

J o u r n a l o f
ABORIGINAL
ECONOMIC DEVELOPMENT

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The Journal of Aboriginal Economic Development is the first journal devoted exclusively to issues and practices in the field of economic development and Aboriginal peoples' communities. The journal, published jointly by Captus Press and CANDO (Council for the Advancement of Native Development Officers), offers articles that are of interest to those who teach and those who work as officers in the field.

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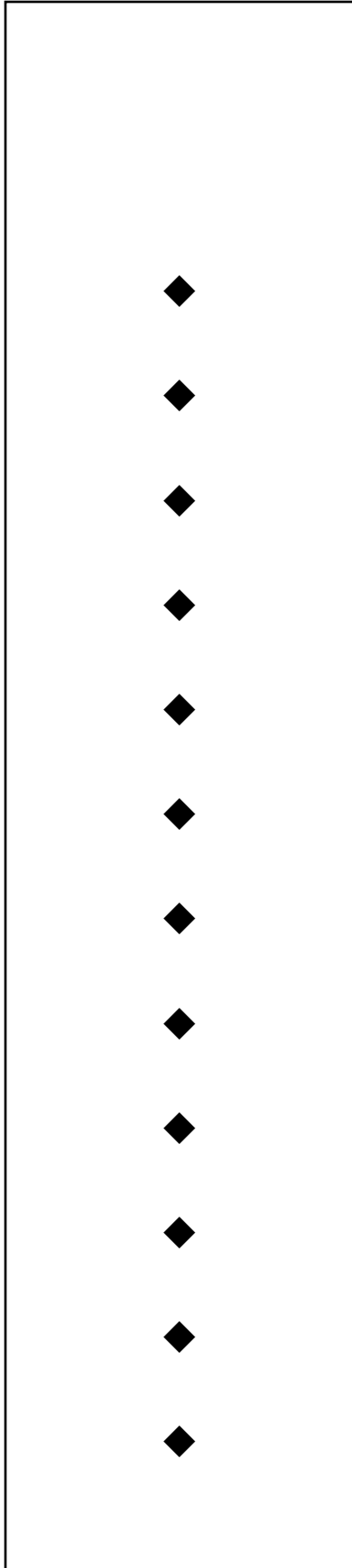
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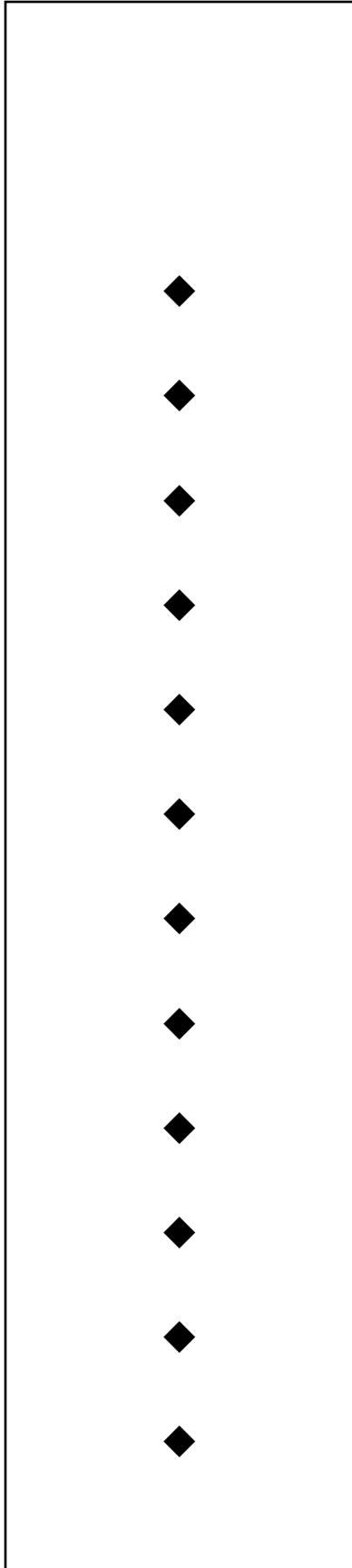


The Artist†

In the beginning I found painting painful and difficult because I was unsure of my own identity. As my exploration of painting and my understanding of Mi'kmaq spiritualism expanded, my confidence and ability grew with it. Since my family is where I am centered, everything else is exterior. I feel that I have gained the inner strength to conceptualize my spiritualism. Simplicity of line and colour and uncomplicated symbolism now gives my work a cleanness and strength. From this point of beginning I incorporate new themes and mediums to insure my artistic progression. Elements of Mi'kmaq petroglyph records found throughout Nova Scotia provide some inspiration for the developing of my general theme, which is my expression of the pride and understanding attached to our cultural heritage. Most of my subjects deal with family, searching, struggle, and strength. All these things are part of my art, and my art gives me strength for my continuing spiritual quest.

— Alan Syliboy

† Source: From <<http://www.redcrane.ca/aboutartist.html>>.



Editors' Comments

Welcome to the third issue of the Journal of Aboriginal Economic Development. We hope that you find this issue insightful and provocative. While economic development is high on the everyone's agenda, getting people to take time to step back, reflect on it and write about it is not always the first priority, even within the academic community. The urgent and pressing business of dealing with the immense problems that our communities face means that we often believe that we ought to be doing something to deal with them directly. Yet the time spent in reflection, in learning of new perspectives and new ways of doing things, of connecting with what others are doing, even if it's through the medium of the written word is time well spent. We can then tackle our daily business with a sense of vigour, connection and compassion.

In the *Learning from Experience* section, we learn of the efforts of the Eskasoni Fish and Wildlife Commission's work in environmental study and planning as well as the different approaches and activities of the remaining three nominees for CANDO Economic Developer of the Year. For the first time, we also present the winning case studies from the University of Lethbridge's annual case writing competition. We hope that this will give you a sense of the type of material that is being used in the education of students

in Aboriginal economic development and management programs in colleges and universities across the country.

In *Lessons from Research*, this issue examines entrepreneurship, both its practise and development, community planning, legal land regimes and the capitalist context of Aboriginal economic development. In particular, Robert Anderson explores the centrality of entrepreneurship to economic development; Robert Oppenheimer et al. analyse an entrepreneurship development program at Kahnawake in Quebec, Sean Markey et al. tackle the issue of capacity assessment for CED; and Stacy Paul Healy discusses the creation of a legal land system that supports economic economic development.

In *Book Reviews*, we present reviews of the much discussed work of Stephen Cornell and Joseph Kalt: *What can Tribes do? Strategies and Institutions in American Indian Economic Development* as well as a review by a communications professor of the first issue of our journal.

And finally in the commentary section, we present a short piece by Anthony Reynolds, former Executive Director of the Royal Commission on Aboriginal Peoples examining what has happened since the release of the RCAP final report.

Enjoy!

The Editors

BEST PRACTICES
*Learning from
Experience*



Editors' Introduction

Warren I. Weir & Wanda Wuttunee

This section brings the experiences of economic developers to a broad community of interested readers. Linkages through shared experiences set the stage for new partnerships with colleagues across Canada. You are invited to highlight a project or person who is making a positive contribution to community economic development to be included in this section of the journal. Get in touch with editors, Warren Weir, University of Saskatchewan, (306) 966-2468 or email him at <weir@commerce.usask.ca> or Wanda Wuttunee, University of Manitoba, (204) 474-6405 or e-mail her at <w_wuttunee@umanitoba.ca>. You can also mail your ideas to CANDO's main office or call 1-800-463-9300.

The efforts of the Eskasoni Fish and Wildlife Commission, Nova Scotia, were recognized with the 1999 Economic Developer of the Year award. They worked with a mining company to protect sacred and environmentally sensitive areas on their lands. A recognition award went to Manitoba's tribal councils who have partnered in a unique initiative that

facilitates investment in multi-million dollar ventures through Tribal Councils Investment Group. Other recognition awards went to the Council of Naskapi Nation of Kawawachikamach that successfully markets databases for managing housing programs in First Nation communities. Six Nations Economic Development was recognized for the Oneida Enterprise Park, an industrial park in an ideal location to meet the needs of Toronto and United States markets.

Top three winners from the University of Lethbridge's management case writing competition 2000 are also presented in this section. An Australian experience is outlined in *Invermay: Nightmare or dream opportunity?* and a corporate mining perspective is investigated in the context of Aboriginal community needs. Introducing a First Nations sales tax is presented in *Taxation on the Little Portage Reserve: An Issue for First Nation Governance*. Finally, a small Saskatchewan consulting firm shares its experience with establishing itself and expanding its communication services in *Aboriginal Consulting Services and Eagle Feather News*.

THE CANDO ECONOMIC DEVELOPER OF THE YEAR AWARD

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Jason Gariepy

The CANDO Economic Developer of the Year Award was created to recognize outstanding achievement and to increase awareness of successful Aboriginal economic development initiatives. Each year, CANDO seeks nominations for the Economic Developer of the Year. From the nominations it receives, a committee selects four economic development initiatives to be recognized at the CANDO National Conference. From the four award winners, conference delegates vote to select the Economic Developer of the Year. The following is a description of the four recognition award winners and the Economic Developer of the Year Award winner. To nominate an individual or organization for the Economic Developer of the Year Award, call CANDO at 1-800-463-9300 or download the form at www.edo.ca.

The Eskasoni Fish and Wildlife Commission

The Eskasoni Fish and Wildlife Commission was voted by delegates attending the 1999 CANDO National Conference in Halifax as the Economic Developer of the Year. The Eskasoni reserve, situated on the Bras d'Ors lake, is home to more than 4,000 Aboriginal people. Situated on the Eskasoni reserve in Nova Scotia, the Eskasoni Fish and Wildlife Commission houses a group of fish and wildlife conservationists, con-

ducting environmental studies, conservation and animal studies.

When Georgia Pacific Canada Limited, a gypsum mining company, approached Eskasoni's Fish and Wildlife Commission for consultation on environmental issues, the five Cape Breton chiefs sat down with them to discuss the protection of sacred sites and environmentally safe procedures. According to Charles Dennis, executive director of Eskasoni Fish and Wildlife Commission, "Georgia Pacific already has three gypsum mines in Nova Scotia. They were planning to

start up a third mine. This is the first time that they have ever asked us Aboriginal people for their input, so we were glad that they approached us and that we were able to consult with them on environmental issues.” The Eskasoni Fish and Wildlife Commission recommended where the mine should be, and changes in the location of the mine to ensure that the habitat around the area was respected and protected. “We wanted to make sure that the area the habitat was protected,” says Dennis.

The chiefs went on to sign an agreement with Georgia Pacific, which gave them the right of contract work and a clause that included royalties for the resources that were mined in the area. Out of the Georgia Pacific royalty agreement, Eskasoni Fish and Wildlife Commission will create an institute known as the Unamaki Institute of Natural Resources, which will be the first Aboriginal marine and research and development laboratory. The laboratory has the potential to generate more resources and economic opportunities for the Aboriginal people in the area while also working towards greater environmental protection for the region.

Tribal Councils Investment Group

Pooling investment to give shareholders access to projects that were once beyond their individual reach is the premise behind Tribal Councils Investment Group. The company represents seven tribal councils, 55 bands and more than 92,000 shareholders over a wide geographical area.

Tribal Councils Investment Group has been operating since 1990. Its head office is located on the Opaskwayak Cree Nation, and its head operating office is in Winnipeg. The organization was the result of a vision of seven tribal councils to get involved on projects that were beyond the capacity of their individual bands.

Although Tribal Councils Investment Groups looks for high return on investment and have already been able to pay out a considerable sum to their investors, Tribal Councils is not pre-occupied with immediate gain. Harold Harper, board vice-chairman for Tribal Councils Investment Group, says, “The reason we’re doing this is not just for you and your children, but for your children’s children.” Their end goal is to create a sizable and sustainable economic pool that will generate enough self-sufficiency for years to come. In their advertising, Tribal Coun-

cil believes in “taking Aboriginal ownership to new levels with each new investment, providing a secure financial future for Aboriginal investors and people.”

The Arctic Beverage account is an example of their ability to do this. Originally, the group had to overcome a number of obstacles in purchasing the company, most notably, securing hefty financing and to convince Pepsi Co. to award them a franchise agreement. “When we first started out, we had to convince everyone of our credibility,” says Alan McLeod, company vice-president. After convincing Pepsi to award them a franchise agreement and receiving the necessary financing, Tribal Council purchased the Arctic Beverage company. Since their purchase of the Arctic Beverage, they have expanded the market territory for Pepsi products, and been recognized by their peers by winning the Canadian Bottler of the Year Award and first runner-up for the North American Bottler of the Year. Tribal Councils Investment Group shows the economic capacity of Aboriginal peoples when they pool their financial and human resources.

The Council of Naskapi Nation of Kawawachikamach

The Council of Naskapi Nation of Kawawachikamach is located on the border of Quebec and Labrador. The First Nation established a company called Naskap Imuun Inc, to market databases for managing housing programs in First Nation communities. There are 106 Naskapi houses that are tracked with the program, with another seven under construction. The software program was developed with support from a software company in Montreal. The first and only software of its kind, the program is capable of issuing confidential statements of accounts to tenants and keeping track of indebtedness. It also collects and tracks requests for home repairs, records cost estimates, issues invoices and purchase orders, tracks inventory, and manages an annual housing budget.

Before the software package, most of housing management work was completed manually and it would take staff members at least a day for the accounting department to report to the housing department and vice versa. But now with the software program, housing management reports can be printed within seconds.

The product has applications for use in other parts of the country. It’s geared for First

Nations' use and is actively being marketed with sales to communities in Ontario, Saskatchewan, Nova Scotia, Quebec, Manitoba and British Columbia. The product has been displayed at conferences and demonstrated successfully to potential clients. Ideally, the Naskapi Nation of Kawawachikamach would like to expand the software program to handle housing construction equipment and supplies. This would allow for a greater streamline of housing construction on the First Nation community.

Six Nations Economic Development

Six Nations territory is spread over 45,000 acres, or approximately 10 square miles in southern Ontario. More than 19,000 people hold band membership, and 9,600 live on reserve, the hub of which is the village of Ohsweken. As a result, economic development initiatives undertaken in the community have the power to affect many lives. Six Nations Economic Development has been in operation for approximately seven years. Its vision is "to promote and enhance the community's desire for further development of the new economy through business development activity," and its purpose is to establish "programs, objectives, goals, outcomes and results that reflect the progress, structure and character of the community."

One of the projects developed for the benefit of the Six Nations and surrounding area is the Oneida Enterprise Park. The Oneida Enterprise Park is being developed as an industrial park within Six Nations of the Grand River terri-

tory. The initiative takes advantage of the fact that the community is in an ideal industrial location, close to both the Toronto and United States markets.

As the park is located on a reserve, it can offer tax exemption advantages. Aboriginal and non-Aboriginal businesses are welcome to build partnerships with the members of the community in order to take advantage of tax benefits.

Oneida Park is unusual in a number of ways. First, it is being developed with the contours of Mother Nature in mind. Unlike most industrial developments, where land is clear-cut and flattened out, this one will attempt to conform to the shape of the land, rather than the other way around.

Available lots vary in size and elevation. The development, which is nearly complete, will prove that industry and nature can co-exist, without spoiling the beauty of the original area. To maintain the healthy surroundings, there will be limitations on the kind of businesses operating in the park. Six Nations Economic Development is advertising for "clean, environmentally friendly manufacturing warehousing businesses and light industries." Another special feature of the project is that it is already providing benefits to the Six Nations community economically, as 81 per cent of park development is being contracted out to community members. When it is completed, Six Nations Economic Development will manage the project on the reserve, where an administration is already in place.

INVERMAY: Nightmare or Dream Opportunity

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Bruce Harvey

This case was written by Bruce Harvey. It contains views and opinions of the author that are not necessarily those of any employer or organisation with which the author is or has been associated. The case study is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management or community relations situation. This case is largely based on fact drawn from several projects, indicative of dilemmas facing mining development projects, however people and place names have been changed for reasons of cultural sensitivity. The names used do not necessarily portray actual people and places, past or present. All quotes are fictitious.

CORPORATE PERSPECTIVE — A THREE ACT NIGHTMARE

“INVERMAY: A THREE ACT NIGHTMARE!” the words leapt out from the front page of the newspaper at Ross Jackson. His throat tightened. “How many more missiles could possibly be fired at the Invermay Uranium Project?” he thought, “and why now? Only a week before a major review of the project! It was difficult enough as it was trying to get support. The last thing the project needed was a banner headline like this!” Ross wondered how his company, blue chip min-

ing house CRA Limited, would react to this latest publicity.

Ross slumped into his chair and reflected on everything that had happened in the past two years. He could hardly believe they had gone so quickly. In November 1985, in the very last drillhole of the season, his exploration team had drilled into rich uranium ore that had subsequently proved to be part of a substantial deposit. He had named the deposit Invermay, after his ancestral home in Scotland.

The deposit straddled the boundary of Simpson National Park in the remote Simpson

Bruce Harvey, Rio Tinto Limited, Australia.

The case is intended for academic study. Publication and reference, in part or whole, is restricted to the B.E.S.S. Program and the University of Lethbridge, unless otherwise authorised by the author in writing.

Desert of New South Wales (NSW). “What rotten luck! Who drew the lines on maps marking national park boundaries anyway, and on what basis?” Ross ruminated. Furthermore, the area now faced an Aboriginal land claim. “And now the press are on to it,” he reflected bitterly, “No doubt thanks to some activist group with nothing better to do! Well, they were right in one respect, ‘Uranium, National Park, Aboriginal Land Claim — A Three Act Nightmare!’, but just exactly whose nightmare? Mine!”

Uranium appeared to be present at Invermay in world-class grade, quantity and metallurgical character. Ironically, it had been discovered whilst looking for diamonds, but that’s mineral exploration for you.

For Ross Jackson, Invermay had been the discovery of a lifetime and the last two years had flown by as his team had proficiently drilled out the boundaries of the ore system, progressively adding more and more tonnes to the resource. A sizeable deposit was present, but would it be economic and would the company risk development even if it was? At first the public had known little about it. The area was remote and public reporting commitments do not require disclosure at the early exploration stage. Eventually public announcements had to be made.

The Government wasn’t being helpful. It had its own political difficulties without having to grapple with conflicting land interests. The public service, technically neutral but prone to social influence, regulated the project under an array of Federal and State legislation covering Aboriginal site clearance, the environment and radiation monitoring. Against this backdrop, Ross and his team had set about meeting all regulatory and reporting obligations as they would any technical task; with thoroughness, according to the letter of the law, on time and with full consideration of safety, Aboriginal culture and the environment. In short, a thoroughly professional approach in full expectation of reciprocal treatment.

Far from easing the approval process this technical approach had met with a tidal wave of opposition. It was a credit to Ross and his team that Invermay’s evaluation had remained on track and that actual intervention and delay had been minor. Tactics in the campaign of opposition included:

- Direct intervention by Federal and State politicians resulting in ad hoc amendments to

tenement arrangements such as the imposition of a ‘temporary exploration exclusion zone’ to the south of Invermay where the exploration team had hoped to find more uranium.

- An unannounced visit by an ‘activist’ Federal Senator demanding a site tour, berating staff and collecting material for later misuse against the project.
- A barrage of allegations concerning contravention of conditions that had all been proved false but that had to be investigated before additional ore reserve drilling was allowed to proceed.
- Journalistic attacks on the integrity of the company and its personnel.
- Self-proclaimed ‘guardians’ refusing to allow company personnel to speak to local Aborigines and, in the resulting information vacuum, carrying out a campaign of disinformation. It could only be imagined what horrors were being told of mining and uranium.

These were the ingredients for social conflict the project faced. Overall those opposing the project were extreme, networked and articulate. Despite all this, by November 1987 the deposit was shaping up as a world-class resource of 36,000 tonnes of contained U_3O_8 with every indication that more would be found. A consulting group had been engaged to independently overview all aspects of the project and was due to report in two days time. On the basis of this report, Ross and his team would take a recommendation to the CRA Board in two weeks. It was a critical time for the project, further work was going to involve a major escalation of expenditure.

Corporate Strategy

CRA Limited was Australia’s largest mining house and had a range of subsidiaries that mined iron ore, zinc, copper, gold, diamonds and coal within Australia and the ‘Pacific Rim’. The Group’s turnover in 1986 was one billion dollars. The issues of uranium and development on Aboriginal land were particularly sensitive and the Board was split in its attitude towards them. Although it was acknowledged that uranium had provided good profits to the group in the past, the social and political climate had changed and it was now potentially damaging in turns of overall public perception. Likewise, public sentiment towards perceived corporate intrusion on Aborig-

inal interests was distinctly negative. Many directors were unsure whether the Group should take the risk of negative public sanction developing against the Group as a whole. Others believed the risks could be managed.

Political Sentiment

Whilst politicians were generally pro-development, public sentiment in major urban centres far away from Invermay, where over 65% of Australians lived, had turned distinctly anti-development. This was particularly the case where Aboriginal or environmental interests in land were seen as under threat. For politicians, it seemed an easy trade off to placate urban constituents by opposing mine development in remote parts of Australia.

Many politicians were also opposed to uranium mining, particularly on land with environmental and Aboriginal interests. The current Federal Government's pragmatic policy was to restrict uranium mining to three existing operations in Australia. They were able to do this under provisions of the Atomic Energy Act by withholding export licences for any new operations. Many people saw this as essentially hypocritical and doing nothing except providing great advantage to Canadian uranium miners by restricting competition. In fact, Canadian uranium mines had been able to secure a large share of the global uranium market. Ironically, Canadian mines in northern Saskatchewan faced similar issues to Invermay, but the operations had all proven to be leaders in aboriginal employment, business development and environmental management, whilst generating strong revenue for shareholders and landholders alike.

In short, Invermay was a 'hot potato'. The incumbent Federal Government did not have the resolve to change its essentially illogical uranium policy and continued to show great paternalism toward Aboriginal people. The Opposition had stated clearly that, if elected, it would allow greater Aboriginal self-determination and permit market forces to determine which uranium mines should operate within Australia. All the polls indicated the Opposition had a good chance of gaining power in the next election.

Simpson National Park

Simpson National Park is Australia's second largest, covering some 15,000 km² of mainly sand

dune desert. The area is extremely remote with no infrastructure development. Access is by way of unmaintained 4WD tracks through sandy and rocky desert. The government discouraged tourism for safety reasons and only a few very well equipped and experienced 4WD enthusiasts visited the Park.

The National Park was proclaimed an 'A Class Reserve' in April 1977, for the purpose of Conservation of Flora and Fauna. It incorporated all of the Simpson drainage basin, a desert river system that rose and drained to a salt lake completely within the bounds of the Park. Typical of such desert river systems, the Rudall rarely flowed and most of the time was a vast sand-choked system of braided channels and gum trees with the occasional ephemeral waterhole.

Simpson was never intended as a National Park in the sense that most people understand the concept. It was really a scientific reserve. At the same time as it was declared it was also designated open for exploration and mining, consistent with the notion of scientific inquiry that was envisaged for the area. Before and after the creation of the National Park, CRA had actively explored the area for basemetals, gold, diamonds and platinum. Prior to 1972, no prospecting or exploration had been carried out by anybody in this remote region. CRA had held exploration title in the area since 1977 and had continued region-wide exploration for satellite uranium deposits since the discovery of Invermay. This exploration had occurred both outside the National Park and inside it under terms and conditions regulated by the State government.

CRA had voluntarily extended environmental provisions required inside the Park to all its exploration areas outside the Park. In this way it avoided condoning behaviour one side of an arbitrary line that was unacceptable on the other side. CRA believed it was pro-actively running an environmentally sensitive programme. It had already carried out extensive flora and faunal surveys, inside and outside the National Park, for baseline data inclusion in environmental impact studies that would eventually be needed by the Environmental Protection Agency (EPA). These data included a fully-mounted and documented flora set containing over 500 species, the most comprehensive documentation of Simpson Desert ecology to date. The company had provided assistance for other ecological programmes, including protection of a rare colony of wallabies.

Aboriginal Community

Aborigines living a traditional nomadic lifestyle had been present in the Simpson Desert until the early 1960s, before migrating to missions closer to the coast. Since 1984, Aboriginal people had returned to the area and established 'outstation' communities at Walgee and Mt Barry, some 70km SE and NE respectively of Invermay. The people had overlapping family and political affiliations with constantly changing and often conflicting alliances of interests. The Simpson Desert Land Council (SDLC) attempted to represent the interests of all Aboriginal people in the region.

The Heritage Protection Act in NSW requires all ground disturbing activities to avoid Aboriginal heritage sites. In 1985, before any drilling began, the Invermay area was declared clear of such sites by Aboriginal traditional owners and anthropologists, but only after some disagreement with the SDLC. A group of Aborigines affiliated with the SDLC was now living in a makeshift camp inside the National Park on a water bore drilled by CRA on granted exploration tenement at Mt Barry. The settlers were in breach of the law, but by 1987 they were well established with infrastructure provided by Federal Government funds.

CRA and the SDLC appeared to be at loggerheads over a whole range of issues, and yet CRA's direct dealings with Aboriginal people had been open and congenial. Chance encounters on the road were always friendly. Company and Aboriginal people were polite and possessed no obvious enmity to each other. From Ross Jackson's perspective, it was obvious that the SDLC's insistence on no direct dealing with Aboriginal people was a deliberate strategy to prevent a relationship developing. He considered that the problem lay not with the community but with the Land Council.

CRA's directives to its staff were clear and unequivocal; the dignity and privacy of Aboriginal people were to be strictly recognised and no CRA personnel were to make contact without due cause. Nevertheless, opportunities to interact as a neighbour were acted upon and the Mt Barry Aboriginal community's main access track and airstrip had been graded on this basis. Similarly, medical evacuations and other services had been coordinated for the community.

