DEVELOPMENT ON THE MARGIN
Development Orthodoxy and the Success of Lax Kw’alaams, British Columbia

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ABSTRACT
The remote Aboriginal community of Lax Kw’alaams in northwestern British Columbia has recently experienced a remarkable turnaround in its local economy. This has been achieved through innovative land and resource management, as well as the entrepreneurial pursuit of new tenure rights and markets for product. In this paper, we relate the experiences of Lax Kw’alaams within the framework of predominant theories of rural development; specifically the traditional approach of staples and dependency theory, as well as newer perspectives grounded in theories of globalization. In doing so, we discuss several ways in which the Lax Kw’alaams case challenges accepted orthodoxies about rural development. We end by outlining potential research questions for better understanding the immediate and long-term implications of this case.

The Transformation of Lax Kw’alaams

Lax Kw’alaams (formerly known as Port Simpson) is a First Nation community of some 1350 residents, part of the Tsimshiam Nation, located on the north coast of British Columbia a short distance from the Alaska panhandle (see Figure 1). Until about five years ago, Lax Kw’alaams demonstrated almost all of the social and economic difficulties that beset many isolated First Nation communities in Canada. Unemployment soared over 80 percent, school attendance was poor with a large dropout rate, and the economic affairs of the Band were in such disarray that it was severely in debt.2

Today, in stark contrast, the community is thriving. The Band is out of debt and has a hefty bank balance that it is using to expand services and infrastructure. Almost all roads in the community have recently been paved and the place has the appearance and feel of prosperity. This new image is supported by the construction in the town of a new 25 metre indoor swimming pool with water slide, adjoining Elders’ Centre, and refurbished recreation centre...
and gymnasium. Moreover, the community has taken primary control of its own schooling, moving its school out of control of the regional school district authority by establishing it as the private Lax Kw’alaams Academy. Specialists in inner city education from the southern United States have been invited to run the school and they have provided a new remedial education program that has seen students, on average, advance in one year from being four years below grade level, to being on grade level with the provincial average.

Furthermore, though the community is still served by a lengthy car ferry from the City of Prince Rupert through a north Pacific route, it has obtained the financial resources to upgrade, to a high standard, a logging road across the peninsula to nearby Tuck Inlet. There, a commuter ferry regularly whisks passengers to and from the city along a sheltered inlet, in what appears (at least in comparison) to be a matter of minutes. As a result, from being an isolated coastal village on the open Pacific, Lax Kw’alaams has become transformed into an easily accessible adjunct of the larger and historically more prosperous City of Prince Rupert.

The most striking improvement in Lax Kw’alaams during this short period has been its economic revival. Whereas, previously over 80 percent of able bodied residents in the community were on social assistance and without work, this has been reduced to the point when it now averages well below five percent of the labour force. The community has managed to achieve these gains primarily by developing a unique approach for the development of its forestry reserves. First, the Lax Kw’alaams Band benefits from the provision of a relatively large reserve, at least by British Columbian standards. While most coastal bands have been allocated only miniscule reserve territories based on traditional fishing and encampment sites (cf. Harris 2002), the Lax Kw’alaams Band holds nearly 12,000 hectares in reserve lands. Second, the Lax Kw’alaams Band has developed a unique Land Use Plan (LUP). This, unlike the plans currently being negotiated for Crown lands across the province through the Land and Resource Man-
agement Planning (LRMP) process, places no area under complete protection from economic development. Conversely, every area within the traditional territory is subject to careful sustainable management. As part of this process, the community has eschewed the clear-cutting methods of large commercial forestry companies. Instead, it has developed a sustainable method of selectively cutting small segments of each hectare, using helicopters to move this timber to a wet log-sorting area. Though generally considered as too expensive a harvesting method for commercial operation, the Band has found specialty overseas markets that cover production costs. This process has been so successful that the Band currently generates a substantial annual profit in the millions of dollars.

