated in the growing service network of every urban centre—a kind of “service sprawl” developed with very limited planning. Moreover, because the problems of people are so inter-connected, it often turned out that agencies extended themselves into one another's original territories. For example, a correctional program for juvenile delinquency might find, as it attempted real correctional work, that many of the problems were located in the offender's home environment and that, in

some cases, the major effort might have to be with the parents. Or the delinquency might be a symptom of a problem somewhere in the educational experience of the youth. Or there might be a single parent, and a surrogate parent or "Big Brother" might have to be recruited and trained. Work with the parents might overlap with that of other agencies primarily devoted to marital counselling, or the problems of other children in the family. So might all the other aspects of services in a correctional program overlap or mesh with the work areas of other agencies.

It is safe to say that despite the general evidence that social problems are inter-connected, agency response has been less often to amalgamate in the interests of serving the "whole person" than to attempt to clarify territorial boundaries. Elaborate "intake" and "referral" procedures were developed. Critics, often with much justification, attacked this response as wasteful. But there were reasons for such a course of development. Obviously some agencies operated by virtue of laws and court orders such as those governing probation and parole. Second, as long as funds originated privately, there were the personal preferences of the donors to consider. Even when Community Chests or United Ways sell a single charity package to prospective donors, the total collected still has to be divided up, and various interests are inevitably set in competition with one another. The fact that voluntary contributions have to be solicited means that the groups considered to be potential contributors have a voice in how the money is spent. Needless to say, there are few representatives of the poor deciding the priorities for the division of the funds, and there is no guarantee that their interests will receive the major allocations. But the most important fact of all is simply that regardless of the source of support—private charity or government grant—most agencies have been starved for the means to discharge their responsibilities. The agency is guided less by the needs of people seeking services than by the financial limits of what it can do; "intake" and "referral" become the means of agency survival; they tend to become screening *out* and referral *away*. Very few agencies can spare the resources that are required for a follow-up service to help people through the bureaucratic jungle and see that, somehow, somewhere, their needs are met.

The Premiers' Task Force on Extended Care and Alcoholism Treatment Facilities in Prince Edward Island bluntly and clearly stated the problem of weak resources and weaker results:

Our helping services, in Prince Edward Island, and in the rest of the country, are not now able to cope effectively with this vast range of human misery and personal suffering. They are under-developed, under-funded, under-manned, and badly organized. The historical traditions in the development of our helping services have resulted in these services becoming fragmented into isolated professional and administrative empires which communicate very poorly with each other and collaborate hardly at all in their efforts.

This fragmentation of service-delivery systems results in serious gaps and overlaps in the services being provided. Our helping services must become visible to persons in need, must become aware of persons in need as individuals... must be prepared to work with the whole person and his family and must welcome their clients.<sup>3</sup>

It is easy to look over the array of social services in any city and conclude that those in need must be getting enough. Only on the receiving end is it vividly apparent that the numbers of agencies are often a mere collection of names: a façade of plenty disguising a fact of paucity. Often moving from one agency to another merely identifies another place where necessary services are nominal or unavailable. Talk of "overlap" of services often masks the fact that decent levels of service are unavailable anywhere. When social workers are overloaded with cases, the level of service is low and individual attention minimal. When agencies try to improve quality of service, they have to develop lengthy waiting lists or select, sometimes in error, the people who in their estimation are most in need or most likely to be helped, disregarding the others or giving them short shrift.

But this, of course, is not the complete story. There are many admirable agencies, and some attain levels of real efficiency and even have standard-setting organizations. An example of this latter class of agencies are the Family Bureaux in many Canadian cities. For them, standards are established by the Family Service Association of America. When an agency is licensed by that body (as some six or eight Family Bureaux in Canada are), it is general evidence of decent standards of service. Obviously, agencies that operate efficiently, and meet reasonable standards, should be given further assistance as needed, but such isolated instances justify a degree of autonomy not always warranted for other providers of services. As for the majority, perhaps all that can be said is that if their intentions were translated into reality, Canada would have an efficient and enviable system of social services.

## PREVENTIVE SERVICES

A striking instance of our "penny wisdom and pound foolishness" was pointed out by the Winnipeg *Social Services Audit* (1969) which described our services as

basically remedial in nature. Remedial action is designed and taken for precisely that purpose, and usually fails to diminish or eliminate the source of the problem. It also fails to prevent a repetition of the problem. The bulk of the time spent by health and welfare agencies is on the urgencies of remedial services.<sup>4</sup>

The way we arrange our society, in its broadest dimensions, largely determines whether we prevent or create social problems. Here we are looking at the issue of prevention somewhat more narrowly. If we were able to devote real help at an early point in the development of problems, perhaps in pre- and post-natal care, or while a child is in early school years, or perhaps at the transitional points of lifetimes when people experience the greatest difficulty in adjusting to changes in roles—adolescence, marriage, old age—then we might forestall a host of problems. Neglected

problems often cause additional complications to which we finally answer with our overburdened, fragmented services. By then, the costly remedial help is much less likely to be successful.

The St. Vincent de Paul Society linked the lack of preventive services with the shortage of central planning:

Physical conditions must be provided that will result in the interested and productive attendance of children in schools; facilities must be made available for the discovery, diagnosis, and treatment of medical disorders; special areas must be set up to control the sources of food and ensure that it is available in sufficient quantity as well as quality; housing conditions must be improved, parks and open spaces made available; provision and encouragement given to competitive sports; special training and adequate pay for teachers.<sup>5</sup>

That there was an absence of planning was a major conclusion of the Winnipeg *Social Service Audit* as well:

There is not, in Metropolitan Winnipeg, at the present time, comprehensive social-welfare planning; neither is there provincial-wide comprehensive planning. Planning has been undertaken up to the present time by all the agencies within their own sphere of operation . . . . The basic limitation at present is that what planning is taking place is unilateral; it lacks comprehensiveness. There are no commonly-agreed-upon goals, and the information and analysis upon which sound decision-making depends are not presently available. There is not sufficient co-operation in social planning with planning in other related fields, such as education and employment.<sup>6</sup>

Such planning and co-ordination as we have attempted has been through the committees of various levels of government, through token planning agencies such as the social-planning councils of most major cities, and the funding bodies of private agencies—Community Chests and United Ways.

The Social Planning Councils are themselves simply private agencies without much power to co-ordinate or plan. At best they act as research bodies; but they have difficulty, as the Hamilton Social Planning Council pointed out, doing even that:

Social-planning councils often find it difficult to obtain funding for needed activities. Special studies that require extraordinary funding are difficult to implement because of the paucity of funding sources and the limited range which these sources will fund.<sup>7</sup>

## PARTICIPATION BY USERS OF SERVICE

It is common to pay lip-service to participation by the users of services. But, in fact, it is still a novel principle. We have become used to our bureaucratic methods. It seems quite natural to plan, say, a program of day care through an assemblage of civil servants speculating on what people want and need. It is only with some effort that we include, as planners, mothers who use such facilities and know what they want in them. It is quite feasible, indeed, necessary for the health of a democracy, to include the users of service in all aspects of planning and organization of services. A consistent policy

of including users of services on the boards of agencies—not just in token numbers, but in some consequential percentage, perhaps a third—would provide a real motivation for the organization of citizens' groups. They would have opportunity to choose representatives, survey opinions on vital questions, follow the decisions and research, direct attention to needs, and show where innovations could help. In short, participation by the users can spell the difference between success and failure.

## SOCIAL UTILITIES

As we have seen, services for the poor alone tend to be poor services. Discrimination in provision of services has been one of the main failures of our system. All people experience a variety of problems at various points in the life cycle, for which help is needed. It is a normal and universal human phenomenon. The increased pace of life and change, and the increased demands that we make of ourselves and others, only add to the frequency and intensity of needs. Our goal over the next decade should be to have readily-accessible services available to all who need them, and at as high a standard as we can possibly obtain. As described earlier, the C.A.P. specified only two conditions of its use, and neither of those was an insistence that service needs be met at definable standards of decent quality. The actual ability of our society to meet such needs has far exceeded the lagging delivery of the services. The fact of consumer ignorance (How many people really understand the *potential* of C.A.P.?) does not relieve the nation of accountability to its citizens—any more than does the fact that out of a simple desire to survive, many people will simply take what they are given in the absence of what they require.

As a society, we have had a slow but steady growth in the recognition that many services to people are so important that in their absence the entire nation obviously suffers. Public health and education are examples of services, or "social utilities" as they are sometimes called, in which this public recognition is firmly established. We have long had, for example, a network of public schools. The provision of education by the private market would simply mean that many people could not afford it. The nation would clearly lose by the under-development of their talents. As a society, we try to minimize that loss, and to add to the personal development of people, by providing educational services. (This is not to say that we are wholly successful. In a section following for example, we show the educational system to be very far from perfect, very unequal in its benefits, and greatly in need of improvements.) That is the general idea behind the provision of many essential services, and certainly it is one of the strong arguments for extension and improvement of those services.

The Committee has devoted special sections of this report to such vital subjects, in addition to education, as the problems of consumers, health and family planning, housing, the law, day care, and manpower training. As the Council on Social Development described it:

A high, sustained level of investment, in social programs and services—education, housing, health, social-welfare services, recreation—is as inescapable for a healthy society as is spending on police and fire protection, control of air and water-pollution, noise abatement, garbage disposal, and roads.<sup>8</sup>

It would be a mistake, however, to make no reference to several other important components of comprehensive social services: child welfare and youth services, services for the aged, and correctional services. The vitality of a society can, to an important degree, be measured by the way in which it treats the children on whom its own future depends. The evidence is overwhelming that the level of care we provide to children markedly affects their performance as adults. To a large degree, we have the means of choosing whether or not future Canadians will be good or poor citizens, adequate or inadequate parents, economic misfits or adaptable to the challenges of technological change and other forms of stress that are sure to come.

Children and youth services must be predicated on the assumption that the best answer to a child's need is a strong, warm, and supportive family able to provide the emotional nourishment so essential to full realization of potential. But modern life, with its complexities, mobility, and pressures, places heavy limitations on the job of being a parent. Most parents today no longer have the active help of a large family group that was once so common. This fact must be recognized, and the strong supportive services that are required for adequate parenthood must be readily accessible.

Canadians are gradually beginning to dwell on the problems of youthful "dropouts" and "wanderers." The White Paper (1970) of the Department of National Health and Welfare observed:

The sense of alienation and ruthlessness that affects troubled youth today poses special problems. The problems of such youth are associated with a lack of continuing family support, their questioning of the contemporary value-system, and their difficulty in finding what they regard as meaningful and productive work. Part of the solution seems to lie in agencies which young people themselves can operate and identify with, and which can act as an intermediary with the broader community. A variety of ways are being tried to provide services to such youth. They include hostels, drop-in centres, and crisis-intervention centres. Counselling, health services, and liaison with community welfare and manpower services are needed. These have to be specially adapted to reach and involve youth.<sup>9</sup>

Unfortunately these worthy developments on behalf of our youth are made in a context of over-all neglect of our responsibilities to the next generation that has been dramatically brought to national attention by the appalling findings of the *Report of the Montreal Catholic School Commission* (July, 1971). The report found, among other things, that more than half of the

children in an eight-school study-group were sick, 10 per cent so sick that they had to be sent to hospital.<sup>10</sup>

The importance of services to the aged has been emphasized in the study of N. H. Lithwick, *Urban Canada: Problems and Prospects* (1970). Lithwick stated:

The old will come to represent a growing segment of society, as a result of greater longevity, earlier retirement, and the increasing obsolescence of skill. Present policy is inadequate to deal with the present and the future problem. Indeed, much of it is predicated upon transfers of resources, which, for the unemployable group, may be inappropriate. They lack access to and information about markets. Unable, as a result, to compete in the marketplace, they are forced to settle for higher-cost accommodation, goods, and services. What appears to be required is a whole range of community services tailored so as to overcome their constraints: specialized location and transport facilities, easy access to unique services such as clinics and recreational activity, and even domestic services. Furthermore, this ought to be provided without isolating them from the rest of the urban community. Some elements of our public-housing program have been directed to this group, but as yet the full complement of needs has not been met because of the fragmentation of delivery and the hazy objectives of social policy.<sup>11</sup>

A third group requiring much-improved social services are the children and adults who come before the courts. It is a sad but typical commentary that in 1968, in Winnipeg, a city of a half-million people, there were eighteen probation officers to meet the myriad needs represented in the juvenile delinquency of that city. And Winnipeg is better supplied with such personnel than most Canadian cities. When services of this meagre order are offered, it amounts to mere tokenism. When juveniles or adults are released from prisons, the additional stigma of their sentence, coupled with the virtual absence of a decent level of help, makes it almost inevitable that further incarceration will result as underlying problems re-emerge in crime. Here, as in other instances, society pays a high price for a problem that could often be prevented.

## ORGANIZATION OF SERVICES

The Ontario Department of Social and Family Services identified several important organizational considerations:

Co-ordination of services is a major concern. At present, one aspect of a social problem is the concern of one agency and another aspect of the same problem is the concern of another agency in another place. Co-ordination at the delivery level between public and private agencies has not always been too effective; co-ordination at the planning level has been even less efficient except in some aspects where large capital investments have been required . . . .

A clarification of the roles of private agencies and government departments seems to be indicated. At the operating level, the tendency to fragment

and subdivide functions needs to be examined to see if more effective organizational patterns could be devised. At the delivery level, ways of co-ordinating existing services is a basic issue.<sup>12</sup>

The Winnipeg *Audit* described many similar reasons for re-organizing services, stating:

In forming its proposals for new methods of getting services to people, we have been guided by the necessity of people in need of help knowing where to go, being able to get there easily, and getting the help they need soon enough to prevent, or at least minimize, further problems or a repetition of the same problem.

and recommended

that the Province of Manitoba establish under its jurisdiction a number of Health and Social Service Centres, to be administered from a central office, and to serve designated areas in Metropolitan Winnipeg.<sup>13</sup>

As a result of the poor planning, of the overlapping and fragmentation of services, the poor lack the information vital to the optimum use of these services. The Catholic Social Welfare Bureau of Charlottetown put it this way:

What do the poor really know about the services and assistance that our society, through government, has made available to them? We hide from the poor the rights we have legislated for their benefit. We appear to feel we must give the poor the minimum to which they are entitled. Why have we not disseminated the policies and legislation to that segment of the population which it was designed to help?<sup>14</sup>

Another plan for re-organized services appears in the recent report, *One Million Children* (1970), of the Commission on Emotional and Learning Problems in Children. As one reviewer summarized it:

The report calls for an integrated network of services designed and operated at the community level, supervised by a provincial agency, and financed by both provincial and national governments. (The role, if any, of local financing is not explicit.) A "Social Utilities Commission" would constitute the governing body, which would be composed of elected and appointed representatives, consumers of services, and members of the professions. The community served would range in population from 25,000-50,000 and the network of services proposed for the community consists of 23 in all. These services, which would be co-ordinated or administered by the S.U.C., comprise most of those what would be found in a city of 100,000 or more. Thus, the awesome problem of one child in eight (or about one household in three) that would call for some *new* approach fundamentally different from what we now have is met with the re-ordering of the old. We haven't eliminated the jungle, we have gone in for forest management. Perhaps that is all we can expect at this stage of social development in Canada.<sup>15</sup>

This rather guarded statement contrasts markedly with the enthusiasm with which others have regarded the neighborhood service centre as an organizational unit. It has been seen as a means of promoting democracy, fighting

bureaucracy, restoring dignity, recapturing pride, insuring participation, preventing discrimination, overcoming powerlessness, providing for the have-nots, and bringing the left-outs back in.

There have, fortunately, been some modest excursions into this kind of re-organization of services in Canada. We can also learn from the more extensive American experience, one study of which identified some of the important problems of such re-organization:

The volume of requests for some services went far over expectations and for others it was at a minimum. The centers differed in size, purpose, capability, ideological commitment, and community support. Other problems have to do with the reluctance of the existing local agencies to give up autonomy to the center: many agencies refuse to participate or decentralize at all. Then, too, there are problems for which a neighborhood focus is too narrow; worthwhile solutions can be achieved only at the city, State, or indeed, national level.<sup>19</sup>

The Committee has not been able to reach a detailed synthesis of the organizational patterns that have been proposed, or are being tested in many parts of the continent and other countries. But an integrated, co-ordinated, decentralized system of service centres, highly visible and easily accessible to its neighborhood—within “pram-pushing distance” as one British report described it—is a goal that the Committee endorses in principle. The characteristics of the communities served would vary widely, but in the core urban areas, where social service needs are most acute, multi-service outlets, well staffed by professionals and other helping personnel, would be the goal.

While much of the service network must necessarily come under government guidance and re-organization to bring comprehensive services to the people who need them, there will continue to be roles for private service-agencies. Historically, private service-agencies have been valuable in recognizing new service needs and developing means to meet them. These roles should be encouraged.

## PERSONNEL OF SERVICES

Some problems require the aid of the most experienced, well-trained, and competent social workers. Others may call for specialized help which requires professional organization but can be given by persons of a particular, but non-professional skill under adequate supervision. The provision of home care for the elderly, the provision of information about available services, and ongoing data-collection and research are a few such essential tasks. The latter role is particularly valuable since many agencies have such a superficial statistical and research base that accountability, even *within* an agency, is difficult to determine.

There is particular need for high concentration of professionally-trained social workers in the courts and correctional services, child-care services, school social work, and family counselling. But in each of these services there is room and demand for personnel of lesser training and case assistants.

The shortage of trained personnel for an aggressive approach to service provision will present some problems. It is estimated that in 1972 Canadian universities will graduate 463 Bachelors of Social Work and 595 Masters of Social Work. Non-university programs provided through various technical colleges provide welfare workers, social-service assistants, and child-care specialists. The estimated number of graduates of such courses for 1972 is 1,097.<sup>17</sup> In recognition of one personnel problem, the study, *One Million Children*, recommended that "the present practice of promoting highly trained and experienced professional personnel into administrative positions be actively discouraged."<sup>18</sup>

The Committee considers that this recommendation, if implemented, would improve the quality and availability of services and endorses it in principle, though the full implications have not been assessed.

There is a growing body of evidence to show the value of including personnel from the locality—indigenous workers—in service work. While volunteers have always provided a valuable service, it is suggested that increasing numbers of such personnel be recruited and *paid* for their work. They should be given sufficient on-going training so that progressively-increased responsibilities and movement along a "career ladder" may be possible. This has obvious implications for the chronic unemployment problems that beset our society.

It is obvious, too, that the remaining financial services at the provincial level—provision of emergency funds, financial services to those not initially in the G.A.I. program—should be kept separate from the provision of non-monetary services. It is not a task that should burden the providers of services. They should be freed to practice their skills in accord with their knowledge.

## ASSESSMENT OF SERVICES

There has been very little on-going research associated with the provision of services. When people are part of the equation, results are complex, difficult to measure, and may show up only with the passage of considerable time. It must be admitted, for example, that we do not know very clearly the complete effects of such services as homemakers, visiting nurses, summer camps, day-care, provision of the means of birth control, and information services—to name just a few.

We may never obtain the clear results in assessment of the effects of services as may be possible, say, from a cost-benefit analysis of a new type. Moreover, we cannot afford to use simple, economic evaluations of services that ease the misery of the old, the chronically ill, and disabled, or aid the mothers with small children, and the unemployed without marketable skills. We must consider our "profits" in terms of human and moral values as well as in dollars and cents.

With these qualifications, however, it remains vital to assess our programs with as much skill as possible, tracing their results so that the services that are the most effective and helpful can be stressed.

### **Recommendations:**

**1. that, with the introduction of the Guaranteed Annual Income, federal and provincial governments negotiate to increase the quantity, quality, accessibility, and uniformity of social services available under the Canada Assistance Plan.**

**2. that user-participation be significantly increased at every level of the social-service structure, in the field (through outreach facilities and the use of para-professionals) and in the administration (on appeal boards and in planning and organization).**

# 2

## The Poor as Consumers

Consumers today face a bewildering array of choices. Consumer-durable goods in particular have become complex, and many of the once-simple food products come now in various stages of processing, in different packages, flavours, and quality. To find out what products are available, what they are made of, how they work, and which is the best buy is a difficult mental exercise, and the consumer may overspend through ignorance. At the same time, shopping habits have been revolutionized by the supermarket, and the consumer is subject to never-ending advertising and promotional messages. It is increasingly necessary for consumers to be wary and well-informed if they are not to waste their money. Such complexities present problems to all consumers—but especially to the poor.

The Vanier Institute of the Family pointed out in its brief to the Senate Committee on Poverty:

The market place for goods and services, the consumer market, is difficult territory for any householder to negotiate these days, but the difficulties faced by poor families are not simply those of having less purchasing power. The very fact of having less purchasing power can alter the character of the market in which they bargain. Less information, more fraud, higher prices associated with smaller quantity purchases, lack of transportation for family shopping, and many other elements enter to reduce further the real income that their limited dollars represent. . . . Consumer problems of poor families may be particularly serious because they can affect income-earning ability quite directly. Access to credit, to health services, to transportation, to education, and to various forms of public services are especially significant, and discrimination against the poor by such institutions as supply these goods and services could have grave consequences.<sup>1</sup>

The Co-operative Union of Canada pointed out to the Committee:

Another aspect of how well people are able to live is related to how effectively available income is utilized.

There appears to be considerable evidence to indicate that, generally speaking, less well-off people get less for their money. This situation stems from the fact that they know the least about the market; they generally have fewer opportunities available to them because of such factors as transportation and because of over-all poor spending habits.<sup>2</sup>

The poor are often handicapped with respect to purchasing power by lack of education, experience, information, training, and opportunity as well as by lack of ready cash. "Best-buy" decisions depend not only on information about quality and performance, but also on a comparison of prices in different kinds of stores in different locations. To get this information takes time, effort, and money. Because of transportation expenses or credit difficulties, the poor cannot shop around. As a result, they shop in small neighbourhood stores where prices are higher, and selection is limited—but where delivery service and credit are available.

The elderly poor, unable to walk far or carry bundles or afford a bus, would be an outstanding example of this group. They are truly trapped. A representative of the Council of Catholic Charities described their plight:

When I say a very poor person, I am talking about the person who is living in a rooming house. The person living next door will share. For instance, they will share a tin of soup. It is really this person who is trying to maintain himself on a very limited income, is not eligible for any Government assistance, and has only a reduced income or a very limited pension. They end up living on tea and toast and really finding it difficult to carry on maintaining their own home.<sup>3</sup>

The elderly poor find it difficult even to buy small portions of food suitable for one or two persons. Alarming numbers of the elderly are poor, and their problems are special. Some have always been poor, and advancing age magnifies their problems because they are less able to support themselves adequately. There is an increase in the need for such services as taxis, drugs, medical and dental care, and hospitalization or home nursing care. As consumers, the elderly are further crippled by these extra demands on their already inadequate incomes. With the cumulative downward spiral of poverty, it is unlikely that family members will be able to come to their rescue.

In order to spend wisely, the consumer must be well-informed about products. Here the poor are at a great disadvantage. Some may not be able to read well enough to understand the instructions or list of contents accompanying the container or the fabric or the appliance. The poor do not have easy access to the newspapers, magazines, paperbacks, and hardcover books which assess consumer products.

Buying food is the major difficulty faced by the poor. This is their largest and most regular outlay. The object should be to buy economical foods which will provide a reasonably balanced and nutritious diet. But, handicapped by a lack of information and mobility, the poor tend to concentrate too heavily on cheaper, starchy foods to the neglect of protein and vitamin-rich foods; or they may buy the more easily accessible, expensively processed and packaged foods.

In the furniture and appliance market, the poor are confronted with additional hazards. One of the problems arises from high-pressure selling. A glib and apparently sincere salesman can often exert a hypnotic effect on his prospects. Susceptibility to a skilled salesman is by no means confined to the poor, but paying for being gulled is much more serious for them than for the more prosperous.

The poor, if they buy a car, usually buy a used car. If they make a bad choice, they are saddled with the often-prohibitive costs of repair, in addition to the continuing instalment payments. Where the car is a necessity, this could mean the loss of a job. There is almost no limit to the amount that can be spent on repairing a used car; and finance charges are considerably higher on used than on new cars and many used cars are re-possessed.

Almost all consumers, poor or not, face the fact that consumer credit plays an important role. The arithmetic used in consumer credit is not easy, and many people don't fully appreciate the extra burden of credit costs.

## THE POOR AS DEBTORS

The explosive growth of consumer credit in all forms since the Second World War has transformed the buying habits of Canadians. The use of consumer credit by adult Canadians, whether occasionally or regularly, is nearly universal. There is an element of risk in the granting of credit, and the risk tends to be higher for the lower-income groups. The poor lack financial reserves, and if they run into bad luck, they may not be able to meet their credit obligations on time, if at all. Credit-grantors maintain a system of surveillance on the credit history of their customers which records defaults, slow payments, and characteristics which may affect a person's ability to meet credit obligations. There can be no doubt that earnings and steadiness of employment are important elements in any judgment of whether credit should be extended to a particular individual. The poor do not generally fare well under such a rating system. There are two main results of this.

First, some of the poor are denied the use of consumer credit altogether. This may not result from a poor credit history, but may result simply from an assessment by the credit-grantor that the risk is unacceptably high. But modern society is geared to the use of consumer credit in the sense that the quality and the price of many consumer-durable goods are based on the assumption that they will be paid for in instalments over a period of time. This is particularly true of the automobile industry, which would never have developed its mass-production and mass-merchandising methods without an elaborate system of financing purchases by consumers. Therefore, to deny a substantial group in the population access to consumer credit is, in effect, to

deny them an opportunity to acquire much of the capital equipment which is regarded as essential for a modern standard of living.

The second consequence of the credit-rating system is that the segment of the poor who are granted credit pay a premium for it. The rates charged for consumer credit by such institutions as banks, credit unions, personal finance companies, and vendors vary; and, in general, the poor have to rely on the most expensive source of credit. For example, the cost of borrowing from the chartered banks for consumer loans is in the neighbourhood of 12 per cent per annum, while the cost of borrowing from finance companies may be nearly twice this level. The Chairman of the Welfare and Housing Committee (Metropolitan Toronto) told the Committee:

So many [poor] people are unable to comprehend what they are getting themselves into, first of all . . . when they buy a car or television set or anything on time. In this country, you know, it is rather peculiar that if you go to the bank and you want to borrow money at a reasonable lending rate, if you can afford it you can get it. If you can't afford it, you go upstairs and get it from the finance company which borrowed it from the bank in the first place. Too many people get in debt because they do not understand economics.<sup>4</sup>

It is also the case that discriminatory rate structures apply within some institutions, and credit-grantors seek to compensate themselves for making risky loans by charging higher than normal rates.

Historically, there were abuses in the treatment of borrowers by loan companies which were able to exact extortionate rates. The *Small Loans Act*, however, has offered effective protection to small borrowers for many years. Rate ceilings are in effect for cash loans of up to \$1,500, and this has eliminated exorbitant rates up to this level.

While the lack of credit and the high cost of credit create problems for the poor, other difficulties arise out of the contractual arrangements covering consumer credit. The law in this area originally developed out of contracts between merchants where the presumption was that the parties were on the same footing with respect to both knowledge and economic power. These conditions are, of course, not met when the body of law is applied to transactions between large corporations and individuals. In the first place, the contractual obligations involved in consumer credit are designed by the lender or credit-grantor with a view to minimizing the risk of loss. They may therefore contain punitive provisions or waivers which place the borrower at a disadvantage. In the second place, the contract documents are drawn up in formal legal language, the implications of which may not be clear to an ordinary borrower, and even less clear to the poor.

The risks of the credit-grantors are by no means imaginary, and there obviously will be some percentage of defaults on consumer-credit transactions. The evidence presented by the Vanier Institute of the Family to the Committee pointed out clearly that the inability to meet consumer-debt obligations was primarily a result of accidents, sickness, or unemployment. Irresponsibility or bad faith were regarded as of lesser importance.<sup>5</sup> There is con-

siderable evidence that the number of delinquents is small in relation to the total. However, the treatment of delinquent debtors raises the question of whether it would not be socially desirable to modify collection practices in some respects.

A delinquent debtor often finds himself the subject of the persuasive tactics of a collection agency. Some of these are independent organizations, and others are associated more or less openly with major grantors of consumer credit. Their tactics vary all the way from polite inquiry to threats and harassment. For an entrapped debtor and his family, rough collection tactics can be a source of anguish and mental suffering. Unscrupulous behaviour by collection agencies can be a particular source of concern and worry to the poor.

The threat of garnishment is one of the potent weapons which can be used by a collection agency or a creditor. Garnishment is an administrative nuisance to employers, and they sometimes will dismiss an employee rather than become involved in the process of repayment by garnishee. The threat of garnishment may therefore be tantamount to dismissal. For the working poor, garnishment can mean the difference between independence and entry into the welfare cycle. For those already on welfare, the fear of garnishment provides a strong incentive to keep out of the labour force.

Most citizens do not wish to become involved in any kind of litigation. Retaining legal counsel is expensive, and appearing in court is time-consuming. This is all the more true for the poor who may have a basic distrust of the legal process. The threat of court action is therefore a powerful one. The legal processes, not brought to a halt by favourable responses from the debtor, may proceed through a court summons, judgement, and order for wage-garnishment. Continued lack of acknowledgment could lead to a contempt-of-court order, a committal order, and, possibly, jail. A debtor can, at any time during this process, seek the protection of the court and receive an adjournment and initiate payments. For the poor, the knowledge, counsel, and initiative required to seek this alternative may not be available. Furthermore, the formal legal processes of debt-collection may frighten the poor into submission without an adequate presentation of extenuating circumstances or of grievances against the vendor or creditor.

The legal profession itself is not well organized to provide advice to the poor debtor. Lawyers generally do not make it known that they are prepared to take the case of the delinquent debtor. Moreover, the sums involved may be too small to justify the expense of hiring a lawyer. The availability of advice through legal-aid organizations is, however, becoming much more widespread, and their growth should make it easier for the poor to find help in regard to their debt problems.

