SECTORAL REPORT

YUKON DEVELOPMENT STRATEGY

NON-WAGE ECOMONY

YUKON · 2000

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THE NON-WAGE ECONOMY

FORWARD

The non-wage economy workshop met on two occasions. The primary purpose of the non-wage workshop was to define the non-wage economy and examine its value to the Yukon. The workshops were successful in accomplishing these tasks for three components of the non-wage economy; the country food harvest, volunteer work and housework. A consensus was expressed by the participants to continue working on this important topic and that YUKON 2000 must continue to examine the non-wage economy with the intent of developing support policies for this component of Yukon's society. The paper has been redrafted to reflect the workshop discussions.

THE NON-WAGE ECONOMY

1.0 INTRODUCTION

Economic activity is generally perceived as being market driven. Yet there are many forms of activity which occur outside of markets and for which there is no money exchanged. A recent Canadian study (Berger; 1981) lists 16 activities associated with the non-wage economy. These activities range from home grown produce to barter to volunteer work. The value of these non-wage activities have recently come under scrutiny and two points emerging from this analysis are:

- The economic value of the non-wage economy is significant; and
- Non-wage activities are an integral part of a community's social fabric.

This discussion paper will focus on three important components of the Yukon's non-wage economy:

a) the country food harvest;

b) volunteer work; and

c) housework.

Based on the workshop discussion, an attempt was made to define each component's value to the Yukon and to identify constraints and opportunities in each area. Prior to discussing these specific activities, the definition of the non-wage economy is explored. The

paper concludes with recommendations for immediate action.

2.0 DEFINITION OF THE NON-WAGE ECONOMY: THE COMMON ELEMENTS

The national accounts define the non-wage sector as unreported earnings from legal economic activity. This definition is deficient in that it excludes all non-monetary activity such as the country food harvest and bartering. A more generic definition is economic activity which occurs in the absence of markets (such as the country food harvest) or activity occurring outside of a market (an example is housework). This definition ignores the duality of non-wage activity; the primary use may be family based, but often, the surplus is traded or sold. Second, many activities associated with non-wage activity occur in a market even though money may not be exchanged. Thirdly, both these definitions miss the crucial elements of non-wage activity - it is social and family/community based. In a recent book on the informal economy, Ross and Usher (1986) describe the "essence of the informal economy" as:

> "organized in small economic units in which the objective of maximizing either profits or utilities does not and cannot exist apart from the goal of maintaining the mutual social bonds and obligations of the local society".
> (Ross and Usher; 1986)

The sentiment was paraphrased in the discussions on each activity of the non-wage sector. Four other

elements emerged in the discussion as being central to the concept of the non-wage economy:

a) Non-wage activity contributes significantly to the formal economy. To substitute non-wage activity with wage activity would be a significant expense;

b) Non-wage and wage activity are integrally mixed; the decline of one can have a serious, negative impact on the other and vise versa;

c) Non-wage activity is, foremost, a social activity. Its decline has significant social costs which translate into a drain on the wage economy; and

d) Industrialization and the spread of the wage economy has reduced the size and percentage of time engaged in non-wage activity, and in doing so, has significantly devalued the social prestige associated with non-wage activity. This has had significant social and economic costs.

3.0 THREE COMPONENTS OF THE NON-WAGE ECONOMY

The workshops focused on those activities which seem to be the major non-wage activities in the Yukon, and for which the most information is available; the country food harvest, volunteer work and housework. It was thought that the discussion would concentrate on defining and valuating these activities since much of the literature on the non-wage economy centres on

placing a monetary value on a non-market activity and the logic and illogic of doing so. Instead, the workshops identified the limitations of placing a monetary value on a non-market activity, discussed the social and community value and role of non-wage activity, and identified the opportunities and constraints with each non-wage activity.

3.1 The Country Food Harvest

The Country Food Harvest refers to the harvesting of undomesticated food for subsistence. Other subsistence activities include the gathering of firewood and the production of clothes from land-based sources. Sometimes called pre- or non-industrial economies, the Yukon Indian and some non-Indian Yukon people, still rely heavily on land-based subsistence activity.