Community Relations

Ross Jackson believed communities, and politicians in their role as community leaders, required balanced information to make balanced judgements and sought ways to provide this information. A government inter-departmental committee had been set up to prescribe terms and conditions for exploration and these had proved onerous, but acceptable. The committee was now assisting communication and mutual understanding. Ministerial briefings had been provided and more avenues for communication were being sought. Direct interface with the broader community had included;

- Small numbers of adventure-seeking visitors to the National Park were frequently helped with mechanical repairs, fuel, oil, spare parts, directions, water and hospitality. The company had drilled a waterbore at an important track intersection and equipped it with a hand pump for emergency use by anybody in need. Water was a very precious commodity in this part of the world, particularly to Aboriginal people moving back to their traditional country.
- Pastoralists in areas peripheral to the Simpson Desert were kept informed of CRA's activities. Cattle station access tracks damaged by company vehicles were repaired or compensation was paid. Mail, messages and other information of interest were regularly passed on.
- The Royal Flying Doctor Service (RFDS) was the medical safety net throughout outback Australia and CRA had helped it nationally and locally in various ways. In one instance an RFDS air ambulance was stranded at Mt Barry airstrip after it grounded both propellers and seriously damaged its engines. New engines could not be ground-freighted in because of potential damage to soft metal bearings. With the airstrip no longer serviceable, CRA organised the use of another strip and ferried in the engines by helicopter.

Invermay Project

Invermay was shaping up as an exciting potential mining project, although much more work was required to establish this. All surface ownership and mineral rights were actually held by the NSW government, but under provisions of the Mining Act these had been licensed to CRA in return for annual rentals, strict compliance with environmental conditions and government royal-

ties. Thus, CRA had secure exploration title over the project and an exclusive right to gain mining title and mine the deposit if it chose to progress.

The deposit was shaping up to have a very high grade and a very compact size. In the event of development, the deposit and any associated mining infrastructure could be constrained to 50ha, much of it outside the current Park boundaries. Preliminary studies had shown it could be mined by selective open-pit methods to 150 m depth. Mining and extraction costs would be lower than many competing mines elsewhere in the world, and the mining process would provide a unique ability to sort run-of-mine materials into barren waste and ore. Potential radiation hazard and environmental impacts from waste rock could then be very effectively managed.

Any waste rock generated in an open pit development that could not be used as pit back-fill would be stored in low profile contoured hills resembling local topography and covered with local soil removed during mining. Rehabilitation would be best practice and a climax flora community would re-establish inside 20 years. Low rainfall and high evaporation rates meant that water management would not be an issue, a great advantage over mines located in the wet tropics or the Canadian north.

In short, given the compact nature of the treatment plant, made possible by the ore characteristics, Invermay looked like it could enter the market as one of the lowest cost producers with considerable potential for increased tonnage as it developed. Invermay, from a technical viewpoint, looked low cost and low risk. The project would be affected more by external factors than technical issues.

Regional Infrastructure

Invermay was 90km south of the nearest reliable road access at Salisbury Gold Mine, a large operation run by another mining company in an otherwise empty landscape. A recently discovered copper deposit, Neville, was located 70 km to the NW and rumours suggested it too might be on the verge of development decision.

In the event of development, Invermay would require a road to be built at company expense from Salisbury. The existing company airstrip would require upgrading to all weather capability. Communications would be via satellite. Large quantities of potable-quality water had already been located in a bore field eight kilo-

metres NW of the deposit. Power could be provided by a multi-unit transportable diesel power station. No major accommodation infrastructure would be required; the operation would be 'fly-in, fly-out' with the small workforce of 30 personnel on two-week roster housed in prefabricated accommodation.

The resources the mining companies could bring to bear and the scope for government co-commitment to infrastructure development was high. Mining companies with development projects in mind have great lobbying power, far more so than small Aboriginal groups attempting to resettle far away from existing infrastructure. The two groups working together could greatly amplify their potential lobbying power. Politicians like nothing more than being able to satisfy two or more disparate proponents with single programs.

Social Environment

"Things have certainly changed," reflected Ross Jackson, thinking back to what it had been like in Australia 20 years ago when he had first immigrated as a young graduate geologist. Working in the outback of Australia had been a great adventure. In those days explorers and miners were like national heroes, pushing back the frontiers of science and opening up the interior of Australia to discover vast resources of mineral wealth to fuel national development. The whole nation had been behind the push for development and the atmosphere had been so positive. Back then mineral explorers had the landscape to themselves. Traditional Aboriginal people had abandoned their nomadic lifestyle and drifted to the towns and missions. The environmental movement was unheard of and nobody travelled in the outback other than fellow frontiersmen and pastoralists.

"And how quickly things changed!" thought Ross, "no sooner did the minerals export boom begin to pay dividends, than a new generation seemed to want to close it all down." He knew that some of the Board members thought the only valid stakeholders were the company's shareholders. The CEO in particular, old Jack Sims, was from the 'old school'. It was Jack's emphasis on technical and financial competence over the last two decades that had driven the company's success.

Invermay could possibly contribute to maintaining company growth, but not if the level of

anti-mining sentiment persisted and prevented timely development. And it was not an isolated case. Exploration away from established mining centres was under attack everywhere in Australia. Projects were being delayed and even stopped in their tracks. Mining companies would soon be restricted to developing extensions and new deposits close to existing mines. The miners just didn't seem to have the ability to counter the trend. No mechanical problem was too hard for their technical competencies, but these new 'soft' issues were beyond them. The harder they tried to 'fix' the social problems and argue their case with solid rational data, the more polarised the debate became.

Ross reflected on his own team. They were all keen, young, highly committed and competent people. The trouble was they just didn't seem to have the right competencies to tackle the project blockers at Invermay, and to date all pleas to head office for extra resources and assistance had meet with incomprehension. Old Jack had even said at one stage, "There are no mining problems that a bigger bulldozer won't fix, just push harder!" Ross thought to himself "Some help that was." He was convinced that the current situation could be turned around, but it would take time and determination to recognise social and political change. He even considered there might be opportunity for Aboriginal employment and small-scale business enterprise, but acknowledged he was getting way ahead of himself.

"Who knows, if we get it right we could even turn it to positive advantage and develop mines where others are unable to," Ross conjectured, "on the other hand, maybe all those companies that are pulling out of Australia and heading overseas have correctly read the 'writing on the wall'. Maybe we should do the same, cut our losses and abandon or sell up the project and spend the money overseas?"

Ross's thoughts came back to Invermay. He threw the newspaper on to the table. "Yes indeed," he thought, "what a nightmare! And I reckon there are far more than three acts!"

ABORIGINAL PERSPECTIVE — A DREAM THREATENED

At Mount Barry life was grim. "Everyday seems to bring a new crisis or threat," thought Slim Thomas. He considered how far the community

had come since his extended family had returned to traditional country 18 months ago. At Mt Barry they had found a water bore put in by a mining company, "surely for anybody to use?" Slim had argued. He had seized the opportunity and moved back out with a dozen family members, away from the intensity and desperation of Jilligong, the mission settlement where he had grown up.

Mt Barry was 350 km to the east of Jilligong, well out into the desert away from any infrastructure and support, but it was traditional country and that meant a lot. Slim carried a memory of when he was a child (so young he couldn't really tell whether the memory was real, or whether it simple existed from constant retelling). The memory was of walking in from the desert with his family.

A Lifetime of Change

In the late 1950s, the Australian Government had sanctioned the grading of tracks for 1000s of kilometres into the central desert from Woomera in South Australia to enable monitoring and recovery during the British 'Blue Streak' missile tests. These tracks brought the first European contact to the last nomadic people of Australia's deep desert. As a young child, Slim had been one of these people. His father, long passed on, had come across the enormous track. He had led his band along it until, in the stillness of dusk, they had found a camp with strange pale people and alien smells. The family had heard about such people, but had never seen them at first hand. They approached cautiously and Slim remembered vividly the sound his father's fire-hardened spear tip against the metal of the grader as he announced their presence. It was a sound he had never heard before.

The people, all men, surprised at first, responded calmly and with great friendliness. Although no language was shared, there was great interest and willingness to share food and water. The next few days and subsequent months were a time of great discovery for Slim as his family walked in along the cleared track made to the mission station on the rabbit-proof fence at Jilligong. Here they received flour, sugar and tea; tempting substitutes for hard-won bush tucker.

The months went by and gradually Slim's family came to accept the changes to life's pattern. His father was old; other extended family,

already resident, were convincing and they just stayed on. In return for constraints on daily behaviour, especially for the children, the family received regular rations and shelter. The months turned into years, Slim went to the mission school and suffered fierce discipline, but learnt English and Christianity. Away from school, he continued to learn and use his own people's languages and law. What the missionaries didn't know didn't hurt them, and it seemed easy to accommodate both ways of life. Regular trips into the near-desert substituted for older times, but no one ventured into the deep desert any more; it simply wasn't possible without motor transport.

In his early manhood, the missionaries left and handed control of Jillingong to the Government. Alcohol began to creep into the settlement. Without the firm, some would say harsh, control of the missionaries, violence between and within family and language groups grew. Traditional law had no answers for the new problems; many of the young people were never taught the old ways, or the new, and over a decade the settlement increasingly became a place of despair.

A Dream Opportunity

It was out of this that Slim, aging himself, decided to take his family back to traditional country. Over the years he had acquired access to four-wheel drive vehicles and travelled back out on short trips. He had followed the tracks put in by mineral explorers as they moved out into the central desert in the 1970s. He had even worked for them and learnt mechanical skills. He could service vehicles, water pumps and generators, and he was highly regarded in both whitefella and blackfella camps.

The waterbore at Mt Barry seemed spirit, perhaps heaven-sent. "A dream come true!". Slim had watched it being drilled by a crew attached to an exploration team; he had watched the team camp on it for a couple of months; and he had watched them break camp and leave. Six months later he decided to set up his own camp. At first his 'mob' had nothing, they lived in traditional bough 'humpies', and they hunted and gathered bush tucker to supplement the supplies they brought out. They had gradually brought out more and more material, making the arduous two-day trek in their broken-down four-wheel drives. The track had long broken up and the sand and 'bulldust' was over a metre deep

for long sections, meaning hard and damaging driving. Some Government funds had been made available, a school was now established and a rudimentary airstrip had even been put in to allow the Royal Flying Doctor Service to visit and evacuate patients. The small camp was 'dry' under strong re-established traditional law and it had grown to over a 100 people, all looking to get away from Jillingong.

Dream Threatened

"And now it's all going to be taken away!" ruminated Slim. The mining mob had discovered a big deposit on traditional country up to the NW. They now wanted to come back and re-occupy the Mt Barry campsite. At least that's what the land council mob had told him. They were going to mine uranium and poison the land. The dust would blow all across the desert and his people would get sick.

On top of that, all sorts of government people were now visiting and interfering, "You have to have this, you have to have that." The national park mob had been around and told him the camp had been set up inside Simpson National Park and might have to be moved. "How far?" he said. "Only a mile or so," they replied, "the Park boundary is just there," pointing a short way south.

"What bullshit!" thought Slim, "I'm a custodian of this country, not them! They don't belong to the country, they've never 'been through the law'. Even if they did, I see no line on the ground anywhere. Government people really have themselves on at times!"

And now grog was starting to turn up at Mt Barry. Young men were coming out from Jillingong with it in their vehicles. Because of the breakdown in traditional structures, they hadn't been through the law and they were out of control. They were bored, without culture and without whitefella skills to boot. They were lazy drunks and trouble-makers. Mt Barrow offered no opportunities for educating them, no jobs, nor diversion; they had no interest in traditional ways.

"That Ross Jackson bloke from the mining company has it easy," thought Slim. The mining mob seemed to have everything. Good vehicles, good huts, plenty of fuel and food. Planes and helicopters always flying around. Lots of fit young blokes who seemed to know how to work. They had even graded the Mt Barry access track

once and helped evacuate some of the people when they were sick. "And they seem all right too, except they've got no manners!" Slim often met them on the road. They always looked him straight in his face and asked direct questions. But they were friendly, which didn't seem to match how the land council mob described them. The land council said "Regardless of how friendly they seem, they work for a company and they have to do what the company says. And the company want your mob off the land and out of the way, so you leave all the dealing with them to us."

"Well, I have to trust that land council mob and, by crikey! we aren't going to move!" determined Slim. "I don't care what it takes, I hear there are lots of people down south who don't like uranium, we'll talk to them about stopping this mining business." The land council had organised some journalists to fly in and he had spoken to them last week. They were rude and pushy too. "What's the matter with these white city people?, those politicians aren't any better, always coming in for a few hours, never staying

overnight, and promising this and that, but nothing ever happens." Despite his dislike for the journalists Slim had related his story and said he wanted the mining company to stop whatever they were doing and leave.

Some of the journalists had suggested he might be able to "negotiate"; to get a deal that offered his people a role in the mine, with training and jobs for the young blokes and benefits for the very young and old. Slim wasn't sure. He certainly thought his people might be able to look after the country and work in with the National Park mob, maybe even show people around and teach them about traditional ways, but didn't know where to start.

Slim was in great despair. "What to do? might just get on the grog myself," he thought.

NIGHTMARE OR OPPORTUNITY — TEACHING NOTES

The learning outcomes contained in this case are discussed below, introducing some minor additional material that might guide an analysis

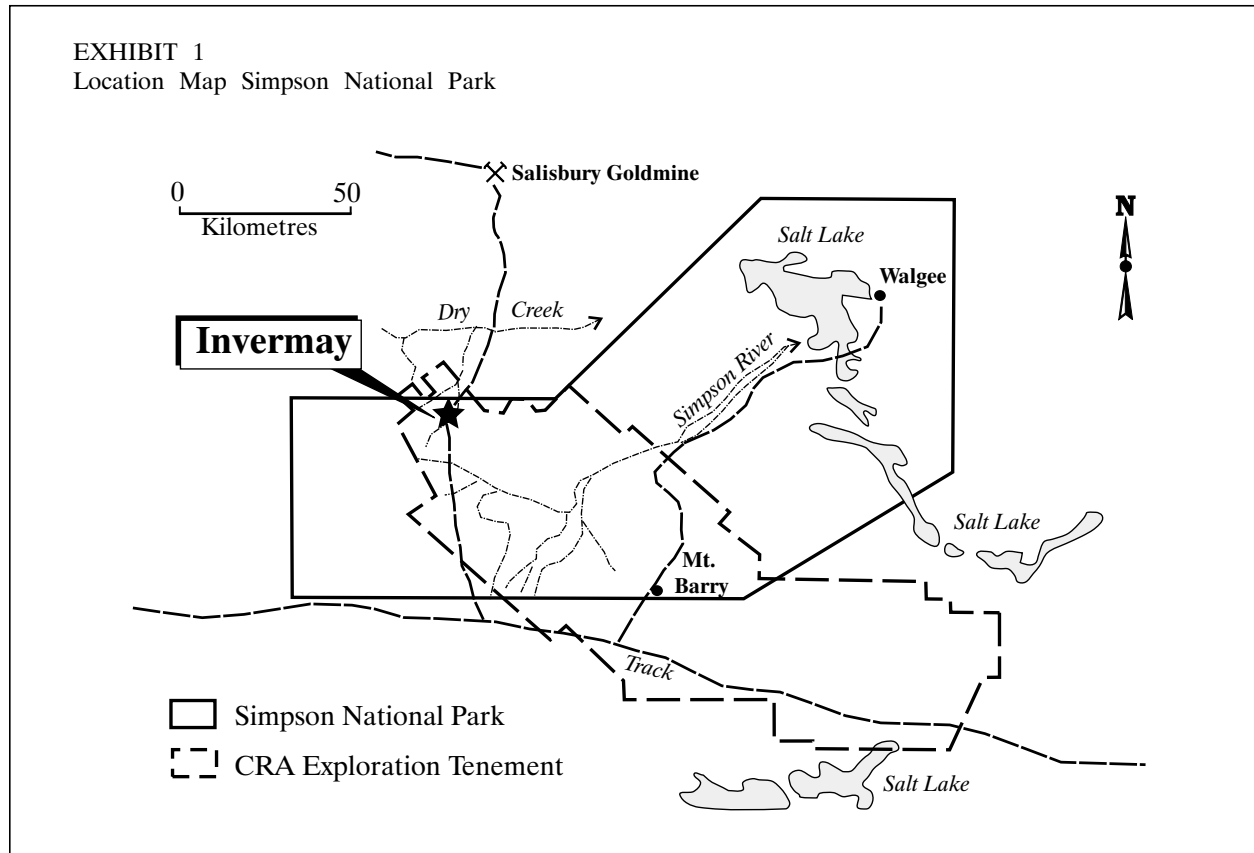


EXHIBIT 2

Identification of Stakeholders

- CRA Shareholders
- CRA Employees
- Local Aboriginal people
- Aboriginal Land Councils and organisations
- State Government Bureaucrats
- Local Government (Shire Councils, Shire Clerks, Shire Engineers)
- Politicians — State and Federal
- Pastoralists, miners, tourist/business operators
- Community Groups, Tourists
- Police, Emergency Services, Royal Flying Doctor Service
- Urban based activists and NGO's

EXHIBIT 3

Envisaged Invermay Production

<i>Annual Production</i>	<i>1,200 T U3O8</i>
Estimated ore and waste to be mined	2,500,000t
Design Dry Plant Feedrate	55 t.p.h.
Annual Feed to Dry Plant	280,000t
Average Feed grade to Dry Plant	5.8kg U ₃ O ₈ /tonne ore
% Uranium recovery of Dry Plant	80%
Design Wet Plant Feed rate	8.0 t.p.h.
Operating Hours	7,560 hr per annum
Annual feed to Wet Plant	60,480 tonnes
Average Feed Grade to Wet Plant	21.6kg U ₃ O ₈ /tonne ore
% Uranium Recovery Wet Plant	92%

of the case. The case has its basis in fact and yet some of the issues and lessons have not emerged before. I also suspect, as it is with many cases, different issues beyond those envisaged by myself will emerge, reflecting the different 'worldview' of readers and the 'dynamic' of a case study team.

Case Lessons — Inner Case

The study is developed as a case within a case. The 'inner' case is the Invermay story itself; the

conflicting land issues may challenge some individuals to question their own beliefs and force an exploration of corporate and Aboriginal motives. The 'outer' case is the general story, the changing nature of land 'ownership' in Australia and the need for new competencies and new strategies to support development.

At first reading, the controversial issues surrounding Invermay and the apparent mismatch of both groups' aspirations provide material to explore the process of how strategy develops. In the case of Invermay, strong pressure emerged from functional areas within CRA to influence corporate strategy on the issues of Aboriginal liaison. In this case, the company needed to recognise a specific detailed challenge at one site as an opportunity to change an important strand of overall company strategy. Likewise, Aboriginal interests need to get away from ideological position-taking and look for co-development opportunities.

When opportunities present themselves in this way, they need to be assessed and the parties need to be flexible enough for this to happen. In this case, this had the secondary (unintended) purpose of testing wider community reaction to development and opening up a wider challenge for debate; that of the corporate connection to community.

Some of the questions that might be asked, for which there are no right answers, are:

- Should the corporation base development decisions solely on strong profit and growth potential?
- To what extent should it consider potential negative impact on existing business?
- Does the potential reward outweigh the financial and social risk?

The main issue in the 'inner' case, however, is 'community'.

- Who are the main stakeholders?
- What is the extent of their 'legitimacy', power and their degree of support?
- Should Aboriginal people's interests take precedent over all others?
- What authority structures should the company recognise; traditional structures based on family and clan, or the new political land councils?

Another interesting avenue of potential discussion is the idea of encompassing 'shells' of jurisdictional context. Local community concerns

are enveloped within regional concerns, in turn encompassed within State jurisdictional interests, National interests and ultimately International convention.

- What are the motivating mandates and pressure points for each constituency and their representatives?
- How do they manage jurisdictional interface and liaison?

At Invermay, like most cases, there are a variety of extreme and moderate views. An important recognition is that the opposition to the project was largely due to external influences. Expectations were moving ahead of legislative change and a weak Government was not responding. Accordingly, unwritten local community rules were emerging and new strategies are required to cope with this.

- What were the real and potential conflicts between State and Federal Government policies?
- Does the company seek greater certainty in redrafting of the 'rules'
 - ✧ or does it learn to deal directly with Aboriginal interests and the resulting uncertainty?
- Is the company prepared, and can it learn, to work in a broader community environment, not just a regulatory one?
- How do Aboriginal people 'empower' themselves?
- What are the opportunities for alliance and co-management?
 - ✧ with the mining operation?
 - ✧ the National Park?
 - ✧ potential tourist enterprise?
 1. How can these opportunities be recognised and leveraged?
 2. How can the company get the public to question journalistic integrity
 - ✧ does it discredit sources, provide alternative and accurate copy
 - ✧ or does it ignore the attacks?
 1. Should politicians provide (potentially unpopular) leadership direction or should they represent public opinion as they understand it?
 2. Should they seek to sway public opinion, and do they need easily digestible information to help do this?
 3. Does development *per se* create difficulty for Aboriginal communities?

✧ or is it the stress of too rapid change and misinformation?

4. If the company doesn't fill the information gap, will somebody else?

5. Are public servants partners or regulators?

✧ should they have access to all information?

✧ do they need to know about failures as well as successes?

An important overall lesson for stakeholder relations is that pro-active achievements require communicating to wider audiences to be truly effective. All parties can be expected to behave politically and use their achievements and the media as resources in communicating with stakeholders.

Case Lessons — Outer Case

The major case lessons concern the changing social and business environment of mining in Australia. This environment changed dramatically and quickly during the late 1980s and early 1990s. The development ethos of the 1960s and 1970s gave way to a whole new set of values, social attitudes and expectations. The mining industry was simply not prepared for this. The environment changed virtually overnight and mining companies did not know they had to respond, let alone how too. Many other industry sectors and companies need to work more closely with Aboriginal people. How prepared are they? How many Aboriginal people are prepared to consider development opportunities and what is the right vehicle to best achieve harmony with community aspirations?

In this regard, the major issue in the case is that of competencies. The Australian mining industry based two decades of success on technical competencies. Today new competencies are needed to meet the constraints and challenges. With the right competencies these constraints can become opportunities and provide competitive advantage. The competencies required are based on social and community skills in the management team, leading to more effective community relationships. These new competencies complement the narrow technical and commercial competencies that were the foundation of earlier competitive advantage. The mining industry's limitations were largely self-imposed. It simply had not developed the necessary core

competencies and skills to surmount the new constraints.

A large slice of individual mining companies' competitive advantage had previously been in their tangible resources, the physical assets in the ground. The orebodies provided a set of strategic assets on which wealth generation was based. In the new era, relationship-building competencies will be at the core of what makes a good mining company. The emphasis has shifted to this distinctive capability as the basis for wealth generation and competitive advantage.

The requirement for good social research skills, good cross-cultural understanding and diplomacy will be on-going through the life of mining projects. Previously, there has been a tendency to get the necessary government and social approvals out of the way and then focus on technical mining.

Valid questions are:

What is the role of corporate staff in developing excellent community liaison? Will the corporate centre provide a pool of expertise in community relations — or should it just manage strategic relationships with government?

I maintain that, at the very least, corporate leaders need to recognise the need for new competencies, understand their nature and potential, and manage their development and deployment. Corporations that do this well will be positioned for future growth. Corporations that do not will fail to win broad public support for their activities and will hasten their eventual demise.

A mining company with a newly discovered strategic asset in the form of a world-class orebody must manage the risk of losing the asset and make decisions about expenditure beyond the technical scope of the project. Whereas formerly this was restricted to well-defined taxation and royalty payments to the primary stakeholder, sovereign government, these days it may also involve payments to third parties to gain their sanction. Concurrently, the mining company needs to consider developing distinctive capabilities in managing stakeholder relationships to the same end. These competencies go beyond what are sometimes thought of, rather dismissively, as public relations skills. What is required is the ability to deal with people and communities proactively and transparently, and convince them that it is in everybody's best interest for the min-

ing company to develop the resource. It needs to convince stakeholders that the share of proceeds will be equitable accordingly to the value each stakeholder brings to the venture. This is the point where other distinctive capabilities of the company come to the fore; its technical competencies. Without them the ore would remain in the ground, or be mined less profitably, and nobody would benefit.

Another, related, major learning point is that organisations are open systems, constantly interacting with other organisations in their environments. These interactions are a major source of uncertainty. To a great extent remote mining operations in times past, beyond the rule of law and beyond community interaction, were closed systems. Thus they were able to control and predict most variables affecting their operation. These mines could make technically rational, output-maximising, decisions with a high degree of predicable outcome. The Australian mining environment is becoming a more open system and thus mining companies are affected much more by events outside their boundaries. The process of moving to a more open system is itself predicable and those companies fleeing off-shore looking for closed systems 'frontiers' may find some remaining, but for how much longer? As the world becomes more of a 'global village', pockets of closed-system government will rapidly disappear and companies relying on this strategy are merely delaying the inevitable. Better to develop the distinctive social capabilities now in order to evolve sustainable open-system proficiency.

Of equal importance is the realisation that too much reliance on a regulatory framework to provide certainty incurs a cost. The company taking this route to certainty must bargain away some of its own discretion. Furthermore, while regulation may initially provide some assurance to an organisation, there is no guarantee that a regulatory authority will not turn against the organisation. Regulation is very hard to repeal. Better to maintain a responsive environment and have the confidence and agility to work within it and even 'steer' it to some extent, than opt for overly prescribed regulatory 'protection'.

Managing the external environment is a critical function for management in the new era. 'New Age' mining companies are going to need to give this much greater attention than their predecessors.

TAXATION ON THE LITTLE PORTAGE RESERVE: *An Issue for First Nation Governance*

>> >> >> << << <<

Ken Medd

Through the late October rain Emil recognized the approaching van as Arnason's. Sandy Arnason owned the groceteria and gas station on the provincial road at the edge of town eleven miles away. As the van passed, young Donny Arnason nodded and smiled at Emil from behind the wheel. Emil was surprised to see his sister's grandson in the van with Donny. "Bernie doesn't even smoke" the old man thought as he turned his truck onto the main road through the reserve and headed toward the band office.

Donny Arnason was doing his rounds, buying cigarettes on reserve for resale from his dad's place and a few other stores stretched along the provincial road. He'd been doing it for about a year now. Emil figured Donny must be making money at it because he wasn't the type to stick with a business through any hard times.

