FACTORS INFLUENCING THE ECONOMIC AND SOCIAL PROSPERITY OF ABORIGINAL PEOPLES

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ABSTRACT

Numerous historical and current factors have combined to influence the economic and social prosperity of Aboriginal peoples. This paper reviews the contrary governmental and Aboriginal perspectives of the history of the last few hundred years and provides an overview of the current situation in Aboriginal communities in North America. This is followed by a discussion of economic and social development factors taken from qualitative and quantitative studies found in the literature. Conclusions and suggestions for future research are provided.

INTRODUCTION

> ... the assumption [is] that Indians were probably just "primitive versions" of us, a people who needed only to "catch up" to escape the poverty and despair which afflicts far too many of their communities. That assumption is both false and dangerous. ... They are not just different versions of us. They began their journey to today not where we did, with the Mediterranean world-view classically enunciated by Plato and Aristotle. They began it in Asia, then brought that Asian world-view to the reality of a harsh, nomadic existence on this land mass many thousands of years before Plato was born. They developed, refined and sustained it over those centuries, and it sustained them. The paths they followed were completely different from ours as we passed through the rise and fall of Greece and Rome, the Christian Middle Ages, the Renaissance, the development of a wage and money economy, secularization, and the growth of major cities. ... even the industrial revolution took place without their knowledge or direct involvement. ... we should not be surprised that we have difficulties communicating with each other. The wonder is that there has been any successful communication at all (Ross, 1992 p. xxii).

Since the arrival of Europeans in the Americas in the late fifteenth century, the story of the Indigenous people of this continent has been dramatically altered. The effects are the result of violent clashes which occurred between Indigenous peoples and the European newcomers, as

well as the long-term, overt and insidious domination of one culture over another (Wilkins, 1993). The outcome for the majority of Aboriginal communities in North America has been sustained poverty and underdevelopment (Anders, 1981; Cornell & Gil-Swedberg, 1995; Wilkins, 1993). The economic and social components of underdevelopment experienced by these communities are linked, in that without the funding supplied by economic prosperity, the programs required to meet social needs lack the resources to be effective. This link has been recognized by numerous scholars (Anderson, Dana & Dana, 2006; Richmond, Elliott, Matthews & Elliott, 2005; Vinje, 1996; Wood, 1999).

Many Aboriginal communities are located in remote areas where the provision of basic services such as clean drinking water, education and health care represent an ongoing struggle (Quinonez & Lavoie, 2009). Health and education have been shown to have a significant relationship both with each other and poverty (Todaro & Smith, 2009). Health improves education as healthier people are more successful in school and better able to use their education productively, while education provides the literacy and numeracy that health programs require, and both together increase economic productivity while their lack reinforces poverty. Often, Aboriginal communities also face the challenges brought about by chronic unemployment, and alcohol and drug abuse. However, some Aboriginal communities have found ways to meet these challenges and have provided a higher overall standard of living for the members of their communities (Cornell & Gil-Swedberg, 1995; Cornell & Kalt, 2000; O'Hara, 1995; Watson & Rowe, 1976; Wood, 1999). While each Aboriginal band is unique from a socio-historic perspective (Wilkins, 1993), a question arises as to the existence of common factors which may positively impact the economic and social development of these communities.

This paper will present the results of a literature review of relevant research whose aim is to uncover potential factors which may influence the economic and social prosperity of Aboriginal peoples. As a backdrop to the review, the contrary governmental and Aboriginal perspectives of the history of the last few hundred years will be discussed, and an overview of the current situation in Aboriginal communities in North America will be provided. This will be followed by a discussion of economic and social development factors taken from qualitative and quantitative studies found in the literature. Conclusions and suggestions for future research will be provided.

TWO DIFFERENT HISTORICAL PERSPECTIVES

From a governmental perspective, for more than a hundred years, the governments of the United States and Canada have had, and continue to have, numerous support programs in place to provide social and economic program administration and funding for Aboriginal peoples (Saku, 2002; Vinje, 1996). Services include health care, education, public sector jobs on reserves, funding for social programs, funding for business enterprises, consultation services and the provision of infrastructure. The U.S. Bureau of Indian Affairs and the Canadian Department of Indian and Northern Affairs are government institutions which are funded to provide services and programs aimed at enhancing the welfare of Indigenous peoples. Numerous pieces of legislation and court decisions in the United States and Canada since the 1970s have recognized, to varying degrees, the right to self-determination and lands of Aboriginal peoples and have supported the formation of Aboriginal governmental institutions on reserves (Cornell & Gil-Swedberg, 1995; Saku, 2002). One example is the 1973 Calder decision by the Supreme Court of Canada which recognized that Indigenous peoples have a level of ownership of their traditional lands (Anderson et al., 2006). Coincidently, this timing aligns with similar recognition and a loosening of federal control over Indigenous peoples in Australia (Eversole, 2003).