This success has proven to be a foundation for further entrepreneurial pursuits. In 2004, the Lax Kw’alaams Band made a surprising, and successful, bid of $4.8 million dollars to the court appointed receiver for the timber assets of a defunct mill in the region. With these timber reserves added to its existing holdings, the Band now has a sustainable annual cut of approximately 700,000 cubic metres, which brings it into the range of the largest timber producers in British Columbia. Through involvement in this and other ventures, the Lax Kw’alaams Band has established a private firm to manage its operations. This corporation — the Coast Tsimshian Partnership Ltd. (CTP) — has a full Board of Directors, and every member of the Band has been accorded non-voting shares. CTP is committed to moving beyond forestry. The firm is presently developing the potential to become a significant producer of fish products. It has invested in refurbishing a long closed fish processing plant in the community, and is negotiating an agreement with Japanese interests as buyers for the product of this plant as well as the fishing resources from other nearby communities, including the Tsimshian people of Metlakatla, Alaska. These same Japanese interests are also negotiating with the Band to build a fish-meal production plant at Law Kw’alaams to produce meal from fish bi-products obtained throughout northern British Columbia and Alaska, and to ship these to markets in Japan, China, Taiwan and other parts of Asia where they are in high demand both by aquaculture and animal producers.

The implications of these developments is that Lax Kw’alaams has been transformed in five short years from a place that appeared to have little hope for a positive social and economic future, into an economic engine of Northwestern British Columbia. Band officials estimate that the annual production of these enterprises places the band gross revenues from its resource bases at approximately two hundred million dollars per year. With its recent forestry acquisitions, Lax Kw’alaams now is rivalling and indeed perhaps surpassing the economic prospects of the two large municipal centres in the region, Prince Rupert and Terrace. The contrast with the City of Prince Rupert in particular is striking. During the period in which Law Kw’alaams has developed and prospered, the City of Prince Rupert has endured significant hardship. Its primary fishing activities have been curtailed through government licence buy-backs, and the pulp and lumber mills in the city have closed. As a result, the population of Prince Rupert has declined from 17,400 residents in 1991 to 14,600 in 2001.

**Lax Kw’alaams and Development Orthodoxy**

The transformation of Lax Kw’alaams runs counter to dominant understandings of the economic prospects of remote communities. This is true both of traditional frameworks such as staples and dependency theories, and of newly formulated theories of globalization and local-global (or ‘glocal’) networks and relations. In this section, we elaborate these inconsistencies and identify conceptual gaps in these literatures with respect to the case of Lax Kw’alaams.

Thinking about development in Canada has been dominated in the last century by the ‘staples theory’ of Harold Innis (1933; 1956). Innis’ analysis was a reaction to primarily British economic theories of ‘comparative advantage’ that contended that colonies such as Canada are naturally suited by their small population, resource base, and distance from population centres, to being staples economies rather than industrial ones. Innis certainly recognized the importance of staples production in long-term development. By analyzing Canadian economic history from the fur trade through to modern forestry and fisheries, Innis concluded that Canada’s enormous resource base enabled it to become a strong and modern economy by transferring from one staple resource to another as international demand dictated.
However, Innis also argued that such an economic strategy based almost solely on the extraction of raw material led, ultimately, to a “staples trap” in which local communities and regions remain always caught in a state of volatility and crisis, fuelled by fickle external demands for their particular resources and the potential exhaustion of these same resources on which local well-being depended (cf. Watkins 1963). Thus local prosperity has historically depended upon the ebbs and flows of global demand, leading to a state of deep instability characterized by dramatic boom-to-bust swings in rural economies.