This particular part of Donny's work was based on a tax exemption in the *Indian Act*. Section 87 of the *Indian Act* provides a tax exemption for the property of Indians and Indian bands if the property is situated on an Indian reserve. Because of the section 87 exemption, there was no provincial tobacco tax on cigarettes sold to the Indian-owned retail outlet on reserve if the cigarettes were going to be used by regis-

tered Indians. Also, because of the section 87 exemption, no GST or provincial sales tax was collected at the time of sale, if the purchaser was a registered Indian and the transaction occurred on reserve. The benefit of the section 87 tax exemption went well beyond provincial tobacco taxes and sales taxes but it was the exemption from tobacco tax that set Donny Arnason's scheme in motion.

A quota of these tax-free cigarettes was made available for the store on the Little Portage reserve to sell to registered Indians. The quota was calculated to be sufficient, even generous, for all the Indian smokers on the reserve. The removal of the provincial tobacco tax made a big difference in the price.

Donny came through the reserve every few weeks, driving youngsters like Bernie down to the reserve store and giving them the money to buy tax-free cigarettes for him. For their trouble, Donny offered his teen-aged accomplices a little money or, more frequently, something from his dad's store like the old cassette tapes that never got sold even from the discount counter. Emil also suspected that Donny occasionally paid the kids with soft drugs like marijuana or hashish. After buying the cigarettes, Donny drove down

Revised from a submission to Indigenous Futures 2000, International Case Writing Competition, University of Lethbridge. The case is intended for academic study. Publication and reference, in part or whole, is restricted to the B.E.S.S. Program and the University of Lethbridge, unless otherwise authorised by the author in writing.

the road and sold them to his dad or a few other retailers. He marked up the cigarettes enough to make a good profit for himself and could still sell them to the retailers for less than the usual wholesale price.

On the surface, everybody seemed pretty satisfied with the arrangement. Teenagers on reserve, many of whom didn't smoke anyway (quite a difference from Emil's generation), made a little pocket money or got something for selling their quota cigarettes to Donny. Donny made a little money selling to the retailers and the retailers made a little more money from each pack they sold because the cigarettes cost them less. Nevertheless, Emil muttered to himself as his truck rattled along the washboard road, it really didn't seem right. Why was Donny Arnason of all people benefiting from the Indian tax exemption? Why were non-Indian businessmen who live off reserve and who live comfortably by reserve standards, benefiting from a tax exemption meant for Indians living on reserve?

Emil knew of other situations where Indians were deprived of the benefit of the tax exemption. In some cases, retailers on reserves had adopted a two-price system for certain products. They charged non-Indians one price. For sales to registered Indians on the reserve, however, they charged a higher price. By increasing their prices on sales to registered Indians the retailers were able to effectively skim away much of the benefit of the Indian tax exemption. That also struck Emil as being fundamentally wrong.

In fact, quite a few odd situations had developed over time in connection with the section 87 tax exemption. In eastern Canada, some reserve-based retailers refused to collect provincial or federal sales tax even when they sold goods to non-Indian customers. To attract more customers, these retailers were extending the benefit of the section 87 exemption to persons who weren't registered Indians and who weren't entitled to the tax exemption. There were also some well-organized car-flipping schemes in the east designed for evading sales tax on vehicles. And there was a lot of well-publicized smuggling activity involving cigarettes, alcohol and other products. None of this seemed right to Emil.

Emil had been born in his grandparent's house on the Little Portage reserve sixty-two years earlier, just before the war started. He was married on the reserve and had raised his family there. He helped his children raise their children there. He'd been chief of Little Portage for six

years and was a councilor for eight years before that. Now he was nearing the end of his third term as chief and wasn't thinking of running for office again.

His grandparent's house was still standing but the large lot it occupied was now part of the reserve's municipal services compound. Much of the front wall of the old log house had been sawed out and reframed to fit a double garage door. The house he was born in was now a garage for the community's backhoe and tractor. Emil and his wife had given the house and the lot to the band for that purpose. Driving past the compound and the garage, Emil thought about how the community had changed since he was young. There was no reserve school in those days. Emil and his brothers, like their parents before them, attended the Anglican residential school seventy miles away. Nobody stayed in school for long back then.

The community was different now. It pleased him more than he let on that he had been a key player in many of the important changes. There were about 700 people living on the reserve now, including 55 who weren't registered Indians. In the past twenty years, the band had built more than a hundred new houses. The housing backlog was more manageable now and almost under control. All the reserve houses were serviced with hydro and water and sewage. When Emil was growing up, those were unimagined luxuries on the reserve and for most of the people in the surrounding area. The band government operated a water treatment plant and a sewage treatment and disposal plant. It also provided fire prevention and protection services and operated a garbage dump for the community. Perhaps most importantly, Emil thought, the band government now provided social and health services to community members and offered the local kids a decent education from kindergarten through grade XII.

It was a little harder to make comparisons about employment. Emil remembered that when he was a youngster most of the men usually seemed to be busy cutting, hauling and stacking hay, sawing or splitting wood, trapping, fishing, tending gardens and doing other sorts of work. His mother and the other women were always very busy at the slow-paced drudgery of their housework. All the adults seemed to be active and working hard but nobody really had jobs like today. Now, about half the adult population was employed at regular jobs but the other half

was chronically unemployed. Those who relied on social assistance still lived a meager existence but those who worked generally were fairly prosperous, healthy and happy. Maybe prosperous wasn't the right word but, overall, the community was certainly living more comfortably by local standards than when he was a boy.

Each of Emil's three successive governments operated within budget and year-end audits had been clean and unqualified for the past seven years. About ninety percent of the band's program funding came from DIAND's transfer. Most of the remainder came from other federal departments including Health Canada, Industry Canada and Human Resources Development Canada. In recent years, the annual funding from all federal departments totaled about \$7,000,000. The provincial government paid tuition for four non-Indian kids who lived in the vicinity and attended the reserve school. The province also reimbursed the band for paying social assistance and providing counseling for two non-Indian families living on the reserve. Overall, however, it was fair to say that the provincial government didn't really provide the band government with any funding for programs and services for community members. The community raised about \$10,000 a year leasing reserve land to local farmers for grazing.

Perhaps the most significant potential source of own source revenue for the community, was the band-owned service station complex. During three and a half years of operation, however, all of the net income had been reinvested in the complex and none of it had been turned over to the band government. Emil remained hopeful, however, that there would be a regular flow of revenue from the complex to the band government at some point.

Nobody ever asked him but if anybody had inquired about which achievement during his terms in office gave him the most satisfaction, Emil would have answered without hesitation that it was the service station complex. The complex was situated at the south end of the reserve on the provincial road. The council began planning the service station more than five years ago. It took almost two years to line up the financing and complete the construction. After the first two years of operation, the service station site was expanded into a complex that included a small grocery store and restaurant.

Most of the grocery trade was with reserve residents. The restaurant and the gas station,

on the other hand, were doing a good business not only with reserve residents but also with other local people and travelers going by on the provincial road. The dinner trade at the restaurant was growing and it had recently applied for a liquor license. The complex competed directly with Sandy Arnason's and a half a dozen other establishments strung along thirty-six miles of road between provincial highways seven and nine. It was doing surprisingly well.

As he pulled into the parking lot, Emil saw Leonard Sinclair walking into the band office for the meeting. He made a mental note to ask Leonard for the latest stats for the service station complex. He pulled in beside Leonard's car, switched off the wipers and ignition and was closing the door of the truck as old Alfred Campbell, an elder who had also just arrived for the meeting, walked by. "Good morning Alfred" Emil said, adjusting his cap. "Hello Emil" returned Alfred. They tipped their heads away from the cold rain as they walked to the band office.

Like most governments, the Little Portage government always needed additional revenues. There were a dozen worthwhile community projects that couldn't be undertaken because of funding shortfalls. The reserve needed extensive road upgrading, more housing renovations and a community safe house. It also wanted a senior's home and community centre with a rink. The roads, housing renovations and senior's home were all included in the community's capital plan for the next five years, but the needs were already pressing.

The safe house and the community centre hadn't made it onto the capital plan. There were other program and service areas that were priorities for the community but which were unfunded at present. The community wanted more job and skills training for the unemployed adults, improved programming for seniors and more language and cultural programming for the kids in school. There was only so much flexibility to be wrung out of the federal funding. The inescapable bottom line was that the transfer funding available for the band government wasn't nearly enough to address all of the community's requirements.

Emil knew that four First Nation governments in BC had begun to levy sales taxes on fuel, tobacco and alcohol products sold on reserve both to members and other persons living on or passing through the reserve. Section 87

of the *Indian Act* protected the property of Indians and bands on reserve from taxation by other governments but it was possible for a First Nation government to levy taxes despite section 87. He had heard that, for First Nations levying their own sales tax on reserve, the federal government would back out of the GST and let the First Nation sales tax apply on sales to non-Indians as well. He heard similar things about personal income taxes being collected by the self-governing Yukon First Nations. Some First Nations were starting to access new revenues by levying sales taxes and income taxes.

It sounded like an interesting and potentially positive arrangement, but it wasn't entirely without risk or cost. These tax arrangements required the First Nation governments to tax their own citizens. Those are the same people who had previously enjoyed the tax exemption under section 87 of the *Indian Act*. While section 87 continued to protect the property of registered Indians and bands from taxation by other governments, the First Nation government could pass a by-law imposing a direct tax on that property. The bottom line from the point of view of individual band members, however, likely would be that they're losing their tax exemption. The introduction of a tax in many Indian communities could be expected to have a very high political cost. Unless the community was solidly behind the idea, a First Nation tax could easily lead to a government turnover at the next election.

Section 83 of the *Indian Act* provides that First Nations can pass by-laws imposing property tax. Little Portage had been levying property taxes for years but those taxes were aimed primarily at non-Indians who used reserve land for grazing or other purposes. Emil found that kind of taxation to be somewhat discriminatory but, in any event, those taxes didn't generate more than a few thousand dollars a year. The First Nations in BC that had introduced sales taxes didn't apply their taxes to the full range of products and services that are taxable under the GST. Rather, those First Nations' sales taxes applied only to products like tobacco, alcohol and motive fuels. Other First Nations wanted to impose their sales taxes on the entire range of items that were subject to the GST, but Emil wasn't aware of any such taxes being in effect yet. These were surprising changes. The Indian tax exemption had been one of the few distinct benefits of being an Indian, Emil thought. But then again, he thought to himself, the exemption

doesn't seem to be working for anybody as it was intended to. Maybe it was time to think about levying a sales tax at Little Portage.

Emil took his place at the council table and, seeing that a quorum of the council was there, asked Alfred to say a prayer to open the meeting. The first item on the agenda was Arlene's report on a community policing study prepared by the tribal council. Judging from the amount of paper in front of her, he guessed she would be talking for some time. Emil introduced Arlene's item and when she was comfortably into her presentation, he sent a note down the table to Leonard. After reading the note, Leonard rummaged through his briefcase and passed a bunch of papers back up the table. Emil turned to councilor Frances Langlois beside him, and asked her to chair the meeting for the next while. Then he put on his reading glasses and thumbed through the papers, pulling out the year-end financial statements for the store, restaurant and gas station and six pages of Leonard's variously coloured scribbling that were current statements for the months of April through September.

Turning his agenda over he began copying figures from the financial statements and Leonard's scrawling to estimate roughly what a First Nation tax on fuel and tobacco products might mean for the Little Portage band. He knew that more detailed calculations would be required to distinguish business sales from sales to final consumers. Much of the sales tax paid by businesses on fuel purchases would be reclaimed through input tax credits and would not become part of the net tax revenue received by the band. Nevertheless, the results of his quick calculations were encouraging. It appeared that a sales tax on tobacco and fuels at Little Portage could generate about \$200,000 annually. These rough calculations only represented net tax revenue from sales of fuel and tobacco. How much more revenue might be generated if the First Nation sales tax was applied to alcohol sales at the new restaurant? Even better, what if the First Nation sales tax applied to all of the goods and services that are taxable under the GST?

His thoughts returned to the meeting when he heard Frances saying that a motion had been seconded and then calling for a vote on the motion. "Those in favour?" she asked. Emil looked down the table at old Alfred, who had been watching him and who nodded slightly. Emil put up his hand along with a majority of the other councilors and the motion, approving

Arlene's report and its recommendations, was carried. Frances introduced the next item on the agenda.

Emil's thoughts returned to tax and the numbers on his overturned agenda. He began contemplating the risks of introducing a tax. The band government would probably have to take some heat for levying a sales tax on any product. Would the benefits of being able to provide more and better services outweigh risks for the government? Talk about taxes was just the kind of thing that could get councils removed. He tried to imagine how he or anyone could go before a community of relatively poor people who aren't taxed and tell them that you want to be the chief and that you want to start taxing them. The idea seemed absurd. On the other hand, he was sure that the government could do important things for the community with the new tax revenue. Nobody anywhere liked the idea of being taxed but other governments had somehow introduced taxes. Certainly it seemed that, if Little Portage were to continue growing and developing, it would need more locally generated revenue. A sales tax on certain products could be part of the answer.

On some reserves, there was almost a religious fervor to the idea that being Indian means not having to pay tax. Some advocates claimed they had a treaty right or an Aboriginal right to be exempt or even immune from all forms of tax. Fundamentally, those ideas didn't seem quite right to Emil. The more he thought about tax, the more he realized how complicated the issues were. Indians shouldn't have to pay tax to other governments on the property they hold on reserves. That was the basic idea behind the section 87 exemption and that much for sure seemed right and reasonable. But surely, Emil thought, if an Indian government wanted to tax its citizens for the betterment of the community, it should be able to. That also seemed reasonable to him, but he knew that it wouldn't be an easy thing to accomplish. In a way, he was relieved that he wouldn't have to be the one to take this idea to the people. That challenge would be left to the person who would succeed him as chief, possibly Leonard Sinclair.

If the idea of a First Nation tax was acceptable to the community, then it looked like a very sensible thing to do. It would be a much-needed source of funding for the First Nation and would allow the community to address more of its priorities. Emil also thought that community

members would become more interested in government expenditures, knowing that it was local tax revenue being spent, not just transfer funding from another government. He saw great potential for community pride in using locally generated revenue for addressing community priorities.

He knew that by introducing a First Nation tax there could be a heavy political price to pay. Perhaps it would be easiest to introduce the taxes slowly over time. Perhaps it would be best to introduce a First Nation sales tax on just fuel, tobacco or alcohol products. If it worked well, they might contemplate other taxes. If it didn't work, they could cancel the whole arrangement.

Emil also knew that he wouldn't be the chief or even on the council that would have to pay the political price for introducing the tax. He decided that he'd better get the right people involved in discussing the idea of a possible tax. Frances was bringing the discussion of the second item to an end. She looked at him. Emil said, "I have another item that I'd like to put on our agenda today. I'd like to talk about introducing a First Nation sales tax here at Little Portage."

For Discussion

- Do you think that taxation has a place in the operation of modern First Nation governments?
- Do you think the electorate's accountability expectations of a First Nation government would change if the government was spending locally generated tax revenue in addition to transferred program funding?
- What are some of the benefits and some of the costs of introducing taxes in reserve communities? On balance, do the benefits outweigh the costs?

ANNEX 1 DIAND Program Funding for Little Portage

Registration and Membership	\$ 12,873
Elementary and Secondary Education	1,447,083
Post Secondary Education	529,301
Social Services	1,044,944
Operations and Maintenance	484,621
Economic Development	124,093
Band Management and Support	776,820
Housing and Minor Capital	812,426
TOTAL	\$6,483,597

ANNEX 2

Section 87 of the *Indian Act*

87.(1) Notwithstanding any other Act of the Parliament of Canada or any act of the legislature of a province, but subject to section 83, the following property is exempt from taxation, namely:

- (a) the interest of an Indian or a band in reserve or surrendered lands; and
- (b) the personal property of an Indian or band situated on a reserve.

(2) No Indian or band is subject to taxation in respect of the ownership, occupation, possession or use of any property mentioned in paragraph (a) or (b) or is otherwise subject to taxation in respect of any such property.

(3) No succession duty, inheritance tax or estate tax is payable on the death of any Indian in respect of any such property mentioned in paragraphs (1)(a) or (b) or the succession thereto if the property passes to an Indian, not shall any such property be taken into account in determining the duty payable under the *Dominion Succession Duty Act*, chapter 89 of the Revised Statutes of Canada, 1952, or the tax payable under the *Estate Tax Act*, chapter E-9 of the Revised Statutes of Canada, 1970, on or in respect of other property passing to an Indian.

ANNEX 3

Elements of the Federal Approach to First Nation Taxation

- The Department of Finance is willing to put into effect direct taxation arrangements with First Nations that indicate an interest in exercising taxation powers within their lands.
- A First Nation tax would apply to members. The federal government is also willing to negotiate the application of the First Nation tax to non-members.
- First Nation taxation powers would not limit the powers of the federal or provincial governments to impose taxes.
- These First Nation tax powers would go beyond the property tax power contained in section 83 of the *Indian Act*.
- When the federal legislation is in place, a First Nation government would be able to pass tax by-laws imposing direct taxes on band members on reserve, even though they would otherwise enjoy the section 87 tax exemption.
- The decision to exercise or not exercise these tax powers is left entirely in the First Nation's hands.
- The section 87 exemption continues to protect against taxation by other governments.
- The tax revenues are First Nation revenues rather than "Indian moneys" that the Minister of Indian Affairs and Northern Development would hold in trust.
- The Canada Customs and Revenue Agency (CCRA) would act as an agent of the First Nation government and collect the tax for the First Nations government.
- Through the tax collection and sharing agreements between Canada and the First Nation, Canada would be responsible for dealing with non-compliance with the First Nation's tax by-law.
- Canada and the First Nation would agree on an estimate of the annual amount of tax revenue expected from the new tax. The CCRA would collect the tax revenue. It would then be remitted to the First Nation government on a monthly basis, based on the joint estimates.
- The First Nation can use the tax revenue as it sees fit. Unlike federal transfers for agreed programs, there are no strings attached to how the First Nation can use the revenue. The tax revenue belongs to the First Nation, not Canada.

The First Nation government, of course, continues to be fully accountable for its decisions about the use of the tax revenue. Normally, expenditures of tax revenue would be authorized by a by-law passed by a majority of the councilors at a duly convened meeting.

ABORIGINAL CONSULTING SERVICES AND EAGLE FEATHER NEWS

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Shannon Lozinski

John Lagimodiere, owner of Aboriginal Consulting Services (ACS), had been in a reflective mood recently. As 1999 was drawing to a close, he felt he had never been so exhausted in his life. Business at ACS had always been tumultuous at best, but John was convinced that his hard work was finally beginning to pay off. He was hopeful that the fledgling business had finally turned a corner and anticipated a far more stable and financially successful future. He had optimistic growth expectations for his small business and was confident that, despite its shaky past, ACS would flourish in the new millennium.

BACKGROUND

Aboriginal Consulting Services was founded as a partnership in early 1997 to provide seminars to educate mainstream businesses about Aboriginal culture. The intent of these seminars was to help firms attract and retain high quality Aboriginal employees, and to reduce overt and systemic racism from occurring in the work environment.

Located in Saskatoon, Saskatchewan, Aboriginal Consulting Services realized an enormous opportunity for growth given the changing demographics of the province. According to recent studies, population growth among Aboriginal people in Saskatchewan is expected to be much

higher in the future than the growth rate for non-Aboriginal people, resulting in a shift in the demographic picture of Saskatchewan. By the year 2005, 16% of Saskatchewan residents are expected to be of Aboriginal ancestry, and by the year 2025, that proportion will reach 24% (FSIN, *Saskatchewan and Aboriginal Peoples in the 21st Century*, 1997). The implication is that Saskatchewan businesses will need to be prepared to hire more Aboriginal employees, or at the very least, deal with more Aboriginal people as customers.

Although Aboriginal Consulting Services got its start by providing seminars to small groups at the University of Saskatchewan, the firm's first major break came in January, 1998 when SaskTel, one of the province's largest corporations, committed to training all of its employees using ACS's cultural awareness seminars. The seminars were to begin that spring and continue as an ongoing contract. It was at this time that John Lagimodiere, a Métis businessperson from Saskatoon, was approached to begin training to be a facilitator for the SaskTel workshops. John was particularly interested in Aboriginal culture since he had only recently begun to acknowledge his Métis heritage openly and with pride. Little did he know that in less than one year he would

Shannon Lozinski is Lecturer of College of Commerce, University of Saskatchewan, who specializes in Marketing and Management.

The case is intended for academic study. Publication and reference, in part or whole, is restricted to the B.E.S.S. Program and the University of Lethbridge, unless otherwise authorised by the author in writing.

not only own ACS, but also the firm's small monthly newspaper, Eagle Feather News.

At 31 years of age, John had developed a respectable resume. He earned a B.A. from the University of Saskatchewan with a major in Sociology and a minor in Native Studies. He gained retail management experience at a national menswear store before moving on to Westfair Foods, where he accepted a unionized warehouse position. During his six and a half years at Westfair, John was actively involved in the union, co-chairing the Occupational Health and Safety committee and participating as a negotiator in the collective bargaining process. After accepting a buyout from Westfair, John secured a contract position with Saskatchewan Social Services in Saskatoon to work with high-risk, high-need youth in the community. After he accepted the offer from ACS, John continued his work at Social Services and at his part time job delivering packages for UPS.

In February 1998, another business opportunity arose. The owner of Thundercloud News, a small monthly Aboriginal newspaper, asked ACS to sell advertising spots in the newspaper on a commission basis. Feeling they had nothing to lose, the owners of ACS agreed. Unfortunately at the end of the month, Thundercloud News did not have sufficient cash to print the paper, or to pay ACS its commission. In order to save the paper from bankruptcy, John Lagimodiere personally financed an operating loan for that month's publication. The paper was renamed "Eagle Feather News" in hopes of changing its image, and its life was extended by one more month. However, a month later the paper was still struggling and rather than floating the owners yet another loan, ACS assumed ownership of the paper in lieu of its commission payments. The unstable financial situation surrounding the company prompted one of the founding partners to leave and pursue other interests. John replaced him by purchasing a 45% share of the newly expanded ACS for the value of the outstanding loan and a Jeep he had been leasing to his new partner. John quit his other two jobs and began to concentrate on his new business.

With a staff of nine, a monthly paper to produce and the bills piling up, managing cash flow at ACS was becoming extremely difficult. The SaskTel contract, though lucrative, was not the cash cow the company had expected. ACS had anticipated facilitating at least three seminars per month, but rarely ran two. John easily

identified the simple reason for his cash flow problems: "To open the doors every month cost us about \$12,000. Revenues usually never exceeded \$10,000."

Since neither partner had experience in the publishing industry, mistakes were made, and tensions soared. Without a controlling share of the company, John was unable to implement the cut backs he felt were necessary to save the struggling company. His partner liked to assert authority and continued to manage in an autocratic manner. As the hostility escalated, morale dropped and the cash flow problems remained unrelenting. A final confrontation in October 1998 resulted in the controlling partner agreeing to a buyout and John assuming full ownership of ACS and Eagle Feather News.

Organizational Change

Major adjustments to the structure and operation of the organization were immediately implemented following the change in management. John recalls the radical changes he felt compelled to make:

"I had to cut the print run the first paper when I took over. I went from 15,000 to 5,000 papers. Drastic but necessary. The payables bin was overflowing. I ran 5,000 [papers] for the next five months, then 7,000, and then 8,000 ever since. We've probably saved over \$10,000 since [my partner] left on printing costs alone."

John quickly discovered that organizational change is not an easy process. He found his first several months as sole owner very challenging. All efforts were directed towards regaining a positive cash flow. Since November and December were typically busy months, John could not afford to reduce staff immediately. At the end of January 1999, two full-time writers were laid off. Both were offered a contract of three stories per month at \$100 per article, but, as John explains, they were not pleased with this alternative: "They were very upset and quit that day. I told them there was no way for me to pay them, but they were still hurt."

From a peak staff of nine, ACS was now operating with only two full-time commission sales people, one half-time office person, and John. The layout of the paper was contracted out, and there were five to ten writers across the

province who regularly contributed stories on a freelance basis. While John facilitated some of the cultural awareness seminars, most were contracted out to a lead facilitator.

Finance

The challenge of financing operations has been the main focus for John after he took over leadership of ACS. He describes the company’s dire situation and the steps he took to deal with the problem:

“There was \$16,000 in payables and \$22,000 in receivables at the time of takeover. I had my [personal] line of credit bumped to \$10,000 to help ease the bleeding. I also had a Visa card to help float the tough times. I paid payroll out of my [personal] line of credit more than once.”

A fair amount of financial restructuring has occurred in an effort to improve the company’s economic position by reducing its debt load. The Canadian Imperial Bank of Commerce (CIBC) extended a small corporate line of credit of \$3,500 to ACS; however, it was simply not enough. John believed he knew the reason why his efforts to obtain financing through other traditional avenues proved fruitless: “No government lending institutions or Aboriginal lending places would touch us, since newspapers are a bad risk and we had too much debt.”

John had almost exclusively personally financed debt repayment and operational shortfalls. He again extended his personal line of credit, this time to \$20,000, in order to finance the final payment in the buyout agreement with his former partner. He also acquired a silent partner who currently holds a 20% share and is willing to leave all earnings in the company for future growth and operations. Other funds were provided by family members, an arrangement for which John is extremely grateful: “I am very fortunate to have family that believed enough to put money on the line and help us out. We would have been bankrupt in March if it were not for my Mom.”

Operations

Aboriginal Consulting Services operates on two levels. Day to day operations focus mainly on the publication of Eagle Feather News, a

TABLE 1
Eagle Feather News
Summary of Circulation

	1998	1999	2000
January		0	0
February		5000	8000
March	5000	5000	8000
April	5000	5000	10000
May	5000	7000	8000*
June	10000	8000	10000*
July	15000	8000	10000*
August	0	0	0*
September	15000	10000	10000*
October	8000	8000	10000*
November	5000	8000	10000*
December	5000	8000	10000*

* projections

“monthly newsmagazine created to highlight the positive people and events in Saskatchewan’s First Nations and Métis Communities.” Eight to ten thousand copies are printed monthly and distributed to selected groups and households across Saskatchewan. (See Appendix 1 for Eagle Feather’s Distribution Profile.) Table 1 summarizes circulation figures from 1998–2000.