Apart from the legal profession, the development of debt-counselling agencies in a number of major cities is valuable as a source of dispassionate advice to debtors. It must nevertheless be recognized that debt-counselling, budget-management, and legal advice cannot help very much in situations

where the burden of debt is simply unmanageable in terms of actual or prospective income of the debtor. In such cases, some form of bankruptcy appears to be the only valid solution. The provisions of Part X of the *Bankruptcy Act* have been of value in providing for an orderly method of discharging debts. Its value is limited, however, to cases where there is some ultimate prospect of discharging the accumulated debts. It also has a serious weakness in that the period during which the debtor is covered by Part X is often far too long. The ordinary process of personal bankruptcy is not likely to be a practical solution for a poor debtor, since it calls for a large advance payment to the trustee. For many, this is an insuperable barrier. The introduction of an inexpensive method of declaring personal bankruptcy, subject to the proper safeguards, appears to be long overdue.

There have been both legal and institutional changes which have alleviated the plight of the poor debtor. The situation remains unbalanced, nevertheless, and a number of additional reforms are badly needed.

### **Recommendations**

**1. that the Department of Consumer and Corporate Affairs disseminate information on consumer purchasing, consumer credit, interest-rates, and contractual loans through adult education and information programs directed specifically to the low-income consumer.**

**2. that joint government-industry schemes be established to provide insured loans to high-risk borrowers for essential requirements. This would permit industry to extend credit to many people now ineligible for reasons unrelated to bad credit history.**

**3. that collection agencies be made subject to uniform licensing and control by provincial governments.**

**4. that in the light of the inadequacies of the present arrangements under Part X of the *Bankruptcy Act*, the law be amended to provide for easier and cheaper personal bankruptcy.**

# 3

## The Poor and Education

Education is one of the keys to social and occupational mobility. For the individual, education can mean an escape from poverty, access to meaningful and steady employment, and full participation in the social and political life of the nation. At the national level, education provides the means for development of human resources to their full potential. Failure of the educational system to meet the needs of individuals and the needs of the country results in an unacceptable waste of human resources at the national level and relegation for many individuals to a life of poverty and degradation.

### EDUCATION AND INCOME

The relationship between educational level attained and the earning ability of the individual is complex. Statistical data clearly indicate, however, that on the average the more education an individual has, the greater will be his income. The incidence of low income is greatest among those with low educational levels, and the majority of those with low incomes have low educational levels. (See Tables 29, 30, 31.) The Economic Council states:

The association between low incomes and lack of education beyond the elementary level is particularly strong. Not only did families whose heads had less than secondary education show a high incidence of low income in 1961 (37 percent), they also accounted for more than two-thirds of all low-income families. However, in addition to education there are other factors such as occupation, religion, and place of residence (urban or rural). In addition there is some interaction between education and income rather than a purely one-way causal connection. Thus the educational levels of family heads were very likely influenced by the income and related circumstances of their parents; and their circumstances in turn are likely to influence the education levels achieved by their children.<sup>1</sup>

TABLE 29

Earnings and levels of schooling (1961 average earnings)

Schooling	1961 average earnings, male non-farm labour force	Estimated lifetime earnings, males 25-64
Elementary.....	3,345	131,026
Secondary.....	4,813	209,484
University.....	8,866	353,624

SOURCES: J. R. Podoluk, *Incomes of Canadians* (Ottawa: Information Canada, 1968), Tables 4-6, 5-7.

TABLE 30

Education of head of all non-farm families and low-income non-farm families, 1961

	Number of non-farm families				Incidence of Income (2) as a percentage of (1)
	All Families (1)		Low Income Families (2)		
	(thou- sands)	%	(thou- sands)	%	
No schooling or elementary only.....	1,681	46.7	625	68.2	37
Secondary, 1-3 years.....	1,068	29.2	208	22.7	20
Secondary, 4-5 years.....	551	15.2	62	6.7	11
Some university.....	137	3.7	13	1.4	9
University degree.....	190	5.2	8	1.0	4
Total.....	3,627	100.0	916	100.0	25

SOURCE: Economic Council of Canada, *Fifth Annual Review* (Ottawa: Information Canada, 1968), Table 6-3.

TABLE 31

Unemployed as a percentage of the labour force by age and level of education, February, 1965

Level of education	Age			
	14-19	20-24	25-44	45-64
	%			
Completed elementary school or less	19.3	12.7	9.3	7.6
Some high school.....	8.4	7.2	3.8	4.0
Completed high school or more.....	4.6	2.7	1.7	*

\*Numerator estimate less than 10,000.

SOURCE: D.B.S., *Special Labour Force Studies* (Cat. No. 71-505), Table 9.

## EDUCATION AND EMPLOYMENT

The evidence is clear that education or lack of education has a significant bearing on the ability of the individual to obtain and hold stable and rewarding employment. Those with limited education find employment only at the most menial levels of unskilled labour where they are subjected to irregular, seasonal, and intermittent employment at the lowest wage-levels.<sup>2</sup> Occupations where this type of employment is most common are also those most influenced by mechanization and automation, so that the number of such jobs is constantly being reduced.<sup>3</sup>

Labour demand for under-educated, unskilled manpower is limited and constantly diminishing. Unlike his father, the young man who enters the labour force today after elementary school cannot anticipate regular employment at reasonable wage levels.

## ACCESS AND PARTICIPATION

There have been significant changes in Canadian education over the past two decades. An increasing proportion of Canadians have gained access to all levels of the educational system from kindergarten to post-graduate university training. Canadians are also staying in school longer. The results are reflected in increasing levels of educational attainment in the Canadian population and labour force.

Robert M. Pike, in *Who Doesn't Get to University—And Why*, points out that "we cannot be sure that increased school and university participation has been accompanied by a significant decrease, at the extremes of the class ladder, in social inequalities in educational opportunity."<sup>4</sup> Pike expands John Porter's analysis in *The Vertical Mosaic* (1965) of school attendance by children (aged 14-24) of fathers in various classes on the Blishen occupational scales<sup>5</sup> by including data from the 1961 census. The results are shown in Table 32.

As Pike comments:

The first, and most obvious, feature is the significant increase between 1951 and 1961 in the numbers and proportions of young Canadians remaining at school beyond the minimum school-leaving age . . . , an increase which was not limited to any particular social class or classes in Canadian society, but which reflected an absolute increase in levels of educational attainment amongst young people from all social classes. Thus, no social class was entirely isolated from the trend to later school leaving . . . [However,] at the time of the 1951 Census, the proportions of young people in the 14-24 age group who were then attending school or university varied from 71.0 per cent of those whose fathers were engaged in highly-skilled professional work down to 34.8 per cent of those whose fathers were engaged in unskilled manual occupations. Ten years later, at the time of the 1961 Census, the

TABLE 32

Children living at home and in school, aged 14-24, 1951, and aged 15-24, 1961 (Blisken Occupational Scale)\*

Occupational class	Number of children living at home 1951	Percentage at school 1951†	Number of children living at home 1961	Percentage at school 1961†	Absolute percentage increase over 1951	Relative percentage increase over 1951
		%			%	
Class 1.....	13,502	71.0	20,641	83.3	12.3	17.3
Class 2.....	173,937	55.2	229,496	69.2	14.2	25.7
Class 3.....	40,130	50.6	33,727	67.0	16.4	32.4
Class 4.....	60,739	45.6	110,364	58.6	13.0	28.5
Class 5						
(with farmers).....	573,095	38.9	412,969	52.5	13.6	34.9
(without farmers).....	(237,925)	(45.6)	(205,071)	(56.5)	(10.9)	(23.9)
Class 6.....	200,517	38.2	249,295	44.4	6.2	16.2
Class 7.....	186,862	34.8	150,124	43.2	8.4	24.1
Occupations unstated in Census or unclassifiable.....	41,316		162,922			
Total.....	1,290,098		1,369,538			

\*Bernard R. Blisken, "The Construction and Use of an Occupational Class Scale," *Canadian Journal of Economics and Political Science*, Vol. XXIV, No. 4, p. 523. In Blisken's occupational scale, *Class 1* covers the higher professions requiring high levels of education and having a high income-earning power; *Classes 2 and 3* are primarily white-collar occupations with some higher blue-collar occupations included; *Class 4* contains some high level blue-collar jobs as well as lower level white-collar ones; *Class 5* is the class of skilled trades, and *Classes 6 and 7* consist mainly of semi-skilled and unskilled occupations requiring a limited education and having a relatively low earning power. Because they are based on average income and years of schooling these occupational classes, with the exception of "farmers," constitute relatively homogeneous socio-economic groups.

†All figures shown in the table cover only those children living at home at the time of the 1951 and 1961 Censuses. Children not living at home are excluded. It will be noted that the table compares children in the 14-24 age group in 1951 with children in the 15-24 age group in 1961. The comparison is reasonable since in most provinces the legal minimum age of school leaving was raised from 14 to 15 years during the interim period.

SOURCE: R. M. Pike, *Who Doesn't Get to University and Why* (Ottawa: A.U.C.C., 1970), Table 15.

proportions of young people in the 15-24 age group who were attending school or university varied from 83.3 per cent of the children of professionals down to 43.2 per cent of the children of unskilled manual workers—percentages which show the maintenance of very wide class differentials in school retention rates despite the absolute increase in these rates. Thus, it is quite possible . . . that the trend towards later school-leaving between 1951 and 1961 raised the general level of educational attainment without effectively disturbing existing class differentials in educational opportunity, at least not at the extremes of the class spectrum.<sup>6</sup>

The statistics are misleading. They mask the significant differentials in secondary-school enrolments in different provinces and regions of the country, and they mask the significant drop-out and non-graduation rates. Studies indicate that retention rates from Grade 2 to Grades 11 and 12 (matriculation level) vary from 64 per cent for boys in Saskatchewan and British Columbia to 29 per cent in New Brunswick and 28 per cent in Prince Edward Island.<sup>7</sup> Retention rates are getting higher, but there are still significant levels of retardation and drop-out. These rates are highest in those provinces and regions with the highest levels of low income, unemployment, and poverty.

Theoretically, every individual in Canada has free and equal access to education to the limit of his ability. In fact, however, there are gross inequalities in the quality and quantity of education available, and access and success are determined by standards and pre-requisites which many Canadians—those who are poor or otherwise “disadvantaged”—cannot meet. The escape from poverty for future generations of Canadians depends on the removal of barriers to their full participation in the so-called “opportunity” programs which now exist or which may be provided in the future. The removal of these barriers will require unequal treatment in order to ensure equal access and participation by the poor.

A glaring example of inequalities which have persisted over an extended period are the isolated, poor communities of Indians and Métis of the northern prairies. Saskatchewan NewStart has estimated that 20 per cent of the adult population of the northern prairies are functionally illiterate—that is, have less than four years of schooling.

This was further substantiated by evidence presented to the Committee by the National Indian Brotherhood:

Canada's native peoples require immediate and special treatment because they form a unique group. Not only are they the poorest of the poor—they stand out from the others because of their skin colouring, their features, and their cultural background. Their position is comparable to that of the Negro in the United States; culturally alienated, economically handicapped, and socially deprived. The Economic Council refers to them as “citizens minus.”<sup>8</sup>

The educational system which has been imposed on Canada's native peoples for the past century has served only to perpetuate their poverty and alienation. There is an immediate need to involve the native peoples, at the local as

well as the national level, in the development of an adequate system to meet their educational needs. Many native spokesmen are demanding the right to control their own education.

## ECONOMIC BARRIERS WITHIN THE POOR FAMILY

Education is a luxury the poor cannot afford. Lack of money directly affects the school careers of children from low-income families in a number of ways. Direct costs include the costs of transportation to and from school, books and supplies, sports equipment, bus tours, and extra-curricular activities. In some provinces where these costs are met through welfare services, the child is subjected to embarrassment by public segregation within the school system. Indirect costs include clothing, lunches, and the earnings foregone by the student of legal working age by remaining in school. Within the poverty home, these costs are significant: they limit the participation of all children in the family to some extent. More important, perhaps, they force the family to make choices about which child or which children will be allowed to continue in the school system.

At present, scholarships, grants, allowances, and loans are almost exclusively restricted to post-secondary levels which the poor seldom reach. The individual student, particularly at the secondary-school level, is handicapped by lack of spending-money, clothing, and the accoutrements of youth which are so important to the adolescent.

## ECONOMIC BARRIERS WITHIN THE EDUCATIONAL SYSTEM

### GEOGRAPHICAL VARIATIONS

There are significant differences in the quality and quantity of education in different parts of Canada. Until recently, school systems in many parts of Canada have been managed by local school boards and financed through local property taxes. As a result the poorest economic areas have had the most inadequate schools, the lowest-paid and most inexperienced teachers, and the lowest standards of materials and equipment. Those provinces with the lowest per-capita income also have the lowest per-student expenditure on education.<sup>9</sup> Rural schools are generally less adequate than urban schools: within the urban areas there are startling contrasts between the older inner-city schools and the newer schools in middle-class suburbia.

There have been changes during the past ten years in the management of educational investment. Most significant are the educational revolutions which

are taking place in Quebec and New Brunswick. In these provinces, remarkable changes in secondary-school retention-rates and increased participation have already resulted. The centralization of financing and management and the consolidation of the hundreds of local autonomous school boards in several provinces is well underway. These changes can only have beneficial results, but it is too early yet to evaluate them properly.

#### IMBALANCE OF INVESTMENT

The greatest investment and growth in investment during the recent past in Canada have been at the post-secondary and university levels; the lowest have been at the elementary, kindergarten, and pre-school levels—where the needs of the poor are greatest.<sup>10</sup> T. E. Reid says, in a report prepared for the Committee,

Little can be done to change the socio-economic mix of young Canadians reaching the final years of high school by a continuation of massive infusion of public funds into universities, community colleges or indeed into the high schools themselves. Some semblance of equity in that mix in the final years of high school depends primarily on such equity in grade 8 which in turn depends on preferential educational programmes for the children of the working poor and public assistance recipients when they are three, four, and five years old.<sup>11</sup>

#### THE PARTICIPATION GAP

The essence of poverty is deprivation, and for the children of poverty the effects become distressingly apparent when they encounter the educational system. The Corporation of Professional Social Workers of the Province of Quebec, in their brief, "The Poor of 1980, or, Our Future Welfare Recipients," list a "low level of schooling" among the characteristic attributes of poor children. Further,

[high] absentia rate and premature abandonment of studies is very frequent among the underprivileged. How can children attend school regularly on empty stomachs, insufficiently clothed for the cold, without having slept well and moreover when they can hardly understand the teacher...?<sup>12</sup>

Even before the children of the poor enter the school system, the environment into which they were born affects them by seriously retarding the normal processes of child-development. Experts in child-development are unanimous in stating that the very early years of life—from birth to five years—are critical in the physical, emotional, and intellectual development of the individual. In a report to the Committee, Professor T. J. Ryan of Carleton University stated:

In terms of intelligence measured at age seventeen, about 50 per cent of the development takes place between conception and age four, about 30 per cent

between ages four and eight, and about 20 per cent between ages eight and seventeen . . . as much of the development takes place during the first four years of life as in the next thirteen years.<sup>13</sup>

The consequences of pre-school deprivation are cumulative and frequently irreversible. In comparison to children from more affluent homes, the children of the poor are deficient in language, abstract thinking, and problem-solving abilities. They also frequently suffer personality and emotional retardation because of home and family circumstances. The effects of deprivation are not lessened by the impact of the educational system upon the child from a poor home. Rather, the problem is intensified by the contrast between the home situation and the school's demands, as the Calgary School Board pointed out to members of the Committee:

In looking at urban communities one soon finds that causal factors for their relative deprivation cannot be considered in isolation one from another. That is to say, the child's lack of reading material in the home cannot be meaningfully separated from the family income; nor can the family income be separated from the parents' educational background; nor can the child's frustration in the classroom be separated from his out-of-school environment, and so on. Many children and their families in these districts are caught up in a hopeless treadmill from which there seems to be little hope of escape. If the parents are not too disenchanted and frustrated with education to care, then they are often unable to provide their children with the various facets of informal education, the background to formal education which those children require. There are not the books, magazines, and newspapers in many of these homes that a "middle-class" child takes for granted. Nor are there the many other goods and services and attitudes which should support the child in his development as a mature, responsible, and productive citizen.<sup>14</sup>

In the eyes of the poor, most school programs extended to them are upside-down, serving the affluent society which offers the programs rather than being sensitively related to their needs. And there is considerable justification for this conviction, as shown by the evidence of the Canadian Teachers' Federation:

The failure to date of education to help adequately children of the poor can be traced not only to unequal [substandard] facilities and lack of parental involvement, but also to the very nature of the programmes which have been offered; . . . these programmes may . . . be quite inappropriate for many, perhaps most, poor children. The child who is poor will not, for example, likely recognize the kind of "normal" home life which is portrayed in many reading texts, where children have plenty to eat, good clothes, rooms of their own, pets, grass to play on, and a father who comes home from work every night.<sup>15</sup>

The elementary school system in Canada has been developed to provide education for the average child from an "average," middle-class home where he has been exposed to conditions which are conducive to pre-school development and learning. The child from the poor home who enters school lacking the expected levels of pre-school learning is predestined to failure. The school, in this instance, instead of opening doors to opportunities for learning, imposes its own barriers.

Solutions of the problems involved in educating the disadvantaged child will require a drastic change of philosophy. We must stop looking at the "needs" of the school system which must be met by the child and start looking at the "needs" of the child which the system must be designed and staffed to meet. The need for special provision for the disadvantaged child in the school system was repeatedly emphasized to Committee members. The report by T. E. Reid, mentioned earlier, pointed up the need to over-compensate in order to make up for some of the deficiencies of the poverty environment. The report said:

Low-income communities across Canada not only have fewer "private" physical facilities (recreation rooms, swimming pools, quiet reading areas, etc.) but also fewer and lower-quality public physical facilities in the communities (play-grounds, parks, libraries, etc.). On top of this, the schools in lower-income areas also are inferior in terms of such facilities—a sort of three-strike ballgame.<sup>16</sup>

Indian, Eskimo, Métis, and immigrant children have all these factors working against them, and another as well; for they are usually jammed into a school system which simply does not speak their language. The National Indian Brotherhood and Indian-Eskimo Association of Canada spoke for all minority groups when it told the Committee:

Equality is not so easily conferred on an Indian child, with handicaps imposed by poverty, isolation, language difficulty, limited aspirations—above all, the feeling that he is inferior to the white children. And provincial departments of education offer no special help for Indian students; the education system makes no adjustment to their presence. Text books, goals, subject-matter; all are quite irrelevant to the situation of most Indian children, and most of them drop out in their early teens at the Grade 6 or 7 level.<sup>17</sup>

The need for revisions in school programs and teacher-selection and training; for child-oriented, individualized methods; and for increased remedial and preventive services in inner-city and rural poverty schools becomes clear. Removal of the barriers imposed by large-scale bureaucratic organization and rigid administrative regulations designed to facilitate "efficiency" rather than learning is essential. At the same time, it must be recognized that the school system is only one of a number of inter-related institutions, and that a comprehensive attack on poverty is essential before changes in the school system can be effective. The Canadian Teachers' Federation asked the Committee:

Can a child learn well if he is hungry, or cold, or ill clad? Can he study well in a home that is crowded, noisy, and provides little encouragement? Let us say honestly that no educational program, however well-designed and forward-looking; no teacher, however sympathetic and competent, can compensate for these primary deprivations.<sup>18</sup>

The staff of the Duke of York School reminded Committee members that it is entirely possible that the child from an impoverished background will ulti-

mately serve to point educators in a direction that will lead to a more effective way of operating our schools:

The deprived child is more than a mere exasperating problem. He has, without knowing it, and often without his teachers being aware of it, made a vital gift to the progress of education. He is, so to speak, a mirror held up to our schools and communities in which we can see our shortcomings—our basic weaknesses which, or course, injure all children whether deprived or not, but which become critical when a deprived home and a bad community compound the weaknesses of the school.<sup>19</sup>

## ADULT EDUCATION AND HUMAN RESOURCE DEVELOPMENT

The Federal Government is already involved in massive, “out-of-school” educational programs through its departments and agencies. Like the formal school system and manpower programs, these educational efforts are aimed at the middle class and not at those with the greatest need—the poor. The briefs emphasized the needs of the poor for information and knowledge, and the failure of the existing systems to reach them.

The information needs of the poor range from a need to know about prenatal health problems to a need to be informed of entitlement to the Guaranteed Income Supplement. The most seriously disadvantaged lack not only occupational skills, but basic “life skills” as well. They do not know how or where to apply for jobs or training. They do not know what welfare services are available, or how to obtain the services to which they are entitled. They do not know how to use credit. They do not know what nutritious foods to buy, or how best to prepare them. Many are illiterate or sub-literate and cannot cope with applications for employment, driver’s licenses, or newspapers. Many have low levels of aspiration, low self-esteem, and low expectations for themselves and for their children.

Their needs are ignored by existing systems. Continued failure to meet them will condemn the adult poor to perpetual poverty—and, what is worse, perpetuate poverty through their children, in spite of increased investment in the school system.

An outstanding example of the inability of the system to meet even the most pressing needs of the disadvantaged was described by the Canadian Association for Adult Education (C.A.A.E.) to the Special Senate Committee on Poverty:

There has been a long-standing need for adult basic education in Canada. The 1961 Census revealed that 1,024,785 persons fifteen years of age or older had either no schooling or less than four years of school. Since the Census, little corrective action has been taken, and it is likely that the proportion of sub-literates remains about the same today as in 1961.<sup>20</sup>

The C.A.A.E. described the social consequences of the problem as “widespread and disastrous” and pointed out that the unemployment-rate among

people who had not completed primary school was six times higher than among high-school graduates. The Association reminded the Committee that, in a rapidly-developing, technological society, sub-literate persons will be relatively even more disadvantaged unless concerted action is spearheaded by the Federal Government. The C.A.A.E. based their study on the definition of "functional illiterate" used by Statistics Canada—"four grades or less of schooling." That this level may not reflect the level of literacy which is functional in today's or tomorrow's world of increasing technology is indicated by the fact that the U.S. Office of Economic Opportunity has recently defined "functional literacy" as equivalent to graduation from elementary school, that is, Grade 8.

Moreover we must no longer view vocational education as a good thing only for someone else's children, nor accept the notion that someone who goes to college is better than one who doesn't. The first-rate artisan must be held in high esteem. While adult education is only one of a number of measures required in a comprehensive attack on poverty, it is essential if other measures are to be effective.

### **Recommendation:**

**1. that the Government of Canada establish a National Office of Education without in any way interfering with or limiting or denying the constitutional and traditional prerogatives of the provinces in education. It must be recognized that there are national interests in education as distinct from provincial and inter-provincial interests. The function of such an office would include the following:**

- a) to develop and articulate national educational goals;**
- b) to co-ordinate the distribution of federal investments in education and training to ensure the achievement of national educational goals;**
- c) to sponsor and support educational research and research on education at the national level;**
- d) to provide a national centre for information and data on education throughout the country;**
- e) to sponsor and support action-research programs such as the Canada NewStart Program with the objectives of developing and testing new approaches to education and training among the disadvantaged;**
- f) to support local communities and organizations, including those of Canada's native people, in achieving their participation in local educational systems.**



# 4

## The Poor and Health

The following is taken from the testimony of the executive director of the Mount Carmel Clinic in Winnipeg:

A phone call. "I can't come to the clinic because I have no money. My husband has been fired from his job. I am very, very unhappy, and I don't know what to do. The little one is ill." We have a clinic car and we pick up people who can't get in. We go down to the home—rickety old staircase—and we walk up. There is darkness—it's winter—in fact it was Christmas, and I remember it so well. There are six children, five pre-schoolers. Father was a taxi-driver and he had a bad accident and he was suspended. There is some question as to whether or not he is eligible for welfare and it took us three days to fight it out with the welfare whether he should get it or not.

Meanwhile, once again, there are no sheets on the two beds. There are two burners, and that's all. We wanted to get a turkey for them, and it was very funny. We got some volunteers to bring them a turkey and suddenly we looked at each other: "How are they going to cook that turkey? On what?" There were no globes in the lights. We wondered why. Well, they just didn't have any money to buy them. They just sat in total darkness. I walked up to the crib and there was the child lying there wrapped in an old overcoat, right on the mattress. No bedding, no sheets. The temperature was 104, and one ear was running (and there was incrustation) right down, which was beginning to irritate the skin. We had a blanket with us and we wrapped up the child and we took three other children who were coughing to the clinic.

Mother was pale and apathetic. We examined the child who had an infected ear—it had a hole in the ear already, and we kept the child down in our day hospital. The other children were coughing and had a bronchial condition. We kept them in the day hospital as well. The mother had high blood pressure, was anemic, and needed medication. After she felt a little better we had a talk about whether she planned to have more children—it was her decision whether she should or shouldn't . . .<sup>1</sup>

This illustration shows dramatically the relationship between health and some of the elements of poverty: poor housing, poor nutrition, and a host of anxieties and pressures. The point was recognized in the definition of

health by the World Health Organization which specifies that it is not "merely the absence of disease or infirmity, but rather is a state of complete physical, mental, and social well-being." It is only too clear that the poor survive in an environment that almost prohibits mental and social well-being and profoundly affects their health. Repeatedly this point emerged in the testimony and in the briefs. A few instances follow.

The Chief of General Practice at the St. John General Hospital in New Brunswick told the Committee:

The aspect beyond all others with which a general practitioner is daily confronted is Environment, for we are called to see people in the very poorest of surroundings where the resulting depression, apathy, and lack of human dignity are as much a part of the medical picture as the patient's illness.<sup>2</sup>

A representative of the Canadian Medical Association pointed out:

It so happens that even in the most affluent nations like Canada and the United States, 20 per cent of the population are poor. There are forty million poor in the United States and 3,500,000 in Canada, and this 20 per cent of the population suffers something like 75 to 80 per cent of the major illnesses.<sup>3</sup>

The case for a shift in emphasis from *remedial* to *preventive* health-care could not be made more clearly. There is a definite weakness in the area of preventive health-care programs for the poor, partly because many poor people are suspicious of large-scale programs, and partly because of the inadequacy of existing staff and facilities. The Corporation of Professional Social Workers of the Province of Quebec documented the results in Table 33.

TABLE 33

Medical report on 311 children of the poor, Montreal, 1969

Symptoms	Number	Percent
Malnutrition.....	105	33.8
Retarded growth (weight and height).....	97	31.2
Psycho-motor retardation.....	84	27.0
Emotional problems.....	153	49.2
Eyesight problems.....	48	15.4
Strabism.....	18	5.8

SOURCE: The Corporation of Professional Social Workers of the Province of Quebec, Brief presented to the Special Senate Committee on Poverty, Third Session, No. 4 (October 22, 1970), p. 37.

The Department of National Health and Welfare also provided an impressive summary of the relationship of poverty to many aspects of health and health care, including rehabilitation services, mental health, preventive health services, environmental health, dental health, and nutrition. Space prohibits more than reference to the latter, nutrition, but the following conveys information of the utmost importance:

There is universal recognition that nutrition is a critical factor in poverty. Dietary inadequacies and under-nutrition, combined with the other depriva-

tions attendant on poverty, cause health deterioration. This sets up the cycle of decreased performance of all activities, mental apathy, and incapacity for initiative or self-help. Medical research has linked malnutrition to anemia, low resistance to infectious diseases, mental retardation, and mental illness. The risk of malnutrition is greater for specific population groups, regardless of income, due to certain life styles, such as itinerant workers, and also to increased needs at certain stages of the life cycle. Particularly vulnerable are pregnant and nursing women, infants, adolescents, the aged, and the disabled. Undernourishment may reduce the ability to acquire the education necessary for escape from the poverty cycle. Quite apart from impairment of mental development arising from deficiencies of nutrition during foetal life and early infancy, the complex of mental and physical lassitude attendant on undernourishment, the distraction of attention caused by the distress of nagging hunger, and unfitness because of recurring illness all can stultify the education of a child of even normal mental endowment.

A broad-ranging investigation in the United States, as reported to the Senate Select Committee on Nutrition and Human Needs, suggests that malnutrition occurs to an unexpectedly high degree in the sample population under study. Estimates from that country are that about two-thirds of the poor are malnourished, especially older persons over sixty years and children under sixteen. Several Canadian studies suggest that a comparable situation may exist among the Canadian population. A survey of the diet of members of a Nova Scotia fishing community lists 37 per cent of the population with only fair diets, and 39 per cent with either poor or very poor diets . . . .<sup>4</sup>

The health of Canada's Indian and Eskimo population, many of whom live in poverty and harsh environmental conditions, was deplored by the Department of National Health and Welfare in their brief to the Committee:

The effects of a marginal existence, which is the common experience of most Indians and Eskimos, are apparent in related health statistics. The infant mortality rate in 1968 was 21 per 1,000 live births for all Canadians, 49 per 1,000 for Indians, and 89 per 1,000 for Eskimos. Among Indians as a whole, infant mortality has declined during the past decade from three times the national rate to just over twice the rate.<sup>5</sup>

The environmental factors are, once more, of paramount importance, as the Director General of the Medical Services Branch of the Department of National Health and Welfare made clear:

We are taking advantage of all possible methods—actual treatment, finding of disease, education. We are trying to take advantage of all methods of alleviating the situation.

We have had a constantly rising budget with which to perform this program. However, we believe we now have perhaps arrived at the point where pouring a great deal more money into the health-services side might not produce the results that we might anticipate, until certain other things happen, namely, on the socio-economic side—until the effects of low income, poor living conditions, lack of access to services, poor communications—all these things that we take for granted in the country at large. Until these have been improved for them, we wonder whether some of the dollars, instead of increasing the health budget, might not be diverted to these other problems.<sup>6</sup>

## PRESENT PROGRAMS

In the past, one of the main causes of poverty was the crushing burden of medical expense. This cause of poverty has been greatly reduced by the *Medical Care Act* (1966). It provides for the sharing of medical costs between federal and provincial governments. All provinces and the North West Territories have joined the program, and Yukon, the last entrant, is scheduled to do so in 1972.

This program has brought improved medical care to millions of Canadians who would otherwise have been unable to afford it. And it has done so with dignity to the users of the service. Canada has, in this program, the vehicle for further expansion to cover other health needs, such as dental care, optical services, and pharmaceuticals. This opportunity should not be lost.