In the 1970s and 1980s, Innis’ staples perspective was supplemented with theories of hinterland dependency (Long 1977; Matthews 1983). The essence of the dependency perspective was that urban areas and rural (resource-based) regions are held together by a symbiotic relationship of mutual dependency. In this process, urban (manufacturing) areas were ‘dependent’ on rural ones for the resources on which their society and economy were based. However, this relationship was seen by dependency theorists as exploitative. Thus, hinterland areas were exploited by central ones for their resources, their labour, and their capital—all of which were drawn into urban areas at the expense of hinterland economies. Dependency theory also contained an inherent social class perspective. Thus, it was argued, the capitalist classes of the centre and of the hinterland had interests in common—being essentially a series of patron-broker relationships engaged in the exploitation of workers (Matthews 1983). In contrast, the workers of the hinterland and those of the central area were in essentially a conflicting relationship. The limited gains to labour in the metropolis were made essentially through low wages and lack of other benefits to the workers of the hinterlands. Moreover, hinterland workers were also further exploited by being a pool of excess labour that could be drawn into the central areas when jobs were plentiful, but that could be laid off when times were poor. When that happened, many such workers returned to their hinterland communities to be drains on the local hinterland welfare system, rather than on the social service agencies of the centre regions.

In recent years, theories of staples and dependency relationships have been supplanted by theories of globalization. The primary concern of staples/dependency theories was to understand how economies are organized within and across regions and territories. In contrast, theories of globalization are attentive to networks of association and exchange across vast spaces (cf. Holton 2005: 209). To be sure, these earlier theories (most notably of dependency) emphasize relations and relationships. However, the focus remained the impact that these had on the economic and social arrangements between regions. Within staples and dependency theory, the unit of analysis was the vertical and hierarchical dynamics of highly ordered economies. In other words, local development in disadvantaged regions was understood as directly shaped by the capacity of senior governments to influence the geography of production, specifically by creating a series of incentives for corporations or firms to invest and/or locate in these regions (Savioe 1992).

The globalization perspective has advanced a different set of theses about development. The most sophisticated of these argue that the ‘success’ of a region in the world economy is less and less dependent on capacities to directly produce commodities or manufactured products en masse. Rather, successful regional development is thought to stem from the capacity of local ventures to participate in a fluid but network-based economy. This has been most thoroughly articulated by Castells (2000), who argues that the global economy is increasingly characterized by logic of ‘flows’. The metaphor of flows refers to the liberalization of movements of capital, knowledge, and labour across spaces that have traditionally been dominated by rigid regulatory and/or institutional structures. The general thinking is that flows concentrate or move through ‘hubs’ that offer particular advantages in terms of skills, infrastructure, knowledge, and service capacities (cf. Scott et al. 2001). The classic example of this is the emergence of ‘world cities’ such as Tokyo, London, and New York that are now more oriented to one another’s economies than to those of the nations in which they reside (Sassen 1991). Smaller hubs in the global space of flows include knowledge-based industrial districts such as Silicon Valley (Saxenian 1994) and Germany’s Baden-Wurtttemberg region (Herrigel 1993).

In other words, the ability of places to become hubs, moorings, or conduits in “the space of flows” is thought to be integral to local economic development (Brenner 2003). For places that stand outside major hubs, participa-
tion in flow-based economies is more difficult, and dependent on the ability of local actors to create direct ‘horizontal’ linkages to specific markets (cf. Sheppard 2002). Current thinking suggests that these capacities are enhanced when local firms operate in a ‘learning environment’ that fosters a semi-competitive, semi-cooperative sharing of knowledge, network connections, and business services (Storper 1995; Amin 1999). These arrangements are often called “clustering” or “agglomeration”, and can, through specialization and careful local and extra-local networking, facilitate the participation of disadvantaged regions in flow-driven economies.

Table 1 summarizes and compares several key principles of traditional staples/dependency and newer globalization-based theories of development. We see that these theories present very different arguments about the organization of economies, methods of wealth-generation, and sources of inequality or disadvantage. Staples/dependency theory, for instance, suggests that development can be pursued by reforming the relationship between centre and periphery, urban and rural, industry and community (Matthews 1983: 116–17). In contrast, the globalization perspective emphasizes the need for local actors to strive for direct connections to a wider “space of flows” by establishing local systems of innovation and vigorously pursuing niche markets. Otherwise, rural places increasingly find themselves ‘left out’ of the global flow-driven economy.