Most of the newspapers are given away, so the majority of the paper’s revenues are generated through the sale of advertising. Advertising revenue averaged about \$7000 per month in 1998 and 1999; however, that number has been increasing as the paper gains popularity and credibility. (See Table 2 for a summary of advertising revenue.) John was certain advertising revenue would increase in 2000: “In November we had over \$11,000 and December looks to be around \$15,000. We foresee [advertising] sales increasing next year by 20% for sure.” (See Appendix 2 for a Schedule of Corporate Advertising Rates.)

It costs Eagle Feather News about \$4,000 to print and distribute the paper every month, based on production of 10,000 newspapers. In addition, writers are paid \$100 per article (average of fifteen articles per month) and sales people earn a 15% commission.

The second level of operations is the facilitation of Awareness Seminars. (See Appendix 3 for an outline of a typical workshop.) During 1999, ACS ran an average of 1.5 programs per month. Though infrequent, these workshops are

TABLE 2
Eagle Feather News
Summary of Advertising Revenue

	1998*	1999	2000
January	\$ —	\$ —	\$ —
February	\$ —	\$4,700	\$12,000
March	\$ —	\$9,500	\$9,000
April	\$ —	\$7,533	\$17,000
May	\$ —	\$7,600	\$15,000**
June	\$ —	\$10,000	\$17,000**
July	\$ —	\$7,800	\$18,000**
August	\$ —	\$ —	\$ — **
September	\$ —	\$6,600	\$15,000**
October	\$ —	\$6,400	\$15,000**
November	\$ —	\$12,000	\$17,000**
December	\$ —	\$15,000	\$20,000**
TOTAL	\$84,800	\$87,133	\$155,000**
AVERAGE	\$7,067	\$7,261	\$12,917**

* A monthly breakdown for 1998 was not available.

** projections

very profitable and currently subsidize the production of the paper. John explains his pricing policy as follows: “[If the program is for SaskTel] we take in a minimum of \$3,800 per program, and if the class has over fifteen people, we charge another \$175 per person.... If the program is for the general public, we charge \$250 per person, because we have to pay for the facility and catering at Wanuskewin[†].” Efforts to

TABLE 3
ACS — Awareness Seminars
Summary of Annual Revenue

	1998	1999	2000
Revenue	\$47,293	\$34,839	\$61,700*

* projection

increase this aspect of the business have resulted in a significant increase in bookings for 2000, as indicated in Table 3.

Direct costs associated with the Awareness Seminars are few: It costs ACS \$250 to print support material for the workshop and \$1000 to hire a lead facilitator.

Additional overhead expenses include a salary for John and other non-commission wages, administration expenses, and debt financing. John recognizes the need to control fixed overhead such as wages. “I contract out as much work as possible. Those payroll taxes are a killer! At one point we were paying over \$600 per month, now it is under \$200.” Table 4 highlights the major operating expenses incurred by ACS.

A typical week at ACS begins with a staff meeting on Monday morning to review the upcoming week and to deal with any pressing issues or problems. The first week of the month is spent trying to pay bills and hand delivering the newspaper to various organizations

TABLE 4
ACS/Eagle Feather News
Monthly Operating Costs

<i>Newspaper Production</i>		<i>Fixed Costs</i>	
Printing per month	\$3,200	Salaries/Commissions	\$3,600
Distribution	\$800	Lease/Rent Payment	\$1,400
Cost for articles	\$1,500	Phone	\$600
Seminars		Debt Financing	\$1,500
Facilitator @ \$500/day	\$1,000	Miscellaneous Overhead	\$400
Support Material/seminar	\$250		

[†] Wanuskewin Heritage Park is a National Historic Site showcasing the culture and history of the Northern Plains Indians and is located near Saskatoon, Saskatchewan.

in Saskatoon. The following two weeks are spent making sales calls, writing stories, attending press conferences and conducting any Cultural Awareness seminars that may have been booked. The last week of the month is spent finalizing the layout of the paper, collecting stories from the writers and getting final ad layouts from the businesses that purchased ad space that month. According to John this last week of the month is the most difficult to manage: "This is the worst part. People do not understand deadlines. It is really more of a self-imposed deadline, but I like to be out early to prove to people that we are professional."

HUMAN RESOURCES

The permanent employees at ACS are a diverse lot who performs a variety of tasks for the organization. Ivan Morin, who usually focuses on sales has been doing more writing recently because he is currently serving time at the Saskatoon Correctional Center for drug related offences. He is due out in December 1999. He had previously earned a degree while in jail and has passed the Mensa[‡] test. John appreciates Ivan's contribution to the organization despite this disruption and insists: "He will be welcomed back. When he is straight, he is a ball of fire. We just have to keep it that way."

Karen Trotchie is responsible for sales and distribution. John recognizes the positive impact she can bring to his company and speaks highly of her qualifications: "Karen is smart and wonderful and very politically connected at the Métis Nation of Saskatchewan." At the age of 42, Karen has a wide array of experience and some post secondary education. She has been involved with Métis Women of Saskatchewan and has served with that organization as Area Director and later as Vice President. She has been actively involved with "Stay in School" youth initiatives and has developed a proposal for the "Head Start Program" at a local pre-school. In her younger days, Karen also spent some time in prison for assault and prostitution and is currently participating in a drug rehabilitation program. Her employer, however, is not disturbed by this fact, but rather appreciates her contribution and particularly the value her association

with the Métis Nation of Saskatchewan brings to the company.

Arnold Wardman, another sales person, has extensive education in very diverse fields, having earned his BAC, studied three years of Native Studies at the University of Regina and taken one year of an Early Childhood Development program. He also brings a wealth of experience from work at other newspapers.

Jacqueline Gabriel, originally from Corner Brook, Newfoundland, is the office administrative assistant. After completing high school, she attended Saskatoon Business College and has held a variety of jobs, from waitressing to construction and landscaping work. She also has earned her designation as an Emergency Medical Technician (EMT) and has held jobs and done extensive volunteer work in this area.

In John's opinion, the diversity of his staff is certainly not the norm in mainstream business. He asserts that although many mainstream businesses would find the diversity of his staff difficult to manage, ACS finds strength in such diversity: "The different worldviews in our office would paralyze a bank boardroom. They would have no comprehension of the life many of these people have lived. By me backing them, it may be the first time a boss actually related to them like that...I believe that if you treat your employees with patience and understanding, they will pay back in loyalty and goodwill. They have friends and family who ask about work, and if the buzz is good, that spreads."

ACS's reorganization has resulted in significant employee turnover during the last year. John contends that high turnover in a struggling company is a cost ACS can simply not afford, so every effort is made to retain trained employees. "We have had high turnover [because we hired] the wrong person who didn't have the skills, but we needed a cheap body anyway; ...[however], to bring in a new sales person takes two months to bring them up to speed. That lost two months can be very expensive."

It is important for ACS to employ a qualified staff, yet John is reluctant to have a large number of workers on payroll as he believes the additional costs would be onerous. He states: "It would be nice to have a qualified trustworthy editor to fill my shoes, but that person would

[‡] Mensa International is a society dedicated to intellectual exchange among members. To qualify for membership, applicants must take an IQ test and earn a score that is within the top 2% of the population.

have to be multi-talented and cheap, a combination very hard to find. Once we are rolling, that is the first position I will fill.”

In the year 2000, ACS will hire an intern to help with sales, distribution and writing. The intern's wages will be covered for six months by the National Aboriginal Achievement Foundation (NAAF). This nationally registered charity assists young, talented Aboriginal people through various initiatives including financial assistance for education and training programs, such as internships. (National Aboriginal Achievement Foundation, March 1999, <http://www.naaf.ca>) John hopes the extra person will take some pressure off him and allow for more time to devote to growing the business.

COMPETITION

There are many people in Saskatchewan who have the ability to conduct Cultural Awareness seminars like the ones that ACS offers; however, only two other companies pursue it as a full-time venture. One such organization is Wanuskewin Heritage Park. “They have the building and a thick booklet they produced with SaskEnergy, but they charge \$500 per person, twice what we charge. The other firm operates out of Regina and is going after some Crown Corps right now.”

Rather than viewing the competition as a threat, ACS recognizes that there are some synergies between the companies and would welcome the opportunity to work co-operatively, particularly with the Regina firm. “The time is right. We can co-operate as facilitators. I can help him out up here [in Saskatoon] and he can help me in Regina. ...Demand is high.” ACS has a solid reputation and is beginning to see the benefits of referrals from SaskTel. Many of the contacted facilitators do not have the time nor inclination to put forth the sales effort required to secure regular seminars and prefer to pick up contract work from ACS.

Eagle Feather News faces its greatest competition from The Saskatchewan Sage, a monthly newspaper produced by The Aboriginal Multi-Media Society (AMMSA). AMMSA is an “independent Aboriginal communications organization committed to facilitating the exchange of information reflecting Aboriginal culture to a growing and diverse audience.” (AMMSA Corporate Mission Statement, October 1999, <http://www.ammsa.com>) This large, successful media

company, based in Edmonton, Alberta, not only prints the Saskatchewan Sage, but also Windspeaker, Canada's only national newspaper dedicated to coverage of Aboriginal issues and people. Additionally, AMMSA publishes two other provincial newspapers, Alberta Sweetgrass, and Raven's Eye (which serves readers throughout British Columbia and the Yukon), and owns and operates a FM radio station in Alberta. John is unperturbed by ACS' s most formidable rival and asserts: “My advantage is a stronger local distribution. And [ACS] is 100% Saskatchewan owned.”

Because of the company's cash flow difficulties, very little money is spent on advertising and ACS is continually looking for new ways to acquire free publicity, or at least cash-free advertising. Currently, ACS advertises its Cultural Awareness Seminars on Missinippi Broadcasting, a local Aboriginal radio station in exchange for advertising spots in Eagle Feather News. In January 2000, ACS will apply to Aboriginal Business Canada for a marketing grant. John states: “They pay 40% to 60% of your marketing if you qualify for this program and I think I do. That is the only concession I will make in taking government money.”

Future marketing plans include purchasing a mailer for the Chamber of Commerce monthly newsletter to advertise both the Cultural Awareness seminars and Eagle Feather News. Marketing efforts are targeted at businesses as potential advertisers or seminar participants. Very little effort is extended toward acquiring personal subscriptions to the newspaper, or individual attendance at seminars.

MOVING INTO 2000

Employee diversity continues to be major factor for ACS. Karen Trotchie left the company in the first quarter of 2000. Her drug rehabilitation was not successful and she was unable to continue working. Ivan Morin was released from prison on March 22, 2000, and returned to work immediately as Sales Manager and Sports Editor. Two additional sales reps were hired early in the year. One, a former cellmate of Ivan's, the other, a young Aboriginal man with writing skills and sales experience in the publishing industry. They are both paid on commission and seem to be working out quite well. The internship that was scheduled to begin in January 2000 had to be postponed because the woman selected for the

position was diagnosed with serious health problems in December 1999 and has been unable to work. Instead, a young non-native man was accepted under a work placement program for the Canadian Mental Health Association. After this seven-week program, he was hired for a part-time position and is very eager to contribute to the company's success.

Opportunities continue to arise in the consulting area of ACS. Sask-tel has increased its use of Awareness Seminars, significantly impacting both the company's revenues and John's workload. In addition, new opportunities are available as an increasing number of smaller, private companies within Saskatchewan, and as far away as Nova Scotia, are beginning to request similar training seminars. The Saskatchewan Indian Federated College has hired John to teach their Summer Institute of Print Journalism in May 2000, which is an honor and opportunity John feels he simply cannot pass by. For the first time ever, ACS will be participating in the Native American Journalist Association's annual convention in June. While John happily accepts these new opportunities and challenges, yet fully realizes that the impact on his personal workload will be tremendous and is somewhat apprehensive about how he will handle it all.

THE FUTURE

John eyes the future with optimism inherent to entrepreneurs. He intends to focus his efforts on Saskatchewan, beginning with the Saskatoon area and later moving further south to Regina. He wants Eagle Feather News to become a widely recognized newspaper throughout Saskatchewan in both Aboriginal and non-Aboriginal communities. Once the newspaper becomes more self-sufficient, he will be able to focus his energy on pursuing more Cultural Awareness projects.

John sees his newspaper and seminars as providing similar services. Both educate people about Aboriginal issues in a positive and dignified manner. His ultimate goal is a more lofty ambition than simply growth and profitability. "I want to create awareness and reduce racism. Ignorance leads to racism. My newspaper can help by educating people."

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LESSONS FROM
RESEARCH



Editor's Introduction

David Newhouse

Economic Development is a complex process which touches on and involves all aspects of a community. This issue highlights that complexity and the interrelationship between its various aspects. I am reminded always of the need to take a holistic approach to it, using the Cree Medicine Wheel as a way of ensuring that all aspects are covered.

Robert Anderson and Robert Oppenheimer remind us of the importance of entrepreneurship in economic development and provides some guidance for its development. Often in our drive to build economic institutions, we forget that a solid foundation of business activity is essential to economic development and that entrepreneurs are a key part of that activity.

The importance of community and being able to build upon a community's strengths is central to community economic development. Sean Markey et al tackle the issue of capacity assessment in CED in a meaningful and real way to help us understand how it might occur in a rural setting.

Stacy Healy remind us that economic development also needs a solid institutional foundation, one that is supportive of economic development and also protects Aboriginal legal rights.

And David Newhouse reminds us of the context within which Aboriginal economic development is occurring and the need to pay attention to values and their expression in our institutions and their actions.

ABORIGINAL PEOPLE, ECONOMIC DEVELOPMENT AND ENTREPRENEURSHIP

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Robert Brent Anderson

ABSTRACT

This paper explores economic development and entrepreneurship in an Aboriginal context. The paper begins with an overview of the socioeconomic circumstances of the Aboriginal people in Canada. It then goes on to consider the approach that Aboriginal people have developed to address these circumstances and the outcomes they have achieved. Throughout, the emphasis is on the role of entrepreneurship and land claims/treaty rights in the development process.

This paper explores economic development in an Aboriginal context with a focus on the role of entrepreneurship in the process. The material is presented in five sections. The first provides a brief overview of the socioeconomic circumstances of the Aboriginal people in Canada. This is followed by a discussion of entrepreneurship and its role in the economy and in economic development. In the third section, the focus shifts to the Aboriginal response to their current socioeconomic circumstances and the role of entrepreneurship and capacity building through land claims/treaty rights in that response. The fourth section is a discussion of the outcomes achieved by Aboriginal people as a result of their economic development activities. In the

concluding section, this paper raises issues to be considered by Canadians—Aboriginal and non-Aboriginal—as we enter the 21st Century.

The Need

The Aboriginal People of Canada are understandably unhappy with their current socioeconomic circumstances and are striving to improve them. In the words of George Erasmus, past National Chief of the Assembly of First Nations and Co-chair of the Royal Commission on Aboriginal Peoples:

Our people have been relegated to the lowest rung on the ladder of Canadian society; suffer the worst conditions of life,

Robert Brent Anderson, Associate Professor, Faculty of Administration, University of Regina. An earlier version of this paper was presented at the joint conference of the Administrative Sciences Association of Canada and the International Federation of Scholarly Associations of Management, Montreal 2000.

the lowest incomes, the poorest education, and health; and can envision only the most depressing futures for our children (Erasmus, 1989: 1).

Data from 1991 Canadian census provides graphic support for this statement. For example, 42% of Aboriginal people living on reserve received social welfare, as opposed to 8% of the Canadian population as a whole. Housing conditions tell a similar tale with 65% of on-reserve and 49% of off-reserve Aboriginal people living in substandard housing. Not surprisingly, poverty and poor living conditions have had an impact on the health of Aboriginal people. The incidence of tuberculosis is 17 times higher among Aboriginal people than non-Aboriginal people and the incidence of diabetes is 3 times higher, and rising rapidly. Beyond physical health, Aboriginal people suffer other consequences of poverty including a suicide rate 2.5 times, a murder rate 6 times and an incarceration rate 5 times, the respective rates for non-Aboriginal people.

Relative levels of employment and unemployment are particularly relevant to the subject of this paper—economic development. Here, too, Aboriginal levels compare very unfavourably to non-Aboriginal levels. In 1991 unemployment among Aboriginal people stood at 24.6%, almost two and one-half times the national rate of 10.2%. The rate among Aboriginal people living on reserve was even higher, often well above 50% and approaching 90% in more isolated communities. For example, according to the Federation of Saskatchewan Indian Nations, “only one of every three First Nations citizens in Saskatchewan is employed and over 60% of the province’s First Nations people are classified as living in poverty—roughly four times the average found in non-Aboriginal communities” (Peters, 1996: 8).

As bad as these current employment levels are, the prospects for the future are worse. According to the Royal Commission on Aboriginal People (RCAP), the Aboriginal population will rise by 52% (compared to 22% for non-Aboriginal Canadians) between 1991 and 2016. During the same period the working age Aboriginal population will increase by 72%, compared to a 23% non-Aboriginal increase. Unemployment will increase, as will the related economic and human costs, unless something is done.

The Royal Commission realized that something must be done. The RCAP report does

more than just report on the current circumstance of Aboriginal people. It looks to the future. In fact, it looks to two futures. One future is a continuation of the status quo—a future where Aboriginal socioeconomic circumstances remain at their current abysmally low level in comparison to those of the broader Canadian population. The other future is one where Aboriginal socioeconomic circumstances improve and approach the Canadian average.

Under the status quo scenario, the Commission estimated that the total cost to governments’ in Canada (direct expenditures on Aboriginal people over and above those on non-Aboriginal Canadians and lost tax revenue) to be \$4.6 billion in 1996. In addition, there was an estimated cost of \$2.9 billion borne by Aboriginal people as a result of the difference between their earned income supplemented by higher government support and the income level of non-Aboriginal Canadians. Taken together, the total cost of imposed on all Canadians by the current dismal socioeconomic circumstance of Aboriginal people was estimated to be \$7.5 billion in 1996. The annual cost to all Canadians of the status quo is projected to increase to \$11 billion by 2016.

The Commission then considered what might be done to improve on the status quo. It concluded that

More than 300,000 jobs will need to be created for Aboriginal people in the period 1991–2016 to accommodate the growth in the Aboriginal working-age population and to bring employment levels among Aboriginal people up to the Canadian standard (RCAP, 1997: 275).

To create these jobs, the commission proposed a strategy of economic development grounded on capacity generated through the settlement of land claims and the realization of other Aboriginal and treaty rights. Under the RCAP plan, during the first decade of the 21st Century government expenditures on Aboriginal issues would increase by between \$1.5 and \$2 billion per year over 1996 levels. Most of this increased cost is related to land claim settlements and other capacity-building activities. By the year 2016, the economic development fostered by this investment in capacity is expected to result in Aboriginal people making a \$375 million dollar contribution to the Canadian economy, as opposed to imposing an \$11 billion cost.

While one might quibble with the numbers, the message is clear. Without economic development the current dismal circumstances of Aboriginal people will continue and the cost to the economy increase tremendously. Aboriginal economic development is essential, and not just for Aboriginal people but for all Canadians. The question is—How will the needed development be accomplished? The next two sections address this question. The first deals with the roll of entrepreneurship in economic development and the second the Aboriginal approach to economic development.

Entrepreneurship and the Economy¹

A number of authors² address the issue of the relationship between entrepreneurship and the economy. Some authors take a relatively narrow or micro approach when discussing entrepreneurship while others adopt a much broader macro perspective. As with any set of micro and macro perspectives, one is not inherently superior to the other. Instead, the two simply reflect complementary views of the same process at different scales.

Those adopting a micro approach usually describe entrepreneurship as a process leading to the creation of a new venture. In doing so they usually focus on the person(s) creating the venture—the entrepreneur(s). An example can be found in Good's work *Building a Dream*, where he says

As agents of change **entrepreneurs** play, or can play, a number of roles in the economy. **They** can, for example:

- Create new product and/or service businesses
- Encourage better and/or lower-cost production operations
- Provide employment opportunities and create jobs
- Help contribute to regional and national economic growth
- Encourage greater industrial efficiency/productivity to enhance our international competitiveness (Good, 1997: 3; Emphasis added.)

While micro definitions are useful when considering business development on a case by

case basis, macro definitions offer greater insight into likely role of entrepreneurship in socio-economic development in general, and for Aboriginal communities in particular. To obtain a sense of the macro perspective we will look at the work of three authors—Michael Morris, Ken Blawatt and Peter Drucker.

Ken Blawatt (1998: xii) takes a broad view of the nature of entrepreneurship and the relationship between it and the economy. He says:

Entrepreneurship is a series of skills, but more so an anthology of developed principles ... Entrepreneurship itself is the genesis of business activity. More importantly it forms the basis of an economy and by some standards, is the economy of a nation (Blawatt, 1998: xii).

Let's look at the two parts of Blawatt's observation in more detail. First, he says entrepreneurship is a package of skills and principles (not a set of personality traits and behaviors). Presumably these principles can be identified and the skills learned and practiced. Then he stresses that entrepreneurship is not peripheral to the economy; instead, it is the basis of the economy. Blawatt elaborates upon this second point saying that:

- Entrepreneurs drive the economy, creating new concepts, innovations, new ventures, employment and national wealth.
- Entrepreneurs bring a balance to a nation's economic system, offsetting concentrations of power, increasing competitiveness.
- Entrepreneurship serves the community first and society by providing an improved standard of living, social responsiveness, sustainable industry. It adds to the social and psychological well being of the community by providing an outlet for creative action.
- Entrepreneurship ... offers third world countries the opportunity to become first world countries (Blawatt, 1998: 21)

Blawatt's last point is particularly pertinent to the topic of this paper. If entrepreneurship is the vehicle by which third world countries can develop into first world countries, should this not

¹ For an in-depth discussion of entrepreneurship and the economy see Anderson 2000.

² See for example Balderson 1998, Blawatt 1998, Drucker 1985, Foster 1986, Fry 1993, Kao 1989, Knowles and White 1995, Longnecker et al., 1998 Morris 1998, and Timmons 1994, 93.

be equally true for Aboriginal people as they strive to improve their socioeconomic circumstances? As the next section will show, the Aboriginal answer to this question is Yes!

Michael Morris in his book *Entrepreneurial Intensity: Sustainable Advantages for Individuals, Organizations and Societies*, expresses views about the nature of entrepreneurship and its role in the economy that are similar to Blawatt's. For example, when discussing its nature he says, "entrepreneurship is a universal construct that is applicable to any person, organization (private or public, large or small), or nation." While with respect to entrepreneurship's role in the economy he says "an entrepreneurial orientation is critical for the survival and growth of companies as well as the economic prosperity of nations" (Morris, 1998: 2). Morris's views supports the conclusion that entrepreneurship is a process that is as applicable in an Aboriginal context as it is in any other.

Peter Drucker also sees entrepreneurship as a process applicable in a wide range of circumstances and accessible to all. According to Drucker the economy of the late 20th Century is an entrepreneurial one. He argues that this entrepreneurial economy has emerged as an outcome of the application of the most important technology developed in the 20th Century—the principles and tools of management to:

- new enterprises, whether business or not, whereas most people until now have considered management applicable to existing enterprises only;
- small business, whereas most people were absolutely sure only a few years ago that management was for the "big boys" only;
- nonbusinesses (health care, education and so on), whereas most people still hear "business" when they encounter the word "management";
- activities that were simply not to be considered "enterprises" at all;

and above all to,

- systematic innovation, the search for and the exploitation of new opportunities for satisfying human wants and human needs (Drucker, 1985).

Can Drucker's list be extended to cover "the application of the principles of management to the creation of enterprises and institutions that

foster the development aspirations of Aboriginal people"? There seems to be no reason why it couldn't.

Based on Drucker, Morris and Blawatt, one can reach three conclusions. **First**, entrepreneurship is the process that results in the creation of enterprises, organizations and institutions that satisfy society's needs and wants. These bodies may be for-profit, not-for-profit or governmental **Second**, the process of entrepreneurship involves

1. the recognition of opportunities in the unmet or undersatisfied needs of people, and
2. the application of management technology (a set of principles and tools) to the conversion of such opportunities into viable enterprises, products, services, programs and institutions.

Third, entrepreneurship is a process that is universally applicable and accessible to all, rather than a set of characteristics inherent to a greater or lesser extent in particular individuals or societies.

The third conclusion is particularly important in an Aboriginal context. As you will see in the next section, one of the purposes of Aboriginal economic development is to preserve and strengthen traditional culture, values and languages, and to reflect the same in development activities. The notion that entrepreneurship is a process drawing on a defined and learnable set of skills and techniques as opposed to an outcome achieved by individuals with a specific set of traits is important and encouraging. This means that practicing entrepreneurship does not require that Aboriginal people develop an individualistic approach to business based on personality traits, attributes and practices that may conflict with their culture and values. Rather, the techniques and tools of entrepreneurship can be used just as effectively in a traditional society—one that emphasizes group rather than individual ownership, sharing rather than individual rewards, and sustainable development—as they can in an individualistic society.

These three conclusions being so, it seems clear that entrepreneurship should be embraced by Aboriginal people as a tool they can use to pursue their development objectives. Support for this conclusion can be found in the economic development experience of the Japanese following the World War II. In the chapter entitled "Identifying Opportunities: Knowing Where to Strike" from *The New Competition* (Kotler et al,

1985: 61–85), the authors described Japan's situation following the Second World War as follows:

It's politics and economics were ruled by a foreign power. It's constitution, educational system, and other administrative structures and processes were fostered—some might say imposed—by the Occupation forces.

Continuing well into the 1950's, the Japanese economy faced many constraints: Capital was in short supply, the technologies required to revitalize many industry segments were to be found only overseas, costs were too high in many industry segments, and balance of payments problems abound because the country imports more than it sells abroad.

How was it to pull itself out of its economic doldrums? What industries might or should lead the way? What respective role should government agencies and the private sector play in making these choices? In search of these answers, **opportunity identification and management** emerged as one of the most important factors (Kotler et al., 1985: 61).