Canada has also been working to settle claims with various First Nations through the vehicle of Comprehensive Lands Claims Agreements (CLCAs). CLCAs take an approach that includes extensive involvement of Aboriginal peoples, provides settlements including large monetary and lands remedies, and includes self-government provisions. This trend started in the 1980s when the federal government shifted from a focus on industrial sector development for Aboriginal peoples (e.g. lumber), to a focus

on Aboriginal community development. The concept includes Aboriginal involvement and decision making, as well as the integration of economic, social and political institutional development. There is also an effort to align development efforts more closely with Aboriginal culture. Further, CLCAs have the flexibility to cluster groups of small communities together to reach a viable critical mass for economic development in the negotiations (Saku, 2002). This has proved positive in the Yukon where many of the First Nations are small communities with populations in the hundreds (Dacks, 2004).

From a non-First Nations perspective, it would seem that the federal governments in North America have put considerable effort and resources into improving the quality of life for Aboriginal peoples. However, the situation looks quite different from the perspective of the people who are continuing to live with the fall-out from the European colonization of North America. When the first Europeans arrived, native communities and cultures had been in place for thousands of years. They had their own versions of laws, ethics, health care, religion, trade and political institutions (Ross, 1992). Over the period of a few hundred years, most Indigenous bands were decimated from the onslaught of European diseases, conquest, removal from traditional lands and a systematic attack on Aboriginal religion and culture (Anders, 1981; Pelletier (Wawashkesh), 1972a; Richmond et al., 2005).

From a First Nations perspective, the pioneers arrived in North America ill-equipped to survive the harsh environment, and it was the native peoples who initially supported them and taught them how to survive (Pelletier (Wawashkesh), 1972a). The Indigenous peoples allowed the pioneers to live on the land but, to their surprise, the Europeans spread across the continent and took ownership of all the land they could acquire. The Aboriginals believe that 'God' wanted people to look after the land, but the Europeans wanted to own it (Dirthrower, 1972c) and use it for the production of goods (Dirthrower, 1972b). Over time, the Indigenous peoples were forced into smaller and/or less desirable tracts of land where poverty was inevitable, as were the social ills which often accompany poverty. At some point, non-native society began to try to help Aboriginal peoples but, because they lacked an understanding of Aboriginal society and culture, the solutions often made the situations worse (Poole, 1972a). Many Aboriginal people believe that the ethical and cultural differences between First Nations and non-First Nations are of a fundamental nature (Pelletier (Wawashkesh), 1972b; Poole, 1972b) which has lead to the inevitable negative impact of the 'White' solutions that have been imposed upon Aboriginal communities (Deverteuil & Wilson, 2010). First Nations can look back to a past where they were sovereign, self-sufficient nations; however, their present is one of dependency upon, and external control by, non-Aboriginal governments (Dirthrower, 1972a). The question of what the future holds is as yet unanswered.

THE CURRENT SITUATION

Although there is a range of economic and social development situations in Aboriginal communities, the majority share problems of poverty, health, unemployment and low education levels (Kuo, 1976; Ponting & Henderson, 2005; Zhou et al., 2012). There is a wide range of types of employment present in Aboriginal communities which can be grouped into traditional hunting, fishing and trapping economies (Whiteman & Cooper, 2000), natural resource exploitation (Caine & Krogman, 2010; McGregor, 2009), and those which are based upon manufacturing, tourism and other mainstream industries (Kutzner & Wright, 2010; Stabler, 1989). These economic poles also reflect two perspectives on Aboriginal economic development that have been discussed since the 1970s (Deprez, 1971). The 'romantic' perspective posits that Indigenous peoples cannot be pushed into modern life because they do not share the same materialistic focus as mainstream society. The 'imperialistic' perspective suggests that Aboriginals must pursue mainstream employment if they want economic prosperity. Since mainstream jobs are not plentiful on reserves, Aboriginals must either leave the reserves or develop industrial employment opportunities on-site (Wood, 1999). These two philosophies have led to a wide array of economic development programs ranging from aquaculture (Richmond et al., 2005) to casinos (Galbraith & Stiles, 2003; O'Hara, 1995). While some economic development efforts have provided employment and funding for social programs, others have failed to positively impact the pov-

erty and underdevelopment that plagues many of these communities.