## LIMITATIONS OF PRESENT PROGRAMS

Health requirements not included in the plan at present are a particular hardship on the poor as well as many other low-income Canadians. So are the arrangements made by some provinces for the financing of their share of the cost of the present program.

Two provinces, Newfoundland and Nova Scotia, draw the entire cost of Medicare from general revenue, eliminating the administrative cost of premium collection. Most provinces, however, do collect premiums, and the latter are high enough in some provinces to impose a real hardship on low-income families. In Ontario and British Columbia, the rates are high enough to make it difficult for low-wage workers to participate. In Alberta, premium costs are high, and participation mandatory, so that money has to be diverted from other needs to pay premiums. As noted elsewhere in the report, those of the poor who are "on welfare" do not pay premiums, and in some provinces a system of subsidies based on last year's income reduces premiums.

Further burdens are imposed on low-income families in some provinces by permitting doctors to demand cash for their services—after payment, the patient must collect from the government. This arrangement inflicts a temporary but very real and perhaps prohibitive hardship on people whose budgets are limited.

Also, some provinces allow extra-billing by doctors over and above the benefits they receive from the plan.<sup>7</sup> The province of Saskatchewan imposes "co-charges," which are a fee paid by the patient to the doctor. These co-charges can range up to 50 per cent of the bill, and, as the brief of the Department of National Health and Welfare noted, these co-charges can impose a "significant burden" on low-income families who are just above the margin of poverty and are thus not entitled to free health care.<sup>8</sup>

Any co-charges or fees charged for the use of medical services defeat the basic principle of eliminating financial barriers to health care. As the Royal Commission on Health Services (1965) clearly stated:

We are compelled to conclude, therefore, that a policy imposing part-payment [of fees] would simply deter the poor and have no effect on the unnecessary demands of those in the middle- and high-income categories. Such a policy would mean that Canada was simply continuing to ration health services on the basis of ability to pay . . .<sup>9</sup>

People "on welfare" receive doctor's services free of charge in all provinces. Five provinces include drugs. Five cover dental care. Four provide optical appliances, and various others provide such items as prosthetic appliances, physiotherapy, home nursing, chiropractic, and transportation.

People who are not "on welfare" but are poor may have to dig very deep to find money for health services not included as yet in any plan, particularly the cost of drugs.<sup>10</sup> High drug-costs represent a real barrier to meeting health needs. The Royal Commission on Health Services stated bluntly:

We believe it is only fair to the drug industry to serve it notice that the nation expects that drug prices can be brought down over the next five years to levels more comparable to those prevailing in other industrialized nations of the world. The time has come for the drug industry in Canada to recognize that it is not just like any other industry operating for gain, but that it deals in products which are essential for health and indeed for life.<sup>11</sup>

The problem of high drug prices remains with us still, though measures to reduce them have had some success and are continuing.

## USING THE SERVICES

Important as it is to increase the range of coverage of the present plan, there is another important consideration in getting services to the poor. That point is the readiness of people to use the services. The medical director of the Prince Albert Community Clinic told the Committee: "It has been shown that when adequate Health Care facilities are readily available, these are utilized much more fully by the well-to-do than by the lower-income groups."<sup>12</sup>

The Pointe-St-Charles Community Clinic tried to identify one reason why available services might not be used as much as possible:

We have at present very sophisticated hospitals, located in cities, where, in order to get in as a public patient, you must pass through an out-patient department where the waiting time is interminable and the services offered are good, but in order to get to those services you have to wait. To a lot of people, money is time and time is money.<sup>13</sup>

The Department of Welfare of the Province of Saskatchewan related a similar experience and speculated about the cause:

It is found in the northern regions of the province that we do have several people going into these regions conducting immunization programs, dental clinics, and so on, and it is by virtue of the very lack of understanding of the benefits derived from these programs that the people will just not use them—they are fearful of them . . .<sup>14</sup>

The report, *One Million Children*, explained the problem involved in getting proper pre-natal care to low-income women.

It should surprise no one that the pregnant woman whose economical conditions are poor does not receive the same quality of pre-natal care as that which is available to those who can afford a private physician. Poor housing and lack of nutrition are likely to be detrimental to proper pre-natal care. Very often, because of apathy, ignorance, or suspicion she will not utilize the hospital or public pre-natal clinics until late in her pregnancy. When she does eventually go to such clinics, she is confused and upset by the cold impersonal detachment which often characterizes medical and nursing personnel. Her physician, quite frequently an apprentice in training, is likely to be a different person on each visit. If medication is prescribed to help the pregnancy, it is often not obtained by the expectant mother because she cannot afford to pay for it.<sup>15</sup>

## FAMILY PLANNING

The consequences for the poor of a failure to use services are nowhere more clear or more important than in the area of family planning. As the Economic Council stated:

A large family limits the possibility for the parents to invest in each child as much as they would like to do, whether it is in schooling or training, or whether it is in land, farm machinery, tools for a trade, or even adequate personal equipment like clothing. These children of poverty are therefore handicapped, as others are not, by the lack of investment in their lives and cannot as easily provide for their children as they might have done. To break out of this chain of "hereditary poverty" they too need to know how to limit their family size.<sup>16</sup>

Contrasted with these disadvantages, the advantages of the family planning alternative cannot be overestimated:

If every child is a wanted child, children are better cared for, both physically and emotionally. Mothers are subjected to lower health risks if births are spaced carefully. The assurance that another child won't come before it's wanted helps couples plan other material and non-material aspects of their lives with more confidence. And we know family planning—in the wide sense in which it must be defined—can assist some of the childless to bear normal, healthy babies. Family planning is not simply the insertion of an I.U.D. It embodies a careful calculation of family needs balanced against family resources with the aim of happy, healthy, responsible family life . . .<sup>17</sup>

It has been established in studies of preferred family size that poor women desire two to four children, the same number of children as other women.<sup>18</sup> Yet it is also known that they practice family planning much less frequently. As the brief of the Family Planning Federation phrased the problem: "The non-poor are using family planning as one way of avoiding poverty—but the poor are not . . . . The poor are still having the babies, many of them unwanted babies."<sup>19</sup>

It is true that there have been many obstacles to the practice of family planning. Not the least of these is the fact that, until 1969, the *Criminal Code* restricted sale and dissemination of information regarding contraceptives. Another obstacle has been the lack of confidence on the part of many poor people in their ability to control their own lives. Compared to other income groups, the poor have shown a fatalistic or inconsistent attitude toward family planning.

A recent Canadian study showed the limited use by married poor of the Vancouver family-planning clinics:

The existence of a family-planning clinic in a community does not automatically assure the availability of its facilities to that ill-defined and elusive group of the married "poor" who are said by most population experts to want fewer children than they produce. Why this facility, at least as it exists in Vancouver, is used much less by the married "poor" than by single university students has not been explained. The principle reason for the use of the clinic by so many single women is clearly related to their view of it as a benign medical facility which provides contraceptive services they might have difficulty securing elsewhere.<sup>20</sup>

The author speculates that lower-income groups rely on referral by health and welfare agencies and await their initiative, while higher-income groups find their own way to family-planning clinics.

## THE EDUCATION/INFORMATION BARRIER

While steps have already been initiated by the Department of National Health and Welfare to give more publicity to family-planning services, it is only one instance of the education/information barrier that separates the poor from good health and health care. The Canadian Medical Association referred to the sad lack of knowledge about "many basic underlying factors contributing to disease . . . lack of sanitation, poor water supplies, poor personal hygiene, poor housing." It is also quite possible that many poor people are unaware that they could have family doctors, and that they are not restricted to public clinics, emergency or out-patient departments of hospitals when seeking non-emergency medical care.

Various studies have indicated that the poor, because of economic restrictions, usually wait until their illness becomes acute before seeking medical

aid. Certainly there are financial barriers when costs for drugs or health services are not covered by Medicare or when the disease may involve taking time off work. But educational and information barriers may be present as well.

## THE BARRIER OF POOR-QUALITY HEALTH CARE

It is fairly evident that when the poor get sick, they do not find it easy to get the same treatment at the hands of the medical professionals as other Canadians do. The Canadian Medical Association explained:

Institutionalized health care, particularly for the urban poor, has resulted in a pattern of services requiring children and their parents to attend separate facilities at different hours under differing standards of eligibility. The fragmentation of these services has reflected and supported the fragmentation of family life already present among the poor. Social services are frequently set apart from preventive and therapeutic medical services and both may be separate from psychiatric services. Mental health services are insufficient to meet the demands made on them and are very often non-existent for the poor.<sup>21</sup>

An example of this inferior kind of treatment was put forth in the testimony of the Family Service Association of Montreal before the Poverty Committee:

I have been working with a family with eight children, the father having a marginal income. This man is ill; I sent him to the hospital, where he spent a whole day, lost a day's pay and was told to go home and take aspirin. A few more weeks would go by, and he would be ill again. Because of the impossibility of getting this man into a Montreal hospital, we finally had him admitted to a chronic hospital outside Montreal where his wife couldn't see him. We discovered that he was suffering from chronic protein malnutrition and chronic anxiety—the two diseases of the poor. His children were being treated with strong psychiatric drugs at the Children's Hospital for bed wetting, and really they were wetting their beds because they were afraid of cockroaches and had no blankets.<sup>22</sup>

It is also true that health personnel of all kinds are concentrated in urban centres, while many poor people reside in rural or remote areas.

In many fields of health care, staffing problems have very serious implications for the quality and quantity of health care. This illustration refers to the field of mental health, but it could just as easily have referred to a variety of others. The Department of National Health and Welfare pointed out:

Because mental disorders tend to be widespread, chronic, and incapacitating, they may serve as contributory factors in precipitating a condition of poverty for a patient and his family. For this reason, prevention, early detection, and expansion of existing treatment and aftercare services are essential components of a successful war on poverty.

*Shortages of trained personnel are severe.* The ability to work effectively with persons affected by mental disorders requires long and expensive training; this type of personal service is not always pleasant and is often unrewarding, particularly in relation to low-income groups. Personnel shortages may be expected

to continue until higher financial rewards in this area are offered to general practitioners, psychiatrists, clinical psychologists, psychiatric nurses, social workers, and others for this type of work.<sup>23</sup>

Very frequently improvements in health care depend on increased funds. There is no doubt that the cost of health care to all levels of government has increased rapidly. It totalled \$3.5 billion in 1968.<sup>24</sup> However, it is also true that most of this cost would have been unavoidable in any event, even if Canada had no national plans of hospital or medical care. The question of rising hospital costs and rising physicians' costs is complex. But those costs may, in part, be reduced without sacrificing quality of care, through the growth of community health-care centres staffed with an increased proportion and variety of para-medical assistants and other supportive staff. The problems of overlapping of services, isolation of one service from another, and lack of co-ordination and communication amongst them is characteristic of the health services as it is characteristic of the over-all field of social services. Community-based health centres closely associated, or integrated with, centres for the provision of non-medical social services could reduce these problems. They could also bring over-all savings as well as improved quality of service and immediacy of access to consumers.

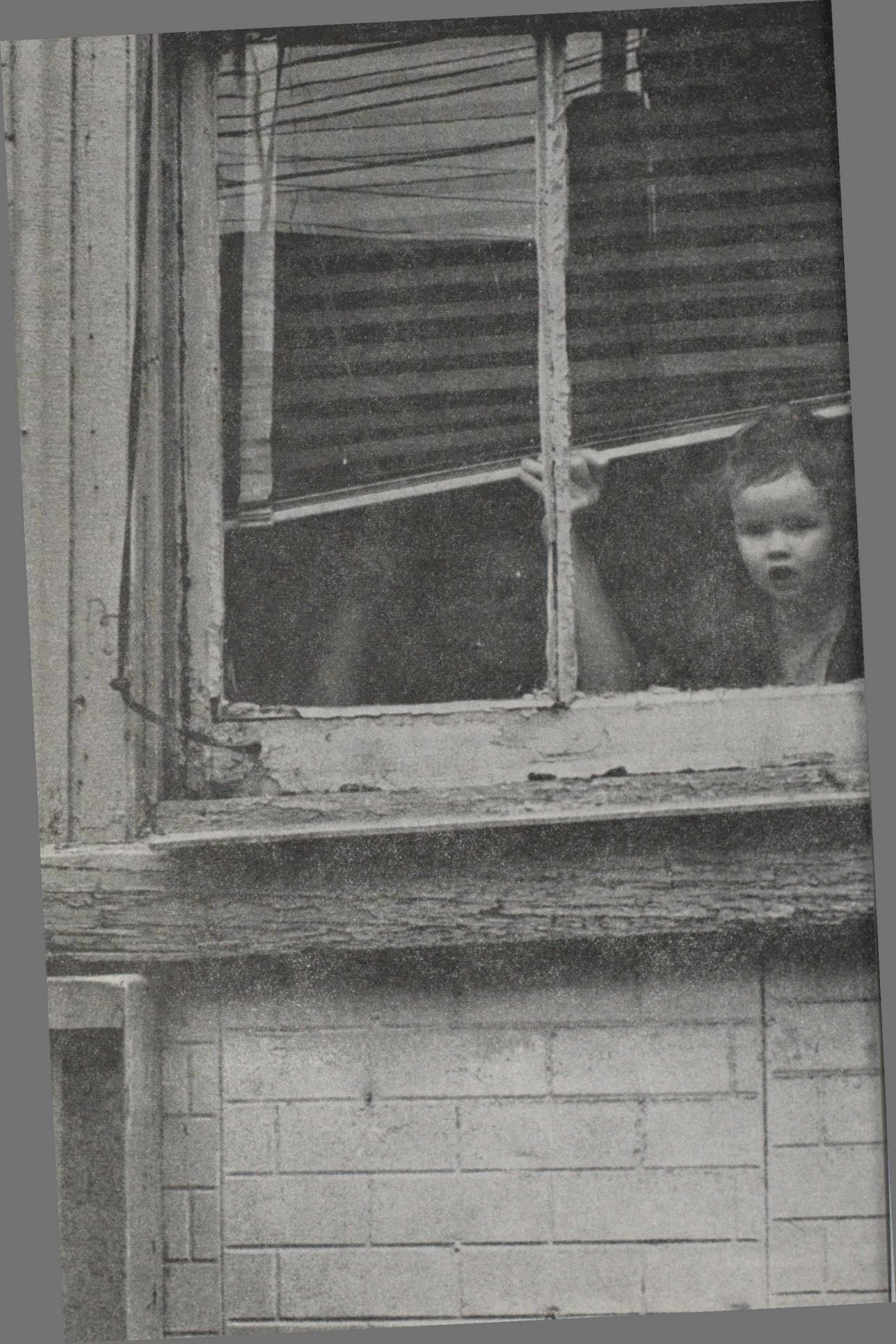
#### **Recommendations:**

**1. that hospital and medical services be financed entirely out of general revenues.**

**2. that the Medical Care Act or similar legislation be the vehicle for bringing additional forms of necessary health care, including dental services and prescription drugs, to all Canadians.**

**3. that comprehensive community-based neighbourhood health centres be encouraged, and that more emphasis be placed upon preventive and rehabilitative aspects of health care.**

**4. that family-life education and family-counselling and family-planning programs be made available and easily accessible to the poor.**



# 5

## The Poor and Housing

"All Canadians have the right to be adequately housed whether they can afford it or not"<sup>1</sup>—so the expectations of the poor were proclaimed in the first resolution adopted by the 1968 Canadian Conference on Housing, sponsored by the Canadian Council on Social Development. The Task Force on Housing, in their report, also found in favour of the poor and condemned Canadian governments for not establishing housing priorities:

Housing and urban development are an urgent priority for the people of Canada and must be treated as such by their elected representatives at all levels. Every Canadian should be entitled to clean, warm shelter as a matter of basic human right.<sup>2</sup>

That right is still an illusion across the country. Witnesses described to members of the Special Senate Committee the kind of living conditions which can only reinforce poverty. The undeniable fact persists: a substantial number of Canadian families must exist from day to day without benefit of any of the comforts traditionally associated with home—including protection from the elements, privacy, and adequate sanitary facilities.

In Ottawa, a widow and mother of six children described her home:

I called the City Hall for a man to inspect the house and told him about the attic, that it was a common attic running right through the six houses. It is a six-house row. He did not believe me. So he went in the attic himself, and he said, "I see it but I still don't believe it." There is no insulation in the walls. No wonder it cost me 359 gallons of oil in January. There are big holes in the walls and on the floor and in the ceiling. You can't get any heat in the back bedroom. You can't put any in because it won't go in. There is a hole in the floor and we can feel the cold coming out between the floor boards. The curtains just go like this and that. There is a window in the attic with three broken panes. They put cardboard in it but it does not help.<sup>3</sup>

A civic official in Toronto read the Committee a letter describing housing accommodation in that city. The woman wrote:

I have four daughters living with me . . . . I have been on Mother's Allowance since September, 1969, receiving \$291. We desperately need a low-rental house or apartment. In the past two years we have had to pay \$150 a month for rent plus light and gas. I have gotten to where I just cannot keep this up any longer and feed and clothe the girls properly. We have been eating far too much starch and not enough meat every day because meat is so expensive . . . .

We have moved six times in two years, constantly running from cockroaches and landlords with greedy hands. If I complained we got our notice. No one wanted four girls . . . .

We nearly froze in one apartment and had to move in December. I took this place because it had a thermostat. We are nice and warm now. We are again on the third floor. The plaster is falling from the ceiling and walls. It needs painting badly. The toilet doesn't work properly. There is one wall plug in the middle room and we have to use about 200 feet of extension cord to all the rooms and trip over it constantly.

The light in the bathroom doesn't work, so we have to use the extension through two windows to get around. The place is overrun with cockroaches. The landlord promised to re-decorate before Christmas but hasn't touched it except to put in a sink. He took three weeks to connect the gas stove. Heat, gas and light was supposed to be included in the rent.<sup>4</sup>

In 1967, the Economic Council of Canada estimated that one million Canadians were living in a similar situation.<sup>5</sup> In July, 1971, the Castonguay-Nepveu Commission declared in its report that one-third of the houses in the province of Quebec were inadequate, and said the present situation constituted a real danger for the physical and mental health of families. Commitments by the Federal Government, including a total housing program aimed at providing a million new dwellings in the five-year period to the end of 1974, are best described as running very fast in order to stay in the same position.<sup>6</sup>

Central Mortgage and Housing Corporation comments in its twenty-fifth *Annual Review*:

A program of this magnitude will be sufficient to meet the demands arising principally from higher levels of family formation and a continuation of migration from the rural areas. However, unless this minimum objective is exceeded, the rate of improvement will not be as great as we have enjoyed in recent years.<sup>7</sup>

The Task Force on Housing and Urban Development estimated there were 5,500,000 housing units in existence in Canada in 1968. Half a million of these were substandard.<sup>8</sup> The number of families and individuals requiring housing is 5,700,000. It is as simple as that.

The Task Force also noted that a minimum of 200,000 housing starts would be required in every year between 1969 and 1973 simply to *maintain* the existing situation.<sup>9</sup> Last year, 1970, total housing starts added up to 190,528 units.<sup>10</sup>

There are a number of reasons for the existing housing shortage; but, basically, the supply of housing has been left mainly to the private market to fulfill. The performance of the private market in this regard has been

unsatisfactory. The conventional criticisms of the failure of the housing, on the supply side, in Canada are summarized in N. H. Lithwick's *Urban Canada: Problems and Policies*:

Invariably the blame is laid on the supply function: the increasing concentration in the house-building industry, the scarcity of land, the backwardness of housing technology, high interest rates, and taxes. Indeed, there exists much evidence on all these aspects in Canada . . . 34 large firms, constituting less than 2 per cent of this regionally segregated industry, built just under one-third of all the new dwelling units financed under National Housing Act loans to builders in 1968. As for land, most indexes show substantial price increases relative to most other commodities. Compared to best practices elsewhere, including modular and industrialized construction, we appear to lag significantly. Finally, the current trend to higher world interest rates and the 11 per cent sales tax on building materials, combined with a rapidly growing demand for publicly supplied urban services, largely financed through the real property tax, have added substantially to the cost of home provision.<sup>11</sup>

In short, it costs more than it should to build a house; and housing and property-based taxes, especially for education, are squeezing the costs up even higher. Furthermore, when government planners tamper with the interest-rate level in order to stabilize the Canadian economy, the economy is stabilized at the expense of the housing supply. Policy which deals with symptoms rather than causes permits the underlying forces to continue to generate problems.

The squeeze-play which has kept low-income groups out of the housing market has tightened noticeably in the past five years. In 1965, almost 18 per cent of N.H.A. borrowers were in the lowest-third income group. In 1970, this group had shrunk to just over 5 per cent.<sup>12</sup>

The necessity for additional intervention on behalf of lower-income groups in the direction of the national housing program has been acknowledged by the Federal Government. The federal minister responsible for Housing and Urban Development said early last year:

In housing we think in terms of housing starts. It is simple to claim that, given continued higher levels of over-all production, the filtering-down process will cure our housing ills.

This is just not so. Here in Toronto it is virtually impossible for a family with an income of less than \$9,000 a year to obtain shelter at a price it can afford within that income.<sup>13</sup>

Shortly afterwards, the Minister introduced a Special Innovative Low-Cost Housing Scheme which would result in the construction of about 15,000 housing units for sale or rent only to families with incomes between \$4,000 and \$6,000 annually. In May, 1971, plans were announced to make an additional \$100 million available for 8,000 more units in the second phase of the program.

The Canadian Council on Social Development, in its assessment of the \$200 million first stage of the special program, said:

It is evident that much of the cost-saving in projects approved under this program occurred in the area of reducing unit sizes and increasing densities . . .

It should be clearly recognized that there are hundreds of thousands of families and old people whose incomes are too low to enable them to take advantage of most of the accommodation built under this program.<sup>14</sup>

For those who rent, competition again imposes serious difficulties for those with limited funds. In large urban centres (and 70 per cent of all Canadians live in urban centres) the vacancy rate runs, at an average, about 2.5 per cent.<sup>15</sup> If Montreal is eliminated from the sample, that vacancy rate goes down to 1.8 per cent. Most economists estimate that a 4-per-cent vacancy rate is acceptable. Officials of the Assessment Department of the City of Hamilton described what happens when the rate falls below that figure:

The relationship between assessed value and rental is very weak. On the one hand, the sheer unavailability of low-rental housing has made it possible for rents of substandard units to rise in many cases to virtually the same levels as those for more adequate units. At the same time, there appears to be a good deal of variation in price for units at about the same quality level, although this does not appear so much in the market because the "bargain" units are less likely to become vacant.<sup>16</sup>

The Canadian Council on Social Development has estimated that people on welfare pay, on the average, some 47 per cent of their income on housing.<sup>17</sup> As welfare schedules (see Table 24, page 69) show, this amount is not likely to be covered by their welfare payments. And as the figures just cited demonstrate, the housing they're paying for is likely to be "sub-standard" —or worse.

There have been attempts by governments in the last twenty-five years to provide decent, low-cost housing for the poor. But even where public housing has been built on a large scale, it has not come close to meeting the demand. The brief from the Vanier Institute of the Family described the situation in this way:

In contrast to policies for home owners, the gross inadequacy of the provision of public-housing units in the past, under other Sections of the Act, is a matter of record. Far too few units were built even to meet the minimum requirements of the poor, and too many families (including single, aged, surviving members) continue to exist in over-crowded, sub-standard, decrepit, and depressing quarters.

Even where units have been built for poor families, public-housing laws and the policy regarding the administration of these housing units do not always ensure that there will be no discrimination against tenants who are poor. Three-quarters of all public-housing tenants are poor working families who have large families and low income. Is the policy of tying the rents for these units rigidly to the income earnings of the family removing the incentive of the family to try and increase their earnings? Do contracts give the tenants all the rights commonly associated with tenancy and private housing? Do tenants of these units have privacy and stability of tenure? It is also highly doubtful whether enough consideration in designing public housing is always given to the needs for good family living. Are poor families being moved into box-like units which provide shelter, heat, and plumbing, but few, if any, extra facilities, such as storage space, pay laundries, utility rooms, etc., and with inadequate space for study and for leisure activities of the family?<sup>18</sup>

The Task Force has pointed out that large-scale ghettos for users of public housing create as many problems as they solve.<sup>19</sup> Because ghettos are massive

concentrations of poor people—and because some public-housing authorities have adopted attitudes ranging from the paternal to the dictatorial—unpleasant social side-effects have been created. The solution, obviously, is not to cut off funds for public housing, but to find ways in which the general housing shortage can be alleviated without creating new problems for prospective inhabitants.

One answer to the housing problems of the poor may lie in more efficient use of the existing stock of housing, the 97 per cent or so which is not brand new. The importance of improving the existing housing stock cannot be over-estimated, even though this requires re-thinking Canadian housing policies which have traditionally been concerned almost exclusively with new housing. The lack of incentive for more rational utilization of existing housing stock is apparent from the statistics. Last year only 9,142 loans (involving 11,572 units) were made by Central Mortgage and Housing Corporation to cover both home improvements and extensions.<sup>20</sup>

The Town Planning Institute of Canada pointed out the necessity for urban renewal to the Committee and reminded members of the adverse effects of substandard housing on the health and morale of its inhabitants. Poor housing, they warned, may contribute to physical and mental illness and to emotional stress. It affects a person's perception and evaluation of himself and of the contribution he can make to society. The Institute stressed the importance of developing urban-renewal policies concerned not only with the redevelopment of blighted areas, but also with the consequences of these physical improvements for the people residing within such a community.

Their brief continued:

It is very difficult, but nonetheless crucially important to plan *with* people and not only *for* them. Though the process may be cumbersome and at times discouraging, efforts should be made to prepare plans and programs which would utilize a neighbourhood's own assessment of its basic requirements and problems.<sup>21</sup>

The brief termed the provision of adequate public services and facilities in low-income areas a major planning goal. It pointed out:

Not only should there be attempts to equalize the quantity and quality of such services with those available in more advantaged urban areas, but where possible even superior services should be planned in an effort to compensate for some of the deprivation of low-income living. Preventive physical and emotional health services should be stressed in view of the well-known correlation between poverty and physical and emotional illness. Excellence of school and park facilities coupled with special educational and recreational programs could be useful in helping children and young people to break out of the vicious cycle of poverty.<sup>22</sup>

Until a solution is found, the poor will continue to inhabit deteriorating houses and shabby apartments, and the adverse effects of this substandard housing on their physical and psychological health and morale will multiply. The Social Planning and Research Council collected observations about the

housing situation in Hamilton and quoted the Catholic Children's Aid Society in their brief to the Committee:

Many of our families now appear to "think poor" as a result of years of inhabiting "poor housing." Most dwell in houses inadequate in the first instance from the point of view of accommodation in relation to the structural soundness, cleanliness, inadequate services (heat, lighting, plumbing). Some of our people with particular health problems (cardiac conditions, crippled children, blindness, epilepsy, etc.) are forced to live in second or third floor "apartments" and there is constant danger of accidents on stairs, or a worsening of the physical handicap.

Most consider themselves fortunate to have, at the minimum, a "home" and either feel it is useless to seek alternate accommodation because of its lack or unsuitability or their inability to pay for same at any rate.

Many people seem to have developed "landlord syndrome," for want of a better term, in that they will not complain about inadequacies, accident hazards, and the like, for fear of eviction for if such does happen, they are in no position financially to seek redress in the courts.

We note quite often the number of people whose sole income is from some form of Public Assistance.<sup>23</sup>

The landlord, in this kind of situation, has the whip hand, and in most provinces, the law gives the tenant very little protection against him. The Ontario government recently passed the *Landlords and Tenants Act* which placed restrictions on these arbitrary powers. In Ontario, now, landlords must give notice of their intention to enter the premises, may not evict tenants without a court order, and may not demand a security deposit. In most other provinces, no such legislation exists; and the abuses continue.

At the end of the century, the demand for housing in Canada will have doubled. We will need about twice the number of houses we have now. Unless some means is found to meet these needs, slum zones will, as the Quebec Commission on Health and Social Welfare predicts, continue to act as the breeding grounds for most social problems and characteristics generally associated with poverty.

### **Recommendations:**

**1. that, in areas of urban renewal, the persons affected be allowed to participate in decisions as to how the area is to be "renewed." This could be effected by the setting up of neighbourhood committees. Such citizen participation would help assure the comprehensiveness of the contemplated renewal—the inclusion of planning for social services, health services, education services, library, recreational, and other services.**

**2. that the Minister of State for Urban Affairs take the initiative with provincial authorities to establish effective methods of ensuring that the benefits provided to the poor through the recommended G.A.I. are not absorbed by increased housing rents and costs. Cases were brought to the Committee's**

attention in which rent increases were made to coincide with Social Security benefit increases.

3. that further to protect low-income families in receipt of the G.A.I. from unscrupulous landlords the Federal Government, alone or in conjunction with provincial and/or municipal authorities, set up a fund for the purchase of houses which may be old but are still structurally sound, make them habitable, and rent them at cost or at subsidized rates to such families.

4. that public housing programs be enlarged and expanded. They are obviously not ideal, but no better solution has been found to the housing problems of the poor.



# 6

## The Poor and the Law

Most non-poor Canadians take it for granted that justice is impartial. A rich man and a poor man are equally obliged to observe the law and are equally likely to be punished if they break it. However, in a number of ways our legal system is discriminatory. 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. When a poor man has served a term in prison, he is less likely than a rich man to find a job when he is released. When a poor man falls into debt, he is more likely than the rich man to suffer from the sometimes shady techniques of collection agencies and from the device of garnishment. And there is at least one body of law, welfare law, which is, by its very nature, restricted to the poor.

### BAIL

The Canadian courts traditionally favour the system of bail to ensure that a man accused of a crime will turn up for his trial. A designated amount of money or property is posted as bail and forfeited if the accused does not appear before the court at the stated time. A rich man can make use of this system; a poor man, unable to raise enough cash or property to satisfy the court, stays in jail. The brief of the Canadian Civil Liberties Association drew the obvious conclusion:

At almost any time, we could walk into a Canadian prison and find a number of people who are suffering forced confinement without ever having been found guilty of a criminal offence. Sometimes the incarceration under such circumstances has gone on for days, sometimes for weeks, and sometimes even months.

