Over the past five years, I’ve had an extraordinary opportunity to observe and explore economic development as it is occurring in Aboriginal communities in Canada and to influence the policies of the Royal Commission on Aboriginal Peoples as a member of the RCAP policy team on economics. I’ve also had an opportunity to reflect upon what I’ve seen. I would like to share with you some of the issues and questions that I’ve begun to raise about economic development and Aboriginal peoples.

The value of a personal narrative and the knowledge that one gains from it seems out of place in a series of philosophical talks about ethics and capitalism. Personal experience and more particularly knowledge gained from personal experience is generally considered suspect as source of knowledge within the academic environment. Traditional Aboriginal epistemologies consider that personal experience and the reflection upon this personal experience to be essential to assembling a comprehensive understanding of something. It is in this tradition then that I offer these reflections.

Within the Aboriginal paradigm, it is also important that you know a bit about me, so that you can begin to understand the perspective which I bring to this discussion. I am a member of the Onondaga Nation of the Six Nations of the Grand River who grew up in a traditional Longhouse environment. My formal education has been Canadian universities. The Onondaga are the philosophers of the Iroquois Confederacy, often looked at by others in a somewhat sceptical fashion for their long and esoteric dissertations and deliberations. It is in this spirit that I also offer these reflections.

I spent a decade working for the Department of Indian Affairs and Northern Development in the 1980s. For most of that time, I was the Director of Housing. My job involved the allocation of resources for the construction of houses on Indian reserves across the county. The Indian housing policy was a product of the 1960s. One of main tasks was to produce a new policy that would be more appropriate for the 1980s and that more importantly, would enable the production of more and better houses.

Housing, as all of you know, is fundamental to human societies. We simply cannot exist without some form of shelter to shield us from the various elements of nature. The Indian housing policy recognized this and recognizing that Indians were poor, provided an allotment to Indian
Bands for the construction of houses. This allotment was to cover somewhere between 50 and 100% of the total cost of a house. The size of grant depended on the economic circumstances of the band. The policy produced only a limited number of houses. What happened was that the Indian communities used the subsidies to provide a complete house for community members. They simply took the money and built houses for those who needed them.

The officials of the Department, up to the time that I arrived and even after I left, thought that this behaviour was highly irrational. They simply could not understand why Indian Band Councils did not use the grants as partial subsidies in the manner in which they supposed to. What they wanted the councils to do was to provide each individual member a grant based upon his or her income and have the individual then complete the house using their own resources, using what they called sweat equity (ie. their own labour) or their accumulated savings. They also wanted the councils to establish revolving loan funds. In these cases, the Council would pool the grants, loan them out to members at low rates of interest and in this way build more houses. Some of those communities which were in the southern part of Canada near large urban centres did establish loan funds and these worked very well.

My colleagues at the time argued and believed that the behaviour of Indians was political. In some cases, they did indeed argue that as a result of treaties they were entitled to housing in return for having given up other things. And they saw the behaviour as simply a way of getting the government to make good on its promise over the long term. And I must admit there was some of that.

However, if you begin to explore beneath the surface of that explanation, you begin to see other things at work. My approach to the task of reviewing the housing policy was to see if I could create a market for housing. My belief at that time was if I could create a market, I could then cause more and better housing to be produced: more housing because the was indeed a huge unfulfilled demand for houses and better housing because people would want to trade up or would want to demonstrate some pride of ownership. I reasoned that some houses would become available for sale from this process. After all this way the in which the vast majority of housing was provided for individuals in Canadian society. In cases, where people were poor and unable to afford the market place, economic subsidies would be provided. And there was plenty of experience with this approach.

As I began to explore what I had to do in order to create a housing market, I discovered that it was not a simple task: I had to create first of all some instrument of ownership; I had to create a regulatory environment which talked to the quality of the product, I had to create financial instruments that could be used to pay for houses and I had to create within people a new view of a house and a desire to own a house.