There are remarkable similarities between the circumstances the Japanese faced then and those Aboriginal People face now. It follows that opportunity identification and management (the essential components of the process of entrepreneurship) will be as critical to Aboriginal economic development as they were to Japanese development. The question is—Under what circumstances and conditions will Aboriginal entrepreneurship take place, and what will the process look like? This question is addressed in the next section.

The Aboriginal Approach to Economic Development: Characteristics

Based on work done earlier (Anderson, 1999), the approach to economic development being adopted by the Aboriginal people in Canada has eight key characteristics (Figure 1). First and overall, individual First Nations and Inuit and Metis communities exhibit a predominately collective approach to economic development that is

closely tied to each group's traditional lands, its identity as a Nation and its desire to be self-governing.

This collective approach is intended to serve three **purposes**: the attainment of economic self-sufficiency, the improvement of socioeconomic circumstances, and the preservation and strengthening of traditional culture, values and languages. Expanding on the later point, the following were identified as key traditional values by the people of the First Nations of the Meadow Lake Tribal Council³

1. communal rather individual ownership,
2. sharing and group recognition rather than individual rewards,
3. respect for elders and 'mother earth',⁴
4. a concern about future generations, and
5. consensus decision-making.

While generalizations are risky, it is fair to say that most Aboriginal groups hold similar views.

Aboriginal Peoples in Canada believe that they can achieve their three development purposes through participation in the global economy and have adopted **processes** that reflect this belief. They are creating businesses to compete in the global economy in order to generate the wealth necessary to support self-government and improve socioeconomic conditions. At the same time, through business ownership Aboriginal people expect to exercise greater control over activities in their traditional territories. When creating these businesses Aboriginal people are more than willing to enter into mutually beneficial partnerships and alliances with other Aboriginal groups and non-Aboriginal companies.⁵

Aboriginal people recognize that the success of their approach depends on the long-term profitability of the businesses that they create. Further, they understand that the process of entrepreneurship is the key to the creation of successful businesses. Over and over and over again, they must identify viable business opportunities. Then, through the applications of the tools of management they must convert these opportunities in viable, sustainable enterprises. Further, Aboriginal people realize that key

³ See Anderson and Bone 1998, Anderson 1999

⁴ See Loomis 2000 for a discussion the holistic nature of the approach to development exhibit by Indigenous people elsewhere in the world, particularly the Maori in New Zealand.

⁵ See Anderson 1997 for an in-depth discussion of business development partnerships between Aboriginal groups and non-Aboriginal corporations.

FIGURE 1

The Eight Characteristics of the Aboriginal Approach to Economic Development

The Aboriginal Peoples **approach** to economic development is

1. predominately collective and closely tied to each group's traditional lands, its identity as a Nation and its desire to be self-governing.

The approach is intended to achieve the following **purposes**

2. Attaining economic self-sufficiency as a necessary condition for the realization of self-government.
3. Improving the socioeconomic circumstances of Aboriginal people.
4. Preserving and strengthening traditional culture, values and languages and the reflection of the same in development activities

The approach involve the following **processes**:

5. Creating and operating businesses to exercise the control over the economic development process.
6. Creating and operating businesses that can compete profitably over the long run in the global economy, to build the economy necessary to support self-government and improve socioeconomic conditions.
7. Forming alliances and joint ventures among themselves and with non-Indigenous partners to create businesses that can compete profitably in the global economy.
8. Building capacity for economic development through: (i) education, training and institution building and (ii) the realization of the treaty and Indigenous rights to land and resources.

to entrepreneurial success is capacity—human, financial and physical. People must know how to do entrepreneurship, and they must have the resources necessary to do it successfully.

The resolution of land claims and the realization of treaty rights are particularly important capacity building aspect of the Aboriginal approach to economic development. Land claims and modern treaties address the twin issues of

Aboriginal control over activities on their traditional lands and capacity building for economic development. According to J. Rick Ponting land claim agreements are intended to

carry Indians forward with both a viable traditional sector for those who chose that way of life, and provide an adequate share of political-economic power ... to be used to protect Indian interests and to create enduring economic opportunity of the non-traditional type (Ponting, 1986: 194).

This adequate share of political-economic power is to be achieved through:

1. cash compensation,
2. outright ownership and control over an expanded land base,
3. a right to participate in the management of activities on a far larger 'shared' land base, and
4. the establishment of a variety of governmental and administrative bodies to provide for the exercise of self-government and the pursuit of socioeconomic development.

The Royal Commission on Aboriginal People estimates the average annual cost for settling claims will exceed \$1 billion per year over the period 1996 to 2016.

In the next section attention shifts to implementation and addresses two questions. First, are Aboriginal people implementing the approach to development as just described? Second, if it is being implemented, is the approach working?

The Aboriginal Approach to Economic Development: Implementation and Outcomes

This section focuses on the implementation of the Aboriginal approach to development. To do so, it looks the economic development activities of three groups of Aboriginal people: (i) the Inuit of Northern Quebec, (ii) the Inuvialuit of the mouth of the Mackenzie River in the Northwest Territories, and (iii) the First Nations in Saskatchewan. The activities of all three groups illustrate the Aboriginal approach to development in action. In addition, the activities of Inuit and Inuvialuit provide insight into the important capacity building impact of land claims settlements. Also considered in this section is a report called *The Road Less Traveled: Aboriginal Entrepreneurs Building Economic Independence in the*

1990s (NITA & GSI, 1998: 78). This report reaffirms the effectiveness of the Aboriginal approach to development and confirms the critical importance that innovation and managerial skills in that effectiveness.

First, the Inuit of Northern Quebec. The Inuit created the Makivik Corporation on June 23rd, 1978 to administer the implementation of the James Bay and Northern Quebec Agreement (JBNQA)⁶ and to invest the \$90 million in compensation, to be received between 1975–1996 under the terms of the agreement. The mandate of the corporation was then, and still is, to foster socioeconomic development among the 14 Inuit communities that are signatories to the JBNQA.

From its creation to March 1998, the corporation's accomplishments have been considerable. Specifically, over the 20-year period the Makivik Corporation increased the value of Inuit compensation funds to \$145 million from the original \$90 million. Over the same time, the corporation invested more than \$40 million in the construction of much needed municipal facilities such as arenas and community centres to improve social conditions in Nunavik. Furthermore, the corporation have made over \$6 million in donations to various Nunavik organizations (Makivik, 1998b: 1).

During the same 20-year period, the Makivik Corporation was active in business development creating several large subsidiary companies that now employ 1,100 people. These companies include:

Air Inuit: Nunavik's regional airline. It employs 200 people in its various operations. Its revenues reached \$27 million in 1993.

First Air: A major air carrier in Canada's eastern Arctic. It links the north to the south, and the Canadian Arctic to Greenland.

Seaku Fisheries: Exploits shrimp stocks, groundfish, and develops inshore projects with Inuit entrepreneurs. Makivik is also a 50% partner of Unaaq Fisheries with Qikiqtaaluk Corporation.

Nunavik Arctic Foods: Harvests wild meat in Nunavik, processes it in four community processing centers, and markets the meat

(caribou, seal, ptarmigan, Arctic char) in Nunavik and southern markets.

Pan Arctic Inuit Logistics Inc.) PAIL is a joint venture company between Makivik, the Labrador Inuit Development Corporation, Nunasi Corporation, the Inuvialuit Development Corporation, and Frontec Logistic Corporation. It operates and maintains radar sites that are part of the North Warning System (Makivik, 1998a: 1).

These are the kinds of development outcomes that the authors of the RCAP report and other proponent of land claims settlements have anticipated.

In achieving these successes, the Inuit in Northern Quebec provide an excellent example of the Aboriginal approach to economic development described in the previous section. Their focus has been on the community, present and future. Their objective has been socioeconomic development in a manner consistent with and supportive of traditional values and practices. For example, Seaku Fisheries and Nunavik Arctic Foods are designed to blend aspects of tradition life on the land and the modern dollar-based economy to improve the socioeconomic circumstance of those wishing the follow a primarily traditional life-style. The development process has involved the creation of businesses to compete in the broader nation and global economy (e.g., First Air and Nunavik Arctic Foods), and often involve joint ventures with other Aboriginal and non-Aboriginal parties (e.g., Unaaq Fisheries and Pan Arctic Inuit Logistics).

Now to consider the Inuvialuit of the Northwest Territories. Under the term of the Inuvialuit Final Agreement⁷ (IFA) signed in May 1994, the Inuvialuit received financial compensation consisted of \$45 million, plus a \$7.5 million social development fund and a \$10 economic enhancement fund, for a total of \$62.5 million. This money was received between 1984 and 1997. The Inuvialuit also achieved control over a considerable area of their traditional lands—13,000 km² with full surface and subsurface rights and 78,000 km² excluding oil and gas rights.

In 1984, the Inuvialuit Regional Corporation (IRC) was formed to receive the lands and financial compensation obtained by the Inuvialuit

⁶ For a more detail discussion of the JBNQA and the forces that led the agreement see Anderson 1999.

⁷ See Anderson 1999 for more details.

under the terms of the IFA. The IRC is controlled by the Aboriginal people of the six communities that are party to the IFA. Each community

has a community corporation with elected directors. The chair of each community corporation forms the IRC Board of Directors. The Chair/CEO of IRC is elected by the directors of the six community corporations (ICG, 1997: 4).

The corporation was given "the overall responsibility of managing the affairs of the settlement to achieve the objectives in the IFA" (ICG, 1997: 4). According to the introduction to the 1997 Annual Report of the Inuvialuit Corporate Group these objectives are to:

Preserve Inuvialuit cultural identity and values within a changing northern society.

Enable Inuvialuit to be equal and meaningful participants in the northern and national economy and society.

Protect and preserve the Arctic wildlife, environment and biological productivity (ICG, 1997: 4).

In both their objectives (to preserve and enhance culture and traditional practices while participating fully in the local, regional and national economy) and their approach (collective with the people participating through their communities and the assets held by the communities in common), the Inuvialuit provide another example the Aboriginal approach to development described earlier.

The question is, is the Inuvialuit approach working?

The results reported in the 1997 annual report of the Inuvialuit Corporate Group (ICG) answer this question with a resounding yes! The ICG ended 1997 with total assets of \$305.4 million as compared to \$286 million at the end of 1996. Over the same period, its liabilities declined from \$118 million to \$93.4 million and beneficiaries equity rose from \$168 million to \$212 million. The three economic subsidiaries of the ICG — the Inuvialuit Development Corporation, the Inuvialuit Petroleum Corporation and the Inuvialuit Investment Corporation — earned a combined after tax profit of \$12.6 in 1997, up from \$11.3 million in 1996. The 1997 profit was earned on revenues of \$146.3 million. Revenues in 1996 were \$130.3 million.

In earning its 1997 profits, the ICG paid out a total of \$6.2 million in wages and salaries. In addition to these salaries, the Group paid honorariums of \$525,692, provided student financial support of \$341,500, made payments to elders and youth of \$494,500, distributed \$819,500 in dividends to beneficiaries, paid \$390,000 to Community Corporations and made other payments of \$145,665. In total, in 1997 almost \$8,875,000 was provided from the operations of the Inuvialuit Corporate Group to Inuvialuit individuals, groups and communities (ICG, 1997: 25). This is a significant increase over the already impressive \$6,150,000 paid out in 1996. All of this is an excellent and on-going return on the \$62.5 million the Inuvialuit received over the preceding decade under the terms of the IFA. Further evidence that investing economic development capacity through landclaims settlements works, and works well.

Finally, the First Nations in Saskatchewan. Research conducted in 1996 (Anderson, 1995) into the economic development activities of the 70 First Nations in Saskatchewan indicates that they are implementing the approach to development described in Figure 1. First, the findings indicated that 18% of the First Nations' business arrangements targeted national/international markets and 58% regional markets, while only 24% targeted local markets. Further, the results showed that 85% of the national/international businesses were joint ventures, as were 58% of all regional businesses. Finally, 'collectively-owned' businesses accounted for 91% of national/international and 76% of regional business arrangements. Clearly, the First Nations of Saskatchewan have implemented a collective approach to business development that is outwardly focussed and in which joint ventures play a prominent role.

The results also indicated a relationship between the form of ownership and geographic focus of a business and the size of the business. Among businesses with revenues of less than \$100,000, 86% were owned by First Nation individuals, 10% by First Nations and 4% were joint ventures. For those with revenues between \$100,000 and \$400,000, the distribution was 42%, 32% and 26% for individual-owned, First Nation-owned and joint venture businesses, respectively. A marked shift in the ownership distribution pattern became evident with the next category. Sixty-seven percent of the businesses in the category \$400,001 to \$750,000 were owned by First

Nations and 33% were joint ventures. None were owned by individuals. The pattern is similar for the category \$751,000 to \$2,000,000 with 56% being First Nation-owned and 33% joint ventures. One business in this category was owned by an individual. Finally, joint ventures accounted for 75% of the businesses with revenue over \$2,000,000. First Nations owned the remaining 25%. None were owned by individuals. From these results, it is apparent that the type of businesses favoured by the First Nations' approach to development (collectively-owned owned focusing on regional, national and international markets) are the largest in terms of revenue.

The Road Less Traveled: Aboriginal Entrepreneurs Building Economic Independence in the 1990s, a report jointly prepared by Native Investment and Trade Association and Growth Strategies International, offers additional evidence that Aboriginal people are successfully implementing their approach to development. According to the report, Aboriginal companies that focus on serving markets at the regional, national and international level are outperforming those that focus on serving local markets. For example, the report states that:

The most successful method of expansion was to *expand beyond current markets to international markets beyond Canada*. ... companies that expanded internationally had average profits of \$27,000 per employee and profit margins of 10.8 percent compared with profits of \$18,000 and margins of 4.6 percent for companies that did not.

The second most successful method of expansion, and one much easier to implement, was to *find new markets within Canada*. Companies that expanded within Canada had average profits of \$24,000 and margins of 8.5 percent (NITA & GSI, 1998: 78).

Two conclusions flow from these findings. First, Aboriginal companies are participating in the broader regional, national and international markets as one would expect given the Aboriginal approach to development. Second, businesses operating at this broader market scale are more successful (profit and margin) than those targeting local markets.

In addition, evidence from *The Road Less Traveled* also indicates that entrepreneurial process plays an important role in the success of

Aboriginal businesses. The report's authors concluded that:

The factors with the greatest impact on the performance of Aboriginal companies were their willingness to continuously innovate [and to] build core competencies in their managers and employees (NITA & GSI, 1998: 96).

More specifically, when exploring the impact of innovation, the authors found that:

Innovation strategies were strongly related to the incomes, profits, and margins of the Aboriginal companies. Companies that were implementing new products/services had margins of 10.4 percent compared with 3.0 percent for companies not doing so.

While with respect to competency in management, the report says that

Improved general management skills was the core competency related to the highest gain in margin (126% gain). ... reduced costs (124% gain), improved marketing (97% gain), better employee skills (92% gain), and improved financial management (61% gain) were all related to solidly stronger profit margins (NITA & GSI, 1998: 97).

In other words, the better an Aboriginal company was at entrepreneurship, the more successful it was.

Conclusions

The current socioeconomic circumstances of Aboriginal people in Canada are unacceptable and they will worsen over time unless 'something' is done. The cost of failing to do 'something' will be immense and will be borne by all Canadians not just Aboriginal people. The 'something' that needs to be done is economic development.

Aboriginal people in Canada have a clear picture about how they will approach economic development (collectively), and what they want to achieve as an outcome (economic self-sufficiency and self-government, improved socioeconomic circumstance and the preservation and use of traditional values). Business development lies at the heart of the process adopted to achieve these purposes. To create, operate and grow these businesses, Aboriginal people must be able

to do entrepreneurship successfully over and over again. Entrepreneurial success requires

1. the ability to identify viable opportunities;
2. the ability to apply the tools and techniques of management to convert opportunities into viable businesses, products and/or services; and
3. the resources necessary to create viable business from the opportunities identified.

The key to the first two is education and experience. Entrepreneurship can be learned and practiced. The settlement of land claims and the realization of treaty rights play a large role in the third factor. These rights are the 'capital' of the Aboriginal people in Canada.

The just settlement of outstanding claims does not provide a benefit to Aboriginal people at the expense of non-Aboriginal Canadians. Rather, such settlements will provide the foundation for a better future for all. The people of Canada can make a modest investment in Aboriginal economic development capacity now and over the next decade and reap the benefits, or they can do nothing and pay a tremendous price in the future.

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UNDERSTANDING COMMUNITY CAPACITY: *Planning, Research and Methodology*

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Sean Markey, Kelly Vodden, Stephen Ameyaw,
John Pierce and Mark Roseland

INTRODUCTION

In the wake of the Royal Commission on Aboriginal Peoples, Gathering Strength, Delgamuukw, and a tripartite review of the British Columbia Treaty Process a great deal of interest has arisen in the concept of “capacity” in Aboriginal communities. Panels have been formed, policies and programs announced and significant dollars invested. But do we know exactly what capacity really means? Is it financial? Is it ecological? Organizational? Human? How can we determine what kinds of capacity are really needed to build stronger, self-reliant communities? And how can communities lead the process of identifying and building their own local capacity?

This paper seeks to answer, in part, the above questions by describing methods used in community capacity assessment for sustainable community economic development (CED). In particular we will be presenting the framework adopted by a three year research initiative being conducted by the Community Economic Development Centre (CEDC) at Simon Fraser University, entitled “Promoting CED for Forest-based Communities.” The project examines the process

of CED, including capacity assessment, within the rural setting of four British Columbia forest-dependent communities: The Nuxalk Nation, Bella Coola; The Upper St’at’imc Nation, Lillooet; Salmon Arm; and, 100 Mile House, South Cariboo.

The paper begins by reviewing key terms and describing an overall development process used to facilitate CED. The importance of the capacity assessment components of this development process are then discussed before describing a variety of methods for assessing community capacity. Next, an example of how capacity assessment was applied in the CED Centre project is described. Finally, analysis and conclusions about the process of community capacity assessment, drawn from our experiences, are provided.

Definitions of Key Terms

Two key terms, which have a variety of meanings and uses, dominate the discussion below, “community economic development” and “community capacity.” As such, they require clarification. CED is a process by which communities can initiate and generate their own solutions

Sean Markey, Kelly Vodden, Stephen Ameyaw, John Pierce and Mark Roseland, all of Community Economic Development Centre, Simon Fraser University, British Columbia.

to their common economic problems and thereby build long-term community capacity and foster the integration of economic, social and environmental objectives (Ross/McRobie Report, 1987). CED builds upon a tradition of alternative development, which seeks greater levels of community self-reliance through the active engagement and participation of community members in the planning, decision-making and implementation of development activities.

Capacity is defined here as the ability to identify, enhance and mobilize the human potential, economic opportunities, social relationships, and ecological resources found within a community for the purpose of improved community stability. While these four categories of capacity are listed and explored independently for the purposes of identification, the integration of the human, economic, social and ecological forms of capacity is essential for long-term community stability achieved through an adherence to the principles of sustainability.

The approach of linking community capacity to the integrative principles of sustainability differs from definitions of capacity and capacity building provided in other studies. Authors such as Hondale (1982), Fiszbein (1997), and McGuire (1994) emphasize structural and management aspects of capacity. The main difference provided here is primarily the addition of ecological criteria in the decision-making and capacity building framework. Common among these definitions of capacity, and the one provided by the CED Centre project, is the notion of capacity being an enabling factor that enhances the capabilities of people and institutions to direct or create action. Community capacity therefore is a central requirement of a broader community development process.

CAPACITY ASSESSMENT AND THE DEVELOPMENT PROCESS

CED is an "action-oriented" discipline. As such, problem solving exists at the core of its mandate. By creating conditions for local control, a variety of social, economic, and ecological benefits may be experienced by the surrounding community, reversing conditions of dependency and value-subtraction created through traditional, disassociated economic relationships. Benefits of local control include greater levels of accountability as a byproduct of ownership and social inti-

macy; capacity building; the pursuit of appropriate development initiatives grounded upon local knowledge and conditions; and, broadening of the beneficiaries of development.

The community problem solving nature of CED has resulted in a variety of development processes in which to identify problems and opportunities, set local goals and objectives and develop strategies for the financing and implementation of development initiatives. The principles and theories of alternative development are essentially merged with variations of the strategic planning process (Galaway and Hudson, 1994):

The difference between strategic planning and development planning is primarily one of scope. Development planning is defined as the application and broadening of strategic planning principles to include promotion of individual and community well being (Lamontagne, 1994: 210).

The use of a development framework provides a heuristic device from which the principles of CED, drawing upon alternative development theory, may be made contextually appropriate to the dynamics of a specific community and applied. Figure 1 outlines a Six Step CED Process used by the CED Centre which contains the capacity assessment process.

As Bendavid-Val (1991) points out, the function of such a model is to provide a framework in order to deal with the complexities of

FIGURE 1
Six Step CED Process

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1. *Process Initiation*
 - Identification of needs and opportunities
 - Process design
 2. *Data Collection*
 - Information requirements
 - Methods
 3. *Analyse and Interpret Data*
 - Community capacity assessment
 - Situation analysis (external factors)
 4. *CED Planning*
 - Determining community vision
 - Knowledge of CED initiatives
 - Initiative selection
 5. *Implementation*
 6. *Monitoring and Revision*

reality. In practice, CED planning and implementation will rarely follow the precise sequence of steps provided above, however, it is likely that a variation of the stages will be experienced at different times in the process. Attention to these six steps provides an avenue through which alternative development principles such as participation and the consideration of economic, social, and ecological variables may be tangibly addressed. Community capacity assessment takes place in steps two and three, providing critical contextual information that informs development decisions taken in later stages of the process.

The Need for Community Capacity Assessment

In recent years there has been a dramatic rise in interest in the concept of community capacity within fields associated with community development (Aspen Institute, 1996). The interest is linked with broader trends that have highlighted the importance of community capacity in responding to the pressures of externally driven change and to demands for greater local control rising from the community level.

External forces that influence the development patterns and prospects of communities include corporate restructuring and mobility, economic cycles, government downloading, and ecological change. The pace and extent of external forces make it necessary for communities to organize themselves to defend local interests and values. Locally derived responses require the mobilization of community capacity in the defense or offense of community stability and viability.

Internal forces calling for the application of community capacity are locally driven and inspired by the lure of alternative development, which offers an empowering contrast to the numbing effects of dependency. The transition from being consumers of services and external decisions, to becoming active participants in the development process, is one of the key motivating forces behind CED. Development activities which seek to localize benefits, balance social, economic, and ecological objectives, minimize costs, and build community are appealing in a world of centrifugal economic forces which often leave communities disconnected and with fewer long-term development options.

The combination of these external and internal forces represents a unique opportunity to

those promoting alternative forms of local development. Communities and their leaders are in a position where they are relatively free from the constraints that have inhibited the promotion of alternative development in the past. For example, dependency on a single employer or industry often leads to fear of development efforts that may be seen to undermine that employer. While dominant sectors may ultimately be detracting from the long-term health and potential of a community economy, and re-investing little in the development of the community, they will often hold greater political influence than other sectors which seek diversification and local control (Halseth, 1998; Clapp, 1998). However, as corporations and governments withdraw from local communities, also disappearing are certain ideological or economic pressures that have sought to maintain the status quo. While communities are now in a position to reflect upon the long-term consequences of status quo decisions and values, they are more likely to be concerned with finding solutions to their economic, social and ecological problems. As a result, the values of economic diversity, local control, and ecological health, all central tenets of CED, are emerging in the development discourse within the province of British Columbia.

A key question remains, however. Do communities have the capacity to seek and implement alternative paths of development? Studies have shown that the capacity to undertake sustained development efforts is lacking in many communities, particularly smaller rural communities (Kinsley, 1996; Walzer, 1991; Reed and Paulson, 1990). Communities may lack leadership, the organizational requirements necessary to plan local development, economic resources, or quality surroundings, all of which contribute to a community's ability to foster local economic development. Efforts to reverse declines in economic well-being and quality of life, and seek an approach more tolerant of diversity and more supportive of local control, will require that the capacity of communities to pursue their own potential be restored and enhanced. In order to take advantage of existing community capacities, however, and take steps to build on areas requiring further development, current levels of community capacity must be assessed.

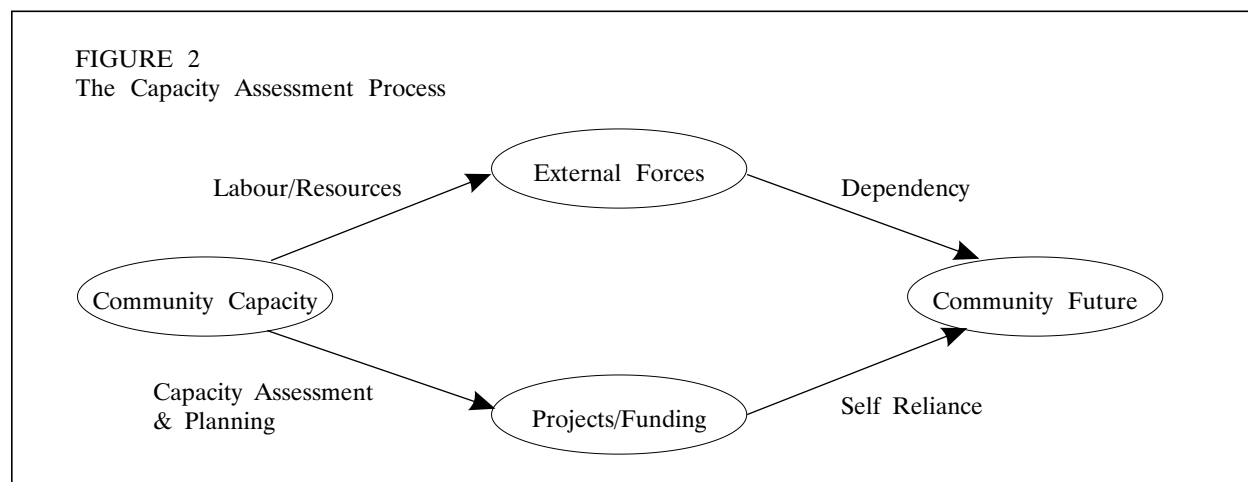
The CEDC research team identified five additional benefits of capacity assessment. First, development decisions that are based upon a clear assessment of a community's capacity have

a greater likelihood of success and of contributing to the desired future of the community. Projects and funding that are pursued in a less informed and reactive manner will face more barriers to success, as community support may be lacking or initiatives may not represent an appropriate fit with the community, financially, ecologically, or in terms of human resources. If a community is unable to generate viable development initiatives, external forces will have a larger role in determining the future of the community, creating or repeating conditions of dependency.¹ Adopting development initiatives that are beyond the capacity of the community may result in a transfer of accountability, value, and skills development to organizations and individuals outside of the community.