3.1.1 The Value of the Community Food Harvest

The 1968 Carr report on the Yukon economy suggested that the attraction of higher wages in the industrial sector would result in a decline in the country food harvest. Three recent case studies on the country food harvest for Ross River (Demitrov; 1984), Old Crow (Murphy; 1986) and Teslin (Duerden; 1986) suggest otherwise. All three studies strongly emphasized the continuing importance of the country food harvest for the Indian community and the strong consensus among community members on this point. For many Indians, their participation in the wage economy is only a means to support their true occupation as a hunter and trapper. The suggestion, while not documented, is that where the country food harvests have lapsed, there are greater social problems and a parallel increasing drain

on the government welfare system. One participant expressed the confusion for an Indian moving from a non-wage to a wage economy. His value system was reversed with power and wealth replacing hunting and trapping skills as values to strive for.

The three studies found that the country food harvest comprises 27% to 60% of the community food basket. The Teslin study also noted that the non-native individuals obtained between 20% to 50% of their meat requirements from country food. This indicates that there is a significant monetary value attributable to the country food harvest.

In an attempt to derive the monetary value of the Indian country food harvest the results of the three studies were extrapolated to all Yukon Indian communities (table 1). Depending on one's assumptions this value ranges from 1.3 to 7 million dollars. Not included in this value is; the urban based Indian harvest, the non-Indian harvest (a conservative estimate of it is 1.6 million), domestic non-Indian fishing, fuel wood (both Ross River and Old Crow are almost totally dependent on wood heat), the production of leather goods for own use and home gardens. A rough calculation of the monetary value for the total Yukon country food harvest suggests a value close to 10 million dollars. In comparison, the total value of agriculture in 1986 was 1.3 million and fur sales totalled the same amount.

The most significant aspect of this value for country food is that it is directly consumed by the community and is not dependent on external events such as world energy and mineral prices. Compared to other industries such as mining, the country food harvest

Value of Country Food Harvest for Indian Communities[1]

	Per Capita Consumption of Country Food[2]		
Meat Replacement Value	118 kilo/person (Teslin Study)	186 kilo/person (Old Crow Study)	256 kilo/person (Ross River Study)
Yukon average price for ground beef: 5.60/kilo	1.3 million	2 million	2.8 million
Yukon average price for T-bone steak 14.20/kilo	3.2 million	5.1 million	7 million

1 Population based on Yukon health care statistics. There are 1935 Indians registered for health care outside of Whitehorse.

2 The per capita consumption is derived from three studies:

Duerden, Frank, Teslin: The Indian Village and Community Economy - An Appraisal, Ryerson Polytechnical Institute, 1986.

Murphy, Sheilagh, Valuing Traditional Activities in the Northern Native Economy: The Case of Old Crow, The University of British Columbia, 1986.

Dimitrov, Peter, et al., So That the Future will be Ours: Ross River Impact Report, Ross River, 1984.

provides a strong contribution to community stability and provides an alternative livelihood during economic downturn.

3.1.2 Constraints and Opportunities for the Country Food Harvest

The constraints and opportunities identified by the participants were similar to constraints and opportunities identified for many wage industries. This similarity underlies the linkage between these two components of the economy. The constraints are:

- **Anti fur campaign**; country food harvest is often done in combination with other land-based activities such as trapping;
- **Financial constraints**; the estimates to outfit a hunter range from $2,000 to $7,000 per annum;
- **Limited Training**; the education system almost completely ignores these activities and restricts the time available for community elders to pass on harvest knowledge and skills to the youth of the community;
- **Need for Resource Management**; Resource management measures that **all** Yukoners agree to work with and support are required. Current regulations provide little protection of the resource and its land base from competing uses (ie: agriculture) or ensure adequate management of species;
- **Competition from sport hunting**; the allocation of the resource must be addressed;
- **Need for game enhancement**; the suggestion was made that the carrying capacity of the land is much higher than its current utilization.

