

# Book Review

## *Market Solutions for Native Poverty: Social Policy for the Third Solitude*

by Helmar Drost, Brian Lee Crowley and Richard Schwindt  
C.D. Howe Institute, Ottawa, 1995

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This is a peculiar book. In a foreword by the President of the C.D. Howe Institute, we are told that Canada has to re-evaluate its approach to social programs because the debt burden is too high, 'transfer dependency' is growing and taxes have hit their ceiling. One might then have reasonably expected a book with this title and from this conservative think-tank to argue that the Aboriginal community should be exposed to less state support and more market pressures as a panacea for the problems that it faces. In fact, none of the three essays in this book makes that argument. Indeed, the first, by Helmar Drost, on 'The Aboriginal-White Unemployment Gap in Canada's Urban Labor Markets', could be interpreted as an indictment of the failures of market solutions.

Drost argues that between 1941 and 1991, the level of urbanization of Aboriginal Peoples rose rapidly, from 3.6 per cent to over 40 per cent, as did the share of urban Aboriginal Peoples living in larger urban centres, especially in western Canada. Drost then finds that unemployment rates are much higher for Aboriginal Peoples than for others and participation rates

much lower. These patterns are more pronounced among Aboriginal Peoples claiming a single ancestry. The Aboriginal workforce tends to be younger, more female and less represented in higher paying professional and managerial jobs. So far, nothing new here. Market driven migration, a leading cause of the increase in urbanization, by itself is clearly no panacea for Aboriginal Peoples.

Drost then undertakes a multivariate analysis on 1986 Census data and concludes that being young, female and having children and working in construction increases the prospects of unemployment. Generally, education reduces the incidence of unemployment as does working in the service sector, much of which, for Aboriginal People, takes the form of administration. Still nothing new. He then finds that 50 per cent of the difference between unemployment rates among Aboriginal Peoples and 'whites', as he mistakenly calls all non-Aboriginal People, is explained by the higher concentration of Aboriginal peoples in western census metropolitan areas (CMAs).

He speculates that this difference may be caused by 'a relatively high residential segregation of Aboriginals in neighborhoods with high poverty levels', but provides no evidence for this. He is saying: Aboriginal people don't get jobs because they live in poor neighborhoods or Aboriginal people don't have jobs so they live in poor neighborhoods. So it's either the neighborhood or the lack of a job that is the problem. He also ends up with 36 per cent of the difference in unemployment rates being unexplained and speculates that this may be the result of differences in work habits, aspirations, health, quality of schooling....cultural and family background'. He acknowledges that labour market discrimination may also be a factor. Interesting enough, the Royal Commission on Aboriginal Peoples found similar levels of unexplained difference using the 1991 census data.

In terms of policy prescriptions, he argues that 'educational policies, though important, are not a panacea'. Significantly, for a book on market solutions, he acknowledges that 'aggressive affirmative action efforts' might be needed if youth are more restricted to low paying, unstable secondary labour market jobs. But when it comes to his major finding, about the importance of city of residence to unemployment prospects, he has absolutely nothing to say in terms of policy because the residency variable has no single explanation; it could be explained by industry concentration or by residential ghettoization and he did not test for this. Neither did he test for other possible explanations such as possible higher residency turnover in western cities because of slum landlordism, aggressive child and family service workers, differential policies with regard to social transfers etc. In short, Drost's analysis, while interesting as far as it goes, does not go far enough to permit useful policy recommendations. It does suggest, however, that improved levels of social services, from education to child care, from training to job search assistance may be called for, as well as state interference in the labour market in terms of 'aggressive' affirmative action programs, all of which seem to be inconsistent with the market centred approach of the C.D. Howe Institute.