Second, as communities step from the historic stability of dependency and specialization, and into the uncertainty and complexity of economic diversification, they are vulnerable to a variety of factors. There are numerous approaches to growth and development. Communities must be careful to avoid short-term strategies that may merely repeat cycles of dependency. Among the list of development "fix" options are: "get rich quick" strategies that may overburden communities with unmanageable debt, inadequately represent local values, and sacrifice longer-term ecological health²; and catering to corporate boosterism in an attempt to achieve short-term political objectives and reverse trends

of a poor investment climate. Development activities and investments based upon solid information about the community (needs and opportunities) will help to avoid over-burdening the community with false hopes or poor investment decisions based upon development trends or fads. Empowered by knowledge of their human, social, economic and ecological capacity, communities are able to pursue locally appropriate development options that mobilize and build upon local strengths. The ability to create stability through diversity and holistic development may involve aspects of a community that have not been considered of economic value in the past. Attention to the four areas of community capacity will yield a variety of development options, contributing to the overall search for and conservation of social, economic, and ecological diversity in the pursuit of community stability. In order to identify locally appropriate and diverse development strategies, community capacity assessment is a vital process for communities to experience. It provides a new lens with which to view community and economic opportunities.

As the capacity of local communities to conduct their own affairs increases, the negative consequences of core-periphery relationships, which define many rural communities, will decline. Figure 2 illustrates the value of the capacity assessment process in terms of increased self-reliance and decreased external dependency.



¹ A community may be unable to generate local development initiatives for a variety of reasons, including: lack of access to resources, lack of leadership, low skills levels, an inability to raise capital, or divisions within community that impede collective action.

² Daly and Cobb (1994) refer to such strategies as development that impoverishes, rather than enriches.

A third benefit of conducting capacity assessment within an overall development process is that it brings an emphasis on local realities into strategic planning that may otherwise be mechanistic and generic in nature. Planning becomes more appropriate as it is modified according to the local context. In this manner, the integrity of the framework remains intact yet is tailored to local conditions.

Fourth, capacity assessment creates a database of broad-based and varied information about communities. Once formed, the database may be developed into a community monitoring system. Community monitoring is linked with the CED process in step six. This capacity information can be used not only to measure the viability and appropriateness of proposed initiatives in the planning stage of the CED process (step 4) but also to measure the impact of development decisions and community change, both internally or externally generated, over time. With a prolonged commitment to community monitoring, longitudinal analysis of various capacity trends will help to foster proactive development in the community. Viewed over time, trends in, for example, education, the quality of the environment or resource sustainability will become apparent to community decision-makers, encouraging actions to be taken when needed.

Finally, the process of capacity assessment is in itself a capacity building exercise. Information generated may provide new insights or perspectives for community leaders and CED practitioners and can also be communicated to the community at large. Sharing information not only increases local education and awareness but may generate increased participation or support for development activities.

Collecting Capacity Assessment Information

There are a variety of community-based research methods that are compatible with the capacity assessment process. Both quantitative and qualitative techniques yield useful data. Combining both types of data sources ensures that local insights and knowledge are balanced with aggregate statistics. The following seven research methods illustrate a variety of techniques that may be used to collect data useful in assessing community capacity.

Profile — Aggregate, Quantitative, Descriptive

The community profile is a logical starting point for the capacity assessment process. Combining quantitative statistical data with descriptive data about the community, profile will provide a rough indication of the current condition of the community. Types of aggregate statistical data may include labour force, income, education levels, population and a host of others. The advantage of the statistical data is that it is usually easily attainable from Statistics Canada. It is important to note, however, that smaller communities may not benefit as much from statistical data as larger communities, as the sample size may be too large to capture local nuances. Descriptive data about the community may include information about the local infrastructure, cultural and natural amenities, government information, and other points that provide an on-the-ground picture of the community. This can be gathered through community interviews, documents, and observation (see below). If historical data is included in the statistical portion of a profile, trend analysis may be conducted, allowing the researcher or community developers an opportunity to view specific indicators over time, providing a more accurate picture of decline, stasis or improvement.

Survey

Surveys can be an important tool for measuring the perceptions of community residents. Surveys may be tailored to ask specific questions relating to tangible development issues or general thoughts on the future direction of a community. Surveys serve the added function of involving a broad cross-section of members in the community and informing people of community issues and planning processes. A survey may also help to identify residents with development ideas, resources, or interest in more involved participation. Reporting back to the community with results will keep the momentum of the process going and create positive conditions for future community involvement by establishing the credibility and sincerity of the development process.

Focus Groups

Focus groups can be particularly useful in assessing community perceptions related to specific development issues. Groups may be ran-

domly assembled or targeted to capture the thoughts of a specific sector in the community (e.g. gender, age, employment). Focus groups help to create a safe environment for open discussion and will provide a more thorough examination of development issues than a survey. Group sizes may vary, as may the interviewing time and location. A modified version of the focus group is the "living room" or "kitchen table" meeting which create a non-intimidating environment that combines research, information sharing, and socializing (Gill, 1996).

Advisory Committee

Advisory or steering committees are important for any community development process. Having a core group of volunteers and staff with specific areas of interest and knowledge about the community will create a synergy around community development and help to ensure that the process leads to action. Specifically related to the capacity assessment process, an advisory committee can provide ongoing input and assist with the process of interpreting research data and moving the CED process into initiative selection. Individual members may also "champion" different aspects of the capacity assessment process.

Key Informant Interviews

Key informant interviews can be an efficient way of assessing community capacity. By targeting specific people deemed to be knowledgeable about the community, detailed and thoughtful insight can be gathered in a short period of time. It is important to identify a range of people who will be able to reflect upon the community from different angles. Individuals in formal governing positions, local business people, and community-based organization leaders all represent potential interviewees.

Community Interviewing

Blakely (1994) has suggested that it is important to tap the local personal knowledge of community residents. Community-wide interviewing can be a time consuming process, however, it may yield the most comprehensive data about the community. Community interviewing facilitates broader participation and can be structured to inform the development process about subjective issues, such as community visioning, or more tangible development opportunities.

Asset Mapping

The purpose of asset mapping is to build collaborative relationships and direct them towards community development projects (Kretzmann and McKnight, 1993). The process produces a visual representation and inventory of the resources, talents, and strengths present in a community. The capacities of each community member, association, and institution are identified and recorded through a Capacity Study. Relationships between groups and individuals may then be explored to create innovative solutions to building community capacity.

The seven capacity assessment methods listed above do not provide a comprehensive overview of all possible research methods, however, they offer a sampling of different techniques that communities may adapt to suit their specific needs and development interests. Each of these methods has a variety of strengths and weaknesses. Five criteria for selecting the most appropriate methods for collecting capacity information are discussed below.

Methods Criteria

An extensive review of capacity assessment literature has been condensed into a single integrated model, see Table 1. Ideally, an assessment method would involve both the residents and community leadership and would require only modest investment of time and money. As such, criteria for selecting a set of data collection methods when conducting capacity assessment include: resident involvement, community leadership involvement, time, and cost.

The merits of each of the methods discussed above with respect to each of these four criteria can be illustrated in Table 1.

Clearly there is no "one best method" for collecting community capacity information. Communities and researchers should balance the strengths and weaknesses of different data collection options by employing more than one method. Further, weaknesses of the methods reported here can be overcome through adaptations and adjustments. For example, partnerships can be created with educational institutions to decrease the cost of profile research or conducting community interviews through student involvement. Also, levels of volunteerism may vary between communities, thereby reducing the cost of data collection.

TABLE 1
Criteria for Capacity Assessment Methods

<i>Criteria Methods</i>	<i>Resident Involvement</i>	<i>Leadership Involvement</i>	<i>Time Requirements</i>	<i>Cost</i>
Profile	Low	Moderate	Moderate	Low
Survey	High	Moderate	Moderate	Moderate
Focus Group	Moderate	Moderate	Moderate	Moderate
Advisory Committee	Low	High	Moderate	Low
Key Informants	Low	High	Low	Low
Community Interviewing	Moderate	Low	High	High
Asset Mapping	High	Moderate	High	High

CED researchers may wish to weigh the various criteria in terms of their importance to their organization. Perhaps time and cost are not significant factors and resident involvement is considered a priority. In this case, asset mapping or extensive interviewing would be the preferred approach.

The Capacity Assessment Process

Capacity assessment requires an assessment framework. The framework determines the type of data that should be collected and provides a heuristic device to simplify the complexity of community for the purposes of analysis and decision making. The framework should provide information on a variety of community attributes that help determine the success or failure of CED efforts and, building upon the principles of sustainability, include social, economic, and ecological factors. In building an assessment framework for use in the "CED for Forest-based Communities" project, it was decided that one way to measure the potential for CED in each community would be a comparison with a set of common characteristics proven to be influential in a broad cross-section of other successful communities.

Successful Community Economic Development (CED) has been defined as those activities that bring more money and employment into a community, result in increased community control over planning and resources, or create resiliency to external changes (Polese, Nozick, in Galaway and Hudson, 1994; the Aspen Institute, 1996). The definition and pursuit of success in these areas will vary greatly at the local level, reflecting the different values, culture and

resources found within communities. Success in CED is therefore ultimately defined by communities.

Communities and the circumstances they face are unique and diverse. There is, therefore, no "one size fits all" recipe for success in CED. CED strategies must be suited to unique local circumstances. The development of a set of rigid, prescriptive rules for CED planning, therefore, is neither appropriate nor realistic. However, the identification of favourable conditions for success based upon development theory and the past experiences of other communities, can provide useful information for communities engaging in CED.

Drawing upon CED and other development literature, key success factors were identified. Success factors identified in the literature were divided into human, economic, social, and ecological categories. From these success factors, indicators were developed and measures for each of these indicators were identified. Using these indicators and measures, it is possible to determine the degree to which the success factors of CED are present in a community (e.g. level of community capacity). For a full list of success factors, indicators and measures see Markey and Vodden (1999).

Identified success factors, or areas of community capacity, are as shown in Table 2.

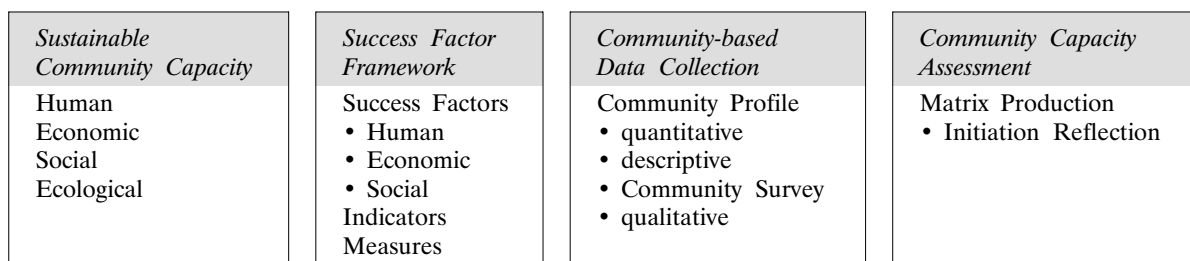
Assessing Capacity in Four B.C. Communities

Once the assessment framework had been developed the research team set to test its application in the four pilot communities involved in the "Promoting CED for Forest-based Communities"

TABLE 2
CED Success Factors

<i>Human Capacity</i>	<i>Social Capacity</i>
Skills and Education	Sense of Community
Leadership	Community-based Organizations
Civic Engagement	Community Participation/Planning/Cooperation
Entrepreneurial Spirit	
Labour Force	
<i>Economic Capacity</i>	<i>Ecological Capacity</i>
Economic Health	Ecosystem Health
Diversity	Natural Resources
Adaptability	Commercial Harvesting
Health of local businesses	Ecological Amenities
Sustainability	Stewardship
Informal economic activity	
Local Control	
Access to Capital	
Location/Infrastructure	
Service Amenities	

FIGURE 3
Capacity Assessment Conceptual Framework



project. The first stage was to collect quantitative and qualitative data from the communities to provide contextual information about each of the identified factors. After the data was collected it was compiled according to each success factor category in a capacity assessment matrix. The process can be illustrated in Figure 3.

Quantitative information was compiled by producing a community profile. Qualitative information was provided through interviews, observation and the use of a survey completed by a community-based working group. The survey was designed by adapting the success factors into questions. Asset mapping was also introduced but was not pursued at the community level.

Community Profile — Aggregate Quantitative/Descriptive

The most basic and familiar assessment tool used by the project was the community profile. Community interns produced the profiles using existing reports and data provided by Statistics Canada, making the information easily attainable. The downside of profile information is that statistical data used may already be obsolete in communities experiencing rapid change. Further, the data in some cases did not accurately reflect local conditions. It was found to be important to compare the quantitative profile data with qualitative interpretations of the community, as each informed the other. The basic profile outline used by the project is shown in Table 3.

TABLE 3
Community Profile Components

<i>Quantitative</i>	<i>Community Descriptive</i>	<i>Biophysical</i>
Trend Analysis (1986–1996): Local, Regional, Provincial Economic <ul style="list-style-type: none"> • employment • income • income source • labour force by sector Social <ul style="list-style-type: none"> • education • population • demographics • migration • health 	Community Specific <ul style="list-style-type: none"> • local history • crime rates • health services • governing structure • ethnicity • recreational and cultural facilities/programs • infrastructure • community groups 	air quality water quality biogeoclimatic zone land use designations wildlife and fisheries harvest rates ecological amenities stewardship programs

TABLE 4
Capacity Assessment Matrix Sample

<i>Indicators (Success Factors)</i>	<i>Measurement</i>	<i>Data Source/Notes</i>	<i>Profile Results</i>	<i>Survey Results</i>	<i>Regional/Provincial Comparison</i>
Economic Health					
Employment	Unemployment level				
Labour Force Participation	% of participation				
Labour Force by Sector	Distribution of labour force				
Income	Income avg. and median				
Etc.					

Success Factor Survey

Members of the community working groups were asked to complete a capacity assessment survey. Questions were designed to assess the presence or absence of various success factors in the community, using a 1–5 rating system. Median values for the responses were summarized into the final community survey results. (For a copy of the survey see www.sfu.ca/cedc/forestcomm/index.htm).

Advisory Committee

It was decided during research design that the project would work with representatives of local governments and institutional entities in each of the communities (i.e. municipal governments and band councils). These representatives, and other interested community groups and

members, were asked to form a working group. The task of the working group was to serve as an advisory body for the project at the community level and direct the implementation of the CED process, including capacity assessment.

Capacity Assessment Matrix

Once the data had been collected, it was necessary to compile it into a framework which allowed for a comparison between the different sources of data. A capacity assessment matrix was developed for this purpose (see Table 4 below for a sample).

Compiling and summarizing all of the data collected in the matrix provided an easy means with which to identify strengths and weaknesses in a community, differences between the statistical information and the perceptions of local

residents, and a comparison with regional and provincial statistics.

Working Group Discussions

Capacity assessment results were presented to the community-based working groups in the final phase of the capacity assessment process. A workshop was held to review the process, identify its purpose and place within the Six Step CED Planning model, and review findings. The strengths and weaknesses identified by the matrix were presented and explored by the working groups. In order to animate the findings, strengths and weaknesses were discussed in the context of different CED initiatives. For example:

- How would a specific initiative capitalize on strengths exhibited by the community?
- How would an initiative address community weaknesses?
- Which CED strategies does the community have the capacity to undertake?
- If the capacity does not currently exist within the community to build an initiative, how could it be developed?

These questions form the bridge between steps three and five in the Six Step model, moving the process from research to action.

Applying the capacity assessment results

Numerous initiatives were already being considered in each of the communities. Research and planning had been conducted for many of them. Initiative examples for the capacity assessment discussion were drawn from these existing projects in order to avoid unnecessary abstraction in the process. The research team also introduced potential initiatives and has subsequently compiled an inventory of CED initiatives in order to stimulate ideas for future projects (Smith, 1999).

The assessment provided insight into the challenges and opportunities presenting each of the four communities. Opportunities and challenges were identified for each area of community capacity: human, economic, social and ecological. For example, the Nuxalk Nation identified weaknesses in human resource capacity, particularly business planning skills. It was determined that business training would be required before opportunities could be pursued in a self-

reliant manner. In Lillooet, the need for an organization mandated to own and operate community business enterprises was identified. Opportunities identified included commercial and amenity values of the surrounding ecosystem, highlighting initiatives for community resource management, tourism and business retention and attraction due to a high quality of life. Another strength noted in the communities was a strong sense of place, a necessary ingredient to sustain long-term strategies for development and community capacity building.

ANALYSIS AND CONCLUSIONS

Development and application of a capacity assessment framework in the "CED for Forest Communities" project has provided lessons about both the methodology of capacity assessment and the benefits of its use within an overall planning process. The combination of community profile and capacity survey methods used in the project provided community working groups with a wealth of local information. From a research perspective, the capacity assessment process has yielded five major benefits to the overall CED process being conducted in the pilot communities. First, the integration of local information into the success factor framework provided the communities with a more holistic and contextual view of the development process. Economic development is not seen as a rigid process associated only with jobs and the economic base of the community. The framework illustrates how development decisions can both impact and be drawn from other aspects of the community, mainly social relationships, the role of individuals, and the health of the surrounding environment. The holistic approach to development was not merely presented in the abstract. Information was directly associated with community initiatives underway. In this manner, the integrated approach of community sustainability becomes a more tangible concept and objective.

Second, the comparison between the quantitative data of the profile and the qualitative data of the survey was a useful exercise for both SFU and community researchers, allowing for reflection upon common perceptions about each of the communities. In some cases the statistical evidence was challenged for not accurately reflecting the condition of the community while in others the perceptions of the working group members were seen to misrepresent the reality

of certain community conditions. For example, on the statistical side, the unemployment rate in the First Nations communities as represented by the profile was thought to be considerably lower than the actual rate in the community. In terms of the perceptions of community members, the contribution of the service sector to the community economy was noted by many to be higher than they had originally thought. Also, the unemployment level in one of the municipalities was shown statistically to be lower than the average rate for the province, including the Lower Mainland, yet the unemployment level was noted in the survey to be a primary concern and objective of the working group.

Third, the combination of the information from the profile and the survey into a community capacity matrix enabled working group members to quickly identify the main strengths and weakness of their community. While methods of presenting the data needs to be refined further, the process is designed to yield data that is both easily available to rural communities and in a format which can be understood and integrated into the decision-making process. The identification of strengths is key, as the pursuit of self-reliance demands that a community engage in development activities for which it is inherently suited. A key tenet of strategic planning is that organizations or communities build upon their existing strengths, rather than pursuing activities that exceed their existing capacity. Weaknesses identified in the community represent areas where capacity building activities may be pursued.

Fourth, linked with the previous point, the strengths and weaknesses of a community highlight key areas for the identification of possible development initiatives. Continuing research in the project is exploring how the findings from the capacity assessment process may be used to identify appropriate matches to CED initiatives such as training, development corporations and community resource management. Reflection upon ongoing and potential CED projects based on capacity assessment findings serves two purposes: first, communities may reassess opportunities and challenges associated with projects they are currently pursuing in light of new information; and second, new CED projects may be inspired that build upon existing capacity or create capacity where the need for development has been identified. Finally, as listed above, the communities have been provided with a foundation

of information from which a community monitoring system may be developed. The success factor framework provides a starting point for the organization of community information. A monitoring system will enable a community to track the impact of various development decisions. Successes can be celebrated and failures can be redesigned or abandoned, however, central to the pursuit of community self reliance is self or community knowledge. Monitoring places responsibility and ownership over the development of a community into the hands of community members. Much like GIS information is being used by communities throughout the province to gather and track local ecological information, a CED monitoring system can expand this process to include other aspects of the community that were previously or remain the responsibility of external institutions, be they governments or corporations.

The community capacity assessment process provides an empowering tool to communities engaging in broad-based, long-term community economic development planning. The underlying hypothesis behind the development of this tool is that communities will make better development decisions if they are provided with quality information. The consideration and integration of the human, economic, social, and ecological aspects of community capacity expands the horizons of economic development planning and embodies the integrative principles of sustainable development.

As communities experience the change and transition associated with current economic realities, it is useful to remember that the historical development of communities throughout British Columbia in the post-war period was not accidental. Decisions were made and plans were implemented that would fundamentally alter the landscape, culture and economy of the province. This process is merely repeating itself, albeit in an accelerated and more diversified manner. The lessons of the past dictate that communities must have a greater say over their own future to achieve community stability. In order to accomplish this, communities must enhance internal and external relationships, organize, plan and build upon their strengths and resources. Understanding which forms of capacity are most relevant and representative of community values is a process facilitated by the community capacity assessment process outlined above.

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FACILITATING THE DEVELOPMENT OF SUCCESSFUL ENTREPRENEURS IN KAHNAWAKE: *A Program That Is Working*

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Robert J. Oppenheimer, Tom O'Connell
and Louie John Diabo

ABSTRACT

The start-up and the first in a series of training programs designed to enable youth to start or expand businesses is discussed. The funding for the program was obtained by Kahnawake with an investment from the Department of Industry Canada designed to help youth develop their own businesses through debt financing. Thirteen people completed the course and six loan applications — supported by business plans — were submitted. Five of the loans were approved; and after one and a half years all five businesses are operating. All have been repaying their loans in a timely manner and are growing at a moderate pace.

Robert J. Oppenheimer is an Associate Professor of Management at Concordia University. He earned his Ph.D. in management and also has an MBA. He has provided consulting services to a broad range of organizations in both the private and public sectors. This has included designing, delivering and coordinating training provided by the Faculty of Commerce and Administration of Concordia University with the Cree communities of Quebec. This training was based upon a training needs diagnosis he conducted with Tom O'Connell. Robert, with Louie John Diabo and Tom O'Connell developed and implemented the program described in this article.

Tom O'Connell has an MBA and has taught Entrepreneurship and Small Business at Concordia University, in Montreal, for the past thirteen (13) years. He teaches Community Economic Development and Entrepreneurship to members of the Cree communities of Quebec, including the Directors of Operations, Treasurers and Economic Development Officers. In addition to Tom's involvement in the design, development and delivery of the entrepreneurial training described in this article, he also mentors entrepreneurs who have graduated from this program.

Louie John Diabo is a Mohawk from the Kahnawake Territory (Quebec) who has been working in the field of Economic Development for approx. 9 years as both a summer student (4) years and a full time Services Officer (2 years) and Manager (3). He graduated from Austin Peay State University in Clarksville, Tennessee in 1995 with a Bachelor's degree in Business Administration. The Kahnawake Youth Business Fund is one of his success stories as he was project manager since its inception (1998). His current duties include managing of the corporation called the Kahnawake Loan Guarantee Fund Inc. (KLGFI Inc.). Louie is currently a member of the National Aboriginal Capital Corporation Association (NACCA) Board of Directors, representing the KLGFI and Quebec ACC's (Aboriginal Capital Corporations).

Introduction

There is a clear relationship between the growth of a nation's Gross National Product and its entrepreneurial activity. Reynolds, Hay and Michael Camp (1999) studied this relationship among ten countries and found that the three nations in which this was most strongly the case were the United States, Canada and Israel, in that order.

The relationship between this study and aboriginal communities is that if a community or a nation is seeking to improve its economic well being, it may be well advised to facilitate the development of its current and potential entrepreneurs. This article discusses a program that was established to do this and highlights the results achieved and the learning points obtained, including some of the things that could be done differently to improve the effectiveness of the program.

The program was open to youths between 15 and 29, but in order to avoid encouraging students to drop out of school it was stressed that the program was mainly for those who had finished their high school education. All of the participants were between 20 and 29 and only three were still in school. Those three were in university and have continued their university studies. Two of those three were among the five who obtained loans and are still in business.

Obtaining Funding

The funding for this program was provided by a contribution to Kahnawake from Industry Canada. It was for the development of aboriginal youth businesses through direct loans. Considerable time and effort went into the proposal requesting the funding. It was important that there was considerable support within the office for economic development within Kahnawake for this program. This allowed for people to spend the time needed for the development of the proposal and it also ensured that there would be a person (the third author) dedicated to ensuring the program's success, once the funding was obtained.

Lessons Learned — Obtaining Funding

In obtaining funding it is necessary to know about the alternative funding sources, what they are seeking and putting together a proposal that

accurately and clearly responds to their criteria. In addition, it is extremely helpful if there is a team of people who are working together to ensure that there is the internal support for the program. It is often better to resolve internal differences regarding how a program will be managed before a proposal is submitted, rather than after the funding has been obtained. A program is more likely to be successful if the question of how the key individuals within the community will work together to ensure its effectiveness is resolved to the mutual satisfaction of the people involved. This can be obtained by providing stakeholders with the opportunity to have significant input into the project.

Selecting the Consultants

The criteria for selecting the consulting team was established and a call for proposals was put forward. Three consulting groups, all of whom were known to those involved in establishing this project, were invited to submit proposals. Their proposals were evaluated against the criteria that had been established. Two of the three consulting team's proposals were evaluated to be very close. One was somewhat stronger in certain areas and the other was seen more favorably in other areas. The key criteria that differentiated the team that was selected was their willingness and ability to be flexible and to modify their approach as needed as well as their being supportive of the participants and the staff.