The Royal Commission on Aboriginal Peoples (RCAP) (Canada, 1996) utilized 1991 census data as a baseline for its projections. As of 1991, general unemployment in Canada was 10.2%, while Aboriginal unemployment was 24.6%. Forty-two percent of on-reserve residents received welfare payments compared to 8% across the Canadian population. Forty-nine percent of off-reserve and 65% of on-reserve Aboriginal people lived in substandard housing. For the year 1996, the RCAP estimated the cost to the Canadian economy due to the socioeconomic conditions of Aboriginal people to be approximately $7.5 billion, projecting a rise to $11 billion by 2016 (Anderson et al., 2006). In the United States, the numbers are similar. For example, in 1998, the Pine Ridge Sioux had 50% unemployment with 47% of the population of the reserve on welfare. Ninety-five percent of all income on the reserve came from the U.S. government, including 80% of all jobs on the reserve being government jobs (Cornell & Kalt, 2000).

However, there are reserves that have been quite successful in developing on-reserve economies and providing employment. In Canada, success stories include the Osoyoos Indian Band and the Lac La Ronge First Nation (Anderson et al., 2006). The Osoyoos Indian Band Development Corporation has created successful companies involving construction, sand and gravel, a winery, golf courses and tourism. It is also worth noting that this has been accomplished in a way which protects the environment despite being in a very sensitive ecological area. Their 1994 revenue was $1.3 million which grew to $12 million by 2002. A 2003 profit of $1 million was recorded, with 60% of the profit going to community social programs. During the period 1986 to 2001, unemployment fell from 26.9% to 9.3%. Similarly, the Lac La Ronge First Nation increased revenue from $5 million in 1986 to $23.4 million in 2001. They employ 500 people, two thirds of whom are Aboriginal, and have created 410 jobs. However, their 1986 unemployment rate of 32% had been reduced by only 2% as of 2001, so there is much work left to be accomplished.

Success stories are also found in the United States. Despite the fact that the Mississippi Choctaw live in a resource poor area and previously had dismal poverty and unemployment rates, they have become the second largest employer in Mississippi (Cornell & Kalt, 2000). All band members who want a job are employed, and their industries also import labour of 6000 non-Aboriginals. Their enterprises include plastics, electronics, auto subassembly manufacturing, greeting card production, a construction company, a golf course and a casino. They have also opened an auto subassembly manufacturing plant in Mexico. In 1999, the operations employed 12,000 people with $170 million in annual wages. Welfare is only 3%, which is much lower than the U.S. average, and a portion of the profits from operations are invested in community social programs. Similarly, the Fort Totten Indian Reservation opened a defence related camouflage netting manufacturing plant which employed 200 on-reserve people and was profitable within four months (Watson & Rowe, 1976).

In 1988, the U.S. government passed the Indian Gaming Regulatory Act to provide a source of on-reserve funding to stimulate greater entrepreneurial efforts by Aboriginals in the private sector (Galbraith & Stiles, 2003). The 1980s were a difficult time on U.S. Aboriginal reserves as the federal government dramatically cut native program, education and training spending. While the U.S. federal government had previously provided 75–100% of funding for economic development initiatives, this dropped to 25%. Unfortunately, natural resources prices, which often fuelled on-reserve industry, also dropped during this timeframe. By 1990, the conditions for Aboriginal peoples on U.S. reserves were often worse than they had been in 1970, including higher rates of poverty and unemployment. The 1988 Indian Gaming Regulatory Act was a welcome alternative for many native communities (Vinje, 1996). As of 1996, there were approximately 200 native owned casinos in the United States generating in excess of a billion dollars annually. This has grown such that in 2008, there were over 400 native owned casinos in 28 U.S. states with a total revenue of $26.7 billion (Ackerman & Bunch, 2012). The on-reserve establishments have provided jobs, as well as funds for additional business development and the support of various social development projects such as housing, education and medical