So, in effect, I had to do two things: One was a technical task in creating all the mechanisms necessary to make a market work and the second one was a social task in which I had to change peoples views about housing and the way in which they acquired it.

In effect, I began to see that if I was to make any changes at all in the housing situation of Indian people, I had to become a social engineer. Creating a market is no simple task. It’s a complex difficult task that requires considerable effort across many fronts. Recent experience in creating a market society in the former USSR, I think, begins, to bear out the difficulty involved. It requires a complete change in the way of life of a people. And it can be incredibly disruptive. At the time, however, we did not have the vivid and visible example of the USSR in front of us.

Like a good bureaucrat, I made my findings known to my superiors. I can recall quite vividly my first meeting with the new Deputy Minister of Indian and Northern Affairs Canada. I laid out what I’ve told you today on a bright mid winter morning about 10 years ago. He wanted to get out of the housing business as soon as possible, within 5 years if we could. I looked at him and said: We’re in this business for at least a generation, ie for the next 20 years at least. That’s the magnitude of the task that you want to undertake. He looked at me and said: No, damn way are we staying in this business that long. I think that you’re wrong. Go away and think about it some more. We need a new idea.” So I did.

A few weeks later, he called me up to his office. I went up quite anxiously, wondering if I was going to have my job. What I did was go way, think about it and ship the same proposal back up again. When I walked into his office, his
first words were: you're right. And I was wrong! So what do we do now?

After I left, the housing review was completed. A new policy was devised. It looked a lot like the old one except that Indian Councils now had a few more options and some degree of control over the use of resources. The resistance to the creation of housing market as a way of providing housing on Indian reserves was too great to overcome.

We move forward in time a bit. I am called to a meeting in October, 1997 of the Ontario Native Affairs Secretariat who want to hold a meeting with Aboriginal business people as background to the development of a new Aboriginal economic development policy for the government of Ontario. The meeting was uneventful: the participants all said the same thing: more business development, less government involvement, and improved access to capital and training.

One presentation struck me however: one of the presenters was from a First Nations community near Sault Ste. Marie, Ontario. They came and talked of a joint venture that they had entered into for the development of an industrial park on Indian land. They presented a video which they were using to attract firms to the park.

Picture, if you can, the video: Opening shot: man in canoe in the middle of lake, early morning, loons crooning in the background: tranquility and calm reign. All of this designed to tell those who may wish to come that this is a land of calm, order, rationality. We move forward to the sale pitch: a shot of an industrial building. Voice over: your company can be located here: there are no land taxes, no local improvement taxes, no business taxes. All you pay for is the building and have we a deal for you. Need workers? Our well-trained workforce works for less than any other place in the area. Talk to us about your labour needs. Our workers also work harder than all the rest.

In 1994, The Royal Commission on Aboriginal Peoples was established by the Federal government to examine and report on what should be done to improve the quality of lives of Aboriginal peoples in Canada. One of the most persistent problems facing Aboriginal peoples throughout Canada has been low incomes and low participation in the labour force. It seems that after almost two decades of consistent and concerted effort, incomes have not improved much. The analysis shows a complex problem and a multi-part solution involving education, training, employment equity arrangements, anti-racism efforts and local economic development.

The RCAP final report, released in November, 1998, reflected the conventional and accepted wisdom that a major part of the solution is economic development. In fact, the report goes further and links economic development (and its benefits: higher incomes, and presumably a higher ability to pay for it by Aboriginal peoples) to Aboriginal self government. It is now accepted, by Aboriginal peoples, government officials, and business people that economic development is the key to the future. All that we have to do is figure out how to get more of it. And so, in the final report, we say the usual things: more training, more credit, more education, more business support, a national aboriginal bank. The only difference between what we say today and those who said it 2 decades ago is that today we say that these new institutions and processes should be under Aboriginal control. And no one questions us. We are talking the words of the accepted wisdom. Economic development has become the Holy Grail of the Aboriginal community.