In a great number of these situations, the imposition of the penalty is attributable more to poverty than to any other factor. Many of these people are languishing in jail because they lack the financial means to pay the bail which has been set in their cases. Great numbers of those charged with criminal offences, whose trials are delayed, must purchase their freedom with money during the interim period. Thus, the liberty of the subject often depends less on the nature of the impugned conduct than the size of the accused's wallet.

Our legal system contains fewer inequities more offensive to the principle of legal equality than the concept of financial bail. Persons, whom the law presumes innocent, suffer long periods of incarceration essentially because they are too financially poor to purchase their freedom . . . .

Often, the wealthy accused who are able to purchase their freedom until trial pose a greater threat to society than many of the impoverished accused whose financial insolvency keeps them locked up until trial. In the greatest number of cases, we achieve virtually nothing with financial bail except incarceration of the poor.<sup>1</sup>

The situation is especially disgraceful when charges are dropped for lack of evidence. The man who has put up bail is reimbursed and is no worse off, while the poor man endures a real punishment when no crime has been committed. The Canadian Civil Liberties Association, in its brief to the Committee, outlined the results of some random examinations of the legal process:

When our organization examined a Toronto court calendar for August, 1968, we found that an aggregate total of 232 days were spent in jail by approximately six people against whom all charges were withdrawn during the month of August. A sixty-eight year old man was arrested and charged with making a false statement on July 3. He sat in custody until August 1 when his charge was withdrawn. The prosecution withdrew charges against other people who had already been in custody for 19 days, 16 days, 33 days, 3 days, and 2 days. Perhaps the most shocking of these cases occurred on August 2. A charge of possession of narcotics was withdrawn against a man who had been arrested for this offence on March 23. He had been deprived of his freedom for 131 days and, in the final result, the prosecution decided it lacked sufficient evidence to go to trial.<sup>2</sup>

When the case is brought to trial, the inequality can continue. The report, *Legal Aid in Ontario* (1965), pointed out that

the indigent accused is not only at an initial disadvantage regarding pre-trial release, but may also, as a result of the discomforts of unnecessary confinement, be deterred from exercising his right to contest his case. The consequence, where this is the case, can only be for the accused to adopt a somewhat cynical view of an apparently discriminatory law.<sup>3</sup>

Furthermore, a defendant who has spent a night—or a number of nights—in jail before his trial is at a real psychological disadvantage in court, whether he defends his case or not.

## FINES

As the brief of the Canadian Civil Liberties Association noted:

Another inequity in the criminal law concerns the imposition of monetary penalties for criminal conduct. Obviously, this punishes the poor man more severely than the rich man. Moreover, when the fine is demanded immediately, more poor men than rich men will be forced into prison. Again, incarceration is more attributable to financial limitation than to criminal behaviour.<sup>4</sup>

The financial hardship imposed on the families of those imprisoned is an extension of the original punishment. The general counsel for the Fraternity of Grey Knights told the Committee:

On conviction, there are many offences for which the penalty is a fine, or jail in default of payment. When there is no money to pay the fine the result is frequently loss of employment, with additional difficulties for the family. Where there are dependents there will be a need to turn to welfare departments for relief, and the system takes so long to release a cheque that the family can suffer hardship. This is indirectly the result of the offence; directly, it is a result of being poor and unable to pay the fine.<sup>5</sup>

The consequences of a jail term can be more demoralizing than the loss of one job and the hardship thus entailed; a poor man with a criminal record finds the cards stacked against him when he seeks employment. The brief of the St. Vincent de Paul Society described his situation this way:

While it is fairly easy to enlist public sympathy for a man while he is in prison, the situation is abruptly reversed as soon as he is let out after serving his time or being paroled. The general impression seems to be that such men are dangerous characters, anxious to revert to their former ways. They are shunned, little attempt is made to contact them, much less to offer help. They are treated as pariahs, sometimes in much the same way as lepers used to be in former times . . . .

The ex-convict has to overcome many . . . handicaps, not the least of which is the incapability to put up the bond which many firms require of prospective employees.<sup>6</sup>

It follows that the prospect of a jail term is much more frightening to a man with no financial resources than to a rich man; and the legal system, through its bail and fine procedures, makes it more likely that a poor man will serve a prison term than will a rich man who has committed the same offence.

## LEGAL AID

The Canadian Civil Liberties Association recently mounted a study of the Canadian legal system, and paid particular attention to the availability of

legal counsel for the poor. The Association chose three cities—Winnipeg, Halifax, and Montreal—and selected court calendars at random within them:

Of 37 accused persons whose cases were disposed of on the court calendars of five randomly-chosen days in Winnipeg, only six were represented by counsel. The magistrates court disposed of criminal charges against 31 persons who had no legal representation. Thirty-six persons were convicted; in fact all 36 pleaded guilty as charged. Ten of them were sentenced to various terms of penal incarceration. Yet the \$160,000 currently allocated for the year ending March 31, 1970, represents a substantial increase in Manitoba's public commitment to legal aid. In the year ending March 31, 1969, there was an allocation of only \$40,000 of public funds.

Three randomly-chosen court calendars from Halifax during the month of January, 1970, depict something of the Nova Scotia pattern. Of 59 disposed of accused, only seven were represented by counsel; 52 were unrepresented. During this time, 51 persons were convicted on the basis of 47 pleas of guilty and four findings of guilty. Six persons went to jail. The Nova Scotia government is currently spending about \$25,000 per year on legal aid.

Of 26 disposed of accused in three randomly-chosen court calendars from early February in Montreal only four were represented by counsel and 22 were unrepresented. Although as high a number as 13 went free because of withdrawals of the charges or acquittals, eight were convicted and five were committed for trial.<sup>7</sup>

The above sample-studies, in provinces where legal aid is available, at least in major urban areas, indicate that such programs are not having a great effect on the day-to-day proceedings in criminal court. In some provinces, with the exception of volunteer projects staffed by concerned lawyers, legal aid is either not available at all (Prince Edward Island and New Brunswick) or is very limited in scope (Newfoundland and British Columbia). Because the Federal Government does not share costs for legal-aid programs under the Canada Assistance Plan,<sup>8</sup> the poorer provinces are left at a distinct disadvantage in this area, and legal aid is bound to remain low on their list of social priorities. It should be clear that the poor are as "in need" of legal assistance as they are of financial or medical aid—the costs of which are shared by the Federal Government and the provinces under the Canada Assistance Plan.

Early federal action in the field of legal aid is essential. The approach taken, it is suggested, should be pragmatic rather than doctrinaire; and the provinces should be virtually free to choose their own systems, to follow their own procedures, and to adapt existing knowledge to their peculiar problems. Studies have been made, plans are being considered, and pilot projects undertaken; but no comprehensive plan has resulted. This situation should not be tolerated any longer. Further argument about the kind or extent of legal aid to be given would be unhelpful. In the future, experimentation in this area should be "experimentation in action" rather than in the abstract.

The poor throughout Canada have a right to adequate legal aid on a non-contributory basis. Substantial improvements require federal initiative, and in particular the infusion of federal funds into a program for legal aid across the country. There is as much justification for federal par-

ticipation in "Justicare" for the poor as there is for federal participation in Medicare.

The principal initiative and leadership in the implementation of a comprehensive legal-aid plan for the needy has unquestionably rested, and still rests, with the province of Ontario. The Ontario Legal Aid Plan which, as of December 31, 1970, had been in operation for forty-five months, had assisted more than 400,000 persons. In its third year, the net operating cost of the Plan was \$8,146,000—compared with \$7,078,638 for the previous year.<sup>9</sup>

The Plan's basic philosophy is to extend to the province's citizens "those services of a solicitor which a reasonable man would secure for himself had he sufficient means to do so." Last year, a total of 51,792 people made formal application for these services at Area offices. Eighty-seven per cent of the applications were approved, and the rest were referred to other agencies because the assistance they needed did not fall within the scope of the Legal Aid Plan.

A significant increase in services provided by the Plan has occurred during its fourth year of operation. In the nine-month period ending December 31, 1970, formal applications for assistance increased by 32 per cent, and 11,052 more certificates were issued, up by 36 per cent over the preceding year. The Law Society of Upper Canada attributes this increase to the present economic climate, population growth, increasing urbanization, the impact of new legislation, an apparently increasing crime-rate, and growing public awareness of the Plan.<sup>10</sup>

Eligibility for legal aid in Ontario is determined by a needs test.<sup>11</sup> In criminal cases, if the needs test is passed; if the accused can prove that he can't afford to hire his own lawyer, a certificate is usually issued as a matter of routine. The accused can then choose a lawyer to represent him. In capital criminal cases, representation is automatic. In civil cases, matters are not quite so simple. The Chairman of the Osgoode Hall Legal Aid program noted that most civil cases are "discretionary"—that is, that certificates for legal aid may be issued at the discretion of the legal-aid area-supervisor:

The discretionary ones are mainly on the civil side, which would be the common problems of the poor . . . . Any summary conviction is discretionary, any proceeding in a Juvenile or Family Court, in a Division Court, which is a small-claims court, under \$400 in Ontario, is discretionary, before a quasi or judicial board such as the Ontario Housing Board, that is discretionary. A bankruptcy is discretionary. A contempt of court is discretionary. The drawing of legal documents, negotiating settlements, or giving legal advice is all discretionary . . . .

When we have a client, for example, who comes into our office claiming to have been done out of six weeks' wages by a company in the city, wages amount to \$360 for six weeks, the area director has chosen not to grant a certificate because it is a division-court matter. Well, that is a rather serious matter, it would seem to me . . . . Divorce is also discretionary.<sup>12</sup>

Those civil matters which are of most concern to the poor, in other words, may or may not be covered by the legal-aid program in Ontario. The decision

is in the hands of the area-administrator. His decisions can be appealed to an area committee or to the Provincial Director; but appellants may not be represented by counsel.

The problem of legal aid is not difficult in criminal cases, where the long arm of the law reaches out for the poor. However, the Ontario legal-aid plan has not yet solved the problem of "reaching out" to the poor in civil matters. As it is, the poor, especially the chronic poor, are suspicious of the legal system and regard it not as their guardian but as their oppressor. Why should they seek it out?

## PREVENTIVE LAW

The Osgoode Hall Law School brief points out that there is a whole area of law which is not even touched upon in the existing Ontario legal-aid program.

The indigent citizen . . . rarely comes into contact with the law except after the fact of being charged, or after his wages have been garnisheed, or after the bailiff has repossessed his property. In large measure, most legal-aid schemes are remedial or litigation-oriented and do not afford the preventive advisory services that are readily available to the higher-income levels.<sup>13</sup>

The lack of preventive law leaves the poor ill-prepared for financial trouble, and the resulting legal action. Lawyers have been quite willing to advise corporations in bargaining of various kinds. Should they not also assist dissatisfied tenants, welfare recipients, or any poor person in need of legal advice?

Legal clinics, like the Osgoode Hall Law School program and an establishment in the St. Henri Ward in Montreal, and others in Nova Scotia, Ontario, and British Columbia, have begun to work in the area of preventive law for the poor; but, so far, preventive services are only being provided in a few places in the country, and usually only on a pilot-program basis.

It has been recently recognized in various cities across the country that, for the poor, the police are the most immediate manifestation of the law, and that it is on this level that some extra effort must be made. Policemen are now given courses in sociology and psychology and are encouraged to re-emphasize their ancient role as citizens. Such programs have proven a great success, and their extension and sophistication will play an important part in the over-all attempt to strengthen preventive law.

## WELFARE LAW

There is one area of law, or quasi-law, which is restricted to the poor, and which in most places has resisted the attempts of the poor and interested lawyers to change it: welfare law.

The Osgoode Hall Law School Program Chairman told the Committee:

Those of you who are lawyers and those of us who are students look at the *Canadian Income Tax Act* and see thousands and thousands of cases where points in dispute in that act have been clarified by the Courts and the Tax Appeal Board. If you look at the *General Welfare Assistance Act* in Ontario, there is not a single case that has ever been litigated under that act. If you look at the *Family Benefits Act* and all predecessor acts which have been in existence since before the Second World War, you will see that, until a few months ago, there was not a single case litigated under that act. And, surely, we are not to conclude from that that there were no problems in interpretation. Surely what we are to conclude is that the poor whose lives are substantially ruled by people who have control over the funds... have never had an opportunity to have their rights interpreted.<sup>14</sup>

The brief of the Canadian Civil Liberties Association went further:

An investigation of provincial welfare practices will disclose the violation of some of the most fundamental canons of procedural fairness known to the law. On most of these issues, the Canada Assistance Plan maintains a resonant silence. Moreover, even some of the provincial appeal procedures, notwithstanding the requirements of federal law, contain more verbal bark than bite.<sup>15</sup>

Although the police are obliged to secure a judicial warrant before entering the home of even a dangerous criminal, welfare recipients routinely sign documents allowing welfare officials continuing access to their homes. Furthermore, a welfare recipient can, in some jurisdictions, have his benefits revoked without a hearing, and without being told why the action is being taken against him. The welfare appeal boards usually contain people who have served in provincial or municipal welfare departments, and these boards occasionally act in a curiously self-protective way:

A number of board of review judgments in the province of Ontario have dismissed welfare claims without the slightest attempt to analyse anew or even examine the statute or regulations. These judgments have upheld the policy of the Family Benefits Branch by simply proclaiming that the disputed policy has been the practice of the Family Benefits Branch. It is rather a novel form of jurisprudence, to say the least, for the appellate tribunal to invoke the authority of the very tribunal whose judgment is under appeal.<sup>16</sup>

This kind of procedure has so far survived all legal attempts to crack it. A recent court action appealed a ruling which cut off the welfare benefits of a woman who had been discovered to be sharing living quarters with a man—which is against the welfare administrative code, whether the man contributes to her support or not. The appeal failed. Welfare law, then, is unique in setting to one side the common safe-guards of civil liberties, especially the presumption of innocence before guilt is judicially proven.

At certain points, welfare law and other areas of law converge—and when they do, the poor almost invariably lose out. A deserted mother, for example, may get a court order requiring her husband to pay a certain amount each month towards the support of their children. The husband, however, may default on his payments or never make the first payment; and if he has

moved out of the province, it is extremely difficult to bring him to book.<sup>17</sup> This makes little difference to the welfare system. The Ottawa-Carleton Welfare Commissioner told the Committee:

The court may make an order regarding the disposition of the case. Then the court says to the mother, in effect, "We have done our job." But the mother is waiting for the cheque that never comes. Sometimes she has to turn to us; but when the order is made, we have to take into account the amount of the order and reduce the allowance which she would otherwise get, so she gets that much less from us—and she may never get the cheque from the husband or through the court.<sup>18</sup>

All this is simple administrative inhumanity—but welfare law, in this country, seems to be routinely inhumane.

## CONCLUSION

The Honourable John Turner, Minister of Justice and Attorney General for Canada, expressed concern in an address entitled: "Justice for the Poor," delivered recently to the International Conference of the North American Judges' Association in San Francisco:

Justice in a society such as ours, a society marked by wide differences in wealth and power, requires a legal system that compensates for these differences. The law is above all a means of creating and protecting rights. What is so necessary is an enlarged conception of the rights of the poor and a changing conception of the role of law in providing, protecting and implementing these rights. We must disabuse ourselves of the myth that poverty is somehow caused by the poor. We must recognize that the law often contributes to poverty. We must understand that whereas the law for most of us is a source of rights, for the poor the law appears always to be taking something away. That we have to change. And those of us who have been given the temporary custody of our laws by the people must ensure that those laws and our courts treat all equally—rich and poor alike.<sup>19</sup>

### Recommendations:

1. that one jurisdiction, the provincial, be responsible for the entire administration of legal aid.
2. that federal funds, on a shared basis, be made available to any province that enacts bona fide legislation providing legal aid to the poor on any basis. There is as much justification for federal participation in "Justicare" as there is for federal participation in Medicare.
3. that all persons below the poverty line be entitled to legal aid as of right, and without qualification or contribution.

# 7

## The Poor and the Manpower System

In their brief to the Committee, the Department of Manpower and Immigration stated:

The primary goal of the Department is to contribute to the attainment of the economic and social goals of Canada by optimizing the use, quality, and mobility of all manpower resources available to the country. Thus the policies and programs of the Department are essentially economic in character.<sup>1</sup>

Further,

the Department would like to make it clear that its primary role lies in its contribution to economic growth, full employment, and reasonable price stability. Its role with respect to income distribution, while important, is only secondary.<sup>2</sup>

The brief goes on to emphasize that the role and functions of the Department, and of the employment service in particular, are the effective matching of manpower demand and supply. The Department is therefore concerned with the quality, mobility, and distribution of the labour force. The quality of the labour force is improved by training and retraining of those who are currently active in the labour force. Training and retraining also facilitate entry to the labour force by those who are not current but potential members.

In operation, the Federal Manpower program is oriented toward providing a service to employers—that is, toward labour demand. Department priorities are directed at meeting the existing and forecast needs of the labour market and not at meeting the needs of the individual worker. This conflicts to some extent with the purposes of the *Adult Occupational Training Act*, as stated on March 3, 1967, by the then-Minister of Manpower and Immigration who said:

We want to provide a second chance to the people who need it most. These are the men and women who missed the chance to acquire a skill during their youth or whose skill has been made obsolete by technological change.<sup>3</sup>

Thus what was intended as a "people-oriented" program has become an "economy-oriented" program. In practice, the evidence presented to the Senate Committee clearly indicates that the programs of the Department are just not available or accessible "to the people who need it most"—the poor and the disadvantaged.

The Federal Manpower programs, like other national economic development programs, have as a result only limited relevance to the poverty question. They are not anti-poverty programs, and are not and cannot be evaluated in terms of the direct contribution they make to poverty reduction or elimination. Their effects on poverty are incidental to the achievement of their primary economic goals. The theory is that poverty and the poor will be affected through the "trickle-down" effects of these programs. The impact of these programs on "economic growth, full employment, and reasonable price stability" will incidentally and indirectly help the poor. The inadequacy of the "trickle-down" solution to poverty was pointed out by the Economic Council of Canada in their *Fifth Annual Review* (1968):

Another danger is the political popularity of "trickle-down" approaches to poverty. Analysis has shown that spending money (e.g. on some kinds of economic development) in the general vicinity of poverty groups by no means guarantees that a substantial proportion of the benefits will in fact flow to the poor.<sup>4</sup>

Unfortunately, the policies, regulations, and practices of the Manpower program operate to deny the poor access to those programs which they desperately need. The United Community Services of Greater Vancouver gave a common example in their brief to the Committee:

Of 27 per cent of registrants in the age group up to and including nineteen years who want and could use upgrading, only 5 per cent were given Manpower training courses. Present Manpower regulations militate against this age group. Only those who have been out of school at least one year are eligible for enrollment in training courses, and three years must elapse before they can qualify for maintenance while training. Clearly, this policy is related to the jurisdictional conflict referred to earlier—education being a provincial responsibility and training a function of the Federal Department of Manpower.<sup>5</sup>

The intent of the restrictive policy as explained by the Department is to avoid enticing young people out of the formal school system. In fact, the requirement for three years' attachment to the labour force also excludes a great many individuals who have been self-employed in such occupations as farming, or trapping, and who have not been actively seeking other work.

The brief presented by Frontier College suggested:

Two changes in the application of the present Manpower policy are necessary if it is to meet the needs of "poor" Canadians. The present fifty-two week maximum duration for any occupational-training course should be waived to allow Canadians with lower educational attainments access to Basic Training for Skills Development programs towards occupational training. In addition the Manpower policy should take into account special problems affecting "poor" Canadians. Specifically it is unreasonable to expect a "poor" person without

basic education to have a definite vocational goal at the outset of training. Rather the policy should recognize that many "poor" persons are marginally motivated, and the initial Basic Training for Skills Development training should be adapted to deal with the motivation of the clients, not just formal basic education skills. Our experience suggests that such an approach is essential especially in working with adults at a basic education level. Not to adopt this more flexible approach is in fact to discriminate against "poor" Canadians in Manpower programs.<sup>6</sup>

The Canada Manpower program is a massive undertaking by the Federal Government. It employs some 6,000 counsellors and staff in some 369 permanent Canada Manpower Centres across the country. In the years 1968 and 1969, over \$190 million was spent under the Occupational Training for Adults Program to train some 240,000 persons. The sheer size of the operation makes it essential for priorities, policies, rules, and regulations to be established. These guidelines are interpreted locally and applied differently in the many centres across the country. Evaluation of the program is in terms of cost-benefit, which in itself militates against the poor who are a "high-risk" population in the eyes of the individual counsellor. The needs of the employer—the client—are uppermost in the mind of the counsellor. Trainees are selected not on the basis of their personal or family needs but on the basis of their likelihood of success in training. These are most frequently those individuals with work experience, or related skills, who, in fact, are best able to look after their own employment needs. The Department of Health and Welfare of the Province of New Brunswick reported to the Committee:

The Department of Manpower and Immigration is too much concerned with placing people with qualifications and abilities. Often those people would find jobs in any event. They are not sufficiently concerned with those people who cannot do it on their own.<sup>7</sup>

The principal of Frontier College told the Committee:

In our experience in conducting adult basic education programs and community-education programs, we have on occasion been in confrontation, you might say, with the Department of Manpower and Immigration. Although we have discovered the splendid good-will that many Manpower officers show, we have also encountered arbitrariness and rigid adherence to certain policies and practices which unarguably leave out large segments of the population of Canada who can benefit from basic training for skills development.<sup>8</sup>

The Canadian Association for Adult Education provided a thorough analysis of the problem in its brief to the Poverty Committee:

Since 1961, over a billion dollars have been spent on new vocational-training facilities: yet there has been a drop-out rate of 50 per cent or higher, particularly among unemployed workers. A study conducted in 1965 revealed that only one unemployed worker in fifty was enrolled in a training course. A federal study reported that only 3.5 per cent of the unemployed were attending training courses at the time of the investigation.

They tend to favour those persons who offer the best potential for employment to the detriment of the riskier subliterature individual. The Report

of the Association of Applied Arts and Technology of Ontario refers to this phenomena in terms of the middle-class work ethic, when it states:

Surely the middle-class ethic is at work in the insistence of the Adult Occupational Training Act and regulations that every effort be made to find the client a job—(however menial or however unsuited he may be for it)—before he can be admitted to retraining. Surely this ethic is manifested in the Act's further requirement that a young man or woman must spend at least three years on the labour market following his initial childhood and adolescent educational experience before being considered for retraining on allowances. Surely this ethic is further evidence in the requirement that no subsidized period of academic upgrading may extend beyond 52 weeks.

In this respect the Ontario Report concludes that the "local Canadian Manpower centre sees itself primarily as a job placement agency. All other functions, including the educational function, are of secondary importance."<sup>9</sup>

As we have noted above, the Canada Manpower Program is not an anti-poverty program. There is no question however, that a few relatively minor changes in emphasis and priorities could lead to this program's having a much greater impact on poverty. In the United States, as part of the "War on Poverty," for example, new and special manpower programs were directed specifically at providing opportunities for training and employment for the poor. In Canada there has been no such emphasis.

As presently operated, the Canada Manpower Program will inevitably have a limited effect on poverty, however efficient and effective it may be in achieving its stated economic objectives. The needs of the poor for education and training far exceed those of job-related skill-development. Manpower programs aimed at improving and up-dating the skills of the labour force are too narrow and limited, not only in terms of anti-poverty objectives but in terms of meaningful development of the human resources of the nation. Manpower development is an economic concept limited to direct labour-market activities. Human resource development is a broader social concept which includes all aspects of education, training, retraining, and intervention with respect to social, psychological, and physical problems as they relate to people. As one step toward a meaningful anti-poverty program the Government of Canada should shift its emphasis from Manpower to Human Resource Development.

## THE CANADA NEWSTART PROGRAM

The members of the Special Senate Committee on Poverty were favourably impressed by the program conducted by Saskatchewan NewStart Incorporated, during the visit of the Committee to Prince Albert. Saskatchewan NewStart is one of six autonomous corporations established under federal-provincial agreements "to develop, through action-research and experimentation, new methods for motivating and training adults to obtain and persist in productive

and rewarding employment."<sup>10</sup> Other NewStart Corporations are located in Yarmouth County, Nova Scotia, Kings County, Prince Edward Island, Kent County, New Brunswick, The Pas, Manitoba, and Lac La Biche, Alberta.

The Canada NewStart Program was launched in 1967 under the auspices of the Department of Manpower and Immigration. NewStart Corporations were deliberately located in areas of Canada which had been "designated" under the *Department of Industries Act*. These areas had high levels of unemployment, limited growth potential, and had populations which were known to be disadvantaged in terms of education, income, mobility, and work experience. The NewStart Corporations were assigned the task of determining the training needs of the people in the area, and of developing new techniques to meet those needs. Because the program was sponsored by the Department of Manpower and Immigration, it was initially and primarily concerned with adult occupational training and retraining problems. In 1968, the Canada NewStart Program was transferred from the Department of Manpower and Immigration to the newly-formed Department of Regional Economic Expansion.

As the NewStart Program developed, it became apparent that Canada's disadvantaged are multi-problem individuals, families, and groups; and that much more than job-related occupational training would be needed for their social and economic rehabilitation. As a result, depending on its particular location and environment, each NewStart Corporation developed a comprehensive program to meet the needs of the poor people within its area. The programs of the NewStart Corporations typically include orientation training, basic literacy training, life-skills training, academic upgrading courses, community development, information and counselling services, and a variety of other services and programs needed by the poor.

Members of the Committee who participated in training activities with the trainees in a Life Skills program at Saskatchewan NewStart were unanimous in the opinion that this was the most promising program they had seen throughout Canada, in terms of its potential for providing opportunities for the poor. It was recognized that the NewStart Program was intended to develop methods which could be applied in large-scale programs, and it was the consensus of the Committee that, at least in Saskatchewan, the NewStart Program was producing some valuable answers to the poverty problem. The Committee members were disturbed to learn that the Canada NewStart Program was designed to terminate after four years of operation and that existing programs would end in 1971.

There is no question that action-research and development programs in the broad areas of human and social problems are needed in Canada. The Economic Council, the Senate Committee, various parliamentary committees, and individual social scientists and researchers have pointed out the serious lack of a continuing source of practical information and data on human and social problems. NewStart represents an attempt to develop field-research

agencies which would eventually be capable of providing essential information, of evaluating various government programs, and of developing new approaches to solving the persistent problems of poverty, ignorance, and apathy which prevent the full development of Canada's human resources.

### **Recommendations:**

**1. that the Government of Canada shift its emphasis from Manpower training in narrow labour-force terms to a broad policy aimed at developing and making the best use of the human resources of the nation. This will require a number of changes in the priorities and emphasis which are reflected in the policies and programs of the Department of Manpower and Immigration. The departmental activities should be re-oriented from a service to employers to a service to individual citizens in terms of their particular needs for academic up-grading, occupational training, mobility assistance, and job placement. Restrictions which now effectively exclude the poor and disadvantaged from departmental programs must be removed.**

**2. that the Federal Government sponsor action-research programs aimed at the investigation and solution of the problems of Canada's disadvantaged citizens. The Canada NewStart Program is an example of how this type of essential work can be carried out.**

# 8

## The Poor Mother and Child—Day-Care Centres

We now expect a family to achieve alone what no other society has ever expected an individual family to accomplish unaided. In effect, we call upon the individual family to do what a whole clan used to do.

—Margaret Mead.

It has become increasingly apparent in recent years that, for many families, the demands and pressures of life in a highly complex, industrial, urban society are more than they can bear. Geographic mobility has brought about the virtual disappearance of the “extended” family and forced the “nuclear” family which remains to look to outside agencies for help in solving their problems. In many instances, that help is not forthcoming.

Gaps in “preventive” services, broadly defined, were described in hearings before the Senate Committee in almost every area of the country; and, in each case, there was real concern about the lack of day-care centres, which are in crucially short supply, and which are essential to working mothers, especially in one-parent families. The Minister of National Health and Welfare has pointed out that although administration costs of day-care centres can be financed under the Canada Assistance Plan, and cost split down the middle with the Federal Government,\* only about 9,000 children are now attending them, and about 900,000 need them.

Although this demand for supplementary child-care services is a fairly recent phenomenon, it is one which will inevitably assume increasingly

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\* Under C.A.P., capital costs of day-care centres are not shared directly by the Federal Government. However, when day-care services are purchased under the assistance provision of a person in need, the Federal Government can share part of the amortization cost of the capital budget of the agency from which the services are purchased. The amortization cost shows up as operating costs of the agency.

Under the welfare provision of C.A.P., the costs related to salaries of the staff of the day-care centre and the cost to the agency of providing the service as they relate to persons in need, or likely to become in need, are shared by the Federal Government. The cost to the province or the municipality for this service is cost-shared by the Federal Government. It does not cost-share amounts from private subsidies which the day-care agencies may receive.

serious proportions since it arises out of a variety of developments—including changing patterns of family life and increasing maternal employment. There is general agreement that existing methods of supplementary care are, for the most part, haphazard and makeshift. (See Table 34.) They do not begin to meet today's needs, let alone those of the future.