care. However, the risks associated with gambling addictions and an over-reliance on this form of revenue generation are also present. It should also be noted that numerous state governments have lobbied the federal government to restrict the growth of native controlled gambling establishments or have tried to create internal state barriers. In 1992, the White Mountain Apache requested a gaming licence from the government of Arizona (O'Hara, 1995). After six months of minimal progress in negotiations, the tribe sued the Governor and the state of Arizona. In 1993, the courts approved the gaming request of this tribe and two others. The White Mountain Apache casino opened in December 1994, was extremely successful, and grew quickly. Revenues from the gaming venture have been reinvested to create additional tourist attractions on the reserve including a Recreational Vehicle park, cultural museums and a restored fort. Casinos owned by Aboriginal bands are also present in Canada, but in both countries, the long-term entrepreneurial spin-offs are inconsistent (Galbraith & Stiles, 2003).

While economic successes can generate optimism, they can also uncover a level of inexperience that can leave the bands open to unscrupulous individuals who can be attracted to the settlements provided by governments. For example, in 2007, the Canadian federal government provided $15 million as compensation to four Alberta Aboriginal communities for issues related to a nearby air weapons range (Petten, 2007). While $7.5 million was to go to infrastructure, the remaining $7.5 million would be invested. One of the community mayors told the press, based on his observations of another band's experience, that he anticipated the fund would grow to a sum that would require a 24% compounded annual rate of return over a ten year period. Obviously, this is unrealistic and represents the kind of thinking that can move an organization toward high-risk projects.

In Canada, the topic of Aboriginal economic and social development is often in the media and is discussed at the federal and provincial government levels on an ongoing basis. The federal government's efforts have focused on a number of different philosophies over the past several decades, resulting in few positive outcomes (Saku, 2002). In line with an imperialistic perspective (Deprez, 1971), the 1966 Hawthorn report promoted the migration of Aboriginals out of their communities and into urban centres. The government provided skills-training but the program was not successful as it disrupted the Aboriginal lifestyle, family support structure and language. The importance of extended-family proximity for Aboriginal people is still not fully recognized by government managers (Ross, 1992). This finding underlines the importance of recognizing Indigenous culture and knowledge for the purposes of development and empowerment (Briggs & Sharp, 2004). In the 1970s, the federal government shifted focus to funding on-reserve projects. However, the infrastructure was not present to support the projects and many communities were so remote and small that economic development was difficult to achieve with this approach.

In the 1980s, the government changed its strategy to support particular sectors such as forestry, arts and tourism (Saku, 2002). While this was more successful than previous approaches, it was viewed as having too much governmental control over financial and program related issues. The next approach was a focus on human development including promoting completion of secondary school. Studies suggest that increasing the secondary school completion rate could increase the share of income of the bottom 60% of the population (Bourguignon & Morrisson, 1990), as well as raise the productivity of workers and facilitate managerial capacity and skill acquisition (Ranis, Stewart & Ramirez, 2000). Further, the literacy, numeracy and discipline gained from secondary school would be helpful for even 'unskilled' workers (Wood, 1994; Owens & Wood, 1995). All these effects suggest positive changes; however, while this approach was successful in increasing graduation rates, it promoted movement to urban centres and assimilation into external cultures which was viewed negatively by many Aboriginal groups.

Throughout the 1980s, community development was also pursued, including increased Aboriginal involvement and the integration of economic, social and political institutional development (Saku, 2002). This effort was more closely aligned with Aboriginal culture and community decision making. This approach has been mimicked by the CLCAs as they provide funds which can be used for programs and investments, both local and external. For example, the

Inuvialuit Development Corporation used its $150 million cash settlement and ongoing oil and gas royalties to acquire and invest in companies across Canada, as well as investing locally (Lamman & Hallman, 1990). Ongoing revenue streams such as these can lead to skills development, employment and funding for social development. Modern treaties such as CLCAs include recognition of lands claims, financial compensation and self-government issues (Saku, 2002).