The opportunities identified by the workshop to address the constraints were:

- increase in the role of the community in resource management decisions regarding the protection of the land base and the allocation of the resource;
- a firmer pro-fur stand;
- increase appropriately designed educational support to this sector of Yukon life;
- encourage flexible work schedules and opportunities to accommodate subsistence activity;
- development of outlets for country foods;
- Immediate research into:
  - the social value of the country food harvest;
  - the economic value of the country food harvest;
  - policy to support and encourage the country food harvest;
  - financial support for the country food harvest (an example is the James Bay Agreement); and
  - game enhancement techniques.

3.2 Volunteer Work

Lord Beveridge, architect for much of Great Britain's social policy, wrote; "[the] vigor and abundance of voluntary action outside one's home, individually and in association with other citizens, for bettering one's own life and that of one's fellows, are the distinguishing marks of a free society." Most Canadians would agree with Lord Beveridge. A community

with a healthy volunteer sector is perceived by those within and outside the community as being a healthy community. There also appears to be a link between volunteers and a healthy community economy. A Statistic's Canada study found that most volunteers were employed and the literature on industrial location and single industry towns describes a positive relationship between a high degree of community involvement (ie: volunteer work), and a stable work force. The use of volunteers is also seen as an option for a community to gain greater independence from outside control. An example would be a community run learning center.

3.2.1 The Value of Volunteer Work

In addition to the development of a "sense of community", volunteer activity is valued for providing the opportunity for individuals to learn and practice new skills and, in some cases, influence government policy.

Volunteer work also makes a strong contribution to the Canadian economy. Without volunteers many community based organizations and enterprises would not function. The monetary value of this effort was the subject of a 1981 Statistics Canada study (Statistics Canada Labour Force Survey; May 1981). It found that the total amount of volunteer time for one year was equivalent to 212,000 persons each working a 40 hour week for a full year. "When artificially converted into dollar figures, volunteer work contributed an estimated $2 billion to Gross National Product in 1979-1980. The combined contribution of registered charities and

volunteers would have equalled $4.5 billion or 1.7% of G.N.P. in 1980 (p. 77, Ross and Usher)".

Recent literature on volunteer activity describes a decline in participants and donations to the volunteer sector. In 1960 25% of Canadian taxpayers claimed taxable donations of more than $100. By 1979 only 10% of Canadian taxpayers claimed taxable donations of more than $100. With regards to the numbers of volunteers, the 1981 Statistics Canada survey concluded that only 15.2% of working age Canadians volunteered their services. The highest rate of volunteer participation was in Saskatchewan (27%) while only 10.6% of working age Quebecers did volunteer work, the lowest provincial participation rate.

Concurrent with the decline in private donations of time and money to voluntary activities, government fiscal restraint has placed greater demands on volunteers to provide social services. The British Columbia government relies on volunteers to provide legal aid, run sheltered workshops and deliver services in the areas of child care, long term health care and transportation for the disabled.

The role of volunteer work in Yukon communities appears to be significant (although no research has been done on the topic). The Whitehorse Parks and Recreation Department has 186 organizations listed in its program manual; an increase of 20 groups from one year ago. The Yukon government relies on 78 boards and committees for advice on policy, adjudication of government decisions and the application of regulations. At the community level, volunteers are involved in a wide range of activities from community economic planning to running a kindergarten. The previously mentioned Old

Crow and Ross River studies describe how the freezers and root cellars of the old and disabled are the first to be filled during the country food harvest. This informal volunteerism, a collective responsibility by the community for its members, is prevalent in Yukon's traditional Indian communities.

Yukon volunteers also undertake advocacy activities. In most other parts of the country this activity is provided by academics who can criticize government with impunity. The smallness of Yukon society restricts people, especially civil servants, from taking such stand, for fear of reprisals from their employer.

National trends for volunteer activity appear to also apply to the Yukon. A common complaint is volunteer burnout from too few volunteers and an increasing reliance on volunteers by government.

3.2.2 Constraints and Opportunities for Volunteer Work

The constraints faced by the volunteer component are:

- **Financial Assistance**; Volunteer groups are chronically short of funds. There is some disagreement as to the role of government in providing capital and operating funds to volunteer groups. Many argue that the main benefit of volunteer groups is their independence from government. On the other hand, there are few large private sources of funding in the Yukon. Many Yukon based groups also face the paradox that it is easier to obtain funds to attend a conference outside the Yukon than it is to assist delegates in

travelling within the Yukon.