TABLE 34

Percentage distribution of children of working mothers by detailed care arrangements, for age classes of the children, 1967

Care arrangements	Children all ages (Total: 908,000)	Under 3 years (Total: 147,000)	3 to 5 years (Total: 210,000)	6 to 13 years (Total: 441,000)
Cared for in own home:			%	
By father.....	22	13	19	25
By other relative under 16.....	3	1	2	5
By other relative 16 and over.....	17	15	14	19
By other household member.....	3	2	2	3
By other non-member of household.....	10	15	11	8
Sub-total.....	64	54	57	69
Cared for outside own home:				
By relative.....	4	10	7	2
By non-relative.....	9	17	13	5
Day nursery or nursery school.....	1	1	3	—
Other arrangement.....	1	—	—	1
More than one arrangement.....	—	—	1	—
Sub-total.....	15	28	25	8
Cared for in and outside own home..	6	7	11	4
Cared for by mother at work.....	5	5	4	5
No regular arrangement.....	10	5	3	14
Total.....	100	100	100	100

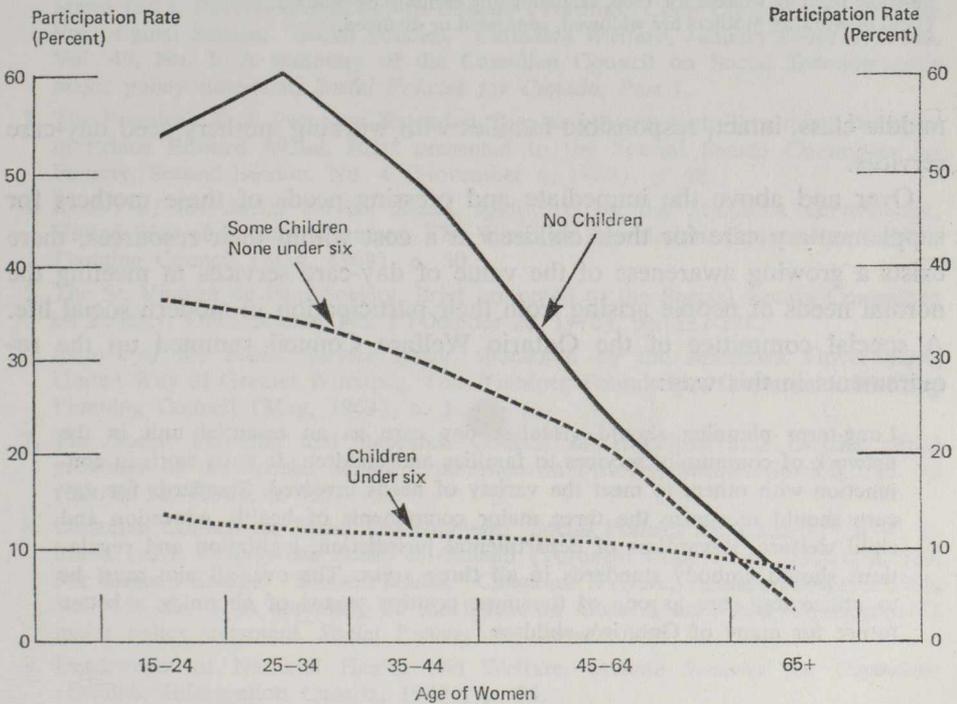
SOURCE: Canada, Department of Labour, Women's Bureau, *Working Mothers and their Child-Care Arrangements* (Ottawa: Information Canada, 1970), Table 23.

The Vanier Institute of the Family, in its publication, *Day Care: A Resource for the Contemporary Family*, points out: "There is clear evidence that maternal employment has markedly increased in the past two decades and will continue to do so irrespective of the presence or age of offspring."<sup>2</sup> One in five Canadian mothers is now working for pay or profit. Chart 6 illustrates the strength of this back-to-work movement on the part of married women, as it has developed in recent years. One result of this trend is that the number of working mothers who are members of the Canadian labour force is now close to 600,000. One half of these women have children under

the age of six. Altogether, approximately 1,075,000 children under the age of 14 have working mothers.

The number of married women in the labour force, as a percentage of the number of all married women, increased from 11.2 per cent in 1951 to 31.2 per cent in 1969.<sup>3</sup> Indeed, this second employment has been one of the most effective routes out of poverty for many families. The effect of this additional earning power on family incomes is demonstrated in Table 35. (Incomes of sole-support female heads of families, that is, the 10 per cent of working mothers who are widowed, divorced, or separated, do not appear in this table.)

**CHART 6** Married Female Participation Profile by Family Status, Canada, 1961 Census.



Source: Sylvia Ostry, *The Female Worker in Canada* (Ottawa: D.B.S., 1968).

Studies have shown there is no need to equate maternal employment with poverty or deprivation, just as there is no reason to equate it with emotional problems—providing that satisfactory arrangements for supplementary child-care facilities can be made. These studies show that great numbers of normal,

TABLE 35

Percentage distribution of working mothers with husband present, by combined annual income of the mother and husband, for number of children in the family, 1967

Combined annual income of mother and husband*	Working mothers with husband present†			
	Total	With 1 Child	With 2 children	With 3 or more children
		%		
Total: (thousands).....	(487)	(198)	(165)	(125)
Under \$3,000.....	3	3	4	5
\$3,000—\$5,999.....	26	24	27	26
\$6,000—\$9,999.....	45	45	45	44
\$10,000 and over.....	13	16	12	12
Not stated.....	13	12	12	13
Median annual incomes.....	\$7,032	\$7,259	\$6,977	\$6,815

\*Income from all sources for 1966, excluding any earnings of children.

†10% of working mothers are widowed, separated or divorced.

middle-class, intact, responsible families with working mothers need day-care services.

Over and above the immediate and pressing needs of these mothers for supplementary care for their children at a cost within their resources, there exists a growing awareness of the value of day-care services in meeting the normal needs of people arising from their participation in modern social life. A special committee of the Ontario Welfare Council summed up the requirements in this way:

Long-term planning should visualize day care as an essential unit in the network of community services to families and children. It must work in conjunction with others to meet the variety of needs involved. Standards for day care should recognize the three major components of health, education and child welfare. Regardless of departmental jurisdiction, legislation and regulations should embody standards in all three areas. The over-all aim must be to utilize day care as one of the most positive means of obtaining a better future for many of Ontario's children.<sup>4</sup>

### Recommendations:

1. that child-care services be recognized and supported as a necessary resource for the contemporary Canadian family.

2. that expansion and development be carried out along the following lines:

a) day-care facilities to meet the needs of children under the age of three;

- b) for children three years and over, day-care facilities should be related to the educational system and located where possible, in school buildings;
- c) in the operation of these centres every effort should be made to make the maximum use of local para-professionals such as teachers' aides and teachers' assistants; and,
- d) public subsidy should ensure equality of access to all of these facilities.

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9. Task Force on Housing and Urban Development, *Report* (Ottawa: Queen's Printer, 1969), p. 23. "C.M.H.C. calculates that about 180,000 new units per year are needed over the period merely to prevent further deterioration, while even 250,000 units per year might not be enough to eliminate overcrowding, doubling up, and reuse of substandard dwellings."—Brian Hill, "Economic Reasons for Some of the Housing Problems of the Poor," Committee Staff Study, p. 12.
10. Central Mortgage and Housing Corporation, *Annual Report* (Ottawa: Queen's Printer, 1970), p. 5.
11. N. H. Lithwick, *Urban Canada: Problems and Prospects* (Ottawa: C.M.H.C., 1970), p. 22.
12. Central Mortgage and Housing Corporation, Economics and Statistics Division, *Canadian Housing Statistics, 1970* (Ottawa: 1971), p. XVI.
13. *Toronto Daily Star*.
14. Canadian Council on Social Development, *Where the \$200 Million Went* (Ottawa. March 1971), pp. 15, 18.

15. Brian Hill, "Economic Reasons for Some of the Housing Problems of the Poor," Committee Staff Study, p. 4: "Using a crude weighting system, the vacancy rate for Canada's eleven largest metropolitan areas in the latest available period, 1969, was 2.5 per cent, or 1.8 per cent without Montreal's surplus situation."
16. The Social Planning and Research Council of Hamilton and District, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 28 (March 12, 1970), p. 67. In large cities, moreover, urban-renewal projects are usually designed to eliminate and standardize low-cost housing without replacing it with up-to-standard, low-cost housing. The houses of the poor may be atrocious, but these are the only houses they have—and are losing. The compensation paid by expropriating notice for all houses typically does not buy even one similarly bad house in other areas of the city; homeowners become tenants by legislation, and join the scramble for the diminishing supply of housing they can afford. The point might also be made that most large urban-renewal projects are made final before the residents of the renewal area are informed that anything at all is going on.
17. The Canadian Council on Social Development, *The Housing Condition of Public Assistance Recipients in Canada in 1968; Some Preliminary Findings* (Ottawa: 1969), p. 7.
18. Vanier Institute of the Family, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 21 (February 17, 1970), pp. 48-49.
19. Task Force on Housing and Urban Development, *Report* (Ottawa: Queen's Printer, 1969), p. 54: "The big housing projects, in the view of the Task Force, have become ghettos of the poor. They have too many problem families without adequate social services, and too many children without adequate recreational facilities. There is a serious lack of privacy and an equally serious lack of pride which leads only to physical degeneration of the premises."
20. Central Mortgage and Housing Corporation, Economics and Statistics Division, *Canadian Housing Statistics, 1970* (Ottawa: March 1971), Table 60, p. 53.
21. Town Planning Institute of Canada, Brief presented to the Special Senate Committee on Poverty, Third Session, No. 2 (October 20, 1970), p. 143.
22. *Ibid.*, pp. 144 and 145.
23. The Social Planning and Research Council of Hamilton and District, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 28 (March 12, 1970), p. 108.

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1. Canadian Civil Liberties Association, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 32 (April 16, 1970), pp. 30-31.
2. *Ibid.*, pp. 30-31.
3. Community Legal Aid and Services, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 27 (March 11, 1970), p. 135.
4. Canadian Civil Liberties Association (Brief cited above), p. 31.
5. Fraternity of Grey Knights, *Proceedings of the Special Senate Committee on Poverty, Second Session, No. 4* (November 6, 1969), p. 29.
6. The St. Vincent de Paul Society of Canada, Brief presented to the Special Senate Committee on Poverty, Third Session, No. 2 (October 20, 1970), pp. 111, 113.
7. Canadian Civil Liberties Association (Brief cited above), pp. 28-29.
8. Ontario Department of Social and Family Services, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 43 (May 25, 1970), p. 116.
9. The Upper Canada Law Society, *The Law Society Gazette* (Toronto: March, 1971), p. 6.
10. *Ibid.*, p. 7.

11. In Ontario, a relatively loose needs-test is applied; all welfare recipients are automatically eligible. See Ontario Department of Social and Family Services, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 43 (May 25, 1970), p. 116.  
The plan is not quite as generous in other provinces. In Saskatchewan, for example, as the Canadian Civil Liberties Association brief points out, the eligibility line cuts off unmarried persons with an income above \$2,000 and married persons above \$2,500 (near-starvation eligibility requirements). See Canadian Civil Liberties Association, *Proceedings of the Special Senate Committee on Poverty*, Second Session, No. 32 (April 16, 1970), p. 8.
12. Community Legal Aid and Services Program, Osgoode Hall Law School/York University, *Proceedings of the Special Senate Committee on Poverty*, Second Session, No. 27 (March 11, 1970), p. 30.
13. Community Legal Aid and Services Program, Osgoode Hall Law School/York University, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 27 (March 11, 1970), p. 136.
14. Community Legal Aid and Services Program, Osgoode Hall Law School/York University, *Proceedings of the Special Senate Committee on Poverty*, Second Session, No. 27 (March 11, 1970), p. 29.
15. Canadian Civil Liberties Association (Brief cited above), p. 31.
16. *Ibid.*, pp. 32-33.
17. Evidence presented to the Committee indicates that a deserting husband who wants to avoid paying support to his wife and children may do so with impunity simply by moving across a provincial line. Furthermore, it is often necessary for a deserted wife to bring legal action against her husband in order to be eligible for welfare assistance—whether she wants to prosecute or not. Family courts, not surprisingly, are chronically over-crowded.
18. Social Welfare Department, Regional Municipality of Ottawa-Carleton, *Proceedings of the Special Senate Committee on Poverty*, Second Session, No. 15 (January 27, 1970), p. 14.
19. The Honourable John Turner, Q.C., Minister of Justice and Attorney General of Canada, "Justice for the Poor," Speech delivered on December 1, 1969, to the 1969 International Conference of the North American Judges' Association in San Francisco.

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1. Department of Manpower and Immigration, Brief presented to the Special Senate Committee on Poverty, First Session, No. 10 (June 10, 1969), p. 372.
2. *Ibid.*, p. 373.
3. *House of Commons Debates*, March 3, 1967.
4. Economic Council of Canada, *Fifth Annual Review*, (Ottawa: Queen's Printer, 1968), p. 127.
5. United Community Services of the Greater Vancouver Area, *Guaranteed Income or Guaranteed Employment?* (Vancouver: U.C.S., 1970), p. 20.
6. Frontier College, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 13 (December 16, 1969), pp. 31-32.
7. Department of Health and Welfare, New Brunswick, *Proceedings of the Special Senate Committee on Poverty*, Second Session, No. 44 (May 26, 1970), p. 16.
8. Frontier College, *Proceedings of the Special Senate Committee on Poverty*, Second Session, No. 13 (December 16, 1969), p. 11.
9. The Canadian Association for Adult Education, Brief presented to the Special Senate Committee on Poverty, Second Session, No. 24 (March 3, 1970), pp. 53-54.
10. Department of Manpower and Immigration, *The Canada NewStart Program* (Ottawa: Pilot Projects Branch, 1967).

CHAPTER 8

1. These figures are approximate, but may be conservative; no breakdown was available which differentiates between Headstart programs which offer short periods of educational care for children and are of little use in releasing their mothers for full-time employment—and full-time day-care centres. Source: Department of National Health and Welfare.
2. Vanier Institute of the Family, *Day Care: A Resource for the Contemporary Family* (Ottawa: Vanier Institute of the Family, 1970), p. 33.
3. Department of Labour of Canada, *Women at Work in Canada* (Ottawa: Queen's Printer, 1959), p. 17; and Dominion Bureau of Statistics, *Special Tables—12-month Averages, 1969*, Table 2.
4. Ontario Welfare Council, *Day Care*, (Toronto: Action Committee on Day Care, Ontario Welfare Council, June, 1971), p. 4. Newsletter No. 5.



# II

## The World Ahead—A Plan for the Seventies

The Committee, through its hearings and its research, gathered information, opinions, and views on the existing welfare system, its purposes, its structure, and its administration. This evidence indicates that the welfare system is increasingly unable to deal with the needs of the citizen. It has failed to achieve its humanitarian goals. It deprives its recipients of dignity and provides no incentive or rewards for those who wish to escape from poverty. It has become punitive and demoralizing. It is a name—a word without real or concrete content.

The report is critical of the welfare system. It presents a dismal, dark picture of life as it is lived by those unfortunate enough to be dependent on government assistance for survival. A picture cannot be found in statistics. It emerges from the evidence presented to the Committee by the poor themselves and by their spokesmen and from the visits of the Committee to the homes, slums, villages, and other communities where the poor live and work. Despite our good intentions and substantial expenditures, the welfare system has failed to achieve its goals and benevolent goals.

We have also examined another aspect of social welfare—poverty without responsibility. In many instances, the individual is not held responsible for his condition. They have been abandoned in terms of their ability to work and their responsibility to the job. The consequences are dire. The individual is left to fend for himself. He is often in a state of despair and hopelessness. The government has a duty to provide for the individual who is unable to support himself. The government has a duty to provide for the individual who is unable to support himself. The government has a duty to provide for the individual who is unable to support himself. The government has a duty to provide for the individual who is unable to support himself.

# II

PART

The World Ahead—A Plan for the 1950's

# 1

## Introduction

The Committee, through its hearings and its research, gathered information, opinions, and views on the existing welfare system, its programs, its services, and its administration. This evidence indicates that the welfare system is increasingly unable to deal with the needs of its clients. It has failed to achieve its humanitarian goals. It deprives its recipients of dignity and provides no incentive or rewards for those who wish to escape from poverty. It has become punitive and demeaning. It is a mess—a social wasteland and an economic morass.

The report is critical of the welfare system. It presents a dismal, dreary picture of life as it is lived by those unfortunate enough to be dependant on government assistance for survival. This picture cannot be found in statistics: it emerges from the evidence presented to the Committee by the poor themselves and by their spokesmen; and from the visits of the Committee to the homes, slums, villages, and other communities where the poor live and work. Despite our good intentions and substantial expenditures, the welfare system has failed to achieve its social and humanitarian goals.

We have also examined another area, that of social utilities. Social utilities are provided, in theory, by society as a whole for the benefit of all of society's members. They have been examined in terms of their effect on poverty and their accessibility to the poor. This examination has demonstrated that access to most social utilities is denied to those members of society who have the greatest need: the poor. Such amenities as housing, health services, legal aid, and day-care services—to name just a few—are provided in ways which serve the non-poor better than the poor. So-called "opportunity" programs such as education, manpower training, employment services, and others which are proclaimed to provide the means of escape from poverty were found to be largely inaccessible to the poor.

Recommendations for increasing the availability of these social utilities to the poor have been made in the preceding sections. These can be potent weapons in any comprehensive war on poverty, but must be made truly universal and made to serve all of society's members. For the poor to catch up, they must have more-than-equal opportunities; special provision must be made to ensure not only that the services are there but that they are used to meet the real needs of the poor.

The Committee found the working poor to be the most unfortunate of the poor; unfortunate in the sense that they cannot get ahead. The working poor are, in the main, excluded from union membership; they work for provincial minimum wages, which are poverty wages; they live, out of necessity, in the breeding grounds of unrest. There must be a major illness in a society when the working poor (more than 50 per cent of the poor), who have obeyed all the rules of the world of work, are not able to maintain, let alone improve, their relative economic or social position.

The primary goal of Canadian society, as reflected in government policies, has been economic growth. The maintenance of full employment and of price stability have also been important economic goals. We have had notable success in achieving sustained economic growth. We have been less successful in achieving full employment and price stability, and, in fact, have found achievement of these goals to be incompatible. Government policies based on economic priorities have contributed to the problems of poverty through making choices which directly and indirectly have increased the numbers of poor Canadians and increased the disparity between the poor and the non-poor.

Poverty has not been eliminated through the action of our economic system. Even in times of outstanding performance and growth by the economic system, the poor have gained little. Recent history demonstrates that economic growth, in itself, has little effect on the nature and dimensions of poverty in Canada. Our failure to achieve full employment and our acceptance of policy choices which increase unemployment contribute directly to the spread and perpetuation of poverty. While the economic system, by itself, cannot eliminate poverty, a healthy and expanding economy provides the environment essential to an effective attack on poverty. Furthermore, when government economic policies or actions cause individual citizens to suffer unemployment and poverty, the government must be prepared to compensate those who suffer.

The problem of poverty is multi-dimensional. Its causes lie in the economic system which is the basis for our national prosperity and in historical, geographical, and personal factors which determine the present status and future prospects of individual Canadians. Our traditional approaches to the alleviation of poverty have produced a massive, complex, and expensive system of social welfare programs which aggravate the problems by adding the burdens of stigmatization, frustration, and chronic dependency to the economic dimension of poverty—lack of money. Our universal "social utilities" serve the

non-poor better than the poor and contribute to the perpetuation of poverty by inaccessibility and even exclusion.

Our present course leads not to a solution but to increasingly less effective and more costly practices. We must have a bold new approach.

## A COMPREHENSIVE ANTI-POVERTY PROGRAM FOR THE SEVENTIES

The Committee found that the solution, like the problem, must be multi-dimensional. It must have a number of components which can be integrated into a coherent plan for the elimination of poverty in Canada. Poverty is not only the problem of the poor. It is a problem for all Canadians. If it is not attacked vigorously and solved, not only will the poor continue to suffer, but Canada as a whole will suffer, socially and economically.

What has been argued above is that poverty is both an economic and a social problem. The Committee is of the opinion that Canada has the economic resources to eradicate economic poverty. A way must be found to permit all Canadians to share in the prosperity of the nation as a basic right. We can no longer afford to deny 25 per cent of Canadians their right to a reasonable standard of living, the right to live in decency and dignity. The Committee is convinced that poverty in the economic sense can be eliminated if Canadians so wish. Paying for its elimination would involve setting aside for anti-poverty programs one per cent of our Gross National Product (G.N.P.). The means are at hand; what is needed is the will.

Solution of the poverty problem will also require a change in attitudes of the Canadian people. The first essential step is a commitment on the part of the Canadian people and their governments to the elimination of poverty in Canada. Such a commitment has not existed and does not now exist. The Federal Government's "declaration of a war on poverty" in 1965 seemed to be such a commitment. However, the War never got beyond the discussion stage, and even the vehicle for it, the Special Planning Secretariat, was abandoned as one of the first of a series of austerity measures. As a result we have not pursued the elimination of poverty as a priority national goal.

To eliminate poverty in Canada, we must recognize that economic goals such as national economic growth are not ends in themselves but means to the achievement of ends. Without sustained and stable economic growth, Canada could not afford to take the steps which will be necessary to eradicate poverty. The question which we as Canadians must ask, however, is what goals we wish to achieve with the means that are available. We can continue to use the benefits of prosperity and growth to increase the differences between the haves and the have-nots, or we can use these benefits to improve the lot of all Canadians. The Committee is convinced

that Canada and Canadians are now ready to accept the challenge, and to establish the elimination of poverty as a national goal for the seventies.

#### ALTERNATIVE COURSES OF ACTION

The Committee was offered many suggestions and recommendations about what should be done to solve the poverty problem in Canada. Essentially all of these proposals can be reduced to three categories, each of which emphasizes a particular view of the social and economic system and a particular approach to solutions.

1. The *radical* approach is based on the theory that the disadvantaged position of the poor is maintained by an "establishment" which prevents meaningful redistribution of resources. The elimination of poverty, according to this theory, involves a frontal attack on the whole social, economic, and political structure. This approach would destroy what now exists and build a bright new world on its ruins. The bright new world would have complete equality for all Canadians and no poverty. The proponents of this approach were unable to present convincing arguments that their solution of "disrupt and dismantle" would not create even more serious problems than those which now confront us. While acknowledging that our problems are serious, that there are injustices, inequities, exploitation, and errors in the existing systems and practices, the Committee rejected the radical solution on the grounds that it offers no meaningful or practical alternative.

2. The *traditional* approach represents the view of the more conservative elements in society. It is based on a theory that there is in fact a distinctive lower-class life-style in which the inadequacies of the poor block their escape from poverty. According to this approach, poverty can only be eliminated by transforming the poor into the middle class through the provision of more and better "welfare." The solution for this group is essentially "more of the same," maintenance of the *status quo*, and redistribution of resources through a system which has been shown to be punitive and ineffective. The Committee is convinced that no amount of patching and fixing of existing systems will provide a solution to poverty in Canada.

3. The *pragmatic* approach, that is to say a realistic, practical, and flexible approach, represents a compromise between the radical and the traditional approaches. It recognizes that the poor possess some distinctive characteristics but that, in general, they share the attitudes, aspirations, and motivations of the majority. The solution to poverty supported by this approach is multi-dimensional, and involves both innovative and adaptive methods. Priority is given to the solution of economic (low-income) poverty through the provision of an adequate minimum income to all citizens. This does not require the radical changes in the economic system proposed by the radical approach. On the other hand, it does involve a significant departure from the traditional

approach. At the same time, the pragmatic approach requires significant changes in the social services and "opportunities-program" fields to bring these resources more directly to bear on the needs of the poor.

## THE PRAGMATIC APPROACH

The Senate Committee has chosen the pragmatic approach to the problems of poverty in Canada. Throughout the earlier parts of the report recommendations have been made concerning the provision of social services and the improvement of social utilities and "opportunity" programs. These recommendations, while indicating necessary and worthwhile changes, are not enough. Such changes as might be made are doomed to failure in any war against poverty unless and until they are combined with an effective program to provide an adequate minimum income to all Canadian families. This is the basis for the major recommendation of this report: the implementation of a national program for a Guaranteed Annual Income. The next chapter presents this proposal in detail.

In summary, the Senate Committee's plan for the seventies is based on provision of income security for all Canadians. For those fully in the labour force, this income security is supported by work-incentive provisions which ensure that those who receive income security payments and continue to work can keep part of their earnings and thus enjoy a higher income than those who do not work. For those partially in the labour force, income security is supplemented by opportunity programs and work incentives which provide the means for escape from poverty. For those outside the labour force, income security is supported by improved and expanded social services.

The plan for the seventies consists of three essential components:

1. A Guaranteed Annual Income Plan for all Canadian families.
2. Improved social services, social utilities, and opportunity programs directed to the needs of the poor.
3. An applied Social Research Council to provide information evaluation, and research in support of government programs in the area of human and social development.

The Chairman expressed the view of the whole Committee when he stated "What needs to be done can be done. Everything does not need to be done today; it does not need to be done tomorrow; it can be phased. Our task is to draw a blue print for a generation out of poverty and a plan for starting to phase it in now."<sup>1</sup>



# 2

## A Proposal for a Guaranteed Annual Income

The United Nations' *Universal Declaration of Human Rights*, to which Canada is a signatory nation, states, in Article 25:

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family including food, clothing, housing, and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, or other lack of livelihood in circumstances beyond his control.

The Senate Committee is firmly convinced that the time has now come for Canada to incorporate the right to an adequate standard of living for all Canadians into the *Canadian Bill of Rights*. It is also clear that an adequate standard of living in the Canadian context is dependent on the security provided by an adequate income. The acceptance by Canada of an adequate minimum income as a matter of right for all citizens is the principal recommendation of this report.

The provision of a Guaranteed Annual Income to all Canadians is more than an anti-poverty measure: it is an idea whose time has come. If properly designed, implemented, and operated, such a plan will restore to decency and dignity those Canadians who, through no fault of their own, have been stigmatized and demeaned because they are unable to earn an income adequate for themselves and their families. It will also protect all Canadians from loss of income through accident, illness, technological progress, and the many events that can deprive any of us of our income and make us poor.

The Guaranteed Annual Income's most immediate appeal, however, is as an anti-poverty measure. For those who are now poor it would provide a security from poverty that many have never known. Freed from preoccupation with meeting the basic needs of survival, many will be able to take advantage of opportunity programs which will enable them to achieve independence.

The effects of an adequate plan for a Guaranteed Annual Income would go far beyond the elimination of economic poverty.

On the other hand, any Guaranteed Annual Income plan will create some problems. In the first place, the principle of income as a right conflicts with the Work Ethic and the Poor Law philosophy which until now have dominated Canadian approaches to poverty. There are constitutional, financial, and administrative problems as well as philosophical ones. The Committee does not have complete answers to these problems, but we remain convinced that the benefits to be gained far outweigh the disadvantages.

Finally, it is essential to recognize that the Guaranteed Annual Income by itself cannot solve the problem of poverty in Canada. It is a first step, but must be supported by full employment policies, as well as by improved and expanded social services and opportunity programs. As suggested by the Governments of Manitoba and Alberta and others in their briefs, the G.A.I. must be an integral component of a comprehensive national program of social and human-resource development. This approach must necessarily involve both federal and provincial levels of government. By absorbing the direct costs of a national G.A.I. program, the Federal Government would relieve provincial governments of the financial burden of public assistance (welfare payments) and of the administration and regulation of such programs. The resources now committed to these survival programs could be effectively redirected to more positive programs of social and human-resource development.

## CRITERIA FOR PROVIDING A GUARANTEED ANNUAL INCOME

As the executive director of the Canadian Council on Social Development pointed out in his brief to the Committee.

it is important that we recognize [the guaranteed annual income] as an ideal—a socio-economic objective—perhaps a political, social, and economic philosophy or doctrine; as such it should be sharply differentiated from a specific legislative program either in existence or being proposed at this time by any political party. There are several legislative programs which could be employed in achieving the objectives of a guaranteed annual income; indeed, the objective may be achieved through a combination of existing and proposed programs.<sup>1</sup>

The Committee considered a number of possible methods of achieving the goal of a G.A.I. In considering alternatives, the Committee adopted six criteria by which such alternatives can be evaluated. These criteria, which are agreed upon by most authorities, are:

1. *Adequacy.* A G.A.I. plan must provide an adequate minimum level of benefit to all recipients. Adequacy was defined in terms of two existing indices: the Statistics Canada/E.C.C. poverty lines, and the existing level of

benefits available in various provinces. Adequate G.A.I. allowances must compare favorably with these two indices.

2. *Efficiency.* The efficiency of a given G.A.I. plan can be measured in terms of: the extent to which it provides benefits to those below the poverty line. "Coverage" should be extended to all of the poor on the basis of simple eligibility criteria. Benefits should not be paid to those above the poverty line.

3. *Improvement Over Existing Systems.* An effective G.A.I. must eliminate the stigmatizing and punitive aspects of the present welfare programs. For example, it should provide funds without demeaning eligibility procedures and surveillance. It should also provide work incentives to encourage those who now work to continue and encourage those who do not work to increase their income through earnings. Finally, it must specifically include coverage of the "working poor"; those who work must be assured of higher incomes than those who do not work.

4. *Flexibility.* A G.A.I. plan must have sufficient flexibility to meet the needs of various categories of persons. Initially such flexibility will be required to ensure that persons now in receipt of government transfer payments, such as Old Age Security, will not suffer any decrease in income. The plan must also be flexible enough over time so that it can be adapted to changing needs and changing resource-availability. It must be tied to a changing index of national average standard of living so that benefit levels increase as the national average living standard does. Otherwise, the program will have a built-in obsolescence, like Family Allowances and Old Age Security programs which have not kept pace with increasing standards of living.

5. *Costs.* The costs of a G.A.I. program must be kept within reasonable bounds. Costs are of two kinds: direct and indirect. Direct costs are those increases in the Federal Budget which will be required to implement the plan. Indirect costs are those associated with the administration and regulation of the plan.

6. *Political and Social Acceptability.* The acceptability of a G.A.I. plan to political and government leaders depends to a large extent on the degree to which the other criteria can be met. All political parties in Canada have indicated their readiness to support a G.A.I. plan in one form or another. The general public has become aware of the tremendous costs and persistent inequities in the present welfare systems. The acceptability of a G.A.I. plan to the population as a whole will depend on the extent to which it effectively replaces the many welfare and income-maintenance programs now in effect.

## ALTERNATIVE PROGRAM POSSIBILITIES

1. *Reform of Existing Income-Maintenance Programs.* A number of witnesses before the Committee argued that a Guaranteed Income Program

could be provided through reform and expansion of existing income-maintenance programs. The Committee considered this alternative, but found that the difficulties were insuperable. The existing programs are of two types: categorical (which cover specific groups of individuals or families on a needs basis); and demogrants (which are paid to all citizens who qualify on simple demographic criteria such as age or family status). None of the existing programs provides adequately for the working poor. The conclusion reached by the Committee was that no conceivable plan of reform could satisfy the criteria set out above for a G.A.I. program.