The second paper by Brian Crowley argues the case for individual property rights in Aboriginal society and proposes a new approach to self-government which extends to Aboriginal individuals 'the right to a protected sphere, based on property and autonomy, analogous to the one

communities are claiming for themselves'. Crowley develops the notion of a Talking Circle Society (TCS), a corporate body to which ownership of the resources of First Nations, and perhaps all funding for social services, would be entrusted. Individual members of the First Nation would own equal shares in the TCS and would govern the TCS on the basis of one person, one vote. Their individual rights would be protected both by contract and by the requirement that the TCS would have to stand ready at any time to buy back shares at fair market value. The TCS could advance loans to individuals for business or education and issue non-voting shares publicly which would expose it to market discipline.

Crowley admits that 'this exercise in imagination takes no account of political realities or existing institutional obstacles'. One could equally argue that it does not take into account the economic and financial realities of most First Nations which face a limited resource base and pressures for social services which cannot be met from inadequate state funding. For most, raising outside capital is very difficult and for infrastructure and housing could only reasonably be done against government guarantees of future funding. How a TSC would be able to raise the cash to buy out dissatisfied or emigrant shareholders is a also mystery. Though carefully hedged, it is apparent that the TSC would be a bridge to privatizing land, resources and infrastructure in First Nations. There is considerable opposition to this in Aboriginal society precisely because it is seen to be bound up with the survival of Indian culture which, contrary to Crowley's view, is widely held to be more important than simply 'one choice among several'.

Crowley's paper does, however, raise legitimate questions about the relative weight to be assigned to individual versus collective rights under Aboriginal self-government and First Nations must begin to address this issue. Even in the collective sphere, there is an obvious need in many First Nations for greater accountability in decision-taking but it is unlikely that the proposed market solution will have much to offer here.

The third paper, by Richard Schwindt, is, as the author puts it, 'as much about fish as it is about Indians'. It contains a fascinating review of the operations of the Pacific salmon fishery and of the difficulties of managing this common property resource. It argues that the net returns

to the fishery are negative once costs of government services and seasonal unemployment insurance drawings by fishers is taken into account and that the fishery is neither economically nor ecologically sustainable. Policies of buying out the licenses of fishers to transfer to Indian fishers are very costly to government, yet Indian fishers have a legitimate historical claim to greater access to the fishery. The solution advocated is to withdraw commercial fishing rights without compensation and grant exclusive rights to Indian fishers. There would be a positive impact on the government budget, the industry would be more efficiently managed and long-standing grievances would be addressed. Indian fishers would have to work out distributional arrangements and play a big role in policing and resource management.

While much of the impetus behind these recommendations comes from a desire to reduce government spending and withdrawals from the UI fund, there is also a clear desire to accommodate the legitimate claims of Indian People and to improve resource management. Moreover, there is a belief that Indian fishers could do a better job than has been done to date. Given the current disputes in Atlantic Canada over the Marshall decision, Schwindt's confidence is encouraging. Three questions remain unanswered, however. First, what would be the political ramifications of these proposals and how

likely is it that government would risk the wrath of non-Aboriginal fishers by moving in this direction? Secondly, if government did proceed, what would happen to the non-Aboriginal fishers and what would be the likely costs to the government of dealing with their adjustment? Thirdly, would funds be transferred to Indian fishers to enable them to police and manage the resource properly or would they be expected to meet these costs out of net returns?

Only at the end of the book, in a short, superficial commentary by John Richards, is the main ideological message in the foreword applied vigorously to federal funding of First Nations. Richards argues that Indian poverty is now the result of 'the relative generosity of transfer programs'. Social assistance payments and the federal funding of services and administration on reserve are excessive and, together with tax-exempt status, unduly bias 'the locational choice of aboriginals towards remaining on reserve'. Richards' solution for all this is the introduction of workfare. Richards does not, however, seek to explain how this proposal would be implemented on reserve nor how it would square with the findings of Drost on unacceptably high levels of unemployment among Aboriginal People living in urban areas. In short, Richards trivializes some very complex problems and in doing so brings the message of the book more in line with that of the sponsors.