It is important to note that rural development policy in British Columbia is currently oriented towards both the staples/dependency and globalization perspectives (Young and Matthews 2005). Specifically, since the 2001 election of the centre-right British Columbia Liberal Party, the province has sought to liberalize practices of resource development. This has included implementing a ‘results-based’ system of environmental regulation (where firms are free to determine methods and process of harvesting, and only the end-results are regulated), and the abolishment of regulations that forest commodities be processed in local regions. These acts are rooted in traditional staples perspectives, albeit with an even more explicit orientation to the needs of international corporations and markets. The government of British Columbia has promoted many of these reforms as part of a Forestry Revitalization Plan, which justifies these changes as necessary to safeguard corporate profitability in exports.

Timber processing rules were introduced in an attempt to create local or regional economic benefits from the timber that was [locally] logged. But these regulations led to a series of unintended consequences that hinder the forest sector’s ability to make sound, business-based decisions. ... Forcing licensees to process wood at mills with equipment that is outdated, or at mills that make products that are not in demand, prevents valuable public timber from flowing to other, better uses (British Columbia 2003: 17).

At the same time, the governments of British Columbia and of Canada have been implementing programs to develop local capacities for self-organization and local entrepreneurialism. These programs include BC’s Northern Development Initiative and Coast Sustainability Trust that establish funding for local infrastructure
projects and economic planning, as well as the federal Community Futures network that directly supports new business ventures at the local level. Programs such as these envision rural development as an “endogenous” process, as an outcome of creating local conditions of inclusion and support that contribute to a climate for innovation and entrepreneurialism (Ray 1999; Shucksmith 2000).

The case of Lax Kw’alaams, however, seems to fit with neither orthodoxy. The present success of the Band stems directly from its usage of staples. But the Band’s involvement in the resource economy contrasts strongly with the current liberalization of resource production across Crown lands in British Columbia. First, rather than implementing a looser ‘results-based’ approach to harvesting practices, the Band operates on very stringent environmental principles that are ‘process-based’ — in other words that insist on good practices (such as selective heli-logging) rather than outcomes alone. Second, while current provincial reforms are pointing to lesser local involvement in the resource economy, particularly through the abolishment of requirements for local processing, the Lax Kw’alaams Band is building prosperous ventures that are based on local labour and rights. In sum, the Lax Kw’alaams Band is developing a staples-based economy that is inconsistent with classic staples/dependency perspectives that emphasized rural subjection to urban and/or international interests. Moreover, it does not relate to current political efforts to revitalize the resource economy through the liberalization of corporate practices within and across rural spaces.

But at the same time, the Lax Kw’alaams case is equally at odds with prevailing thinking about globalization and development. First, very little is written in that literature about the continuing role of resource and commodity production in the global “space of flows” (Hayter et al. 2003). Too often, it is forgotten that the flow-driven economy is not the exclusive purview of information technology and high finance. Lax Kw’alaams is proving to be a powerful participant in the global space of flows, but not in the way that is usually assumed. Put simply, Lax Kw’alaams is not a ‘hub’ in the sense implied in globalization theory. The community is not a site for the concentration of investment capital or the relaying business and informational services. In equal measure, it is not an economy that is based on a dynamic local business climate. The economic resources that are currently lending great prosperity for the community do not stem from ‘endogenous’ or ground-up development. Rather, they have in a very real sense been imposed, in this case through the centralized powers of Band government, and the rigid hierarchy of Band administration. In other words, the new prosperity of the place has not been built on local processes — it has not been grown out of efforts to establish local entrepreneurial culture, networks or resources.

Instead, it is the product of the leveraging of traditional rights and its coupling with imported expertise. The Lax Kw’alaams Band has asserted exclusive rights over productive territories in two ways. First, it has done so externally, it has made a claim to authority over a legally recognized space (the reserve lands), and from that basis has made legal purchase of other rights and spaces. Second, it has asserted rights internally, in that the primary tool for these actions has been the political apparatus of the Band. Put simply, the Band has merged its political authority (its authority over Band finances, training programs, social welfare, etc.) with its legal authority (over reserve lands and acquired tenures) to pursue a development strategy aimed at ‘globalizing’ the economy of Lax Kw’alaams. This has meant claiming control over territories, hiring of outside experts, and channelling capital into private ventures. In this sense, the globalization of Lax Kw’alaams has been simultaneously a local and corporatist endeavour.