How do you go from the view of housing as a public good to the blatantly market oriented behaviour of the industrial park to the strongly held view of the central and critical importance of economic development to the future of Aboriginal peoples. It appears to me that something has happened within Aboriginal societies in the past few decades. What I want to do is talk about the transformation of Aboriginal societies that I see occurring around me. It is, in my own view, a transformation of a fundamentally moral kind, one that is fundamentally affecting the value-order of a society. This change is also occurring almost without comment, although there are many who sense the changes and have offered prescriptions for mediating its worst effects.

As background to this transformation, I want to give you a sense of the times that Aboriginal peoples live in. The last two decades have been extraordinary times for Aboriginal peoples. After the great pain of the last few hundred years and more importantly, the forced exile from the social, political, cultural and economic space of Canada, a new society is starting to emerge. Aboriginal peoples throughout Canada are determined to regain the stewardship of the structures and processes of their everyday
lives. I call this effort ‘Aboriginal governance’ and see it as a much greater process than just Aboriginal government. It involves a whole range of societal actions being driven by Aboriginal ideas from Aboriginal thought.

Everywhere, we can begin to see evidence of Aboriginal people beginning to govern themselves: most primary schools are now under Indian control, health care agreements are being negotiated, social welfare agreements and agencies are being established, communities are making agreements with community colleges and universities for higher levels of education appropriate, some languages (Ojibway, Cree, Innuktutut) are becoming the language of work; there are at last count, some 14,000 businesses, 40,000 students in colleges and universities, 50 financial institutions, including 1 trust co and 1 bank; and somewhere in the neighbourhood of 5,000 other organizations dealing with every need and issue that one can think of or invent.

All of this is occurring quietly and out of sight of most of us. Most of us only see the continuing poverty, social dysfunction, and political protests. This is what the media presents to us. I won’t deny that there is much poverty, violence at times, and political frustration and protest. One simply cannot ignore these. I do however want to for time being because they mask some of the more important fundamental changes occurring.

In the Royal Commission work, we argued very strongly for the centrality of economic development to the future of Aboriginal peoples’ communities. Economic development, if undertaken, properly, ie, if they followed our ideas, would provide higher individual incomes and higher revenues for local governments through either resource rents or some form of local taxes or income taxes. The quality of Aboriginal peoples’ material lives would improve over time, hopefully rising to the Canadian average.

And so in the quest for a better life within the context of contemporary North America, we encounter capitalism. We simply have no choice. This encounter, I contend, has profound effects for Aboriginal societies. It is fundamentally altering the moral order of Aboriginal society.

Most economists, anthropologists and Aboriginal Elders would describe traditional Aboriginal societies as non-market societies. The production, distribution and consumption of goods was performed as a result of long standing traditions. Most of the functions that we would describe as economic would have been embedded in the social roles of individuals. What was produced, how it was produced, how it was distributed and how it was consumed would have evolved over time and become part of a shared history and way of doing things.

Max Weber defines “traditional labour as work expended until reaching an accustomed level of livelihood.” Thereafter, the worker preferred leisure to any profits that might be gained from further exertion. This traditional or subsis-
tence ethic, according to elders, economists and anthropologists is the labour ethic that prevailed at the time of contact. People only accumulated what they needed or as Marshal Sahlins postulates, people only worked until they had enough and then they stopped and contemplated the nature of the universe. Modern economists would say that there is a backward sloping supply curve for goods.

This is not to say that Aboriginal peoples did not possess any desire to accumulate goods or were unfamiliar with trade. There were extensive trade networks throughout North America prior to the arrival of Columbus. These networks were used primarily for ceremonial or luxury goods. Most economic production was for subsistence or redistribution. Labour and resources would not have been primarily allocated to the demands of trade.