2. *The Demogrant.* Another possible method of providing a guaranteed income is through a demogrant. This would involve payment of a flat-rate subsidy to all citizens meeting simple demographic criteria similar to those of existing programs like the Old Age Security and Family Allowance Plans. While such plans have the great advantage of administrative simplicity—there are no “need” criteria for eligibility, and regular payments are mailed by cheque to all recipients—they also have a number of disadvantages. They are inefficient in the sense that most of the payments go to the non-poor. Recovery through taxation, while feasible, is difficult. The initial direct cost of payment of an adequate G.A.I. on a universal basis would be staggering.

3. *The Negative Income Tax.* The third alternative is the Negative Income Tax (N.I.T.) system. Under this type of plan, benefits are payable only to those in need as established by a simple declaration or statement of income. It is therefore selective and not, like the demogrant, universal. Allowance levels are established as a proportion of a “poverty line.” These allowances are reduced as other income increases, at a rate that provides an incentive to increase income through earnings.

## THE NEGATIVE INCOME TAX APPROACH

This type of plan has an inherent flexibility that permits the development and implementation of a basic, somewhat limited plan at the outset, with the potential for future expansion and modification to meet existing needs more fully or to meet new and emerging needs as they arise. The plan selected by the Senate Committee is based on the N.I.T. approach. Of all the approaches considered, it best meets the criteria outlined above. The details of the Committee’s proposal are outlined in the next section.

*The Committee proposes the implementation of a program of Guaranteed Annual Income using the Negative Income Tax method, on a uniform, national basis, financed and administered by the Federal Government, making uniform cash payments to all resident Canadians in economic need. Payments would vary by family size and need and would establish a “floor” level below which no family unit would be permitted to fall.*

## GENERAL FEATURES

It is proposed that the Government of Canada provide cash payments to all Canadian families whose incomes fall below a defined "poverty line." The size of payments would be based on the number of family members and on the size of family income. The program would be financed and administered on a national, uniform basis by the Federal Government. Income maintenance through the G.A.I. would be completely separated from the provision of social services, responsibility for which would remain at the provincial government level. All federal income-maintenance programs must be integrated into the G.A.I. program, and legislation relative to these existing programs would be repealed. Exceptions would be those federal programs that are based on insurance principles, or on a special federal responsibility or obligation (for example, Unemployment Insurance, Canada Pension Plan, and Veterans' Allowances).

## OPERATIONAL FEATURES OF PROPOSED G.A.I. PLAN

In order to discuss the operation of the proposed G.A.I. scheme it is necessary to introduce a number of terms and definitions. There are four basic variables involved in the design of any N.I.T. type of G.A.I. plan. By adjusting the absolute and relative values assigned to these variables, one may create an infinite number of possible plans. However, constraints imposed by the criteria which have been discussed effectively reduce the number of meaningful alternatives. The four basic variables are:

1. *The Poverty Line.* As discussed in Part 1, and in the Appendix, the poverty line defines the target population since it divides the total population into the poor and the non-poor. The poverty line developed by the Committee, and used as a basis for the G.A.I. proposal, provides a reasonable and sensitive base-line for the development of anti-poverty programs, and for the evaluation of such programs after implementation. The Senate Committee 1969 poverty lines for various family sizes are shown in Table 36.

TABLE 36  
Senate Committee Poverty Lines, 1969

Family unit size	Poverty line (nearest \$10)
	\$
1.....	2,140
2.....	3,570
3.....	4,290
4.....	5,000
5.....	5,710
6.....	6,430
7.....	7,140
10.....	9,290

SOURCE: Staff Study.

A significant feature is that they are automatically adjusted to reflect changes in average standard of living. It is also significant that these poverty lines approximate one half (50 per cent) of the average annual income for families of each size. The derivation of these lines is explained in the Appendix.

2. *Basic Allowance Rate.* This is the "income floor" to be guaranteed to families through the Guaranteed Annual Income plan. To meet the criterion of adequacy, the Committee proposes that the basic allowance rate be established initially at 70 per cent of the poverty line for each family size. The basic allowance rates for 1969 are shown for each family size in Table 37. These rates compare favourably with the corresponding Statistics Canada/E.C.C. minimum family income levels, and with existing provincial welfare payment levels.

TABLE 37  
Proposed basic allowance levels, 1969

Family unit size	Basic allowance
	\$
1.....	1,500
2.....	2,500
3.....	3,000
4.....	3,500
5.....	4,000
6.....	4,500
7.....	5,000
10.....	6,500

SOURCE: Staff Study.

3. *Basic Allowance Reduction Rate.* This is the rate at which the family's basic allowance is reduced as income from other sources increases. For the proposed plan the Committee has selected an allowance reduction rate of 70 per cent. In other words, for each dollar of earned or other income the basic allowance is reduced by 70 cents. It is the view of the Committee that this rate will be adequate to maintain the work incentive. It is recognized, however, that this rate is high, and that priority should be given to lowering it as soon as possible after introduction of the plan. The effect of the basic allowance reduction rate on net income as other income increases is shown in Table 38.

Some may feel that this allowance reduction rate will interfere with the work incentive of those families whose incomes are below the poverty line. While the Committee would favour a lower allowance reduction rate—50 per cent, for example—the extra costs were found to be prohibitive at this time.

TABLE 38

Operation of proposed G.A.I. program for a family of four in 1969

Other income	Basic allowance	Adjusted basic allowance	Net income
		\$	
0.....	3,500	3,500— 0=3,500	0+3,500=3,500
250.....	3,500	3,500— 175=3,325	250+3,325=3,575
500.....	3,500	3,500— 350=3,150	500+3,150=3,650
1,000.....	3,500	3,500— 700=2,800	1,000+2,800=3,800
1,500.....	3,500	3,500—1,050=2,450	1,500+2,450=3,950
2,000.....	3,500	3,500—1,400=2,100	2,000+2,100=4,100
2,500.....	3,500	3,500—1,750=1,750	2,500+1,750=4,250
3,000.....	3,500	3,500—2,100=1,400	3,000+1,400=4,400
3,500.....	3,500	3,500—2,450=1,050	3,500+1,050=4,550
4,000.....	3,500	3,500—2,800= 700	4,000+ 700=4,700
4,500.....	3,500	3,500—3,150= 350	4,500+ 350=4,850
5,000.....	3,500	3,500—3,500= 0	5,000+ 0=5,000

SOURCE: Staff Study.

Furthermore, while data based on experience are meagre, they do indicate support for the use of a 70-per-cent reduction rate. In the United States pilot projects have been conducted to test the effects of various G.A.I. schemes of the Negative Income Tax type. These experiments have used different combinations of income levels and allowance reduction rates of 30, 50, and 70 per cent. The latest progress report (May, 1971)<sup>2</sup> of one such project indicates that there was no significant decline in weekly earnings as a result of the income-assistance programs and that, in addition,

there was no significant differential in the number of hours worked per family among the various income maintenance programs . . . this lack of a significant differential does indicate that the various combinations of tax rates and guarantee levels have not yet affected the number of hours a family works . . .<sup>3</sup>

That is, families whose allowance was reduced at the rate of 70 cents for each dollar of other income continued to work as much as those whose allowance was reduced at the rate of 50 cents or 30 cents on the dollar.

4. *Break-Even Point.* This is the income level at which government assistance in the form of basic allowance is reduced to zero. The break-even point is determined by the level of basic allowance and the allowance reduction rate. With the allowance rate set at 70 per cent of the poverty line and an allowance reduction rate set at 70 per cent, the break-even point coincides with the poverty line—that is, \$5,000 for a family of four in 1969. For the G.A.I. to work effectively it is essential that the break-even point also represent the level of income at which positive income-tax rates are imposed. All income below the poverty lines must be exempt from income tax.

## HOW THE PROPOSED PLAN WOULD OPERATE

Table 38 demonstrates how the proposed G.A.I. plan would work. Reference to Table 38 shows that if a family of four had no other income, its net income would be \$3,500 under the G.A.I. program.

Table 38 shows also the way in which the work-incentive feature of the program operates for families who do have other income. The plan guarantees that every dollar earned by the family will mean an *increase* in net income. Thus, even if a family's other income for the year is only \$500, its net income is higher than the basic allowance rate. If the family has an income of \$2,500, its net income for the year would be \$4,250. Only when "other income" reaches \$5,000 (the break-even point), and the family is no longer considered poor, would allowances be discontinued.

The information contained in Table 38 is shown graphically in Chart 7. In this chart, the area within the triangle represents the amount of basic allowance received by families who have varying amounts of "other income." The lower of the two diagonal lines represent the amount of "other income" while the upper diagonal line shows the net or final income. The chart also includes an example of how it should be read. For example, when other income is \$2,000, the amount of subsidy is \$2,100 and the two combined give a final or net income of \$4,100. At one extreme, if the family had no other income, its basic allowance and net income would have been \$3,500. On the other hand, when "other income" equals \$5,000, the basic allowance is reduced to zero and net income is \$5,000. This, of course, is the break-even point, corresponding exactly to the Committee's poverty line. When income rises above this point, as represented by the dotted line, the family begins to pay positive income taxes.

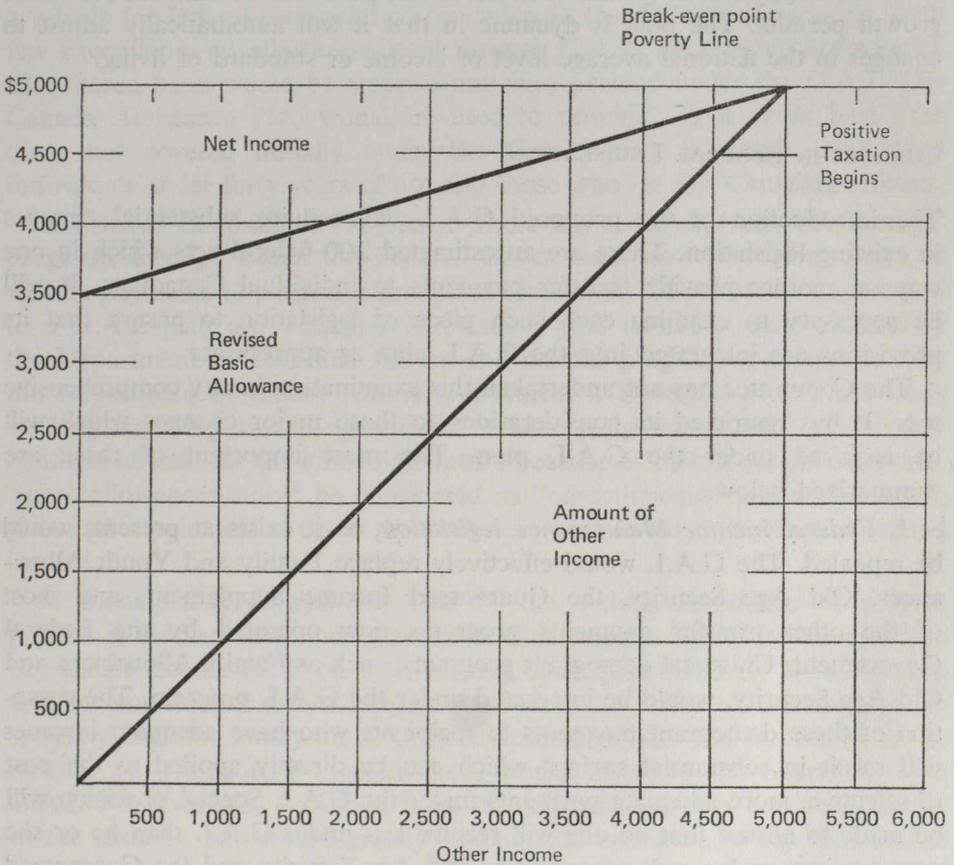
The example given above refers to the year 1969. Due to the escalator mechanism which has been built into this program, both the basic allowance level and the break-even point would be adjusted to reflect the rising standard of living in Canada. In 1970, for instance, it is estimated that the basic allowance level for this family of four would be raised to \$3,780, with a corresponding change in the break-even point (and poverty line) to \$5,400. An estimate for 1971 would be a guarantee level of \$4,060, and a corresponding break-even point of \$5,800.

It should be observed that the particular values assigned to the four basic variables in the proposed G.A.I. are to some extent arbitrary. Experimentation with various alternative combinations, and considerations of the constraints imposed by the criteria, led to the selection of these particular values. An ideal income-maintenance program would provide all Canadians in need with a minimum annual income equal to the Senate Committee's poverty line. It would also provide a substantial incentive to work through minimum level of taxation on other income. Finally the program should be accomplished at minimum costs to the government and the tax-payer. These goals obviously conflict with each other, and any program must be designed as a

compromise which provides an optimal solution to the problem of conflicting objectives.

CHART 7

Operation of Proposed G.A.I. for a Family of Four, 1969.



Source: Staff Study.

The solution proposed by the Committee is considered to be optimal in terms of the immediate needs and in terms of the available resources. It involves some departure from the ideal solution in terms of adequacy of allowance levels, universality of coverage, and level of basic allowance reduction rate. These compromises are necessary to keep costs at a reasonable level. As a result, in the proposed plan, allowance levels have been set at 70 per cent of the poverty line; single unattached individuals under the age of 40 and those residents of Canada who are not Canadian citizens have been excluded from coverage; and the basic allowance reduction rate has been set at the relatively high level of 70 per cent.

It is the opinion of the Committee that this particular plan offers a basis for immediate action which will provide a reasonable level of benefit to the majority of poor Canadians at a cost which is acceptable. The Senate Committee is convinced that no reasonable Canadian would deny his fellow-citizens the right to these minimum-level allowances. Improvement in coverage, adequacy of allowance levels, and allowance reduction rate can be introduced as experience is gained with the initial plan and as national economic growth permits. The plan is dynamic in that it will automatically adjust to changes in the national average level of income or standard of living.

#### CHANGES IN FEDERAL LEGISLATION

The introduction of the proposed G.A.I. will require substantial changes in existing legislation. There are an estimated 200 federal acts which in one way or another provide transfer payments to individual Canadians. It will be necessary to examine each such piece of legislation to ensure that its provisions are integrated into the G.A.I. plan as appropriate.

The Committee has not undertaken this examination in any comprehensive way. It has restricted its considerations to those major changes which will be required under the G.A.I. plan. The most important of these are summarized below.

1. *Federal Income Maintenance legislation*, as it exists at present, would be repealed. The G.A.I. would effectively replace Family and Youth Allowances, Old Age Security, the Guaranteed Income Supplement, and most of the other transfer payments programs now operated by the Federal Government. Universal demogrant programs, such as Family Allowances and Old Age Security, would be integrated under the G.A.I. program. The cessation of these demogrant payments to recipients who have adequate incomes will result in substantial savings which can be directly applied to the cost of selective, more adequate payments under the G.A.I. Special provision will be made to ensure that no one will receive less under G.A.I. than he or she now receives under such programs as Old Age Security and the Guaranteed Income Supplement. It should be noted that G.A.I. allowance levels, because they are tied to an index of national standard of living, will be adjusted automatically. As a result, the G.A.I. allowances will quickly overtake O.A.S./G.I.S. levels, and continue to increase at a rate more realistic than the 2 per cent maximum annual increase now permitted.

2. *Social Insurance Programs*. Programs which operate on an actuarial basis as insurance against risk (such as Unemployment Insurance, and the Canada Pension Plan, under federal legislation; and the Workmen's Compensation program, under provincial legislation) would be retained. These programs should be revised to conform more strictly to actuarial soundness than they do now. Where they have been expanded or altered to provide benefits in excess of those warranted by premium payments, or to those who

have not paid premiums, they should be reconstructed as true insurance schemes and withdrawn from the welfare field entirely. Where Unemployment Insurance or Workmen's Compensation payments are below the level of the G.A.I. basic allowance rate for the appropriate family size, such income will be supplemented by the G.A.I. and will be treated as other income for purposes of the G.A.I. program.

3. *The Canada Assistance Plan* would be retained and up-dated to provide a vehicle for federal-provincial co-operation in the *delivery* of services. With few exceptions, all allowances paid through C.A.P. on a federal-provincial, cost-shared basis would be stopped and incorporated under the G.A.I. The Canada Assistance Plan would be used to provide, on a needs basis, for those not covered initially under the G.A.I.—that is, single unattached individuals under forty years of age and those who are not Canadian citizens.

4. *Federal Contractual Programs*. There are a number of "contractual" programs through which the Federal Government now pays allowances or welfare payments to particular groups of Canadians. Of particular importance to a G.A.I. plan are Veteran's Allowances paid to needy war veterans by the Department of Veterans Affairs and certain programs administered by the Department of Indian Affairs and Northern Development on the basis of long standing treaty agreements. These programs would presumably continue at least for the immediate future because of their contractual nature. These allowances would be considered as "other income" under the G.A.I. plan and supplemented up to the same level and in the same way as earned income.

5. *Income Tax Legislation*. One of the serious anomalies of present policies is the fact that many Canadians with incomes below the poverty line pay direct income taxes on their already inadequate income. It is essential that income-tax-exemption levels be raised to the level of the appropriate "poverty line" for family units. Certain recommendations of the Carter Commission on Taxation, if implemented, would facilitate the operation of a G.A.I. For example, a change from the individual to the economic family as the taxation unit would greatly simplify the operation of the G.A.I. The more comprehensive definitions of income for tax purposes recommended by the Carter Commission would not only increase the equity of the income tax system but would provide a more accurate basis for determining "need" for allowances under the G.A.I. Finally, the use of the income tax system operated by the Department of National Revenue as a mechanism for the payment of G.A.I. allowances and the recovery of allowances through the allowance reduction rate appears to offer a number of obvious advantages.

#### ADMINISTRATIVE REQUIREMENTS

1. *Universality*. The proposed Guaranteed Annual Income plan should provide for uniform allowances, standards of eligibility, and administrative

regulations throughout the country. It therefore must be financed and administered by the Federal Government. This is the only way in which all Canadian citizens can be assured of equal treatment under the plan. Present programs (such as the Canada Assistance Plan) which are federal in origin, but which are administered at the provincial and municipal level, result in a wide range of arbitrary local decisions which create anomalies and discrepancies in what was intended to be a national, uniform program. Direct payments from the Federal Government to recipient families would remove much of the bureaucratic structure that has been built up to administer and police existing welfare programs. The provision of allowances as a right with simple eligibility requirements would also remove much of the stigma now attached to welfare payments.

There are many additional advantages of a federally financed and administered Guaranteed Income Plan, not the least of which is the unacceptability of the alternative possibility of ten different, provincially-operated plans with different standards, allowance levels, and regulations. Many of the provinces could not afford to support a G.A.I. without substantial federal financial assistance. Even with such assistance there would inevitably be differences in such plans, with the result that benefits and penalties would be determined by the accident of birthplace and residence rather than need. Federal-provincial agreements should be negotiated with a view to a truly national program without the optional provisions that have distorted Medicare and other programs to the disadvantage of Canadian citizens who live in particular provinces.

One desirable side-effect would be the impact of such a national plan on regional disparities. As the G.A.I. provides direct payments to families, its effects on living standards, aggregate demand, and attitudes toward employment and training could be expected to be different from those of equalization payments through provincial governments and regional development incentives. We think the effect of money going directly to people will be far more beneficial to all concerned.

It is also the view of the Committee that such a national plan will make a substantial contribution to the national unity of Canada.

A uniform, national program might be considered to provide somewhat greater benefits to rural than to urban recipients. In the Committee's view, there are a number of offsetting factors. While rural recipients have some advantages in terms of direct costs of living, they have limited access to many of the services that exist in urban centres.

A uniform, national program might also mean a change in the patterns of migration from the Maritimes to Ontario, or from rural regions to the overcrowded slums of our metropolitan centres. Such a program would not force people to remain in their original locale nor, as the present system often does, force them to move. It would allow all people the dignity of *choice*. If migration continued after such a program was in effect, people

would not carry with them the same legacy of accumulated handicaps imposed by prior economic deprivation.

2. *Separation of income maintenance from the provision of social services.* The Senate Committee is firmly convinced that to be effective the Guaranteed Annual Income proposal must provide for a complete separation of income maintenance from the provision of social services. It proposes, therefore, that income should come directly from the Federal Government, while the provision of social services should remain the responsibility of provincial governments. Federal participation in the provision of services would be limited to the cost-sharing provisions of C.A.P. It is essential that the income-maintenance provision of the proposed G.A.I. be established as a right and not be conditional on the acceptance of social services. The proposed separation would free the provincial governments of responsibility for financing, administering, and policing the income-maintenance programs. Most of the money, personnel, and resources now committed to these activities would be freed and would enable the provinces to improve and expand the social services provided to their citizens. The Senate Committee is prepared to go further and suggest that the Federal Government take the initiative to negotiate federal-provincial agreement on national minimum standards of social services to eliminate the extensive disparities in services which now exist among the provinces.

3. *Coverage.* Ideally, a Guaranteed Annual Income program should apply to all Canadians in need. The Committee proposal initially excludes from the G.A.I. "single unattached individuals under the age of 40." This exclusion would not apply to individuals who, on the basis of disability, now receive allowances or are found eligible for G.A.I. allowances. It is the view of the Committee that the appropriate solution for this group of Canadians under 40 lies not in income maintenance but in "opportunity" programs—education, training, counselling, and job placement. These young people represent a great potential contribution to Canada—if they can be placed in productive and satisfying employment. Little is known about this group, especially those in the younger age-brackets who for one reason or another have "dropped out." More detailed information is required before firm recommendations regarding income maintenance for this group can be made. In the meantime, it is strongly recommended that pilot and special programs for this group be sponsored and financed through existing agencies such as the Department of Manpower and Immigration, the Department of the Secretary of State, and the provincial governments.

Another group for which special provisions are required is composed of those who reside in Canada but are not Canadian citizens. The Committee recommends that under the G.A.I. plan all families be considered eligible for benefits once Canadian citizenship status has been established.

It should be made clear that those not initially covered under the G.A.I.—those single persons under the age of 40 and those not Canadian citizens—will have their needs met under the *Canada Assistance Act*.

## ESTIMATED COSTS OF PROPOSED G.A.I.

It is extremely difficult to make realistic cost estimates for any national G.A.I. program. First, there is the question of how much of the present social-welfare structure will be eliminated. Could all such programs be eliminated, or only parts of them? What savings would result? The costs of G.A.I. program transfers themselves must be considered. Such costs will vary considerably, depending on both the level of the guaranteed income-floor, and the rate at which such transfers are reduced as income from other sources increases. Third, the revenues which the Federal Government will forego through the elimination of personal income taxes below the poverty line must be taken into account.

The estimates presented below are those for the proposed G.A.I. program as it would have applied for the year 1967. The calendar year 1967 was used because it was the latest year for which the data necessary for such estimates were available. It was assumed that the basic allowance level, adjusted to family size, would be 70 per cent of the Senate Committee's 1967 poverty lines. This basic allowance would be reduced at the rate of 70 cents for each dollar of other income.

The four factors used in making these estimates were: the savings which could be realized from curtailment or elimination of certain social-welfare programs; the direct costs of G.A.I. transfers themselves; the costs incurred by the elimination of personal income taxes of those below the poverty line; and the provincial share of C.A.P. payments.

The Committee has adopted the position taken by the Department of National Health and Welfare in its recent White Paper, *Income Security for Canadians*, that is, that the only savings of any significance would be realized from making selective certain cash payments which are presently of the demogrant type: Family Allowances, Youth Allowances, and Old Age Security. It is anticipated that these three programs can be eliminated under a G.A.I. program. The only real savings from those demogrant programs, however, would be those payments going to individuals and families whose income would still be above the Senate Committee's 1967 poverty lines even if such demogrant payments were eliminated. Estimates of expenditures under each of these programs during calendar year 1967, and the savings that could be realized from them, are shown in Table 39.

It is estimated that about \$788 million of payments under these programs could have been redirected to offset G.A.I. program costs.

Data recently published by Statistics Canada (*Statistics on Low Income in Canada, 1967*) provide information on the amount of transfer and non-transfer income received by families and unattached individuals during the calendar year 1967. Using this information, we estimated the amount of government transfers families and individuals of low income received during 1967. The estimate was compared to the amount they would have received

under the proposed G.A.I. program, given the same level of other income. Under this program, we estimated that a typical low-income family would have realized an increase in average income of about \$1,000, from about \$2,500 to about \$3,500.

TABLE 39

Expenditures on demogrant programs and possible savings under a G.A.I. program, calendar year 1967

Program	Total expenditures (\$ millions)	Possible savings (\$ millions)
Family Allowance.....	600	400
Youth Allowances.....	70	47
Old Age Security.....	1,123	341
Totals.....	1,793	788

SOURCE: Staff Study.

Table 40 shows the Committee's estimate of the costs of providing these increased transfers to those eligible in 1967.

TABLE 40

Estimate of extra transfer payments under the proposed G.A.I., calendar year 1967

Family unit	Cost of increased transfers (\$ millions)
Families.....	1,059
Unattached males*.....	45
Unattached females.....	81
Total.....	1,185

\*For both unattached males and females, only those forty years of age or older are included here.

SOURCE: Staff Study.

It is estimated that the direct costs of providing basic-allowance payments geared to the level of other income would have been somewhat over \$1 billion in 1967.

A further significant factor is the cost to the Federal Government in terms of lost personal income tax revenue paid by those whose incomes in 1967 were below the Senate Committee's poverty lines. Certain difficulties are involved which limit the accuracy of such calculations. First, Statistics

Canada and the Department of National Revenue use different definitions of income. Statistics Canada includes income received from such sources as Family Allowances and Unemployment Insurance benefits, whereas the Department of National Revenue does not. Further, Statistics Canada data are analyzed in terms of economic family units, whereas National Revenue bases its calculations on individuals with allowances made for dependents. Nevertheless, estimates are possible from data published by the Department of National Revenue for the tax year 1967, which includes a breakdown of all returns by marital status, dependents, and income. By applying the appropriate Senate Committee poverty line incomes to this data, it was estimated that about \$88 million was paid in 1967 in personal income taxes by those below their respective poverty lines.

Finally, allowance was made for one other major cost factor. As the proposed G.A.I. is to be federally sponsored, the Federal Government would "pick up" that portion of social assistance benefits presently paid for by the provinces. These payments are now financed under the cost-sharing arrangements of the Canada Assistance Plan, under which the federal and provincial governments share these costs on a fifty-fifty basis. During the calendar year 1967, about \$340 million was expended on assistance payments by both levels of government. Thus, for the Federal Government to have assumed the provincial share would have involved a cost of about \$170 million.

In summary, Table 41 shows the estimated net cost to the Federal Government of the 70-70 G.A.I. program for 1967.

TABLE 41

Estimated net cost to Federal Government of the proposed G.A.I. program, calendar year 1967

Factors	Amount
	(\$ millions)
Costs:	
G.A.I. transfers.....	1,185
Tax exemptions.....	88
Provincial share of C.A.P.....	170
	1,433
Savings:	
Family and youth allowances and Old Age Security.....	788
Net cost:	
Costs - savings = \$1,433 - \$788 = \$645 (million)	

SOURCE: Staff Study.

The net cost, for 1967 is estimated at \$645 million, or more properly speaking, between \$600 million and \$700 million. This figure is, of course, subject to all the limitations mentioned earlier, but does represent a "reasonable" estimate.

In addition to the costs and savings estimated above, it seems probable that a significant saving would accrue from the simplification of administration under the proposed G.A.I. Direct payments to clients from the Federal Government with minimal requirements for eligibility determination and surveillance would reduce administrative costs significantly over the present systems. There is no basis on which these savings can be estimated for Canada, nor is there any way to determine how much of such savings would be at the federal level. In the United States, one estimate of savings based on a similar proposal was in the order of 40 to 64 per cent of existing administrative costs.<sup>4</sup>

The figure of \$600 to \$700 million in 1967 for a G.A.I. program is substantial. The costs of any serious anti-poverty program cannot be small. However, this figure represents less than one per cent of Canada's G.N.P. for 1967. Furthermore, others who have used 1967 as a base year for G.A.I. cost calculations have found, when projecting costs forward to 1970 or 1971, that they increase by about 15 per cent. Thus, the Committee estimates that in 1970 the costs of its program would be about one per cent of the Gross National Product of \$84.5 billion.

## CONCLUSION

In this section we have presented in outline form a proposal for the introduction of a Guaranteed Annual Income for Canada. We have not attempted to present detailed analysis of the many inter-related factors which such a plan involves. Our primary purpose has been to prepare for Parliament and the people of Canada a set of preliminary guidelines which can be supported in principle and to which the Canadian people can realistically commit themselves. The Committee is satisfied that such a program is feasible and that the time has come for its introduction. The Committee is aware that the proposal must receive much more detailed planning and analysis than the Committee has been able to do, and that implementation must be phased over a period of time.

The Committee is also aware that Canada, and the poor in particular, cannot wait any longer for this realistic first step toward the elimination of poverty. What is needed is a commitment to proceed. The difficulties and problems can be tackled and solved once that decision has been made. If the decision is postponed until the "perfect" program is designed, the problems and difficulties will provide an excuse for procrastination and inaction.

## Recommendations:

1. that the Government of Canada implement a Guaranteed Annual Income (G.A.I.) program using the Negative Income Tax (N.I.T.) method, on a uniform, national basis.

2. that the proposed G.A.I. program be financed and administered by the Government of Canada.

3. that the proposed G.A.I. plan be designed to cover all Canadians who need it. Initially G.A.I. would not cover residents of Canada who are not Canadian citizens and Canadian citizens who are single unattached individuals under forty years of age.

4. that Basic Allowance Rates under the G.A.I. be set initially at 70 per cent of the poverty line for each family size as determined by the methods outlined in this report and raised progressively as quickly as possible.

5. that the G.A.I. plan incorporate a work-incentive mechanism to ensure that those who work receive and keep more income than those who do not. It is proposed that initially Basic Allowances be reduced at the rate of 70 cents for every dollar of other income.

6. that income-maintenance under the proposed G.A.I. plan be divorced from the provision of social services. The provision of social services would remain the responsibility of provincial governments.

7. that the Canada Assistance Plan (C.A.P.) be retained and up-dated to serve as a vehicle for federal-provincial co-operation and cost-sharing in the delivery of social services. C.A.P. would also be used to cover, on a "needs" basis, those not covered initially by the G.A.I.