This strategy, unheralded in the standard literatures on rural development, has been very successful, to this point, in the rapid turnaround of the community of Lax Kw’alaams. However, its novelty raises particular questions about the potential ‘side effects’ or consequences of this approach, as well as its generalizability to other communities. Therefore, we conclude this paper by outlining potential research questions for better understanding the implications of this method of rural development.

**Understanding Lax Kw’alaams and Its Implications for Development: Questions for Research**

In this final section, we discuss key research questions suggested by the exceptional case of Lax Kw’alaams. These are not intended to detract from the real successes achieved there, but to locate this experience within wider ques-
tions about social and economic development in isolated First Nation communities.

1. How has the economic transformation of Lax Kw’alaams been possible?

The fundamental research question concerning the economic renaissance of Lax Kw’alaams is, quite simply, how has it been made possible? The most evident response to this question is to point to the efforts of the Band Manager of Lax Kw’alaams. Since appointment in 1999, this individual has gained the support of the elected leadership of the Band and attracted experts in education and forestry to reside in the community (albeit only for the short to medium term). While this situation appears to lend itself to an individualistic explanation of the case, we suggest that a generalizable analysis emphasize the social processes and practices involved in these actions.

First, it is important to investigate the processes through which certain knowledges have been mobilized and applied to the particular problems and assets at Lax Kw’alaams. For instance, the unique methods of resource harvesting were achieved only with extensive and specialized expert involvement. Similarly, the reforms to the curriculum of Lax Kw’alaams Academy were conceptualized and implemented by well-travelled educational activists. Our preliminary research indicates that this expertise was marshalled through networks within the international and urban development communities. The expertise and skills required were sought directly via social networks within a truly global network of skilled persons. Second, we suggest that the establishment of Lax Kw’alaams as a powerful participant in the global economy stems from the ability of these experts to forge direct ‘horizontal’ links to specialized buyers in many regions of the globe. The establishment of these networks means that the Lax Kw’alaams Band and its newly established corporation (the Coast Tsimshian Partnership Ltd — CTP), deal directly with buyers, rather than feeding the general commodity stream. Thus, these links intentionally by-pass traditional ‘hubs’ of the resource economy (in this case, Vancouver and Seattle). These arrangements have allowed more wealth from production to remain in local hands. In sum, preliminary research suggests that much of Lax Kw’alaams’ success is grounded in successful efforts to embed the local economy in international networks of knowledge and exchange.

From a research perspective, we would begin our inquiry into this case by investigating how these network connections are made and maintained. In other words, while we may attribute the turnaround to the resourcefulness of one or more key leaders, we argue that explanations of these outcomes ought to emphasize the actions undertaken, and by extension how they might be pursued in other cases.

2. Is the Lax Kw’alaams approach economically sustainable?

A subsequent research question to be raised is whether the approach to development pursued in this case is sustainable. As social scientists, we defer to the assurances of the current experts involved in resource production in Lax Kw’alaams that these methods are environmentally sustainable. However, the question of economic sustainability is also pertinent. The history of resource-dependent communities in British Columbia points to deep instability and cyclical development. Therefore, we would suggest that the long-term sustainability of the strategy depends on the ability of the Band and its ventures to secure new sources of value. Band officials argue that the primary source for value, particularly with respect to forestry, stems from the combination of security and flexibility of access to the resource. Specifically, the clarity of access rights in the case of Lax Kw’alaams allows the CTP to cut selectively within the reserve lands to meet the specific needs of buyers and brokers that have supply agreements with the Band. Importantly, this access is secure, in that the lands are not contested (i.e., not under land claim or open for private development — they are reserve properties). We suggest that the stability of these arrangements (to cut quickly, flexibly, and securely according to specific demand) ought to be monitored long term to see if it is consistent across market fluctuations in world commodity prices. On a related note, it remains to be seen if CTP’s acquisition of off-reserve tenures on Crown land will offer equal flexibility and security of supply to purchasers as is currently achievable with full control over reserve lands.