Some Aboriginal peoples did pursue the accumulation of goods. The accumulation of goods was a legitimate goal within the moral order provided that the goods were distributed and transformed into some form of social prestige, rank or honour. A good example is the Potlatch that was common among many Aboriginal nations of the Pacific Northwest. For example, among the Tinglit, the primary way to earn social rank and honour among the Tinglit was to acquire wealth and display industrious work habits. The Tinglit gave away their accumulated wealth in the Potlatch ceremony to honour their clan ancestors. Men gained new titles and social rank according to their Potlatch contributions. The host house/clan gained community prestige according to the wealth that it gave away. The giving away of wealth was viewed as an indication of their willingness to fulfil their moral duty to honour and remember their house/clan ancestors. In other societies, the distribution of goods was based upon need; in others, one was simply expected to share the bounty of a hunt or fishing expedition.

These societies then developed and established a moral and social order which influenced the behaviour of individuals and institutions. The moral order indicated what goals were good and hence were supported, what type of social behaviour was acceptable and the nature, ends and workings of social institutions. Moreover, it provided the glue that kept the society together. One could say that these societies had a moral commitment to this particular social/political/economic system. It was simply the right way to do things. The system they developed produced, in their view, the greatest good for the greatest number.

There is much literature which describes Aboriginal peoples' modern encounter with capitalism (or in its early forms, the fur trade in Canada, the early settler economies, the industrialization of the continent). This literature has quite rightly described the devastating effects upon Aboriginal societies, especially over the last 60–70 years. Indeed, we can see the effects of that encounter around us in the problems that are present and visible in Aboriginal communities today. This initial encounter has been at the margins, either in the form of wage labourers or as consumers. This is the form that most of us encounter capitalism in our daily lives.

Yet there are an increasing number of Aboriginal people who want to participate more fully in the capitalistic economy of Canada and maintain some sense of traditional values and social order. In my work over the past two decades, I have found few Aboriginal people who want to reject capitalism. What I have seen is a headlong rush into it by young people and Aboriginal elites, with Elders standing at the sides, urging caution and perhaps in a few cases, outright rejection. Indeed, I can describe much of my own work as making capitalism work better in Aboriginal communities, developing, as it were, capitalism with a red face.

Capitalism requires us to think of the world around us in a different fashion. At its heart is a central process: the M-C-M' circle and an assumption about the proper ends of human behaviour. The M-C-M' circle which drives capitalism goes like this: start with a small amount of money (or capital); make or purchase commodities (goods) and then sell them for more than was paid for them; then use this new and enlarged amount of money to do the same thing over and over again, each time, hopefully increase my capital.

This cycle, coupled with the emergence of a market where I can buy what I need and sell what I produce and the emergence of money as a system of exchange, requires me to think much differently about my life, what is proper behaviour in that life and the ends of that life. The emergence of the market as the dominant economic institution, replacing tradition and command as the method of provisioning means that I must begin to think about things in terms of the market, which is concerned with exchange
value and begin to value them in monetary terms. I can no longer think of them in social terms. And my behaviour begins to be labelled as productive or unproductive, according to its relation to the productive apparatus of society.

Another central idea linked with capitalism is the idea of progress. In simple terms, instead of the downward spiral of humanity into a morass of destruction and eventual termination, the movement of humanity into the future has come to be conceptualized as an upward spiral of continual improvement: each day we are getting better and better, i.e. we are progressing, moving onward and upward to a better world. This better world has come to be defined in primarily material terms.

Central to our notions of capitalism is the idea that progress occurs through the continual striving of the individual to better his/her own position in the world. The idea that the happiness of all is the natural outcome of the self-regarding pursuit of the happiness of each has become intimately linked with capitalism.

Capitalism would also have not been possible without the link of private property to the means of production and the creation of a set of circumstances whereby the general population must gain access to it in order to live. The power of private property to organize and discipline social activity derives not so much from the ability of its owners to do whatever they want with it but with their power to deny access to it. Access to private property may be gained through a relationship which we have come to call employment: I will sell you a certain number of my hours in exchange for a wage. You retain ownership of what I produce with your private property. My labour (time, skill, knowledge) then becomes a commodity, able to be bought and sold like any other.