8. that all existing federal income-maintenance legislation be progressively repealed. Social-insurance programs such as Unemployment Insurance, and the Canada Pension Plan, would be retained, as would certain contractual programs such as Veterans' Allowances and programs related to Canada's native peoples. The G.A.I. would immediately replace the Family Allowance, Youth Allowance, and Old Age Security programs, operated by the Federal Government.

9. that the G.A.I. program be based on the principle that no one would receive less income under the G.A.I. than he or she now receives from other federal programs such as Old Age Security and income supplements. Other allowances or insurance payments would be treated as "other income" and augmented through the G.A.I. program where they are less than the G.A.I. allowances.

10. that income tax exemption levels be raised so that no Canadian whose income is below the "poverty line" would be subject to income tax.

# 3

## A Council for Applied Social Research

### THE PROBLEM

One of the factors which has made our task, and that of the research staff, much more complex is the shocking lack in Canada of research in the area of social development and the inadequacy of up-to-date statistical data. The Senate Committee, in pursuing the task of informing itself about the causes and dimensions of poverty, has repeatedly found that adequate data and applied social research were not available. There is no authoritative source to which the Committee could turn for information or to which it could refer problems for study.

The problem is not new. The Economic Council of Canada, in their *Fifth Annual Review* (1968), after recommending the establishment of the Special Senate Committee on Poverty, went on to suggest a longer-term strategy:

The longer-term measures which we propose consist essentially of building up with all reasonable speed the knowledge and understanding necessary for the elimination of poverty in Canada. These measures would amount to a comprehensive evaluation and reappraisal of the structure of all policies, both governmental and private, having a major bearing on the problem of poverty, including a careful evaluation of the advantages and disadvantages of new proposals such as the negative income tax and other forms of minimum income guarantee. The work would draw on the skills of specialists in different social and behavioural sciences. It would have to be well co-ordinated under the direction of persons experienced both in research and in the assessment of the practicability and administrative efficiency of existing and proposed programs.<sup>1</sup>

In their *Sixth Annual Review* (1969), the E.C.C. point out:

Perhaps what is most lacking in the development and implementation of effective anti-poverty policies, however, is a mission-oriented focal point . . .

and . . . there is no federal-provincial body charged with looking at the development of people, our most valuable resource, in a comprehensive manner.<sup>2</sup>

Finally the E.C.C. propose that "The Federal Government should establish an office to provide information and co-ordinate research on poverty"<sup>3</sup>

The experience of the Committee confirms the need for such an office. We propose, however, that it should not be restricted only to matters of poverty but should be broadened to encompass all aspects of human resources and social-welfare problems.

At present there is no one agency at the federal level in Canada which has the responsibility of conducting research and maintaining a continuous "watch" on human and social problems throughout the country. Human problems are divided according to departmental jurisdictions and academic disciplines on the basis of whether they relate to health, welfare, employment, citizenship, ethnic and/or racial, language and culture, native or immigrant, education or training problems. There is not a single agency which is responsible for the study of and provision of advice on the "whole man" or the individual as a member of a specific sub-group of the Canadian population. As a result, there is no comprehensive body of knowledge available as a baseline for the study of such human problems as poverty, unemployment, education, cultural and social conflict, discrimination, deviance, delinquency, social adjustment to technological change, and so on, at a national level. Consequently, each social problem must be studied from scratch when it reaches a crisis state.

The Committee found that the available research was fragmented rather than co-ordinated, the result of individual studies and not of systematic investigation of the entire problem. Frequently analyses of poverty problems had been made by a single discipline with little consideration of the influence of factors outside that discipline. Governmental agencies, with their special bias, rarely had the kind of data which would establish whether their programs were actually helping the poor. "Evaluation" for most such agencies consisted essentially of collecting and presenting data justifying the continuation and expansion of existing programs and expenditures, rather than objective information on the benefits which such programs provided to their respective clients. Performance is measured in terms of inputs (the amount of money spent or the number of clients served) and not in terms of output (cost/benefit ratios or the effect of services on the lives of clients).

The Human Resource Development Authority of the Province of Alberta noted another aspect of the problem in its brief:

A persistent problem such as poverty always raises the question about the adequacy of our knowledge. It is often assumed that the development of further information will lead to more effective action. Concerning poverty at this particular time, it is safe to say that there is no deficiency of general knowledge. During the past five years, social scientists and other specialists in Europe, U.S.A., and Canada have published literally thousands of research studies and reports dealing with poverty and human-resource development.

The problem is not the lack of knowledge, but the inefficient utilization and application of that knowledge in the decision-making process. This results both from the manner in which the information is presently organized, and from the translation problems between the scientific community and the political community . . . . There is a great need in Canada to develop a federated information system which integrates our emerging data and knowledge about social, economic, political, and related matters. This venture could be aided by greater encouragement for interdisciplinary efforts in the social-science community . . . . A great deal of poverty research has appeared in the form of voluminous reports, utilizing specialized social-science terminology, and employing tentative and conditional statements. This often has limited value to the political decision-making community which requires generalist knowledge, statements of some certainty, and popular language.<sup>4</sup>

## THE SOLUTION

To meet these needs, the Committee recommends the establishment of an Applied Social Research Council at the federal level. This council would conduct applied social research in support of government agencies at all levels. It would also serve to co-ordinate research programs, to disseminate research results, and to evaluate the effectiveness of agency programs.

It is emphasized that the need is for applied social research. For our purposes social research can be classified into three distinct types:

1. *Policy research* is concerned with the analysis of the goals and values of society and with the objectives of government. It takes the long view. The newly-approved Institute for Policy Research will be concerned with

such large questions as education policy, taxation policy, transportation policy, monetary policy, linguistic and cultural policy, health care policy, and broadcasting policy . . . .<sup>5</sup>

Policy research asks fundamental questions about the goals of society, takes a long time to answer such questions, and recommends futuristic policy changes which take a long time to implement. In a sense, the Special Senate Committee on Poverty has been concerned with policy research on poverty. Effective policy research is dependent on other sources for the basic information needed to carry out its particular function.

2. *Conclusion-oriented research* is concerned with the expansion of existing knowledge. This is the type of research most often associated with the academic community within the universities. This type of research is usually initiated by the investigator himself to satisfy his personal, intellectual curiosity and has no specific application as an objective. The value of conclusion-oriented research lies in its contribution to new knowledge which can be used for designing new and innovative social programs. It also contributes advances in methodology and techniques which can be used in more practical and immediate applications. Conclusion-oriented research results, generally, must be translated into practical programs before their value in solving real-life problems can be tested.

3. *Decision-oriented research* has a much narrower aim than either policy research or conclusion-oriented research. It is concerned with the practical problems involved in the implementation of policy decisions, and the application of available social-science research findings to the solution of social problems. It is concerned not so much with the question of *what* should be done as with the question of *how* it can be done; how a given program can be implemented most effectively and economically. Given the policy objectives, we must first decide how to solve the problem, and then how to solve it in the best way. These are decision-oriented research problems.

Decision-oriented research is also concerned with the evaluation of programs already initiated to determine how they can be made more efficient and effective in achieving their stated purposes. The essential purpose of this type of research is to provide decision-makers with accurate information on alternative courses of action which may be available. It is this type of applied, problem-solving research capability which is not now available at the federal level in Canada. It is the view of the Committee that the lack of such a capability has contributed to the lack of systematic planning and co-ordination of federal and federal-provincial programs across the whole field of human and social welfare. Furthermore, failure to fill this gap will jeopardize effective implementation of the proposals and recommendations made in this report and lay the groundwork for similar reviews, studies, and reports in the future.

### **Recommendations:**

**1. That a Council for Applied Social Research be established at the national level**

- a) to be responsible for comprehensive human-resource development and social-welfare research of an applied nature;
- b) to co-ordinate and encourage the dissemination of the research information available on social problems, and on poverty in particular;
- c) to conduct and disseminate applied research on social problems;
- d) to develop national social indicators;
- e) to be concerned with research on social problems as they affect groups within our society—the young, the old, single heads of families, and native, immigrant, and other minorities, etc.; and,
- f) to be responsible for development and refinement of the G.A.I. proposal made herein and to prepare plans for implementation.

### **CONCLUSIONS**

Our discussion has focussed on several inter-related problems. First, it has been argued that dealing with the problem of poverty in Canada effectively

requires that what has been learned from social research be extended, but more importantly, that it be translated from abstract principles into social action through a program of G.A.I. Second, we have concluded that there is great need for developing an agency which can address itself to aiding the decision-making process by developing and disseminating the results of social research to the practitioner and the government agency so that they may do their work more effectively. To accomplish this it is recommended that a Council for Applied Social Research be established to design and implement new social-welfare and human-resource programs such as the proposed G.A.I. This agency would also be concerned with developing means of measuring the performance of social-welfare agencies to make them more efficient. This would require the evaluation of social programs and the experimental implementation of new programs through existing agencies on a pilot basis—what has been called “action-research.”

Of particular concern to the Committee is the need to make certain that our recommendations for a Guaranteed Annual Income, and the many subsidiary recommendations toward eliminating poverty, are made to work effectively for the benefit of all Canadians.

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##### CHAPTER 3.

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## APPENDIX

### Development of a New "Poverty Line"

The organization and recommendations of this report are based on recognition of the fact that poverty is multi-dimensional, encompassing lack of social, psychological, and economic well-being. Nevertheless, most people think of poverty as income deficiency resulting in chronic material deprivation. This concept of poverty as low income is useful since it facilitates both the measurement of poverty and the development of programs to eliminate it. Many of the attempts to "define" poverty, both in Europe and North America, have been based on the view of poverty as income deficiency. Within this approach, however, there are conflicting views about the best way to measure inadequate incomes.

#### ALTERNATIVE METHODS

The most popular method has been to define poverty in terms of some minimally-adequate budget to cover items of basic need. This has been labelled the "budgetary," or subsistence, approach.

A second method is concerned with inequality rather than poverty *per se*. In this approach, poverty, or low income, is defined in terms of some percentage of average income. By contrast with the first method, no attempt is made to establish the price of a certain "basket of goods." The use of this comparative-income approach means that the poverty line (the definition of inadequate income) changes automatically with changes in average income.

A third method emerges directly from a concern with inequality, with how the total economic pie is being sliced. It examines the share of total national income going to, say, the bottom 20 per cent of the population,

and compares it with the share going to the top 20 per cent. With this approach, the relative gains or losses of population sectors can be compared over time.

## BUDGETARY APPROACH

Of these three methods, the budget-oriented has been the most widely used both in Western Europe and North America. However, within this approach there are many problems. One fundamental issue is whether the cut-off point between the poor and others is to be considered as that level required for bare survival or as inadequacy in terms of prevailing standards. Historically, the trend appears to have been from the former to the latter.

In the late nineteenth century, concern centred on defining the degree of poverty which would give claim to relief under the stringent European poor laws.<sup>1</sup> The criterion for relief was "destitution," but this term itself was nowhere clearly understood. Louise Twining, *The Guardian of the Poor at Kensington*, did some research on this matter in 1881 and concluded that, in most countries, distress from incapacity for work, mental imbecility, sickness, or old age were legitimate claims to support.<sup>2</sup> Those outside the workhouse, and not disabled or elderly, could not receive public assistance. Twining's aim was not really to study and define a minimum living standard, but rather to criticize English relief policy.

The first attempt at "defining" poverty is often attributed to Ernst Engel. After examining the family budgets of a group of workmen, Engel deduced a law of consumption known as Engel's law, which states: "As income increases, families spend more money for food; but this larger amount takes a smaller share of income, leaving proportionately more funds for other things."<sup>3</sup> In other words, a low percentage of income going for food can be equated with prosperity and a high percentage, with deprivation. Further, he attempted to establish a standard of living which he stated to be that level of well-being at which people spend a maximum of 80 per cent of their income for the "reasonable" satisfaction of physical needs, spending the remainder for higher cultural satisfaction.

During the last two decades of the nineteenth century, research was also conducted in England on the problems of defining poverty. Such investigators as Charles Booth and Seebohm Rowntree felt that poverty must be related to some minimum standard of economic welfare, based on providing for the primary needs of the people concerned. Booth defined poverty in terms of income: "By the word 'poor' I mean to describe those who have a sufficiently regular, though bare, income for a moderate family."<sup>4</sup> Rowntree attempted to put these cost-of-living estimates on a more empirical basis. In a study of a number of working-class families in 1899, he estimated the cost of buying those goods and services which at that time were absolutely necessary for the maintenance of merely physical efficiency.<sup>5</sup> The expression

"merely physical efficiency" was not explained, but he drew up a list of necessities under the headings of food, clothing, fuel, and household sundries, and estimated how much it would cost to buy them.

Rowntree also tried to price a subsistence income. For the food component, he used a number of food studies prepared by experts in nutrition. To keep the food estimate minimal, he allowed for a diet less generous in quality and variety than that supplied to "the able-bodied paupers in work-houses." He also assumed that the necessary diet would be selected with a careful regard to the nutritive values of various foods, and that these would all be purchased at the lowest possible current prices. The clothing allowance was limited to that absolutely necessary for health, and rent levels were determined on the basis of a survey of rents paid by those of the working class. Two later studies were conducted in 1936 and 1950. In each of these, Rowntree adopted progressively more liberal yardsticks, and extended his budget to include new components.

While Rowntree's method appears to be quite rational, it has many shortcomings. Among these is the fact that nutritional requirements, and the nutritive value of certain foods, cannot be precisely specified. Further, many poor families have neither the opportunity nor the knowledge to purchase a diet that gives adequate nutrition at the lowest possible cost. More serious than these objections, however, were the disguised value-judgments of Rowntree in deciding what constituted items of basic need. That is, were the "adequacy" levels of the later studies considered only as "adequate to survive," as in his earlier work? Nevertheless, the principles he developed at the end of the last century are still broadly followed by many social scientists and governments.

Since the Second World War, the British sociologist, Peter Townsend, has written a number of articles on the development of a minimum living standard. In one article, he examined the work of others in this area, especially Rowntree.<sup>6</sup> Rowntree's standards, he felt, were too arbitrary and stringent regarding the "necessities" of life. Townsend felt the delineation of shopping lists of necessities to be practically impossible. He concluded that the only defensible component of a poverty budget is the amount allocated to food; although even in this area of consumption, there lacks a relationship of the budget to the actual customs and habits of the working people. That is, many of those who devised such budgets implicitly "expected them [the poor] to be skilled dieticians with marked tendencies toward puritanism."

Townsend went on to develop his own poverty lines based on the proportion of income actually spent by certain segments of the working class on food. This method, he felt, would obviate the need for subjective decisions about the amount of money required for clothing and other budget components. In an article in 1962, Townsend restated his main thesis that both poverty and subsistence are relative concepts that can be defined only in relation to the material and historical resources available at a particular

time to the members of a particular society.<sup>7</sup> He further criticized the subsistence concept, including the poverty lines he himself had earlier devised on the basis of nutritional requirements, saying that they "are rough estimates subject to wide margins of error."

Researchers in other countries, however, especially those employed by government, have been less willing to break with the subsistence approach in developing standards of income deficiency.

In the United States, for instance, a poverty formula was suggested by the President's Council of Economic Advisers in their *Annual Report* (1964). This formula classified as poor a family whose annual income was under \$3,000, and a single person whose annual income was below \$1,500. By the Council's own admission, however, these figures could be considered only as crude and approximate measures.

Since 1964, the most commonly-used and now-official set of poverty lines in the United States are those which, like Rowntree's earlier in the century, define and measure poverty using a subsistence or "market-basket" approach, in terms of food, clothing, shelter, and services. Such a "market-basket" budget-orientation leads to the identification of those goods and services which comprise this basket, and it follows that people in poverty are those whose incomes are too small to acquire the market basket. These poverty lines were developed by Mollie Orshansky of the Social Security Administration (S.S.A.) of the U.S. Department of Health, Education, and Welfare.<sup>8</sup> (This method was adopted for official purposes by the Office of Economic Opportunity.) Not only did it appear to be well-documented, but it satisfied the more important criterion of political acceptability, for the application of these poverty lines to 1964 data did not change the numbers of poor from those enumerated by the Council of Economic Advisors.

To develop a minimum-subsistence-income standard, Miss Orshansky based her calculations on the amount of money needed to purchase the food for a minimum adequate diet, as determined by food consumption studies done by the U.S. Department of Agriculture. This food budget was the lowest that could be devised to contain all the essential nutrients, using foods readily available in the United States. The minimum standard, or poverty line, was then calculated as three times the amount needed to purchase the components in this food budget. Adjustments were made for families of differing size and composition, as well as for the lower cash requirements of families on farms who could produce some of their own food.

The "times 3" formula for translating food costs into total income requirements harked back to Engel's law, which states that the smaller the family income the greater the proportion of income spent on food. Miss Orshansky assumed that the equivalent levels of adequacy were reached when one-third of total income was sufficient to purchase an adequate diet.

A number of value-judgments were built into this S.S.A. line, although on the surface it appears to be based on actual data. Some of the more obvious of these assumptions were: the significance of each additional family

member for family budgetary needs; the economic importance of urban or rural residence; the proportion of the family budget allotted to food expenditures; the definition of adequate diet; and the standard of food requirements set by proportion of households at which the achievement of adequate nutrition is defined as tolerable.

Further, however, in an affluent country like the United States, a serious question arises as to whether the S.S.A. income-food relationship (3:1) is adequate. The S.S.A. uses the lowest or "economy" food plan, which was issued by the U.S. Department of Agriculture for "temporary or emergency use when funds are low." Even the S.S.A.'s second budget line—the near-poor—is based on the low-cost food plan of the U.S. Department of Agriculture, which provided total food expenditures of only 75 cents a day per person (in an average four-person family) in 1966. Spending at this level does not guarantee an adequate diet.

Again, the assumptions about "low-cost" food plans are questionable. It is assumed, for instance, that families will, or even can spend their food money to buy the most nutritious foods. As Townsend had pointed out in his criticisms of Rowntree's approach, the poor are generally not buyer-wise and are often unable to do comparative shopping.

#### POVERTY IN RELATIVE (INCOME) TERMS

If the budget-oriented approach is concerned with "adequacy," then in its pure form the relative income approach is concerned with "inequality." The use of the latter approach means that changes in average income automatically change the definition of what an inadequate income is. Determining the composition and price of any basket of goods becomes irrelevant.

This aspect of poverty was recognized at least two centuries ago when Adam Smith, in defining "necessaries," wrote:

By necessaries I understand not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without.<sup>9</sup>

Galbraith restated this thesis when he wrote, "People are poverty-stricken when their income, even if adequate for survival, falls markedly behind that of the community . . ."<sup>10</sup>

As pointed out above, Townsend came to the conclusion that both poverty and subsistence are relative concepts which can be defined only in relation to the material and historical resources available at a particular time to the members of a particular society. By 1962, he had discarded his earlier work based on the calculation of nutritional requirements in favour of defining "necessaries" in relative terms. This led him to suggest a definition of poverty based on measuring how many households have a total income of less than 50 per cent of the average. He also suggested such non-income measures of

poverty as the differentials between housing standards and educational resources enjoyed by different classes and different types of households. He concluded:

Our general theory, then, should be that individuals and families whose resources, over time, fall short of the resources commanded by the average individual or families in the community in which they live, whether that community is a local, national, or international one, are in poverty.<sup>11</sup>

While Townsend continued to criticize the subsistence standard, he did not make any suggestions about how to redefine poverty, nor did he recommend new methods for its measurement.

A better example of the relative approach to income deficiency is represented by the work of Victor R. Fuchs who proposes that we define as poor any family whose income is less than one-half the median family income.<sup>12</sup> This standard would be modified to take account of such factors as family size and composition, regional variations, and "other relevant variables." The main advantage of this approach is that it provides a poverty standard that changes with the growth of real national income. Furthermore, it can direct attention to the distribution of income and provide a realistic basis for appraising the success or failure of government redistribution programs.

In the United States, application of the standard of 50 per cent of median family income resulted in a poverty line below which 20 per cent of American families fell.<sup>13</sup> This figure is somewhat less than the 24-per-cent poverty rate for the same year based on the Orshansky poverty lines. The trend data for the median income standard are more revealing, however, for they show that the percentage of poor has not declined since 1947. Furthermore, between 1959 and 1965, when the average income of four-person families increased by 37 per cent, the S.S.A. poverty line (adjusted only for price increases) increased by only 9 per cent.<sup>14</sup> In other words, during the 1960s in the United States, the budget-oriented estimates have not reflected changes in average styles of life. Many feel that this lag is due to political rather than conceptual constraints.

While the budget-oriented approach is susceptible to adjustment, the relative approach is not. There is nothing magical or inherently correct about the use of 50 per cent of the median income as the cut-off point. This percentage is arbitrary, and 40 per cent or 60 per cent of the median could as easily be justified. Fuchs openly stated that the use of any fraction of the median income would be an arbitrary decision, and suggested that the actual proportion should be established openly through the political process and as a national value-judgement. Such openness, he felt, would at least be preferable to the present budget-oriented approach, "which is subject to political manipulation under the guise of technical budget studies."<sup>15</sup>

Other advantages of the relative method include its simplicity and low development-cost, since most of the required data on incomes are collected regularly.

The third way of looking at poverty as income deficiency is in terms of income distribution or the share of the total national income that goes to the bottom 10, 20, or 30 per cent of the population. Usually, concern is directed towards the lowest 20 per cent, that is, the bottom quintile or fifth. In this approach it is meaningless to talk of the numbers of poor people or of a poverty rate. It is rather a question of how well the bottom group is doing by comparison with the other groups. Ideally, for instance, the bottom 20 per cent would receive 20 per cent of the national income. If they receive less, it is helpful to know if this percentage changes over time as a reflection of trends toward or away from a more equitable income distribution. Unfortunately, as figures resulting from this method showed, in an earlier section of this report, the share of income "enjoyed" by the lowest quintile in Canada has hovered at a dismally low 6 or 7 per cent since 1951. Similarly, in the United States the percentage of total money income that goes to the bottom 20 per cent of families has remained constant at 5 per cent since 1947.<sup>16</sup>

This measure is particularly useful, as an indicator of trends in the distribution of income received by a particular sector of the population through time. While at this time the lowest 20 per cent are considered "poor," this need not always be the case. It is inequality rather than poverty which is being measured. Some critics however have failed to make the conceptual distinction between "poverty" and "inequality" as evidenced by the remark by Professor Oscar Ornati:

If we define the poor as making some part of the bottom of the income distribution, some kind of lower fifth, eighth, tenth, or whatever fraction you will, their actual permanence is guaranteed. . . .<sup>17</sup>

It is, of course, precisely for this reason that, in the long run, poverty defined as income share is inappropriate as a basis for developing poverty lines or measuring trends in the extent of poverty.

## THE CANADIAN SCENE

In Canada, there are no "official" poverty lines. However, all of Canada's provinces have devised monthly budget standards for items of basic need. These standards provide assistance for food, clothing, shelter, and household effects to those who are "in need" and eligible, and are scaled according to family size and composition. Assistance levels to a similar family vary from province to province, a fact documented in the main body of this report. These "monthly budgets" attempt to price the components of the particular family's "necessities" to arrive at an over-all figure. These budget levels are not presented as explicit poverty standards by the provinces, but they do

seem to represent an implicit standard. In fact, Hindle, in a recent article, used as poverty lines the minimum annual budgetary requirements for various sizes of families set out under Ontario's *General Welfare Assistance Act*.<sup>18</sup>

While Canada has no official poverty lines, both Statistics Canada and the Economic Council of Canada have adopted lines developed in 1965 by Miss J. R. Podoluk of the Consumer Finance Research Section of Statistics Canada. The poverty lines she devised are of the budget-oriented type. Like Orshansky, Podoluk used as her starting point a modified version of Engel's law of consumption. As did Engel and Orshansky, she measured the well-being of families by the discretionary income left after expenditures on "basic necessities." An examination of data derived from the *Family Expenditure Survey* (1959), revealed that, on average, families of different sizes and incomes allocated about half their incomes for buying shelter, food, and clothing. She went on to write:

It has been assumed that where expenditures on these components were well above average, and accounted for 70 per cent or more of family income available, these families might have difficulty in managing to meet all of their needs out of their incomes. . . .<sup>19</sup>

Translating this "rule-of-thumb" into dollar terms, she found that in 1961 unattached individuals, with incomes below \$1,500; a family of two with less than \$2,500; and families of 3, 4, 5, or more, with less than \$3,000, \$3,500 or \$4,000, respectively, spent more than 70 per cent of their incomes on basic necessities. Family units with incomes at or below these poverty-line income-levels in 1961 were considered poor. Using this criterion the poverty rate for 1961 was about 25 per cent.

These poverty lines were rounded somewhat and indicated a definite relationship between family size and assumed income needs. For instance, the poverty line for an unattached person (\$1,500) was exactly half that for a family of three (\$3,000). Similar relationships existed between other family sizes and their respective income-need levels. As these poverty lines have been adjusted uniformly in terms of increases in the Consumer Price Index, these relationships still hold, although the figures themselves have changed. That is, the poverty line for an unattached person in 1969 (\$1,894) is still exactly half of that for a family of three (\$3,788).

The poverty lines determined by Podoluk were very close to those of Orshansky. This is not surprising, considering the similarity of their methods. The basic difference was that Podoluk used existing spending patterns rather than food studies and surveys. Many of the criticisms levelled at the poverty line developed by Podoluk have been on the grounds that it is primarily budget-oriented, and thus subject to the pitfalls of such an approach.

Probably the most obvious criticism relates to the choice of 70 per cent or more of income spent on food, clothing, and shelter as the criterion of poverty. The 70-per-cent figure is arbitrary, no more "correct" than a 60- or 80-per-cent criterion. The 70-per-cent criterion resulted in a "reasonable" poverty rate of 25 per cent in 1961. Had 60 per cent of income on necessities

been used as the measure, the poverty rate might have been about 10 per cent—a figure that few would have taken seriously. On the other hand, an 80-per-cent criterion would have resulted in a poverty rate of over 40 per cent, an unacceptable figure.

A second major criticism is that the poverty lines have failed to take account of changing socio-economic conditions over the last decade in Canada. The finding that the average family unit spends 50 per cent of its income on food, clothing, and shelter was based on a 1959 survey of family expenditures. With increased average incomes and standards of living in Canada, it may be that, in 1971, the average family spends a much lower percentage of income on necessities, perhaps only 40 per cent. If this is so, and the "hardship" criterion is set at 20 per cent above the average (as it was in 1961), then it would mean that the hardship criterion should have been lowered proportionately, perhaps to about 60 per cent of income. Such revisions have not, to our knowledge, taken place.

The third, and perhaps most serious criticism, is that the Podoluk lines, because they are revised only with reference to changes in the Consumer Price Index, create a false impression that poverty diminishes through time. That is, Statistics Canada publications show that the poverty rate, using the Podoluk lines, dropped from about 25 per cent in 1961 to about 18 per cent in 1969. This would appear to be a significant improvement. However, when it is pointed out that the poverty lines were revised upwards by only 26 per cent over this period of time while average family income rose by some 65 per cent, the apparent reduction in poverty becomes, for many, just that—apparent.

A further shortcoming of the Podoluk line is the nature of its family-size adjustment-scale. Great dissatisfaction has been expressed over the fact that the highest poverty-line income-level includes all families of five or more persons. In 1969, the Statistics Canada poverty line for a family of five was \$5,051. However, it was also \$5,051 for families of six, eight, ten, and more. Even the stringent provincial budget standards for items of basic need make specific allowance for the extra costs incurred by families of more than five persons.

For these and other reasons, there is a growing dissatisfaction with both the conceptual and technical aspects of the present poverty lines in Canada, as evidenced by Hindle's remark that "perhaps the real beginning of the war on poverty awaits the definition of relevant poverty levels. . . ." <sup>20</sup> Given the limitations of any poverty lines, then, the Committee found itself charged with the task of defining "relevant poverty levels."

#### DEFINING MORE RELEVANT POVERTY LEVELS

The first limitation on the development of more relevant poverty lines is the fact that poverty, as seen here, will be defined as income deficiency. The re-

strictions imposed by this view of poverty as material deprivation, whether one's approach is budgetary, relative, or income-share, have already been outlined. Furthermore, while many of the approaches to definitions of poverty in the previous sections of this Appendix have been criticized on the grounds that they involve subjective value-judgements, it should be apparent that in this work there can be no objectivity.

Nor have others been blind to these limitations. Orshansky has recently written:

Poverty is a value-judgment; it is not something one can verify or demonstrate except by inference and suggestion, even with a measure of error. To say who is poor is to use all sorts of value-judgments. The concept has to be limited by the purpose which is to be served by the definition. There is no particular reason to count the poor unless you are going to do something about them. Whatever the possibilities for socio-economic research in general, when it comes to defining poverty, you can only be more subjective or less so. You cannot be non-subjective . . . .<sup>21</sup>

The best one can do, then, is recognize and make explicit one's own biases and objectives. Our principal bias is toward the comprehensive and relative concept of poverty as against the subsistence-level, minimum-need concept of poverty. Our objectives are: the determination of poverty lines more relevant to the elimination of poverty; the reduction of inequality; and the provision of basic security from hazard to all citizens.

While it is true that Canada's present poverty standards, whether implicit (as in the case of provincial social assistance levels) or explicit (the Podoluk poverty income lines) have many shortcomings, they do provide a realistic "jumping off" point. For instance, one question is how the poverty income lines are to be adjusted by family size. The answer of course will always be affected by value-judgments about the significance of each additional family member. If it is granted that a certain degree of arbitrariness is inescapable, then the relationships established by Miss Podoluk appear quite straightforward and useful. This implies a constant relationship between various family-unit sizes and the level of income defined as poverty. These constant relationships can be expressed simply through a points system which is called Family Size Equalizer Points (F.S.E.P.). If 3 of these "points" are assigned to unattached persons, then families of two are assigned 5 points; families of three, 6 points, and families of four and five, 7 and 8 points, respectively. There is nothing magical about using 3 points to represent individuals: this number is for notational convenience only. The Committee feels, however, that Statistics Canada's weighting system contains one major shortcoming: no allowance is made for family members beyond the fifth. To overcome this defect, we propose that one additional point be assigned to each of the sixth and subsequent persons in the family. The resulting points system, weighted by family size, is shown in Table A 1.