Slowey (2001) brings another perspective to the use of CLCAs. She states that the self-government provisions of CLCAs are heavily influenced by globalization, whereby governments are handing-off the economic and social development issues of Aboriginal communities to industry. By promoting First Nations' partnering with corporations, they are effectively transferring First Nations dependency from the federal government to corporations. The author feels that the initial costs associated with final settlements are viewed as long-term savings opportunities by governments in terms of both direct funding and administrative costs. Although the financial settlements are often in excess of $100 million, it is notable that Aboriginal communities will be unable to provide services over the long-term that are commensurate with those previously provided by the federal government. Despite the size of the settlements, there is a deficit in terms of funding, infrastructure and skills (Dacks, 2004). Further, the large settlements can create power structures in communities and, in some cases, facilitate corruption (Anderson et al., 2006; Cornell & Kalt, 2000). Corruption has historically been shown to negatively affect development (Gould & Amaro-Reyes, 1983; United Nations, 1989; Klitgaard, 1991; Shleifer & Vishny, 1993). One such negative effect, which is relevant for development in Aboriginal settlements, is that higher levels of corruption lead to lower levels of private investment (Mauro, 1993).

One of the most fundamental issues with respect to Aboriginal peoples in Canada is the particular vision of self-government that is being followed in this evolving process (Murphy, 2008; Ponting & Henderson, 2005). The Canadian government's vision of Aboriginal self-government sees First Nations' powers being derived from the government. Ponting and Henderson posit that this means the right to self-government is contingent rather than inherent. Contingencies include required levels of accountability and transparency, and an acknowledgement that federal legislation supersedes First Nations policies in areas such as criminal law and the Charter and Constitution of Canada. A second vision sees Aboriginal self-government as an inherent right of First Nations. This view is held by various Aboriginal leaders and was acknowledged by the 1996 RCAP (Canada). This vision sees First Nations dealing with the government of Canada on a nation-to-nation basis; however, it also views Canada as having an ongoing responsibility to provide a level of funding to these self-governed First Nations. What is not clear is how a First Nation government representing a few hundred or a few thousand people would have the financial, administrative and other skills necessary to deal with a modern national government on a level basis. This issue has surfaced in the aftermath of the Yukon final land claims agreement where 9 of the 14 First Nations have signed self-government agreements (Dacks, 2004). Because of staff capacity limitations, few program responsibilities have been transferred. In addition, the federal government wants to use historical funding as a guideline for program related financial transfers, but First Nations want an amount that allows the pursuit of all reasonable program goals. Given that the 14 different First Nations in the Yukon have populations ranging from 100 to 1100, with a total of less than 7000, the cost of setting up separate bureaucratic infrastructures for each First Nation would far exceed the current costs which leverage the savings inherent in centralizing the oversight of services.

In the above paragraphs, a very brief overview has been provided of the plethora of cultural, political and historical issues which surround the economic and social development of Aboriginal peoples. Examples from the United States and Canada have demonstrated the wide variety of programs, industries and initiatives which have been attempted on reserves to provide employment and funding for social programs and new enterprises. While poverty, unemployment and economic underdevelopment plague most reserves, there are Aboriginal bands who have demonstrated that increased levels of economic and social development are possible. The discussion below focuses on factors which have been related to increased Aboriginal com-

munity economic and social development in a number of qualitative and quantitative studies.

FACTORS AFFECTING THE ECONOMIC AND SOCIAL DEVELOPMENT OF ABORIGINAL PEOPLES

With the increase in political and economic self-determination of Aboriginal peoples in the United States and Canada since the 1970s (Cornell & Kalt, 2000; Dacks, 2004; Saku, 2002), there has been a wide range of economic initiatives implemented on reserves throughout North America, with a corresponding range of results. While bands with significant ownership of land and natural resources such as the Crow of Montana live in extreme poverty, resource poor bands such as the Mississippi Choctaw have become among the largest employers in their state (Cornell & Kalt, 2000). Similar diversity in outcomes can be seen in the Canadian context, even among bands who have received large settlements through CLCAs (Anderson et al., 2006; Saku, 2002). Aboriginal economies have also chosen different ways to develop, some with inherent resource endowments and some not, such as large publicly owned businesses, traditional harvesting and small entrepreneurial businesses (Newhouse, 1999).