- **Training**; The need to upgrade volunteers and assist volunteers in recognizing their strengths and weaknesses is an ongoing problem. Several examples of non-functioning boards were cited in the workshops.

- **Labour**; According to the 1980 Statistics Canada study there is "an excess pool of volunteers at any given point." This conclusion was derived from questioning inactive volunteers. The main response for inactivity was no demand for their services. In contrast, a common complaint of the volunteer sector is the difficulty in attracting and maintaining volunteers which leads to volunteer burnout. This suggests the need for a mechanism to identify potential volunteers and match them with the most appropriate organizations.

- **Rewarding Volunteer Activity**; To keep active volunteers requires methods, monetary and otherwise, to reward their services.

- **Increasing Government Demand**; Government is increasingly relying on volunteers to shape policy through membership on committees and boards, yet provides little remuneration or other forms of remuneration. This is especially hard on community based organizations. A band member noted that the Band Council is supposed to sit on 20 boards outside the community. This workload is compounded by a limited number of persons with

skills in working within a bureaucratic system.

Opportunities to support volunteer work were also identified in the workshops. Specific actions are:

- Research into more secure funding mechanisms for volunteer organizations;
- Provision of tax allowance for volunteer's time;
- The granting of volunteer time to employees by employers. This could be time off to participate in a volunteer organization of the employee's choosing;
- Provision of training for volunteers;
- The establishment of a volunteer board to coordinate volunteer activities and match volunteers and organizations;
- Raising the volunteer profile through such things as the City's Volunteer of the Week; and
- Government expressing its concurrence with the principle of freedom of association and freedom of speech for civil servants to facilitate the participation in organizations of choice without fear of reprimand.

3.3 Housework

As with other components of the non-wage economy, housework, or household economic activity, has traditionally received little economic recognition. Yet, "this activity likely represents the biggest single source of goods and services in the whole economy (Ross and Usher, 1986; p. 67)". A definition of housework is ambiguous as it shifts with location, culture and time. What, at one time, might be defined as an economic activity, at another time would be defined as a family activity. The contracting out of

the care of the elderly is one example. Ross and Usher settled on the following definition:

> "In general, household economic activity mostly consists of activities that the majority of households in industrialized nations, to some extent and at various times, "contract out" to the market or public sectors" (p. 68).

This definition would today include cleaning, food production and preparation, child care and education, marketing, household organizing, transportation some home entertainment and recreation, home based health care and maintenance of home and equipment. With regards to division of labour within the household studies indicate that despite multi-earner households, women do most household related work (Elliot et al; 1973). A time use study concluded that working wives average 66 to 75 hours of paid and unpaid work per week (Elliot et al; 1973). The issue of the value of housework has received greater attention as women's issues have moved closer to the forefront of the nation's political agenda.

3.3.1 **The Value of Housework**

As with other components of the non-wage economy placing a monetary value on housework is problematic. The first problem is determining which household activities could, if desirable and financially feasible, be contracted out. Second, the most common method of valuing housework, estimating replacement cost, turns the homemaker into a composite professional with a variety of market fees which might reduce the activity if charged. The alternative method of valuing housework; using opportunity cost, assumes all

housework is of equal economic value per unit time as opposed to the actual worth of the activity.

Notwithstanding these methodological difficulties several studies have estimated the value of housework. American, British and Canadian studies all suggest that "household output in Canada and the U.S. is equivalent to 40% of the G.N.P. of the total output of households, about two-thirds was contributed by females. (Ross and Usher;p. 94)" In 1981 Statistics Canada recorded a decline in the value of housework, as compared to the G.N.P., to 35.7%. The '81 study suggests this decline reflected the change in household structure with an increase in the number of women in the workplace and therefore less time spent on housework. The same study estimated the value of housework for Yukon and Northwest Territories as equivalent to 37% of the G.D.P.

In addition to this value of annual household production, households have sizeable investments in physical assets or capital investment. In fact, "the household and business sector are adding to their capital stocks (less buildings) at almost the same rate today... In 1900, annual capital investment in the household equaled only 35% that of industry" (Ross, Usher, p. 95).