This table indicates that for every \$3 required by an unattached person to maintain a given standard of living, a family of two requires \$5, a family of three, \$6, and so on.

TABLE A 1

Relationship between family unit size and income requirements  
expressed as Family Size Equalizer Points

Family unit size	Family Size Equalizer Points (F.S.E.P.)
1.....	3
2.....	5
3.....	6
4.....	7
5.....	8
6.....	9
7.....	10
10.....	13

SOURCE: Staff Study.

The two major problems in the development of any new poverty lines are: first, how such lines are to be derived; and, second, how they are to be adjusted over time. Conceptually, it seems obvious that a view of poverty as relative has the most merit. For various reasons, however, this view has not characterized the development of poverty lines either in Canada or in other countries. At the other end of the scale (or, perhaps, on the other horn of the dilemma) budget-oriented lines based on some idea of "adequacy" or "necessaries" are known to involve a higher degree of subjectivity and countless hours of toil on both defining and pricing such necessities. The Committee felt that the degree of arbitrariness and subjectivity required to develop new poverty lines on the basis of a budget-oriented approach to be unacceptable.

A clue to the resolution of this problem was provided by Orshansky's previously cited remark:

The concept of poverty has to be limited by the purpose which is to be served by the definition. There is no particular reason to count the poor unless you are going to do something about them.<sup>22</sup>

It is a recommendation of this Committee that something very real "be done about them"; namely, the provision of a Guaranteed Annual Income incorporating the Negative Income Tax principle. Such a program is highly dependent upon the determination of realistic yet socially and financially acceptable poverty lines. To meet the objectives stated above, the new poverty lines must satisfy the following criteria:

1. They must be an improvement, both conceptually and technically, over those poverty lines, whether implicit or explicit, currently in use in Canada.
2. They must provide for an acceptable level of adequacy in terms of current need levels.

3. They must be dynamic—with an automatic, built-in adjustment mechanism which ensures sensitivity to changing levels of income and standards of living.

4. They must provide a basis for the Guaranteed Annual Income which is the Committee's major recommendation.

5. Finally they must be acceptable to the people and governments of Canada.

It was felt that the Committee's goals would be best achieved through a compromise solution, based on an initial level of adequacy which is capable of yearly revision in terms of average standard of living.

The first question that arises is, of course, what "initial level of adequacy" is to be used. The review presented above indicates that there is no single "correct" answer to such a question. One such answer is implicit in Statistics Canada's poverty lines. In 1969, for instance, the Statistics Canada low-income (poverty) line for a family of four was \$4,420. This figure, however, represents the income level at which a family of four would be spending at least 70 per cent of its income on the basic necessities of food, clothing, and shelter, and thus suffering undue hardship. In other words, Statistics Canada's estimate of expenditures on *basic necessities* was actually 70 per cent of this low-income cut-off point, or about \$3,094. If the family's income was *less than* \$4,420, then the \$3,094 required for necessities would represent an even greater proportion than 70 per cent of income, and the degree of hardship endured would be that much more severe.

Another answer to the question of what constitutes a "level of adequacy" in Canada is the benefit levels provided by Canada's various provinces to cover "items of basic need." In its brief to the Committee, the Department of National Health and Welfare presented tables detailing "Monthly Budget Standards for Items of Basic Need, by Type of Family, December, 1969."<sup>23</sup>

Using these figures as a starting point, the Committee projected them to a yearly average for a typical family of four consisting of two adults, a girl of eight, and a boy of thirteen. Because most provinces specifically exclude Family Allowance payments in the calculation of benefit levels, \$168 was added to each budget. Also, allowances were made for heat and utilities in provinces where these are paid on a cost basis. With the exception of Alberta, it was found that the provincial budget standards on a yearly basis ranged from a low of about \$2,250 to a high of about \$3,350. The hardships imposed on "welfare" families in many provinces, however, are well known and have been documented in other sections of this report. The only conclusion warranted is that a province or municipality where welfare income is \$3,350 comes much closer to providing adequate benefit levels for items of basic need than does a province or municipality where the level is only \$2,250. In fact, in 1969, most provinces provided benefit levels lower than the \$3,094 level which Statistics Canada set as the starting point of "undue hardship."

A guiding principle of the Committee's work has been that a G.A.I. scheme to replace the present social-assistance hodge-podge must provide welfare recipients with at least those levels of income which they currently receive. While many communities provide benefits which are lower than provincial standards, there are certain "fringe benefits" available to welfare recipients. For instance, the general rates may sometimes be supplemented by the municipality or "special" benefits provided for special circumstances such as funeral expenses, a gastric diet, or other extraordinary needs.

On the basis of these and other factors, the Committee decided that the sum of \$3,500 should be adopted as the initial benefit level for a family of four for the year 1969. The provision of a \$3,500 income floor, on a national basis, as a social right, represents a substantial gain for the great majority of families with little or no other income. For instance, \$3,500 represents about \$1,000 more than the amount received in 1969 by a four-person welfare family where the lowest benefit levels prevailed. This amount would have been almost \$500 higher than the provincial average for that year. In addition, this guaranteed income floor represents a great step towards the elimination of regional disparities and the current discrimination against families because of the province or municipality in which they happen to reside.

The amount of \$3,500 is the basic guarantee level recommended for families of four. Adjustments in this amount for families of other sizes would be accomplished through the use of the Family Size Equalizer Points system described earlier in this section. Under this system, families of four are allotted 7 points. The value of a single point then is derived simply by dividing the recommended basic guarantee level of \$3,500 by 7. The result is \$500. Guarantee levels for other family units are calculated by multiplying the number of points allotted to that family (for example, 5 in the case of a two-person family) by the value of one such point, \$500. The operation of this method of adjustment for family size is shown in Table A 2.

TABLE A 2  
Income guarantee levels by family unit size, 1969

Family unit size	Family Size Equalizer Points	Family size equivalent	Income guarantee level
			\$
1.....	3	3 × 500	1,500
2.....	5	5 × 500	2,500
3.....	6	6 × 500	3,000
4.....	7	7 × 500	3,500
5.....	8	8 × 500	4,000
6.....	9	9 × 500	4,500
7.....	10	10 × 500	5,000
10.....	13	13 × 500	6,500

SOURCE: Staff Study.

Table A 2 shows, for instance, that an unattached person would be guaranteed an income floor of \$1,500, while a family of three would receive twice that amount.

It should be emphasized that the amounts shown in Table A 2 are for "items of basic need" and are *not* "poverty lines" as such. For the derivation of poverty lines, the income guarantee levels shown in Table A 2 should be seen as representing 70 per cent of their respective poverty lines. These income guarantee levels and the related poverty lines for 1969 are shown in Table A 3.

TABLE A 3

Income guarantee levels and poverty lines by family unit size, 1969

Family unit size	Income guarantee level	Poverty line
	\$	
1.....	1,500	2,140
2.....	2,500	3,570
3.....	3,000	4,290
4.....	3,500	5,000
5.....	4,000	5,710
6.....	4,500	6,430
7.....	5,000	7,140
10.....	6,500	9,290

SOURCE: Staff Study.

For the base year of 1969, the Committee's poverty line of \$5,000 for a family of four is significantly higher than the \$4,420 used by Statistics Canada. Because the Committee's lines allow adjustments for families larger than five, this difference is even more marked for the larger family sizes. For instance, the Committee's poverty line for a family of seven is \$7,140, compared to the \$5,051 of Statistics Canada.

The Committee's poverty lines may be criticized on the grounds that they do not take into account regional variations or family composition. On the first point, to differentiate the poverty lines by regional or urban-rural criteria would be self-defeating of the recommendation for a G.A.I. scheme on a national basis. While farm families may be able to provide some of their own food, these families receive less in the way of public and other services than urban families. On the second point, it was felt that to attempt differentiations on the basis of the age or sex of family members would involve administrative nightmares. For this reason the Committee chose the "economic" family, defined simply as a group of individuals sharing a common dwelling unit and related by blood, marriage, or adoption, as the unit in calculations for both the poverty line and the G.A.I. proposal.

The derivation of these base-year poverty lines constitutes one part of the Committee's task of developing more relevant poverty lines.

The second and more important task is to ensure that these poverty lines remain valid through time and do not become obsolete and out-dated as has been the fate of others. The Committee has adopted the view of poverty as a relative concept. To accomplish this objective, it is recommended that the base-year poverty lines (1969) be adjusted automatically each year with reference to the average annual incomes of Canadians.

The Committee has developed an escalator mechanism based on average living standards, as reflected by the amount of disposable income available in Canada in any given year. (The definition of "disposable income" used here is the total amount of personal income as reported by Statistics Canada, including transfer payments, less the total amount of personal income taxes paid, as reported by the Department of National Revenue.) The following section explains the operation of this escalator mechanism.

#### REVISIONS TO THE POVERTY LINE

Revisions to the Senate Committee's poverty lines are to be made in terms of the changing value of the Family Size Equalizer Point (F.S.E.P.), which in the base year of 1969 was "worth" \$500. This method consists of multiplying the F.S.E.P. by the ratio of the average living standard of the year in question to the average living standard in 1969.

This calculation requires an operational definition of the annual average living standard. The measure of the average living standard adopted by the Committee is the total disposable income for the year divided by the total number of F.S.E.P.s distributed throughout the population covered by Statistics Canada income surveys. For illustrative purposes, this method of quantifying the average living standard in the year 1969 is outlined below.

First, it is necessary to determine the total value of personal income for all Canadians. This information is gathered regularly by Statistics Canada and published as *Income Distributions by Size in Canada*. Table A 4 shows this information by family size for 1969.

The total amount of personal income in 1969 was almost \$50 billion. This figure includes transfer payments, but is gross of personal income taxes. To find the amount of disposable income for 1969, the total amount of personal income taxes paid must be subtracted. Although the amount of personal income taxes paid in 1969 has not yet been published, officials of the Department of National Revenue estimate that the amount is approximately \$6,536,700,000. Therefore, disposable income in 1969 was about \$43,159,746,000.

The other information required is the total number of F.S.E.P.s represented by the population covered in the Statistics Canada surveys. This information is derived by multiplying the appropriate number of F.S.E.P.s

(for example, 7 for a family of four) for each family size by the number of family units of that size. Table A 5 shows this calculation for 1969.

TABLE A 4

Approximate personal income by family unit size, 1969

Family unit size	Average income	Number of units	Total
	\$	(thousands)	(\$ thousands)
1.....	4,003	1,625	6,504,875
2.....	7,201	1,436	10,340,636
3.....	8,906	961	8,558,666
4.....	9,546	1,008	9,622,368
5.....	10,041	91,461	14,669,901
Total:			49,696,446

SOURCE: Staff Study; D.B.S., *Income Distribution by Size in Canada, 1969* (Cat. No. 13-542), Tables 2 and 8.

TABLE A 5

Calculation of total number of F.S.E.P.s by family unit size in personal income survey, 1969

Family unit size	Number of F.S.E.P.s	Number of family units	Total number of F.S.E.P.s
		(thousands)	(thousands)
1.....	3	1,625	4,875
2.....	5	1,426	7,180
3.....	6	961	5,766
4.....	7	1,008	7,056
6.2*.....	9.2	1,461	13,441
Total.....			38,318

\*6.2 is the average size of families containing five or more persons, according to Statistics Canada officials.

SOURCE: Staff Study.

The total number of Family Size Equalizer Points represented by the population was 38,318,000.

The total F.S.E.P.s is a more refined per-capita measure than the total number of individuals covered by the surveys. First, the method includes an implicit weighting of family sizes which is lost if only the total number of individuals is used. Second, the points method automatically takes into account demographic shifts such as the trend away from larger families and the greater number of unattached old people living on their own.

The final step in determining the "value" of the average living standard for the base year of 1969 is to divide the total disposable income (\$43,159,746,000) by the total number of F.S.E.P.s (38,318,000). The result is \$1,126. This figure represents only an approximation of the average per-capita living standard for the base year of 1969. It has meaning only as an adjustment mechanism, to be used in conjunction with the similarly derived average living standard for any other year in order to determine the poverty lines for that year. An example of this adjustment process follows.

Using the appropriate data for 1967, the value of the average living standard in that year was \$973. The adjustment "formula" is the ratio of the 1967 average living standard to the 1969 average living standard multiplied by the base year F.S.E.P. of \$500. This formula appears as:

$$\frac{\text{Value of average living standard in 1967}}{\text{Value of average living standard in 1969}} \times \text{base year F.S.E.P.}$$

Substituting the appropriate figures into this formula produces:

$$\frac{\$973}{\$1,126} \times \$500 = \$432$$

The income-guarantee levels for families of various size are then determined by multiplying \$432 by the number of F.S.E.P.s assigned to any particular family size. The income-guarantee level for a family of two, for instance, would be 5 (the number of F.S.E.P.s for that family size) times \$432, or \$2,160. Similarly, for a family of four, the income guaranteed level would be (7 × \$432 =) \$3,020. It must be emphasized that this \$3,020 for a family of four is not the poverty line but 70 per cent of the poverty line. Table A 6 shows both the income-guarantee levels and poverty lines by family size for the year 1967.

The change in these poverty lines through time overcomes one of the most serious criticisms levelled at the Statistics Canada/E.C.C. lines. As pointed out earlier, the Statistics Canada/E.C.C. lines rose by 26.2 per cent between 1961 and 1969. In the same period, however, the average standard of living as reflected by average annual incomes rose by 66.9 per cent for all families (64.1 per cent for all families and unattached individuals). The Senate Committee's poverty lines increased by 66.1 per cent during this period, so that they kept pace with the rise in average income and, unlike Statistics Canada/E.C.C. lines, will not become obsolete.

Table A 7 shows the poverty lines by family size for selected years using the above method. In each case, the income-guarantee level would be 70 per cent of the amount shown. Also, although data for 1970 are not available, an estimate for that year is included.

It is worthy of note that the resulting poverty lines, although not calculated on the basis of relative incomes, represent at least 50 per cent of the average disposable income for each size of family.

TABLE A 6

Guarantee levels and poverty lines by family unit size for 1967

Family unit size	F.S.E.P.s	Value of F.S.E.P. (1967)	Income guarantee level*	Poverty line†
		\$	(nearest \$10)	(nearest \$10)
1.....	3	432	1,300	1,860
2.....	5	432	2,160	3,090
3.....	6	432	2,600	3,710
4.....	7	432	3,020	4,310
5.....	8	432	3,460	4,940
6.....	9	432	3,890	5,560
7.....	10	432	4,320	6,170
10.....	13	432	5,630	8,030

\*Derived by multiplying the appropriate number of F.S.E.P.s by the value of one F.S.E.P., e.g. for a family of two,  $5 \times \$432 = \$2,160$ .

†Derived by considering the income guarantee level as 70 per cent of the poverty line, e.g., for a family of two,  $\frac{100}{70} \times \$2,160 = \$3,090$ .

SOURCE: Staff Study.

TABLE A 7

Senate Committee poverty lines by family unit size for selected years, 1961-1970.

	1961	1965	1967	1969	1970	
			\$			
Value of average living standard*..	678	847	973	1,126	(1,215)†	
Adjusted value of F.S.E.P.‡.....	301	376	432	500§	(540)	
Family unit size	F.S.E.P.	Poverty lines (nearest \$10)				
1.....	3	1,290	1,610	1,850	2,140	(2,310)
2.....	5	2,150	2,690	3,090	3,570	(3,860)
3.....	6	2,580	3,220	3,700	4,290	(4,630)
4.....	7	3,010	3,760	4,320	5,000	(5,400)
5.....	8	3,440	4,300	4,940	5,710	(6,170)
6.....	9	3,870	4,830	5,550	6,430	(6,940)
7.....	10	4,300	5,370	6,170	7,140	(7,710)
10.....	13	5,590	6,980	8,020	9,290	(10,020)

\*Determined by dividing, for the year in question, the total disposable income by the total number of F.S.E.P.s.

†All figures for 1970 are estimates.

‡The ratio of that year's average living standard to the average living standard for 1969, multiplied by the 1969 F.S.E.P. of \$500. For example, for 1961, the adjusted value of the F.S.E.P. expressed as  $\frac{\$678}{\$1,126} \times \$500 = \$301$ .

§Value of F.S.E.P. in the base year 1969.

SOURCE: Staff Study.

## SUMMARY

The Committee feels that these "poverty lines" meet the criteria stipulated at the beginning of this section.

First, this method represents a considerable improvement, both technically and conceptually, over those poverty standards currently in use in Canada.

Second, a basic part of these poverty lines is the specification of a level of adequacy (the basic guarantee level) which is higher than the levels specified by most provincial welfare budgets and by the Statistics Canada/E.C.C. poverty line.

Third, these lines, because they are to be adjusted annually in relation to a measure of the average standard of living in Canada, incorporate a more enlightened view of poverty. Furthermore, these lines will not become obsolete as do others.

Fourth, these lines contain all the information necessary for the smooth operation of the Committee's G.A.I. proposal. These lines lend themselves readily to *doing something* about the problem of poverty.

Finally, the method of calculating these lines is easily understandable; they provide a more equitable "definition" of poverty; and they lend themselves readily to a program of action in the form of a Guaranteed Annual Income. The method also is capable of further modification and refinement.

## REFERENCES

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4. *Ibid.*, p. 5.
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6. *Ibid.*, p. 11.
7. *Ibid.*, p. 12.
8. *Ibid.*, p. 16.
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14. Mollie Orshansky, "The Shape of Poverty in 1966," p. 6.

15. *Ibid.*, p. 18.
16. U.S. Bureau of the Census, *Trends in the Income of Families and Persons in the United States: 1947-1964* (Washington: U.S. Government Printing Office, 1967).
17. U.S. Congress, *Resolved that the Federal Government should Guarantee a Minimal Annual Cash Income to all Citizens* (Washington: U.S. Government Printing Office, 1967), p. 25.
18. Colin J. Hindle, "Negative Income Taxes and the Poverty Problem in Ontario," *Canadian Tax Journal*, Vol. XIX, No. 2 (March-April, 1971), pp. 116-123.
19. J. R. Podoluk, *Characteristics of Low Income Families in Canada*, unpublished paper prepared for the Federal-Provincial Conference on Poverty and Opportunity held in Ottawa, December, 1965.
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21. Mollie Orshansky, "How Poverty is Measured," *Perspectives on Poverty*, Institute for Research on Poverty, reprint 32, (February, 1969), pp. 37-41.
22. *Ibid.*, pp. 37-41.
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## ANNEX:

### History of Committee and List of Briefs

#### BACKGROUND

In the fall of 1968, the Economic Council of Canada presented its *Fifth Annual Review* to the government. One of the eight chapters of the review dealt solely with the problem of poverty in Canada and suggested the Senate of Canada might consider the advisability of creating a committee to enquire into this problem.

#### TERMS OF REFERENCE

Within a month, on October 8, 1968, it was moved in the Senate "that a Special Committee of the Senate be appointed to investigate and report upon all aspects of poverty in Canada, whether urban, rural, regional or otherwise, to define and elucidate the problem of poverty in Canada, and to recommend appropriate action to ensure the establishment of a more effective structure of remedial measures." The motion was agreed to on November 26, 1968.

#### THE HEARINGS

The public hearings began on April 22, 1969 and were completed on November 10, 1970. The Committee heard from all federal and provincial government agencies who wished to be heard as well as from professional agencies, community groups and in some special cases, individuals.

The Committee held 93 public hearings at which 209 briefs were presented by 810 witnesses. In addition members of the Committee met with hundreds

of the poor in their homes and at evening gatherings. A list of those who presented briefs appears below.

In addition to the hearings in Ottawa, the Committee travelled across Canada holding hearings in St. John's, Cox's Cove, Port au Port, Lourdes Area, Fogo Island, Corner Brook, Northwest Coast to St. Anthony, Newfoundland; and Southeast Coast of Labrador; Prince Edward Island; Halifax, Nova Scotia; Saint John, Bloomfield Junction, Moncton, Edmunston and Campbellton, New Brunswick; Quebec City and Rimouski, Quebec; Toronto, Ontario; Winnipeg, Manitoba; Regina and Prince Albert, Saskatchewan; Edmonton and Calgary, Alberta; Vancouver, British Columbia; and Whitehorse, Yukon.

## ACKNOWLEDGEMENTS

The Committee wishes to express its sincere thanks to all those who submitted briefs or who participated in the public hearings held by it from coast to coast.

Sincere thanks must also be expressed for the assistance rendered by the staffs of the Senate, of the Library of Parliament and of several departments of government.

Finally, the Committee is particularly appreciative of the dedicated work of its own special staff, whose help in the preparation of this report is gratefully acknowledged.

## BRIEFS

<i>1st Session, 28th Parliament</i>	<i>Date of Hearing</i>
1. Economic Council of Canada.	April 22, 1969
2. Economic Council of Canada.	April 24, 1969
3. Citizenship Branch, Department of Secretary of State.	May 6, 1969
4. Company of Young Canadians.	May 8, 1969
5. Department of Regional Economic Development: Area Development Agency; Atlantic Development Board.	May 13, 1969
6. Department of Forestry and Rural Development.	May 20, 1969
7. Canadian Department of Labour.	May 22, 1969
8. Department of Consumer & Corporate Affairs.	May 29, 1969
9. Unemployment Insurance Commission.	June 3, 1969
10. Department of Manpower & Immigration.	June 10, 1969
11. Department of Agriculture.	June 17, 1969
12. The Canadian Council on Social Development	June 19, 1969
13. Alberta Métis Society; Métis Society of Saskatchewan; Manitoba Métis Federation; Canadian Armed Forces.	June 26, 1969

2nd Session, 28th Parliament

1. Institute of Public Affairs, Dalhousie University; The Black United Front; Class 11-A, Sydney Academy. November 3, 1969
2. Halifax Tenants' Protective Association; Halifax Neighbourhood Centre; Extension Department, St. Francis Xavier University. November 4, 1969
3. Nova Scotia Association for the Advancement of Colored People; Social Deviance Class of St. Francis Xavier University. November 5, 1969
4. Premier's Task Force on Extended Care and Alcoholic Treatment Facilities in Prince Edward Island; Fraternity of Grey Knights; The Catholic Social Welfare Bureau; Prince Edward Island New-Start Incorporated. November 6, 1969
5. Economic Council of Canada. November 12, 1969
6. Mount Carmel Clinic; The Neighborhood Service Centre of Greater Winnipeg; Class of Design, School of Architecture University of Manitoba; Winnipeg Tenants Association; Stony Mountain Native Brotherhood. November 17, 1969
7. Indian & Métis Friendship Centre; Winnipeg Welfare Rights Movement. November 18, 1969
8. Group of Community Workers; Vancouver Inner-City Services Project; The Association to Tackle Adverse Conditions; The Vancouver Housing Inter-Project Council. November 19, 1969
9. The Unemployed Citizens' Welfare Improvement Council; Vancouver Opportunities Committee. November 20, 1969
10. Central Mortgage and Housing Corporation. November 25, 1969
11. Tom Kent, Deputy Minister of Regional Economic Expansion. November 27, 1969
12. *Up to the Neck*, Newsletter, Montreal. December 9, 1969
13. Frontier College, Toronto. December 16, 1969
14. Department of Indian Affairs and Northern Development. January 20, 1970
15. The Regional Municipality of Ottawa-Carleton; The Social Planning Council of Ottawa & District. January 27, 1970
16. The Family Service Centre of Ottawa; L'Assemblée Générale de l'Île de Hull. January 29, 1970
17. Neighbourhood Improvement Committee. February 3, 1970
18. Canadian Council on Rural Development; School of Economic Science. February 5, 1970
19. National Indian Brotherhood; Indian-Eskimo Association of Canada; Manitoba Indian Brotherhood; Family Planning Federation. February 10, 1970
20. Co-operative Union of Canada; The Council of Catholic Charities. February 12, 1970
21. Canadian Federation of Agriculture; Vanier Institute of the Family. February 17, 1970
22. The Canadian Home and School and Parent-Teacher Federation; The Royal Commission on the Status of Women (in camera). February 19, 1970
23. Department of National Health and Welfare. February 24, 1970 and February 26, 1970.
24. Canadian Association for Adult Education; The Catholic Women's League of Canada. March 3, 1970
25. Ontario Welfare Council. March 5, 1970
26. The Welfare Housing Committee of the Municipality of Metro Toronto; The Association of Women Electors of Metro Toronto; The Victoria Day Care Services; The Big Brothers of Metro Toronto; Ontario Federation of Citizens' Associations; The Staff of the Duke of York School of the Board of Education for the City of Toronto; Neighborhood Youth Corps; Community on the Move, Lawrence Heights; Community Association, North York. March 10, 1970

27. Special Committee of the City of Toronto; Family Service Association of Metro Toronto; Community Legal Aid and Services Program; National Council of Jewish Women of Canada, Toronto Section; St. Christopher House; Portuguese Canadian Congress; Kensington Area Residents' Association; Vocational Rehabilitation Centre of Metro Toronto; Students of the Social Service Course of the Ryerson Polytechnical Institute; S.O.S. Volunteer Action for Social Change; Students' Administrative Council, University of Toronto; O'Connor Drive Development Community Association. March 11, 1970
28. Just Society (Welfare & Workmen's Compensation Committee); Just Society Movement; The Social Planning and Research Council of Hamilton and District. March 12, 1970
29. The Welfare Social Services of the City of Montreal. March 17, 1970
30. The Canadian Association of Social Workers. March 24, 1970
31. Board of Evangelism & Social Services, The United Church of Canada. April 14, 1970
32. The Canadian Civil Liberties Association. April 16, 1970
33. The Board of Evangelism & Social Action, The Presbyterian Church in Canada. April 21, 1970
34. The Seventh-Day Adventist Church in Canada. April 23, 1970
35. The Consumers' Association of Canada. April 28, 1970
36. Family Services Association of Montreal. April 30, 1970
37. The Department of Public Welfare of the Province of Nova Scotia. May 5, 1970
38. Department of Social Services and Rehabilitation of the Province of Newfoundland. May 7, 1970
39. The Bar Association of the Province of Quebec. May 12, 1970
40. The Department of Welfare and Labour of the Province of Prince Edward Island. May 13, 1970
41. Old Brewery Mission. May 14, 1970
42. The Department of Welfare of the Province of Saskatchewan. May 21, 1970
43. Department of Family & Social Services, Province of Ontario. May 25, 1970
44. Department of Health & Welfare, Province of New Brunswick. May 26, 1970
45. Pointe St. Charles Community Clinic; The Canadian Medical Association. May 28, 1970
46. Canadian Teachers' Federation; The Canadian Council for Research in Education. June 2, 1970
47. Canadian Nurses' Association; Victorian Order of Nurses. June 4, 1970
48. The Salvation Army. June 9, 1970
49. Canadian Catholic Conference; Canadian Council of Churches. June 11, 1970
50. Canadian Operational Research Society; Provincial Council of Women of Ontario. June 16, 1970
51. The Canadian Chamber of Commerce. June 18, 1970
52. Mrs. Dorothy Wyatt, City Councillor, St. John's, Nfld.; Newfoundland Co-operative Services; Newfoundland Fisherman's Federation; Householders' Association of Mundy Pond; Canadian Federation of University Women; The Extension Department of Memorial University; The Blackhead Road Householders' Union. July 6, 1970
53. Interim Report. July 6, 1970
54. Inter-Faith Social Action Committee; Newfoundland & Labrador Rural Development Council; Frontier College Field Workers; Northern Regional Development Association Committee; International Grenfell Association; St. Anthony Town Council; Group of Citizens from Cartwright, Labrador. July 7 & 8, 1970

55. City of Edmonton Social Service Department; The Monica Society; The Edmonton Social Planning Council; Unifarm; City of Edmonton Social Service Special Project (Professional Group); City of Edmonton Social Service Special Project (Client Committee); Edmonton & District Council of Churches. July 20, 1970
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57. The Edmonton Day Centre; Gardenside Society; Human Resources Development Authority of the Province of Alberta; Humans on Welfare Society. July 21, 1970
58. Yukon Family Counselling Service; Child Care Centre Society; Mayo Branch, Yukon Social Service Society. July 22, 1970
59. Yukon Native Brotherhood; The Consumer's Association of the Yukon Territory. July 23, 1970
60. The Social Services Council of Greater Saint John and the United Fund of Greater Saint John; The Council of Saint John Home & School Association; The Saint John Board of Trade; The New Brunswick Federation of Labour (C.L.C.); The University of New Brunswick Student Council; The Universal Aisle; South End Improvement Association & South End Tenants' Association; The Crescent Valley Tenants' Association. August 3, 1970
61. The Association of Professional Engineers of the Province of New Brunswick; Department of General Practice, Saint John General Hospital; Saint John Community Workers Association; The New Brunswick Association for the Advancement of Coloured People; Family Services, Saint John; Incorporated New Brunswick Forest Extension Service; New Brunswick Federation of Woodlot Owners. August 4, 1970
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1. The Family Bureau of Greater Winnipeg; The Manitoba Association of Social Workers. October 15, 1970
2. The St. Vincent de Paul Society of Canada; Town Planning Institute of Canada. October 20, 1970
3. Pharmaceutical Manufacturers Association of Canada; Jacob S. Ziegel, Professor of Law, Osgoode Hall Law School. October 21, 1970
4. Corporation des Travailleurs Sociaux Professionnels de la Province de Québec; Dawson College, Montreal. October 22, 1970
5. Conseil du Bien-Être du Québec. October 27, 1970
6. D. Stuart Conger, Executive Director, Saskatchewan NewStart Incorporated; Mr. and Mrs. Alfred Basque, Tracadie, N.B. October 28, 1970
7. Canadian Research Committee on Taxation; Bell Telephone Company of Canada. October 29, 1970
8. Canadian Labour Congress. November 3, 1970
9. Province of Manitoba. November 4, 1970
10. Social Planning and Research Council of Hamilton. November 5, 1970
11. Committee of Welfare Recipients of the Province of Québec. November 10, 1970
12. Progress Report. November 12, 1970



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SPECIAL COMMITTEE

ON

# POVERTY

The Honourable DAVID A. CROLL, *Chairman*

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