With over 500 Aboriginal groups in the United States (Wilkins, 1993) and 614 Aboriginal communities in Canada (INAC, 2008), the mixed results should be expected. Each of these communities is unique in terms of its culture, history of interaction with governments, capital and lands availability, geographic proximity to larger centers, educational levels and skill-sets present in the community, political and bureaucratic infrastructure, physical infrastructure and many other parameters which may impact its ability to prosper. While the research is not extensive, a number of interesting qualitative and quantitative studies have been carried out in Canada and the United States to identify factors which may impact these diverse communities' ability to increase economic and social development. While each of the identified factors would require customization to allow application in a particular community, they cumulatively represent potential guidelines to be considered when a community is planning its economic and social development.

In a multi-year study across 15 different Aboriginal bands in the United States, the Harvard Project on American Indian Economic Development (Cornell & Kalt, 1990) tried to identify key variables which separated economically developed bands from those with ongoing severe problems of poverty and underdevelopment. The study involved fieldwork by researchers, research assistants and master's students, and produced approximately 225 separate studies. The key findings have to do with the presence of effective self-governance institutions in the bands who have achieved greater economic success (Cornell & Kalt, 2000). The more successful bands have effective governance systems in place which include checks and balances against corruption and the abuse of power. Some bands have parliamentary style systems whereby a leader is not individually elected by a specific power-base. Others have developed independent and strong judicial systems or ethics boards which are not controlled by band councils. This ensures that grievances against those in power are heard by an independent body. Other bands have systems in place whereby grievances and claims are sent to an outside third-party for arbitration. Finally, Cornell and Kalt note that some bands use detailed constitutional documents which clearly delineate and allocate power so that chiefs and councils are limited in the power they can wield toward self-serving behaviours. The authors use the Crow as an example of a band who have no checks and balances or separation of powers in place, and believe that the extreme poverty experienced by the community is a result of the corruption allowed by their political situation. This is not a reflection on Aboriginal peoples. Despite the multi-layered laws and governance frameworks present in mainstream society's government and business organizations, political and business scandals are ever-present. It should come as no surprise that checks and balances on power and the allocation of capital are critical components of effective economic and social development in Aboriginal communities (Owers & Weber, 1997; Wilkins, 1993).

Cornell and Gil-Swedberg (1995) note the importance to institutional legitimacy of each community's governance institutions aligning with its historically specific informal institutions. With these culturally specific institutions in place, the

band can assert control over its own affairs. For example, in a 16-year longitudinal study of the Navajo, Ruffing (1976) found that the communal residence group nature of the Navajo necessitated a strategy which featured residence groups as decision making units. Economic development approaches that did not align with this philosophy were not successful for this band. Cornell and Gil-Swedberg also note that greater outside economic and political control and interference leads to a level of dependency that prevents the development of internal and effective governance institutions. Even when outside interference and control is well-intentioned and carried out in a participatory context, the results are often suboptimal due to issues of program initiative ownership and control, especially when a culture of dependency is present (Eversole, 2003). This leads to Cornell and Gil-Swedberg's conclusion that self-governance and the creation of effective institutions which feature checks and balances, and separation of powers, are critical elements in the evolution of sustained economic and social development. This leads to a positive, self-reinforcing cycle as economic development is also viewed as key to self-government (Newhouse, 1999).

Not surprisingly, increasing educational levels is an oft-quoted factor toward increasing economic prosperity, as it raises productivity and skills acquisition, and the development of integral institutions such as effective governance (Ranis et. al., 2000); however, this premise is not universally accepted, nor are study results consistent across different Aboriginal peoples. Cornell and Kalt (2000) note that although the Crow had a 52% high school graduation rate in 1990, their unemployment rate was 60%. They compare these numbers to the White Mountain Apache who had only a 34% high school graduation rate but an 11% unemployment rate. This band's businesses include saw mills, a ski resort, a casino, and hunting and fishing businesses. Cornell and Gil-Swedberg (1995) state that high school graduation rates did not explain any significant portion of the differences in economic situation between the White Mountain, San Carlos and Mascelero Apache bands, which range from extreme poverty to good economic development. However, it should be noted that these bands had significant differences in the stability of their political institutions to a level whereby educational impacts may have been undetectable.