Weber makes quite clear that capitalism requires a broad community moral consensus and commitment in its favour. One also needs to have this same consensus and commitment to its primary institutions: the idea of ceaseless accumulation of wealth (capital), the market as the primary mechanism for the provisioning of society, the idea of defining progress only in economic terms, the idea that each of us in pursuit of our own economic interests improves our collective well being and the central idea of the capital cycle itself.

In my view, capitalism becomes more than an economic system. It becomes a world view and a way of life. It postulates a way for the world to work and provides a somewhat complete view of the order of things. It has over the last 200 or so years developed a set of social institutions which support it and into which individuals are socialized. It also develops a social rhythm for society and defines social relationships.

What it does ultimately is redefine the nature of society. It creates a moral system which is used for valuing ends and means. Society then becomes a collection of individuals, each of us allowed to pursue our own needs on the basis that this will individual pursuit will result in the greatest good of all. As a system of provisioning, it removes the system from the control of society. In the words of Karl Polanyi, it makes society serve the economy.

George Soros, the American billionaire, reflecting on the nature of capitalism in the Atlantic Magazine in January 1997 says that capitalism affects the values that guide people in their actions. As the market extends its sway across society, it progressively replaces traditional values. Marketing, advertising, packaging: the fundamentals which make the system work, begin to shape peoples' preferences and change their values. Unsure of what their values are, because traditional institutions such religion, spirituality, family, local community which set values lose their influence, they increasingly use money as the criterion of value. What is more expensive becomes better. Works of art are good because they are expensive. People are good because they are rich. And so on.

The nature of capitalism also forces the continued accumulation of wealth or its proxy, continued consumption of what capitalists produce. The central calculus of capitalism which regards wealth not just as a stock to be accumulated but as a stock capable of transformed into more wealth. In order to feed this cycle of ever increasing wealth, it creates a cycle of wants and needs which it then seeks to fulfill. Indeed, the capitalistic system attempts to tell us that we can become better people through the consumption of certain types of products and services. Our moral worth comes to be determined through the nature of our relationship to the MCM calculus. All else becomes defined as an externality and hence not to be considered as a central factor in decision-making within firms (and by extension within other organizations which do not have economic ends). Issues of spirituality,
contribution to the common or collective good are not important.

This is the world that Aboriginal people are encountering. It is a world in which the central tenets are fundamentally different than traditional Aboriginal societies. The provisioning of Aboriginal societies, its economy so to speak was embedded in its social structures. The working of this embedded economy if we can use that term was under the direction of tradition. And that tradition was maintained by Elders.

The distribution of wealth within Aboriginal society was mediated by Elders in accordance with some general principles of equity and need as I have stated before. Private property was not unknown and there certainly were sets of laws to ensure its integrity. And there was trade, as we have discovered. Immense trade occurred throughout the Americas and goods moved everywhere. Production of goods was mostly made in accordance with what Polanyi would call householding rather than for market.

The central tenets of traditional Aboriginal life were harmony, balance, and reciprocity. Many Aboriginal people evolved social systems which attempted to live in co-operation with the natural world around them. That meant that the accumulation of material goods was somewhat limited. We should not however allow ourselves to think that material goods were not important in Aboriginal societies. They were very important and in some places were used to determine prestige. What was not common however was the accumulation of wealth for its own sake in order to generate more wealth. In addition, material goods were used in order to establish and maintain relationships, both in this secular world and the spirit world.

Aboriginal people want to participate in that world and hope that they can accomplish three things through that participation: improve the standard of material living; provide for the functioning of Aboriginal governments; and preserve traditional cultures with their value sets.

In the Star Trek series, the Federation meet the Borg. The Borg, as I have described, are a collectivist, humanoid like race who are part machine and part human. They go about the universe absorbing peoples and cultures. They allow the absorbed peoples to maintain some physical semblance of themselves but they take over their minds. Individual thinking is not possible with the Borg. All thought and action are controlled from a central site: what one knows, all know. They are extremely quick to learn the weaknesses of their chosen candidates for absorption.