Lessons Learned — Selecting the Consultants

Prior to calling for proposals for a project, it is advisable to clearly identify what you want to achieve and what are the critical criteria that are needed to help you to accomplish those objectives. Pre-screening those who are invited to submit a proposal, as was done in this case, is a useful strategy if you are confident that those being invited to bid are qualified. Generally, when this is done, it is recommended that at least three parties be asked to submit proposals, as per government requirements. Alternatively, opening the request to submit proposals to multiple sources provides the opportunity to identify a consulting team that may not have been previously considered. However, in projects of this nature, it is critical to assure oneself of the competence of those selected.

Recruiting and Selecting Potential Participants

A critical component of the success of any project is determining who will be the participants. In this case, we wanted as many people as possible to be aware of the program. This was accomplished by describing the program in the community newspaper, discussing it on the community based radio station and announcing it at various meetings. Two information sessions were then held by the director of the program, who explained the objectives and the design of the program and responded to questions. Two meetings were held in order to accommodate any potential conflicts in the schedules of those interested in the program. Application forms were circulated and 23 people indicated that they were interested in the program.

Each of the 23 applicants were interviewed. The interviews were conducted by the consultants who were selected to help develop the program and provide the training and follow-up support. The interviews were conducted to better determine the applicant's needs, motives, interests and readiness to start the program. They also were useful in helping to customize the training to respond to their skills and knowledge base. The interviews also provided an opportunity for the applicants to ask any personal questions they had and to obtain a better understanding of the requirements of the program.

None of the applicants were "rejected"; however, those who did not have any idea of what type of business they were interested in or were rather uncertain whether they wanted to go into business were encouraged to wait a few months until the next round of training would be provided. As a result of the recruitment and interviewing process, 17 of the 23 applicants started the training program.

Lessons Learned — Recruitment and Selection

Providing an extensive recruitment campaign, by advertising, word-of-mouth and information sessions was helpful in attracting a larger number of applicants. The personal interviews, which provided the applicants with a better understanding of the program and the requirements associated with starting one's own business, were very useful. Both of these are strongly recommended.

Designing and Delivering the Training

The training program was designed in a manner which aimed to combine the objectives of the overall program with the needs of the participants. The program was developed to provide financial and business support to youths, so that they could create or expand businesses and thus contribute to the economic well being of their community. This would require the participants to be able to plan what they wanted to do and to make it happen. The planning part was emphasized as they would need to submit and defend their business plan in order to obtain the financing associated with the program.

To achieve these objectives, the training program was designed to provide the participants with the ability to identify the key aspects of their business, obtain a basic understanding of managing their business and to learn how to create a business plan. Therefore, the training program covered the areas of marketing, market research, operations and finance. In addition to these core business functions, the need for goal setting, understanding the ways successful entrepreneurs work, idea generation, creative approaches to problem solving and basic elements of managing a business were included in the training. In conjunction with the material that was specifically developed for the training, a textbook on entrepreneurship, by Chiste (1996) was used and given to the participants.

The training was provided in three hour sessions over a ten week period. During the first two weeks, two sessions were held per week and afterwards one session was conducted per week. All of the sessions were given in the evening from 7:00 P.M. to 10:00 P.M. as this was the preferred time for the participants. The first two weeks were devoted to laying the appropriate foundation. That is, the areas covered included an overview of the business plan they would develop, the need for setting meaningful goals, the role of the entrepreneur, a review of successful entrepreneurs from the community and creative approaches to problem solving. These were then followed by each of the core areas critical to developing a business plan and managing a business.

The objective was for each of the participants to create the different aspects of their business plan during the week. They were to learn what was to be done during the three hour

training session and were expected to complete that portion of their business plan before the next class. These were then to be discussed at the beginning of the next session and in the later part of the class the next core business area would be examined and explained. Each participant was assigned to a Business Service Officer (BSO), which is similar to an Economic Development Office (EDO) in many other communities, who were to work together to complete that week's portion of the business plan. It was emphasized that the prime responsibility for completing the business plan was that of the participant, because it was going to be his or her business and not the BSO's.

Results of the Training Program

At the first session there were 17 participants. Four of those participants dropped out of the program after the first class. The remaining 13 participants completed the training program. At the completion of the training, six of the participants presented their business plans to the Loan Committee. This committee, which was created for this purpose, consisted of respected members of the community with the appropriate backgrounds in business and economic development. They were familiar with business matters and were also trained as part of this program. Five of the six loan applications were approved. The sixth applicant was asked to provide additional information, but chose not to respond to the committee's request.

One and a half years following the training, all five of the businesses that received loans were still in business. The terms of the loans have all been fulfilled and everyone is paying back the loans on schedule.

Lessons Learned from the Training

The design of the training should be consistent with the objectives of the program and the needs of the specific participants. One of the objectives of the participants was to get their business started or expanded as quickly as possible, but another was to obtain the skills and knowledge that would help them to succeed. These two objectives create a dilemma.

From a training perspective, more sessions are better for providing and transferring skills and knowledge. However, from a practical point of view, if the training takes too long, the

participants may drop out. This is particularly true of successful entrepreneurs who tend to be impatient and results oriented. In the training that was provided, the twelve sessions were not perceived to be too long. Nonetheless, it is recommended that twelve in-class type sessions be close to the maximum number that should be given in a formal training program of this type.

The training that was provided could have been improved upon by including more elements that would have been more immediately applicable. This would entail more coverage on topics such as market research and marketing, which would include selling techniques and customer service. In order to limit the length of the training, less emphasis could be placed upon topics such as ways successful entrepreneurs work, idea generation and creative approaches to problem solving.

The textbook by Chiste (1996) that was used in conjunction with the course was highly relevant. However, the readings that were associated with each topic was not sufficiently reviewed or discussed or made use of in the training sessions. The result was that most of the participants did not do the reading that was assigned. To overcome this, it is recommended that any reading and/or written assignments are discussed and feedback is given on all assignments. The participants need to perceive any assigned or suggested readings to be useful, otherwise many will not invest their time with them.

Another aspect of the training that could have been modified was the emphasis placed on the concept that completing the business plan was the prime responsibility of the participant and that the BSO's would provide support when called upon. The result was that most of the participants did not call their BSO and did not complete their business plan.

Regardless of whether the BSO's or the trainers worked with the participants between the training sessions, it would make the process easier if business plan templates were provided. These would ask specific questions about the different aspects of the business plan and the participants would provide the information needed. This type of an approach would provide more structure for the completion of the business plan and would simplify the process, while ensuring that the needed information was obtained.

Developing the Policy, Administrator and Loan Manuals

From the very start of the program it was recognized that it was important to have clearly defined policies regarding the administration of the program. This included the criteria for acceptance into the program and the terms and conditions of the loan, including what was needed to be done to qualify for a loan, loan application forms, who would evaluate the loan applications, the criteria to be used in evaluating the loan applications and how late payments and bankruptcies would be handled.

It was also determined that there should be an Administrator's manual that would provide the rationale and operational aspects of the program. This was done to help ensure that the program would not be dependent upon the Program Director, who was the central person in establishing the program, nor upon the consultants who worked closely with the Program Director in developing the different components.

The result of the decision to ensure thorough documentation of all aspects of the program was that a Policy Manual, an Administrator's Manual and a Loan's Committee Manual were created. The Policy Manual specified the criteria for participating in the program, the training and support to be provided and the terms and conditions of the funding associated with the program. These were all reviewed during the training program with the participants and copies were distributed to them.

The Administrator's Manual provided more of an overview of the entire program. It indicated what was needed for entrepreneurial success, the purpose and contents of a business plan, the importance of the fit between the entrepreneur, the business and the community as well as the internal loan processes and documentation. The manual was reviewed with the Program Director and the BSO's. This ensured that everyone involved had a common understanding and were in agreement with the objectives, concepts, policies and procedures associated with the program.

A Loans Committee Manual clarified the objectives of the program and provided an explanation and a listing of the criteria that should be considered in determining whether a loan should

be granted. The manual was used in conjunction with a training session that was provided to the Loan Committee members. The criteria included the entrepreneur's attitude, vision and skills, the opportunity itself, the marketing strategy, the fit with the community as well as the financial considerations of projected revenues, expenses, assets and probability of repayment and profitability. These were compiled into a checklist and a quantitative evaluation format.

Lessons Learned from Developing the Policy, Administrator and Loan Committee Manuals

The development of the policy manuals was very helpful in clarifying how things were to be handled and in establishing appropriate and realistic expectations. One critical issue that was important to everyone involved was determining what was needed to be done to qualify for a loan and what would happen when the loan was repaid or in arrears or in default. Clarifying these issues early, by discussing them with the participants during the training sessions, may be one of the reasons why all of the loans are still being repaid on a timely basis.

Conclusions

The results of this program demonstrate that it is possible to create a program that facilitates the development of businesses by aboriginal youth. The conditions that were in place in this program and appear to have contributed to the successes achieved were the commitment of the participants, the training, coaching and encouragement provided to the participants, the availability of financing in the form of loans, the clearly defined terms and conditions associated with the program and the funding and the support provided by the BSO's and the consultants.

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CONSTRUCTING A LEGAL LAND SYSTEM THAT SUPPORTS ECONOMIC DEVELOPMENT FOR THE METIS IN ALBERTA

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Stacy Paul Healy

INTRODUCTION

On November 1, 1990, the Metis Settlements Legislation, composed of the *Constitution of Alberta Amendment Act*, the *Metis Settlements Land Protection Act*, the *Metis Settlements Accord Implementation Act*, and the *Metis Settlements Act (MSA)*,¹ was passed implementing Canada's most comprehensive legal regime for dealing with Metis land and rights claims. Given the history of the Metis as being landless, and impoverished, it will be argued that the Metis Settlements legislation, particularly the *MSA*, is a unique response to Metis' land and rights claim, and that they provide a framework that promotes and supports economic development for the Metis Settlements. In the first section of this essay, an overview of the different definitions of who the Metis are will be explored. Following this will be an overview of the legal history leading up to the enactment of the Metis Legislation which will identify some of the pri-

mary concerns in constructing a legal framework that supports economic development and self-governance. Next will be a description of the structure of the Settlements under the *MSA*. The three sections following that, will compare the relevant provisions of the Metis Settlements legislation with provincial legislation with respect to the land titles system, surface rights regime, and sub-surface *Co-Management Agreement*,² in order to demonstrate the ways in which the Metis Settlements legislation protect Metis land, culture, and rights, while promoting and facilitating economic development on the Settlements. Finally, there will be a brief conclusion.

THE METIS — DEFINITIONS

Historically, definitions of the Metis people arose out of the fur trade era. The Metis' origins are traced to marriages between Indian women and European fur traders. Originally, the children of

Stacy Paul Healy has a B.A. (Hons.) University of Alberta, 1998. He is currently a third year law student of Faculty of Law at University of Alberta.

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these marriages tended to be absorbed into the mother's culture (Indian culture), however, later children of these marriages saw themselves as distinct and separate from both European culture and Indian culture. At this time, the Metis were generally referred to as "half breeds" or "mixed blood" reflecting their dual ancestry.

The Courts and Governments have also attempted to formulate "legal" definitions of Metis. In *Powley*,³ the Court recognized that there is no universally accepted definition of the Metis, so they offered the broad definition that "a Metis is a person of Aboriginal ancestry, who self identifies as a Metis and who is accepted by the Metis community as a Metis." In the same decision, the Court also outlined an objective two-part test to determine who is a Metis within the meaning of s. 35(2) of *The Constitution Act, 1982*.⁴ The first part involves self identification as a Metis and acceptance into contemporary Metis society. The second part involves demonstrating a genealogical connection between the individual and historically identified Metis society.

The Federal Government, in the Charlottetown Accord referred to two definitions in association with the Metis Nation. Metis Nation refers to descendants of the Red River Metis who received land under the Scrip System, while 'other Metis' was used to refer to self identifying Metis populations not connected with the Metis National Council.⁵ The Royal Commission on Aboriginal Peoples also addressed the issue of Metis identity, focusing on self identification and culture as the defining characteristics of the Metis. Thus to summarize, the most common definitions of the Metis are:

1. Anyone of mixed Indian/non-Indian blood who is not a Status Indian
2. A person who identifies as Metis and is accepted by a successor community of the Metis Nation
3. A person who identifies as Metis and is accepted by a self-identifying Metis Community
4. Persons who took or were entitled to take half-breed grants under the *Manitoba Act* or *Dominion Lands Act* and their descendants
5. Descendants of persons excluded from the Indian Act regime by virtue of a way of life criterion.⁶

Finally, the *MSA* also deals with Metis identification with respect to membership in the

Settlements. For the purposes of the Metis Settlements Act, criteria for membership is generally left to the individual Settlement Councils, subject to the terms set out in ss. 74–98 of the *MSA*. In order to prove Metis identity under the *MSA*, the person must have Canadian Aboriginal Ancestry and identify with Metis history and culture. Further criteria required in order to apply for membership to a settlement are set out in ss. 74–75.

For the purposes of this paper, the Metis as discussed will refer to those who are members of a settlement or eligible to be members of a settlement.

METIS HISTORY IN ALBERTA

Early 20th Century

In contrast to the Indians, who had legally acquired a land base through the various treaties and who were under the responsibility of the federal government, the Metis situation was different and worse. Many of the Metis had been defrauded or swindled out of their scrip land or had taken money scrip instead, thus the Metis generally lacked a land base. In Alberta, the Metis in the central and north-central region were faced with a scarcity of game for hunting and trapping, and furthermore, required licenses because they were subject to the laws of general application of the province.⁷ As a result, their condition was generally one of severe poverty.

Ewing Commission — 1934–1936

In response to the deplorable condition in which the Metis were living, a Royal Commission led by A. F. Ewing put forth some recommendations based on the findings of its investigations. The main concerns of the Commission were to address the landlessness, poverty, under education and poor health of much of the Metis population in central and north central Alberta.⁸ In addressing these concerns, the Commission was influenced by four main assumptions that led them to focus on perceived social needs rather than legal rights. These assumptions were:

1. Metis claims to Indian title had been extinguished through the scrip distribution system
2. Metis and non-status Indians were the responsibility of the Province

3. The Metis of Northern Alberta were asserting *needs* — not rights
4. The response would need to involve land allocation⁹

Based on these assumptions, the Commissioners formulated three (3) guidelines on which to base their recommendations. The first was that the solution should be a comprehensive scheme rather than just providing temporary relief. Secondly, given economic conditions at the time, the solution should be relatively inexpensive to implement. Thirdly, they did not want to deal with the Metis' situation in the same way as the Federal Government dealt with Indians because it would be too expensive, impede initiative and be perceived to acknowledge Metis rights.

In terms of the administration of these 'colonies' and the legal rights of the members of the colonies, it was recommended that the land be allotted for the use and occupation by the Metis, but with title and other ownership rights remaining with the Crown, implicit in this right of use and occupancy was a right to hunt, trap and fish. In addition, day-to-day management would be the responsibility of supervisors appointed by the Government with final authority and control over the colonies residing in a Government department. The members of the colonies would be able to elect councils, but these would have advisory powers only. Thus essentially the Metis were to be given rights of use and occupation and a land base.

Metis Betterment Act

The recommendations of the Ewing Commission resulted in the promulgation of the *Metis Population Betterment Act*¹⁰ (subsequently called the *Metis Betterment Act*) in 1938. In the Act, Metis was defined as a person of mixed white and Indian blood, excluding non-status Indians as defined in the Indian Act. A joint Metis/Government committee selected the lands to be set aside for settlement. Under the 1938 Act, responsibility for economic and social development was given to a Minister of the Crown, although it was envisioned that the Minister and the Settlements would work cooperatively in the formulation of programs for the betterment of the Metis.

To this end, the formation of Settlement Associations was provided for and they were

given the authority to make constitutions outlining conditions for membership, elections, board meetings and other management provisions, including limited by-law making powers. However, the settlement constitutions were subject to ministerial approval.¹¹ The Act also provided that any scheme formulated pursuant to it was subject to approval by the Lieutenant Governor in council (cabinet) and additionally, that cabinet had the authority to set aside unoccupied provincial lands for Metis Associations "until such time as it is satisfied that for any reason whatsoever, the lands so set aside ... are unsuitable or are not required for settlement of any members."¹²

In 1940 and 1952, significant amendments were made to the Act. One of the most significant changes was the omission of reference to the "*conferences and negotiations between the Government of the Province and the Metis population*" signaling a retreat from program formulation based on informal cooperative schemes.¹³ This was replaced by a focus on administration through government regulations, which granted broad legal powers over decisions to the Lieutenant Governor-in-Council, to the Minister with the approval of the cabinet or to the Minister alone. This included a provision granting the Minister to make regulations regarding any matter not specifically addressed in the Act, which have, for their purpose, the advancement and betterment of administration of any Settlement Association, its members, or its land.¹⁴

In addition, the 1940 amendments also modified the definition of Metis to a person with a minimum of one quarter Indian blood. The result of these amendments was the increased subjection of the settlements to ministerial and bureaucratic control and the removal of the consultative and cooperative role of the Settlement Associations.

In terms of finances, the amendments and regulations had both positive and negative effects. Settlement members were exempt from land taxes, (although the Minister could establish other taxes) and real and personal property (except for those sold under a valid conditional sales agreement) were exempt from seizure. On the one hand, this provided extra protection to Settlement Members regarding seizure of property, however, it had the effect of making lenders more reluctant to enter into loan agreements with Settlement members.

Finally, under the *Metis Betterment Act*, the Provincial Government retained the right to uni-

laterally repossess settlement lands that were no longer deemed suitable or required for the purposes of The Act. Thus in the 1960s, the Government closed down four settlements removing them from the Settlement regime (Touchwood, Marlboro, Cold lake and Wolf Lake). While only Wolf Lake was inhabited, it was shut down despite petitions by its residents.¹⁵ This event highlights the fragility of the security of the Metis' landbase.

MacEwan Committee and Resolution 18

The problems inherent in the *Metis Betterment Act* led to a Provincial Task Force and later to the MacEwan Committee which made the recommendation leading to the Metis Settlements Act. Generally the main concerns of the Metis Settlement Association can be separated into three (3) main categories—too much Government control over the administration and development of settlement lands; lack of Metis control over economic development and the administration of resource trust funds; a need for more than just a right of use and occupancy of Settlement lands.¹⁶

It is important to note that the MacEwan Committee's work coincided with natural resource litigation involving the Metis and the Provincial Government. This litigation focused on the Metis population Trust account, in which the revenue of the trust account was to be acquired from sources such as timber dues, grazing permits, surface rights, compensation from oil companies and "*all monies received from the sale or lease of any other natural resources of the [Settlement] areas.*"¹⁷ This last phrase was interpreted by the Settlements as meaning that the trust account should receive the revenues derived from the sale or lease of subsurface, as well as surface natural resources. The Provincial Government, on the other hand, argued that subsurface rights (mines and minerals) remained with the Crown and thus the Crown was entitled to the revenues. The financial stakes in this litigation represented hundred of millions or even billions of dollars of possible liability on the Provincial Crown. Thus reaching an out-of-court solution was a very attractive alternative for The Provincial Government.

The MacEwan Committee undertook its recommendations with the following principles in mind:

1. The Metis represent a unique cultural group in Canada, as aboriginal people recognized in the Constitution and a group that played an important role in the development of Western Canada.
2. Because the culture and lifestyle of the Metis Settlement is inextricably linked to the land, a Metis Settlement land base is the cornerstone on which to build and maintain the social, cultural and economic strength of the Metis settlers.
3. Given a unique culture and land base of the Metis Settlement Areas, the Metis can best achieve the mutual goal of self reliant integration without home organization, by a legislative framework enabling the maximum practicable local self government of the land base.
4. It would not be practical to include in Metis Settlement local Government the full scope of powers to deal with matters such as health, education, social services and economic development, but even in these cases, the uniqueness of the culture and its problem solving traditions should be respected by Government bodies exercising the power.¹⁸

In addition, the Committee recognized some problems that would have to be addressed including; the security of the land base because the Government could repeal the legislation unless the right to the land was constitutionally recognized; and arrangements to address the financing of self government initiatives were necessary.¹⁹

Following the recommendations of the MacEwan Committee, a new set of negotiations began between the Metis and the Provincial Government. This led to Resolution 18 in which the Provincial Government agreed to give the Metis constitutional protection of their land base provided that the settlements developed fair and democratic procedures for membership and land allocations. Further negotiations followed in which two bills regarding Metis Settlements Legislation would be introduced in the Legislature, however, the Government also linked the fulfilment of Resolution 18 to a settlement of the trust fund litigation. While the bills were never passed, negotiations continued and an agreement was finally reached in early 1989, which would see the Metis drop the lawsuit and receive \$310 Million over a seventeen-year period to support governance and operation of the Settlements.

After a Referendum on the Agreement was passed in June of 1989, four Bills (33, 34, 35 and 36) were introduced into the Legislature resulting in the enactment of the Metis Settlement Accord Implementation Act, Metis Settlements Land Protection Act, Metis Settlements Act and The constitution of Alberta Amendment Act, in 1990.²⁰

The structure of the Settlements under the Metis Settlements Act (see Appendix A)

The Metis Settlements Legislation applies to eight (8) settlements: Paddle Prairie, Peavine, Gift Lake, East Prairie, Buffalo Lake, Elizabeth, Kikino and Fishing Lake — which encompass a total area of approximately 1.25 million acres. Each settlement has been established as a corporation and thus has the rights, powers and privileges of a natural person subject to a limited number of financial activities which require ministerial regulation or authorization by settlement councils or the General Council. The organizational structure of the Metis settlements is as follows (see Appendix A).

□ METIS GENERAL COUNCIL
(GENERAL COUNCIL)

The General Council is composed of four elected officers and the settlement councilors. The General Council's primary focus is on enacting policies affecting the collective interests of the settlements under ss. 222–226. The General Council has the authority to make policies regarding a wide range of subjects including regulations and interests in timber, co-management of subsurface resources, rights and interests in patented land, assessments and taxation related to land, regulations of hunting, trapping, gathering and fishing. In addition, the General Council may engage in commercial activities, lend money and guarantee loans by a lender to someone other than a settlement member. All General Council policies, after being passed by unanimous resolution (requiring approval by all 8 Settlements), or special resolution if applicable, must then be submitted to the minister for approval. The minister has a power of veto over General Council policies or portions of them. If the minister does not use this power, then the policy becomes binding on the General Council and all Settlement Councils.

Below the General Council, are the eight Settlement Councils. As with the General Coun-

cil, the Settlement Councils are corporate bodies with the rights and privileges of a natural person. The Settlement Council's are elected by the members of the settlement. Generally, the Settlement Councils powers are analogous to those of a municipality. The Settlement Councils may pass by-laws relating to things such as: residency on the settlement; promotion of health safety and welfare of residents; parks and recreation; waste disposal; by-laws to control and regulate businesses and industries in the settlement area; and by-laws to implement General Council policies.

Next in the organizational structure are the individual settlement members. Settlement members must meet the membership criteria set out in the General Council policy and settlement by-laws (i.e. Metis identity, residency).

The Metis settlements also have their own dispute resolution mechanism — The Metis Settlements Appeal Tribunal (MSAT). Technically, the MSAT is an administrative tribunal, however, it's role in "fleshing-out the legislated framework makes it more analogous to a 'Metis court'."²¹ The purpose of the MSAT is to resolve disputes arising from the legislation. The MSAT is composed of seven people including a chair appointed by the minister from a list provided by the General Council, three members appointed by the General Council and three appointed by the Minister. These are two other panels created under the *MSA* — the Land Access Panel (LAP) and the Existing Leases and Land Access Panel (ELLAP), which exercise jurisdiction in areas formerly exercised by the Provincial Surface Rights Board. Disputes that arise from the *MSA*, General Council policy or settlement by-laws are handled by the MSAT or the two land panels provided that the parties involved agree to submit to their jurisdiction. Appeals of the tribunal or panel's decisions on questions of law or jurisdiction may be made to the Alberta Court of Appeal.²²

Land Title/Metis Title (see Appendix B)

The *MSA* creates a unique system of interests in land through the Metis title system. Under the *Metis Settlements Land Protection Act (MSLPA)* the settlement lands are granted, through letters patent, to the General Council in fee simple title with all of the traditional ownership rights and obligations associated with fee simple title, subject to the exceptions set out in

the *MSLPA* and the reservations of the Crown. Under the *MSLPA*, the fee simple estate in any of the patented lands may not be alienated without the consent of the settlement councils, a majority of settlement members and the Crown. Also, the patented lands cannot be used as security. In terms of Crown reservations, the Crown retains title to mines and minerals (as defined in *The Mines and Minerals Act*), as well as water, fixtures, Crown improvements and archeological resources and interests acquired prior to the granting of the lands to the General Council. The Crown also reserves specific user rights such as diversion of water, access to Crown fixtures, the right to manage highways, etc. An important protection for the settlements exists under the *MSLPA* which prevents the Crown from expropriating any of the patented without the consent of the General Council. Furthermore, the General Council's title to the land is constitutionally protected under the *Constitution of Alberta Amendment Act*. Thus the Metis need for a protected permanent land base has been achieved under Metis Settlements Legislation.

□ METIS TITLE

The General Council has the authority to grant land to the Settlement Councils and Settlement members. The Settlement Councils and members receive Metis title under s. 2.4 of *The Metis Settlements General Council Land Policy*. Metis title is similar to conditional Fee Simple title, and includes the exclusive right to:

- (a) Use and occupancy
- (b) Make improvements
- (c) Transfer Metis title
- (d) To grant lesser interests
- (e) To determine who receives Metis title on the holder's death²³

In addition, the holder of Metis title has any additional rights that are specifically provided for by General Council Policy or any other enactment. The conditions attached to Metis title relate to things such as acquisition and disposition and include: meeting settlement membership requirements; limits on the amount of land allowed to be held under Metis title; and that the creation of lesser interests must be approved by the Settlement Council. It is important to point out that there are some very significant differences that distinguish Metis title from a conditional Fee Simple. For example, the *Wills Act* does not apply to Metis title and it

appears that *The Ultimate Heir Act* (under which in the absence of an heir, title Aescheats' back to the Crown) is also not applicable because title would likely go back to the Settlement Council or the General Council. Furthermore, the Provincial *Land Titles Act* does not apply and under the *MSA*, as a Metis Land Registry System is provided for. These factors make Metis title a unique interest in land that is distinguishable from traditional conditional fee simple estates.