The above value ignores the social and community value of housework. The workshops noted that homes are the foundations of our communities and it is housework, in the broadest sense, which holds the home together. The homemaker in addition to doing "housework" fulfills the role of educator, childcare worker and "health guardian". This involves staying at home when the children are sick; taking the children to

doctor/dentist appointments; taking care of health and sex education; family nutrition; providing psychological support for the family, doing home nursing, monitoring hygiene, making sure family members get enough sleep, fresh air, exercise, and preventing accidents.

The importance of child care and education was also mentioned in the workshop as a priceless value which influences the future of our communities.

3.3.2 Constraints and Opportunities

In discussing constraints the discussion focussed on the prestige of housework as seen by our society and limited opportunities afforded a houseworker. Constraints identified in the workshop are:

- **limited recognition** of the value of housework. Housework skills have limited recognition and similar jobs in the market place are poorly paid and the first to be cut in times of restraint.
- **limited training** provided for household skills;
- **limited opportunity** for houseworkers to move in and out of the workforce;
- **societal perspective** that housework is women's work and is of little value; and
- **income security** for houseworker is required.

The discussion on opportunities focussed on increasing opportunities to undertake housework and move back and forth between housework and the market place.

Specific suggestions were:

- elimination of spousal income tax deduction and

redistributing the money directly to mothers;
-extend pension protection to homemakers;
-make childcare accessible, affordable and available;
-provide parental leave to care for sick children;
-develop job creation strategies that are tailored to fit the needs of homemakers;
-allow for flex-time, job sharing and proportional benefits for part-time workers;
-view homemaking as legitimate job experience;
-develop cottage industries which can be home based;
-provide more extensive drop in centres and better public transit (NOTE: Whitehorse Transit was started by housebound women).
-examine opportunities for home based cottage industries. These include traditional activity such as creation of handicrafts and non-traditional activity such as using the home as the office for a consulting and freelance firm; -pay equity is an important concept to strive for; and
-training should be available to augment household skills.

4.0 THE NON-WAGE ECONOMY AND YUKON 2000: RECOMMENDATION FOR IMMEDIATE ACTION

The workshops on the non-wage economy generated considerable debate and excitement on a topic which traditionally has received little recognition. More questions than answers were posed and the participants all expressed a strong desire to be part of more discussions on the non-wage economy.

The delegates concurred on the value of the non-wage economy vis a vis the wage economy. It was clearly expressed that, notwithstanding the significant generation of wealth by the non-wage economy, a healthy non-wage economy is paramount for social, cultural and family development in our community. Furthermore, the complementary nature of the two parts of the economy was acknowledged in the workshops. In traditional Indian communities this is especially true where the residents supplement non-wage activity with wage employment.

To foster the non-wage economy, the workshop participants made the following recommendations:

a) The social prestige of non-wage activity has declined over time. There is a strong need for government to acknowledge, through support, the social and economic importance of non-wage activity.

b) Government must explore options to facilitate participation in the non-wage economy and movement between the non-wage and the wage economy. A specific example is the promotion of flex-time work, part-time work, job-sharing and seasonal projects, that all provide pro-rated employee benefits.

c) The value of the skills developed in the non-wage economy and their applicability to the wage economy need to be recognized. This is especially true when hiring for the wage economy. For example, job interviews should ask specifically about skills developed through non-wage activities that may apply to the job in question.

d) There is a need to provide training to develop skills for the non-wage economy, and to support such training as a government priority activity.

e) The links between the wage and non-wage economy need strengthening. One example would be the reorientation of transfer payments to be more responsive to the financial requirements of subsistence hunting. A second example would be the development of markets for non-wage activity. This might include commercial outlets for country food, remunerating volunteer groups for their input into government policy and boards and the development of outlets for home based cottage industry.

f) There is a need to increase the options of financial security (ie: pension plans for homemakers) for those active in the non-wage economy.

g) Non-wage activity is almost exclusively community based. This factor should be recognized in developing policies for the non-wage economy.

In summary, the workshop on the non-wage economy strongly recommends that the government, through the development of its Economic Development Strategy, begin to research and develop policies for the promotion and support of the non-wage economy as a vital component of healthy social and economic development in the Yukon.

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