I think of our encounter as Aboriginal people meeting the Borg of capitalism. They’re an extremely powerful race and no one, except Captain Jean-Luc Picard and the Starship Enterprise have been able to defeat them. They absorb at will. They are interested only in the technology of other peoples, not their thought, or culture. Upon encountering a suitable candidate, they broadcast the following message: “Your existence as you know it has come to an end. Resistance is futile.” That’s how I see our encounter with capitalism.

The idea that we can somehow participate in capitalism without being changed by it is in my own view wrongheaded. We already participate in the central institutions of capitalism within our own communities: private property, a desire to accumulate wealth and to use that wealth to create more, produce for the market, have institutions of accessing credit, have local governments which pass by-laws to support the development of local business and have accepted the idea, for the most part, that progress is measured in material terms.

And more importantly we are developing a broad community moral commitment to the institutions of capitalism. We argue for institutions which will give us easier access to capital and we see the establishment of a network of almost 50 Aboriginal controlled credit institutions across the country. We argue for increased training so that we participate more effectively in the labour market. We argue for changes to the Indian act which allow for land to be privately held and to be used as collateral. And we argue also for exclusive control over land through land claims and new treaties.

In essence, this is the language of capitalists: land, labour, capital. And it is moving to the heart of the cultural agenda of Aboriginal peoples. There are places of resistance that are springing up. New approaches like community economic development, new institutions like lending circles, adaptations like the use of elders in decision making, the use of small scale enterprises over large scale enterprises are being developed. These however are in my own view mere adaptations or variations on a theme. The central tenets are still there. We can in a sense mediate the worst effects of capitalism. That will take much determined effort and the develop-
ment of cultural and social institutions which remind us of our values.

Few aboriginal people that I have encountered want to move back to a subsistence economy. Most want the material goods that capitalism brings. These material goods come with a cost. Many aboriginal people believe that it is possible to escape the cost. I am not so sure that it is possible to play without paying.

It is possible to limit the effects of capitalism. There are those among us who manage to do it. The Amish and the Old Order Mennonites do it. They do it however through the creation of a closed society, strictly limiting the access of community members to the world outside. I don’t hear any Aboriginal people saying that they want to do this.

We have participated at the edges of capitalism, as labourers, as small business people, as debtors. Now we seek to enter its heart. We will be transformed by it. Just as the Borg absorb cultures, capitalism will absorb Aboriginal cultures. And the moral order of Aboriginal societies will be changed.

Capitalism is an extremely adaptive, effective, efficient and seductive system. I compare it to Christianity in its ability to absorb new things and still retain its essence. Aboriginal peoples are also an extremely adaptive people. We have survived here, albeit in a diminished number, despite the attempts to assimilate us. Yet I am not convinced that we can survive the Borg of capitalism. We will be absorbed one way or another. What we can do is mediate the worst effects of capitalism through the continued use of our values and the transformation of these values into institutional actions. The world that we used to live in no longer exists.

The distance from the idea of the provision of housing as part of the basic human social contract to the corporate marketing behaviour of the Aboriginal Industrial park in Northern Ontario is only a few years. It however represents a jump of 250 years or so in thinking.

Recently, I went to Kelowna to attend the meeting of the National Aboriginal Economic Development Board. They had arranged for a luncheon speaker to come and talk about Aboriginal business. The speaker was the owner of the Native Investment and Trade Association. He was in his mid 30s and a highly successful Aboriginal businessman. He currently owns a portion of a new TV network being started by Baton Broadcasting, is establishing the first mutual fund directed towards Aboriginal peoples, and is in the process of establishing a venture capital firm for Aboriginal enterprises. No one in the room blinked an eye when he talked of his plans to become an international financier.

The Borg have arrived and the absorption has already begun. In the words of the Dead Dog Café: Stay Calm. Be Brave. Watch for the Signs.

BIBLIOGRAPHY