In a 1976 quantitative study of educational impact on individual earning in the Mackenzie District of Northern Canada, Kuo (1976) found that educational impacts were specific to the group being studied. Attendance in elementary and secondary school had a significant impact on earnings for First Nations people. Non-Aboriginals in the region had to attend high school to have a significant effect, while Métis had an effect if they attained grade four. Inuit people received no significant effect on earnings from grade school education; however, university and vocational school did produce an effect for these people. While this study is older, it does highlight the differences in levels of education which might be expected by employers in the more remote areas of the country. However, given the increasing level of technology involved in many jobs and businesses over the past three decades, it is possible that education level may play a much greater role today relative to both individual earnings and the ability of a community to initiate and sustain integral economic development. Further, a U.S. study (Smith, 1977) from the same era which looked at the ability of job creation projects to actually create jobs on reserves had different findings relative to education. It found that a more educated populous was a key success factor in the ability of projects to create jobs on reserves.

It is proposed that the link between education and government project related job creation may be extrapolated to job creation by bands who manage their own economic development. In a study that examined 30 years of economic development by U.S. Aboriginal bands using census data (Vinje, 1996), the author found that education as an independent variable regressed against poverty levels, explained approximately 50% of the variation in poverty levels on the 23 reserves examined. When the presence of on-reserve manufacturing employment opportunity is added as an additional independent variable, 82% of poverty variation is explained. Based on these results, one could posit that the combination of education and employment opportunity can have a powerful effect upon the economic and social conditions of Aboriginal peoples. This argument can also be made relative to training for operations level employees.

In a case study of the start-up of an assembly plant at the Fort Totten reserve in North Dakota (Watson & Rowe, 1976), the authors found that the implementation of a structured individual assessment and training program directly led to the success of the facility and the 200 on-reserve jobs created.

A case study of the Mississippi Choctaw band's (Wood, 1999) economic and social development aptly illustrates the key roles played by governance institution development and job skills training as discussed above. It also highlights the importance of planning and the use of outside professionals where additional expertise is needed. The use of outside expertise was also identified as an important factor in successful land and resource management at Lax Kw'alaams (Matthews & Young, 2005). Further, Wood's article discusses the importance of leveraging inherent advantages such as legislation related to minority status. It could be argued that ownership of the land upon which operations are sited can also be leveraged as land generally represents significant ongoing costs for any business.

In 1969, the Chata Development Company, led by a separate board of directors, was formed as a construction company and as an entity charged with enhancing the economic development and on-reserve employment opportunities for the Mississippi Choctaw band (Wood, 1999). It created an industrial park in 1971 and sought businesses that would be willing to site operations on the reserve. The first company to open on the site was an auto parts manufacturing plant which, as of 1999, employed 900 people. Based on the success of this plant, the Chata Development Company later opened a second plant in Mexico to focus on global markets. In 1981, a greeting card company started in the park which employed 150 people by 1990. A number of other companies also moved into the site due to the success of the auto parts plant and business advantages related to minority status legislative provisions. As of 1999, the band employed over 12,000 people, had an unemployment rate lower than the state average, and had an annual payroll of approximately $170 million (Cornell & Kalt, 2000).

In addition to its development arm, the band created a separate Center for Strategic Planning in 1971 to be responsible for development planning (Wood, 1999). The Centre used a strategic planning process to develop a 5-year high level plan and then utilized an outside consulting company to develop a detailed operational plan which focused on manufacturing, agricultural and recreational business opportunities. The band also created a Manpower Program to train people with needed skills to ensure that band members were able to take advantage of the opportunities materializing from the various businesses in the industrial park. The band extensively and continually used external consultants to help prepare plans and also hired economic development professionals from the outside.

In addition to the governance institutions created and the focus on skills training, the use of outside professionals and the dedication to objective planning allowed the reserve economy to grow. It may be worthy of note that the band chose and hired the outside consulting resources themselves, as opposed to the resources being chosen and hired by the government. The growth of the reserve economy allowed band members to enjoy the payroll income and social program funding which resulted. Wood (1999) also credits minority status with helping attract businesses to the industrial park as some U.S. businesses have quotas relative to working with minority suppliers and partners. Similar requirements are often present in Canada for businesses engaged in the provision of services to government departments and agencies. In addition, Aboriginal Business Canada (ABC/INAC, 2008), a program of the Department of Indian and Northern Affairs, provides financial and business information support to new and existing, majority-owned Aboriginal enterprises. Leveraging this financial support, and the financial advantage brought about by the absence of land-related expenditures, may be factors in aiding economic and social development in other Aboriginal communities.