3. What is the relationship, both economically and socially, between Lax Kw’alaams as a community, and the recently established...
corporation ‘Coast Tsimshian Partnership Ltd’?

A third set of research questions involves the relationship that exists between the community and the firm that has been established in its name. As previously discussed, the Lax Kw’alaams Band has developed their economic interests into a free-standing corporate entity, The Coast Tsimshian Partnership Ltd. (CTP). According to both staples and globalization theories, much of the power of firms in both local and global contexts stems from their capacities for mobility and flexibility across space. But in this case, we see a firm that is an extension of a group and place, which suggests that its power stems from other sources. It is likely that this power is drawn from the authority of the Band (a political entity) over territories and rights. It would appear appropriate, therefore, to examine the ways in which the interests of the community (as a social and political group) might conflict and/or be furthered by the economic interests of a firm such as has been created. This new economic agent has the ability to engage in activities well beyond the limits of the Band and community, and now has only limited accountability to it—namely through a shareholder process in which every Band member has been accorded non-voting shares, and through the membership of four Lax Kw’alaams Band members on the firm’s Board of Directors. In some sense, the Band has divested its economic interests to a separate entity, i.e., the firm, with a legal identity of its own. Given this, does the firm have rights off-reserve, for instance to land that is claimed as traditional territory but is under legal contestment? What are the implications of this for the BC Treaty Process? What are the ramifications of the firm seeking tenure on land contested by other First Nation groups?

4. What, in both the short and long term, is the relationship of these new economic endeavours to the culture and way of life of the people of Lax Kw’alaams?

To this point in time, it would appear that most of these activities have been undertaken with relatively little involvement of the people of Lax Kw’alaams as a whole, though they have all been carried out in the name of the Band. As such, it is relevant to investigate questions regarding how Band members view these developments and the actions undertaken on their behalf. It is also important to consider how these activities will change the character of the Band and community itself. Will such activities generate wealth for local residents, as would be suggested by the shareholder procedure? Will this economic activity spur entrepreneurship in the community? Given that approximately half of the members of the Lax Kw’alaams Band now live outside the community (but retain voting rights and will receive share certificates), will these members return to the reserve? What, simply put, will be the immediate, long term, and day-to-day impact of these economic developments on the community of Lax Kw’alaams?

5. Is this creating a new cycle of dependency?

As previously discussed, the current successes at Lax Kw’alaams have been achieved through centralized control over resource operations. Moreover, they have also been heavily dependent on the marshalling of expert talents rather than local capacities. In this respect, is this strategy creating a new type of dependency? Are Band members acquiring the capacities to eventually take over the ‘expert roles’ in local development? On the one hand, the employment and educational gains achieved through expert investment are real. On the other, the recent establishment of CTP Ltd as an independent corporate entity suggests a further separation of Band operations from community involvement. How can the training and direct involvement of community members be integrated with the goals of a private firm?

These research questions seek to address the consequences (positive and negative, short and long-term) and generalizability of this approach to community development. The case of Lax Kw’alaams is indeed unique and exceptional. But an analysis of the social processes involved in this transformation would yield valuable insights into the following issues:

- The role of resource production in the increasingly flexible and varied global commodity marketplace.
- The manner in which local governments can become ‘actors’ in the free market.
- The building of a corporate structure out of structures for local governance.
• The mobilization of knowledge and networks in forging inter-community and global links.
• The consequences of the above for community development, as well as political and legal rights and claims.

NOTES
1. We are deeply grateful to the Lax Kw’alaams Band for sharing their experiences regarding the recent transformations in their community. We also acknowledge their invaluable assistance in the development and writing of this paper.
2. These and other figures have been provided by officials with the Lax Kw’alaams Band. They are current to mid 2004.

REFERENCES