Since the 1970s, the governments of the United States and Canada have taken various actions which have resulted in an increasing ability of Aboriginal peoples to chart their own courses toward higher levels of economic and social development (Cornell & Kalt, 2000; Dacks, 2004; Saku, 2002). A diverse array of business initiatives have been implemented on reserves across North America with a range of outcomes from increased prosperity to little measurable effect. This is not surprising given the unique

nature of the over 1100 Aboriginal bands in Canada and the United States. Qualitative and quantitative studies have been carried out to gain an understanding of the factors which may influence the relative success of the development initiatives; however, considering the large number of communities involved and the distinctive circumstances under which each is operating, a tremendous amount of work still needs to be done. Based upon the research currently available, a number of factors have been identified which may aid communities in their ongoing efforts to enhance economic development. First, Aboriginal communities must have the freedom to determine their own approaches. While government financial support is critical, governments must refrain from interference and control over the political and economic development initiatives undertaken. Aboriginal bands should develop effective governance institutions which feature checks and balances and separation of powers relative to political authority, capital allocation and grievance procedures. To have legitimacy, these institutions must align with the particular culture and traditions of the particular band. Education and skills training must be available and exploited to allow Aboriginal peoples to take advantage of available employment and business opportunities. Effective planning processes should be utilized to take appropriate advantage of internal and external conditions and opportunities, and external expertise should be used where required skills are not available internally. Finally, inherent business advantages such as minority status, Aboriginal business support, and available capital resources such as land should be leveraged to maximum effect toward the attraction of economic opportunity. While all these factors must be customized to the particular band and circumstances involved, their consideration relative to the economic and social development of Aboriginal communities should increase the probability of successful outcomes.

CONCLUSIONS AND FUTURE RESEARCH

The story of the Aboriginal peoples in Canada and the United States is one of exploitation, misunderstanding, poverty and the presence of extreme social problems. However, some bands in both countries have taken steps to better the lives of community members through successful economic and social development. While the available research is not sufficient to conclusively inform new efforts in terms of factors which positively impact results, available qualitative and quantitative studies do provide tentative guidelines which may help Aboriginal communities in this regard. Key factors among these results are self-determination of bands, effective governance institutions aligned with band culture including checks and balances and separation of powers, education and training, strategic planning, the use of outside expertise where appropriate, and the leveraging of inherent advantages such as minority status and government business initiative support. Each of these factors and its supporting research is discussed in the section above.

Although the available research does not provide the data to specify the relationships between these factors, some linkages are implied. Perhaps the foundation upon which all the factors reside is effective governance institutions which work in concert with the unique culture of the particular band. If frameworks are not in place which provide checks and balances against corruption, no amount of economic prosperity will reach all the people in particular communities in an equitable way. Separation of powers, especially in terms of political authority, capital allocation and grievance procedures, can make it very difficult for individuals to take significant actions solely for their own ends. If these institutions are in place, effective self-determination of bands can proceed and lead to breaking the cycle of dependency on external levels of government. While all the expertise necessary for effective strategic and operational planning, and economic development are unlikely to be resident in these small communities, it can be hired, as has been done successfully by various bands (Wood, 1999). These resources can also be reproduced internally over time through effective education and training. If developed plans and actions effectively leverage land ownership, minority status and government business initiative support, significant positive results are possible. However, it should not be forgotten that each of these communities represents a unique set of challenges based upon its available resources, location, current social issues and history. There is no generic solution that fits all cases.

A theoretical model is not yet available which would allow researchers to better understand the tacit and explicit aspects of this phenomenon, or Aboriginal communities to better implement economic and social development initiatives. The study of this phenomenon is extremely complex and requires methodologies which accommodate the depth of analysis necessary to provide meaningful results. A qualitative approach allows an open ended form of inquiry which permits the researcher the freedom to explore unforeseen avenues, even during the data gathering phase (Bradbury & Lichtenstein, 2000; Lee, Mitchell & Sablynski, 1999). It is suggested that a qualitative approach used over a number of in-depth case studies may provide the insight necessary to develop theory around the complexity of economic and social development in Aboriginal communities. The resulting theoretical contribution would be valuable to both researchers and the Aboriginal bands who continue to struggle with these complex issues.

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