□ PROVISIONAL METIS TITLE

Under s. 2.5 of *The Land Policy*, the Settlement Council can grant a member provisional Metis title in settlement land to enable the member to use the land and make improvements to the extent needed to obtain Metis title.²⁴ In order for a settlement council to grant provisional Metis title, it must hold the land in Metis title. In order to hold provisional Metis title, the member or settlement must complete a memorandum which includes: the conditions to be met, including improvements to the land, that will give the holder the right to acquire Metis title; The amount of time in which the holder has to meet the conditioning; and the rights and duties of the holder with respect to the land. Thus provisional Metis title generally grants a right of exclusive use and occupation of the land for a fixed period. This is similar to a fixed term lease which grants exclusive possession to the Tenant for a fixed period with a reversionary interest remaining in the landlord.

□ ALLOTMENTS

Allotments are similar to provisional Metis title in that they grant land to a member for a fixed period of time. However, the purpose of the allotment is to allow a member to use more land than can be acquired under Metis title. Thus under s. 2.6(1) of *The Land Policy*, allotments can be granted to member to operate a farm, ranch or business.

The Metis system of land title is unique because it creates interests similar to those under the common law, but with distinct features (as under Metis title) that allow the collective interests of the settlement to be balanced with those of the individual members. Also, the constitutional recognition of the Fee Simple title held by the General Council finally gives the Metis settlements a secure land base.

□ METIS LAND REGISTRY SYSTEM

Under the *MSA* regime, the Alberta *Land Titles Act* does not apply to the settlements. In its place is the Metis Settlement Land Registry. The Registry is based on the same purposes as the Torrens Land Titles System — to confer title; provide security of ownership; facilitate the transfer of interests in land and establish a system of interest priorities.²⁵ As with the Torrens system, the Land Registry also makes a distinction between recording of interests and registering of interests. The effect of recording an interest is to give priority in relation to other recorded interests. Registration confers both priority and ownership regardless of whether this would be recognized at common law. Under the Land Registry there are three categories of registers:

1. Fee Simple — This registry deals with the land granted in fee simple to the General Council
2. Metis Title — This registry deals with each parcel of land held by way of Metis title (*settlement's title and individual members*)
3. Interests Registers — These deal with other interests in land, i.e. provisional Metis title, allotments, leases, etc.²⁶

In this sense, the Land Registry is unique from the Land Titles system by recognizing the different types of interests in settlement lands. Another unique aspect of The Land Registry is the process for the resolution of disputes. Under Part 7 of the Registry Regulation, an aggrieved person or the Registrar can apply to the MSAT or The Court of Queen's Bench for the resolution of disputes.²⁷ If a dispute goes before the Tribunal, the Tribunal can issue an order directing the Registrar to record on interest or cancel a recording as well as correcting the register. Normally an order that cancels or terminates interests will only be registered if it is consorted to by the parties, was granted ex parte and need not be served or is accompanied by an undertaking that an appeal will not be sought. The significance of this power of the Tribunal is that this power normally falls within the jurisdiction of the Court of Queen's Bench. Thus by allowing the Tribunal to exercise jurisdiction in this area, decisions can be made by persons more knowledgeable about the Metis Land Registry System. Finally, it is important to note that under the Registry Regulations, non-members cannot be

granted an interest in settlement lands that allows them to live on the settlement unless allowed by General Council policy or a settlement by-law.

Another important aspect of The Land Registry System relates to the application of other sources of law to the rights and interests in settlement lands. Under s. 99 of the *MSA*, the Common Law is not expressly recognized as being applicable. The advantage of this is that it can allow for a degree of flexibility and can ensure that the *MSA*, General Council policy and settlement by-laws remain the primary authority, especially with respect to the unique interests under Metis title. However, it should be noted that since the Common Law is not expressly excluded, it can be applied in resolving disputes or for interpretation.

In terms of the application of principles of equity (principles that address the harshness and unfairness of some Common Law results), these are generally enforceable since they are not expressly excluded. However, since equity is discretionary and flexible, these principles can be used in disputes heard by the MSAT to ensure that the interests of the settlements and members are protected and thus equity can be beneficial.

Under s. 222 of The *MSA*, absent express statutory authority to exclude the application of provincial laws, General Council policy and settlement by-laws that are inconsistent or conflict with provincial law are of no force or effect to the extent of the inconsistency. For example, under s. 222(1)(V), the *Estates Act*, *Real Property Act*, *Wills Act*, *Dower Act*, *Intestate Succession Act* and *Ultimate Heir Act*, are expressly excluded from application to the settlements and, the General Council and Settlements have been given authority over trapping, hunting, fishing and gathering.

The Metis Settlements Land Registry is based on the provincial *Land Titles Act*, even incorporating some of its provisions. This is necessary to provide a degree of certainty for non-settlement members dealing with interests in settlement land. However, the Land Registry is unique because it recognizes the different forms of Metis title and allows for the MSAT to resolve disputes arising from the operation of the system. Furthermore, the Land Registry is closely modeled on the Model Land Recording and Registration Act which was proposed in 1990 to all the provinces. The Model Act sought to

remove many of the uncertainties and anomalies of the Torrens System (relating to issues such as fraud, notice and a large number of overriding interests).²⁸ Thus in some respects, the Metis Land Registry is based on a model that improves upon the current Torrens system.

□ *MSA SURFACE RIGHTS REGIME
VS. SURFACE RIGHTS ACT
(SEE APPENDIX C)*

A comparison and analysis of the Provincial *Surface Rights Act*²⁹ and the regime under the *MSA* can be used to demonstrate the uniqueness of the latter in facilitating economic development while simultaneously protecting Metis culture and society.

Under s. 12 of the *Surface Rights Act*, an operator has no right of entry until they have either obtained the consent of the owner/occupier of the land or a right of entry order (REO) from the Surface Rights Board (the Board). Thus in the provincial scheme, the issue of consent for entry is between the individual owner or occupier of the land and the operator. By contrast, under s. 114 *MSA*, the operator cannot enter without the permission of The General Council, the Settlement Council and the individual settlement member. Thus this provision ensures that there will be some communication between the General Council, Settlement Council and the member and that the rights and interests of each will be considered and that the giving or withholding of consent will reflect the balancing of the collective interests of the settlements with the interests of the individual. Furthermore, if an agreement is reached between the operator and the councils and member involved, compensation for the settlement is paid directly to the settlement thus facilitating the accounting and use of the revenues for the settlement. A typical surface lease agreement on the settlements divides the compensation as follows: the settlement member receives 80% of the initial payment with the settlement receiving 20%, then the settlement receives 80% of annual payments and the settlement member receives 20%.³⁰

If an agreement cannot be reached between the parties, then the operator can apply for an REO under ss. 115 and 116, the ELLAP and LAP have jurisdiction for granting REO's (previously the Surface Rights Board had this authority), depending on whether it relates to an existing lease (then it goes to the ELLAP) or a new lease (goes to LAP). In addition, the LAP

has been given the authority to amend a compensation order or REO if there has been a change of the existing mineral leaseholder or operator, or if there is a new occupant to whom compensation should be paid. Further, the LAP can also terminate an REO if it is not being used or *there is a good reason to terminate or amend the order*. This power to amend or terminate an REO if a good reason can be shown, allows the LAP to ensure that the interests of the settlement and the land are being protected. For example, in the *Husky Oil Ltd. and Barrington Petroleum Limited and Elizabeth Metis Settlement Order of The LAP*,³¹ the LAP amended an existing surface lease to reflect the new interest holders (new oil company and settlement) and also increased the compensation to be paid because of the impact on the surrounding area. Thus the LAP was able to use its jurisdiction to attain compensation for the impact on the social and cultural environment on behalf of the settlement.

This raises another very important distinction between the Surface Rights regime and the *MSA* are the process and factors to be considered in deciding whether to grant an REO and the amount of compensation. In terms of process, under the *SRA*, if an agreement cannot be reached between the owner/occupier and the operator, then the operator can apply to the Board which can issue an REO. If there is an objection to the Order, then the Board may hold a hearing and then make a decision either granting or not granting the Order. Under the *MSA* (s. 115) upon receiving an application for an REO, the ELLAP/LAP may: direct the parties to negotiate and provide them with assistance; inquire into the matter further and request information from any other person or agency it considers necessary; and establish any means of making a reasonable decision including requiring the parties to submit their final offer. If this does not resolve the issue then the Panel can adjudicate the dispute. Thus this process includes negotiation and consultation between the parties with the assistance of the Panel as an alternative to adjudicating the dispute.

If the Panel ends up adjudicating the dispute, of special importance are the factors which the Panel determines compensation. Under s. 25 in the *Surface Rights Act*, the factors that the Board is to consider include the market value of the land; loss of use of the land; adverse effects on the rest of the owner's land, damage to the

land; and other factors the Board considers appropriate. Under s. 118 of the *MSA*, in determining compensation, the Panel may consider the value of the land *including the cultural value for preserving a traditional Metis way of life*, as well as disturbance to the *physical, social and cultural environment*. These factors are in addition to the economic criteria used in the *Surface Rights Act*. The LAP has considered the meaning of “cultural value for preserving a traditional Metis way of life” and the “cultural” environment, again in the *Husky Oil Ltd. and Elizabeth Metis Settlement* decision. In that case, the General Council and Settlement argued that the cumulative effect of oil and gas activities had a negative effect on hunting and trapping and that apart from the economic loss, there is a direct correlation between the diminishment of hunting opportunities and the diminishment of Metis culture, because hunting and trapping is an inherent and vital part of Metis culture.³² The Panel agreed with this argument and set out a test to use for determining the compensation for impact on the social and cultural environment and on preserving a traditional Metis way of life. The test can be summarized as follows:

1. The settlement must persuade the Panel that the activity or cultural value is an inherent and vital part of Metis culture
2. That the operator's activity has an impact on Metis culture. This can be direct or indirect (in this case oil and gas activity affected the surrounding environment, which in turn affects hunting and trapping which is dependent on the environment).
3. Once 1 and 2 are established, the Panel will be prepared to order a minimum amount of compensation (in this case, it was \$800/annum)
4. If the occupants wish to receive compensation above the minimum amount, they must prove, through oral or written testimony, that the impact is such that greater compensation is warranted.

Thus following this test, once the occupants have shown that the operator's activity has any impact on something which is an inherent and vital part of Metis culture, the occupants are automatically entitled to a base level of compensation. If they can prove a more substantial impact, then the compensation will be higher. It should be noted that in the decision, it was pointed out that the majority of operators have

readily accepted the settlement's firm position on this point, to the extent that it is becoming an industry standard.

Thus in comparison to the *Surface Rights Act*, the *MSA* surface rights regime accomplishes three important goals: First, an operator needs consent of the General Council, settlement council and occupant thus ensuring that both the collective interests of the settlement and the individual interests of the member are recognized and considered. Secondly, the jurisdiction of the ELLAP/LAP over surface rights and the process that is used encourages and facilitates a non-adjudicative resolution of disputes and allows for the representation of Metis interests on the Panel. Finally, in receiving compensation under an REO, the unique culture and value of the Metis is recognized and considered an important factor in determining compensation.

□ *MINES AND MINERALS ACT VS.
CO-MANAGEMENT AGREEMENT
(SEE APPENDIX D)*

Schedule 3 of the *MSA* is the *Co-Management Agreement* between the Crown and the Settlements. The Agreement essentially governs the management of subsurface natural resources. Under Alberta Legislation, mines and minerals are dealt with under the *Mines and Minerals Act*. The *Co-Management Agreement* provides for a much greater role for the Metis in dealing with subsurface resources. The uniqueness and benefits will be demonstrated by comparing the *Mines and Minerals Act* with the *Co-Management Agreement*.

As mentioned earlier, title to all subsurface mines and minerals is vested in the Crown under s. 9 of the *Mines and Minerals Act*. The Minister, acting on behalf of the Crown, is given authority to enter into contracts or otherwise dispose of, or develop, subsurface minerals, as well as to contract or make agreements regarding royalties, and any other matter that the Minister considers to be necessarily incidental to any of these above-mentioned matters. Thus in negotiating agreements regarding the development of subsurface resources, the only parties involved are the Minister and the Bidders.

In contrast, under ss. 201, 202 of The *Co-Management Agreement*, a Metis Settlement Access Committee (MSAC) is to be appointed for each Settlement. The MSAC is composed of five (5) members—1 appointed by the Minister; 1 appointed by the Energy Resources Conserva-

tion Board; 1 appointed by the Settlement; 1 by the General Crow and 1 by the Commissioner or by mutual agreement. The MSAC plays an important role in the bidding process and ensures that the Settlement's interests are considered and protected. ss. 301, 302, 306–310 of the *Co-Management Agreement* outline the bidding process which generally works in the following way:

1. The Minister, on recommendation of The Mineral Disposition Review Committee to publicly offer rights in minerals, refers a posting request to the affected MSAC.
2. Within 42 days, the MSAC must either recommend that the posting request be denied or that the minerals be posted. In addition, the MSAC can include any special terms or conditions (discussed below) that it wants included in the posting.
3. If the MSAC recommends a posting, then the Minister prepares a Notice of Public Officer (NPO) and delivers it to the affected MSAC for approval. The MSAC then either approves or disapproves of the proposed terms. If the MSAC disapproves, then the Minister either decides not to post the minerals or to amend the terms and re-submits it to the MSAC for approval. This process repeats either until an agreement is reached or the Minister decides not to post the Minerals.
4. If agreement between the Minister and the MSAC is reached, then the General Council and the affected Settlement can have a representative consult with potential bidders.
5. The Minister then gives the General Council and affected Settlement the name of the best bidder, whom they negotiate with. Then the General Council and Settlement notify the Minister that either the bid should be rejected or that a development agreement has been reached. This process continues until an agreement is reached with one of the bidders, there are no more bidders, or the Minister stops submitting bids.

Thus in this process, the MSAC plays a vital role in determining the terms and condition of an offering of minerals rights. The Minister does have the authority to post the minerals even if the MSAC recommended against it, however, the Minister must give notice to potential bidders

that the disposition of the minerals does not grant access to the land. Thus the successful bidder would have to follow the Surface access procedure set out in the *MSA*. This unique process of disposing of minerals on Settlement lands thus ensures that the Settlement and General Council interests are represented in the bidding process and that no extraction of minerals can occur without Metis government consent.

Under ss. 35, 36 of the *Mines and Minerals Act*, royalties and other revenues are reserved to the Crown, as are any other special conditions of the disposition. However, under the *Co-Management Agreement*, the Settlement is entitled to a share of revenues and can impose special conditions in the NPO under s. 303, the MSAC can recommend terms and conditions concerning the environmental, *socio-cultural*, and land use impacts, as well as employment and business opportunities and conditions concerning the reservation, and also reservations to the General Council of overriding royalties, participation option, or both, with respect to the development of the minerals. *Socio-cultural* has not yet been specifically defined, but it appears that it would likely be given an interpretation similar to 'cultural value' and 'cultural environment' under the surface rights regime.

In terms of 'overriding royalties' and 'participation options,' these are defined in the *Co-Management Agreement*. Overriding royalty is a right reserved in a development agreement to the General Council, for it to receive a share of the portion of production, or the value of it, that remains after the royalty payments to the Minister are made. The 'participation option' refers to an option reserved to the General Council that allows it to maintain not more than a 25% specified undivided interest in the resource agreements referred to in the development agreement.

The effect of the *Co-Management Agreement* on economic development has been very positive and very substantial. The General Council has been able to establish a settlement owned oil and gas company, Resco Oil and Gas Ltd., which exercises the General Council's participation rights under the agreement. Currently, it works as a royalty or working interest partner in over 100 oil and gas wells located on settlement lands.³³ Other employment and business opportunities for settlements and settlement members have also developed. For example, the Buffalo Lake Settlement has established the Buffalo

Lake Cats company which employs settlement members in its site preparation, road construction, and clean up operations.³⁴ Thus the Co-Management scheme provides the Settlements with a source of revenue as well as employment and business opportunities, all while enabling Metis culture to be preserved.

The General Council also recently passed the Mineral Projects Policy (1996).³⁵ Under Part 2 of the policy, the General Council has authority for: adopting standard posting terms; deciding on the types of fees, royalties, levies, etc. for different types of projects; determining the standard forms and procedures to be used by all Settlements in enabling projects; and representing the collective interests of the Settlements, including those of the General Council, in discussions and agreements with other governments. At the same time, the General Council can only act on matters for these 'united actions' through special resolutions which require the approval of at least 6 Settlement Councils. Thus this allows for greater certainty and fairness for both the different Settlements and non-member companies involved in resource development. In addition, under Part 4, all projects on Settlement land must have a license approved by the Settlement Council which is authorized to add conditions to the standard agreement in order to protect Settlement *lands, culture, or community*. Thus again there is a balance between the collective interests of the Settlements and the individual Settlements, which includes a right to protect culture and the community. Another important feature of the Policy, is that it allows an option for affected Settlements to invest in up to one-half of the General Council's 25% participation and to earn the return. Thus this allows for the affected Settlements to earn additional revenues for the community. Interestingly, the General Council, under the Policy, exercises its option through Resco which manages the General Council's share, while having the same entitlement to the other 75% (25% GC option deducted) as any other oil and gas company.³⁶ Thus in this situation, all parties — Resco, the General Council, and affected Settlement Council — benefit.

CONCLUSION

The effect of the Metis Settlements Legislation on the long term viability of economic development is very positive. Under the *Constitution of*

Alberta Amendment Act, and the *Metis Settlements Land Protection Act*, and the *MSA*, one of the most fundamental concerns of the Metis — a secure land base — has been addressed and ensured protection. The Metis Land Registry system, while generally following the Torrens land titles system, is a separate system which achieves the same goals of the Torrens system — certainty and transferability — while at the same time recognizing the unique forms of title that exist in relation to settlement lands. The surface rights regime under the *MSA* and the *Co-Management Agreement* provide special protection for Metis culture and allow it to be factored into compensation for surface access and into the terms and conditions of resource development agreements, as well as providing for a balance between the rights and interests of the General Council and the Settlement Councils and the individual land owners. In terms of economic development, the surface rights regime ensures that the settlement and the landowner are part of the consent process and are fully compensated for access. The *Co-Management Agreement* also provides for the interests of the General Council and affected settlement to be considered as well as requiring consent of the General Council and settlement before any mineral extraction can take place. The overriding royalties and participation option give the General Council and settlements a solid revenue base which is necessary for developing Metis business and financial activities, as well as for providing the necessary resources for self government initiatives.

NOTES

1. Statutes of Alberta (S.A.) 1990, c. 22.2, c. M-14.8, c. M-14.5, c. M-14.3.
2. *Ibid.*, *Metis Settlements Act*, Schedule 3.
3. *R. v. Powley*, [1999] 1 C.N.L.R. 153 at 154.
4. *Constitution Act, 1982* (U.K.), 1982, c. 11, s. 35(1).
5. C.E. Bell, "Constitutional Rights in Section 35(1)" (1997) 36 Alta. L.R. 180 at 182.
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APPENDIX A

Structure of Metis Settlements

Metis General Council (MGC)

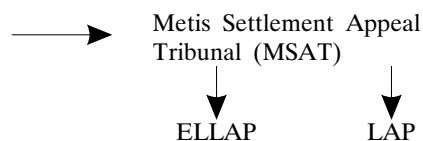
- Composed of 4 elected officers + Settlement Councillors
- Focus on policies affecting the collective interests of settlements (i.e., membership, land development)

8 Settlement Corporations

- Elected councils
- Powers analogous to a municipality

Individual Settlement Members

- Meet application criteria as set by M.G.C. and Settlement Council



APPENDIX B

Land Title/Metis Title

Crown in right of Alberta — ‘full title’
transfer through letters patent to

Metis General Council — Fee Simple title but with conditions

- Crown reserves title to M&M’s, water, fixtures etc.
- No alienation without consent of all settlements and a majority of settlement members
- Lands cannot be used as security for debt

Settlement Councils & Settlement Members

- Metis Title — s. 2.4 MGC Land Policy (similar to conditional Fee Simple)
- Includes exclusive right to:
 - (a) use and occupancy
 - (b) make improvements
 - (c) transfer Metis title
 - (d) grant lesser interests
 - (e) determine successor upon death
 - (f) additional rights provided for by MGC policy
 - (g) subject to natural rights — air, water, support

Provisional Metis Title — s. 2.5 Land Policy

- allows settlement member to have exclusive use and occupation and to make improvements needed to obtain Metis title
- Must include the conditions to be met to acquire Metis title; time within which to meet conditions; rights and duties of the title holder

Allotment — s. 2.6 Land Policy

- can be granted to a member to operate things like a farm, ranch or business for a fixed period of time, subject to renewal
- allows a member to use more land than can be acquired under Metis title — similar to a leasehold interest

APPENDIX C

<i>Surface Rights Act</i>	<i>MSA</i>
<ul style="list-style-type: none"> • s. 12 — no right of entry until have consent of owner/occupant or an REO from Surface Rights Board • s. 13 — once REO acquired, operator can enter land for specified purposes • s. 15 — Application for an REO <ul style="list-style-type: none"> — SRB can grant an order if it considers it appropriate. — If Board receives objection to REO <i>may</i> hold a hearing. • ss. 19 & 20 — Operator who exercises right of entry must pay lessor/owner/occupier <ul style="list-style-type: none"> — where unable to agree on payment, Board may decide • s. 25 — factors to consider for determining compensation: market value of land; loss of use; adverse effect on rest of owner's land; damage; factors Board considers appropriate • s. 26 — appeal of compensation order made to Court of Q.B. • s. 39 — If operator doesn't pay, Provincial Treasurer will pay out of Gen. Rev. and operator owes debt to Crown 	<ul style="list-style-type: none"> • s. 113 — Purpose — to enable operator/leaseholder to access land and to enable occupants to have their interests considered and receive fair compensation • s. 114 — Operator cannot enter unless has obtained consent of MGC and settlement council <i>and</i> consent of occupants, <i>or</i> has received REO from LAP or ELLAP • s. 115 — Application for REO-ELLAP/LAP may (a) direct parties to negotiate (c) establish means of making reasonable decision • s. 118 — Determining compensation — ELLAP/LAP may consider: <ul style="list-style-type: none"> — value for preserving a traditional Metis way of life... — value of the land <i>including the cultural</i> — disturbance to the physical, <i>social, and cultural environment</i> — other factors similar to <i>SRA</i> • s. 121 — If operator fails to pay, occupier <ul style="list-style-type: none"> — can take it to LAP — can get Provincial Treasurer to pay from Gen. Rev. fund — operator becomes Debtor of Crown

APPENDIX D

Mines & Minerals Act and Co-Management AGREEMENT

<i>Mines & Minerals Act</i>	<i>Co-Management Agreement (Schedule 3)</i>
<p>s. 9 — Authority for entering into contracts regarding the disposition of minerals or development of mines, as well as royalties and any necessarily incidental matters, belongs to the Minister, acting on behalf of the Crown</p> <p>s. 16 — Minister may issue an agreement —</p> <ul style="list-style-type: none"> • on application • by way of sale by public tender • pursuant to any other procedure determined by the Minister <p>s. 18 — The Minister has the power to refuse to grant an agreement or to cancel an agreement (only for certain reasons)</p> <p>s. 19 — An agreement shall be in the form determined by the Minister</p> <p>ss. 35 & 36 — Royalties reserved to the Crown, Crown is owner of its royalty share until disposed of.</p> <p>s. 43 — All reservations required to be made on disposal of any mineral rights owned by the Crown shall be <i>implied</i> in every disposition.</p>	<p>ss. 201 & 202 — Metis Settlement Access Committee appointed for each Settlement — composed of 5 members — 1 appt. by Minister; 1 appt. by ERCB; 1 by the Settlement corp. for that settlement; 1 by the MGC; 1 by Commissioner or by mutual agreement.</p> <p>ss. 301–302 & 306–310 — Process for disposition of Crown minerals:</p> <p>s. 303 — for the special conditions, MSAC can recommend conditions concerning environmental, socio-cultural, land use impacts, employment and business opportunities incl. Reservation of overriding Royalties, Participation option, or both, to the MGC.</p> <p>s. 304 — If MSAC recommends not to post, Minister can post anyway, but must notify leasee that disposition does not include access to settlement land.</p> <p>s. 401 — MGC and affected Settlement corp. shall have a representative consult with potential bidders.</p> <p>ss. 501–503 — Minister give MGC and ASC name of best bidder; MGC and ASC negotiate with bidder; Then either notify Minister that bid should be rejected or that a development agreement has been reached. Repeat until agreement reached, or no more bidders, or Minister stops submitting bids.</p>

RESISTANCE IS FUTILE: *Aboriginal Peoples Meet the Borg of Capitalism*

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David R. Newhouse

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

David R. Newhouse, Department of Native Studies, Trent University, Peterborough, Ontario. Early versions of this paper were delivered as part of the Business and Ethics Lecture Series at Trent University, 1997; From the Tribal to the Modern Series at University of Saskatchewan, 1998; and as part of Capitalism and Ethics, John Bishop, Editor, University of Toronto Press, 2000.

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 there 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 way 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 we proposed the usual things: more education and training for the individual, more economic institutions like community economic development corporations, lending circles, capital corporations, joint ventures between aboriginal and non-aboriginal firms, more control over land, and to prime the pump, economic development agreements which provided starting capital. And being true to our own futures as academics, we also recommended more research to understand this whole system.

Economic development, as I have argued previously, has become the Holy Grail of the Aboriginal community. There is much hope that is pinned on it. It is supposed to be that activity which provides people with control and allows them, indeed, enables them to preserve their culture and way of life. Every Aboriginal politician and most federal politicians repeat the mantra over and over again. At Trent, we have a program devoted to Aboriginal economic development. This program was established as the behest of Aboriginal community leaders who want people who are educated and trained to develop their economies and manage the organizations which are formed within them. There are similar programs at other universities in Canada.

In the search for a better material life, however, we often forge to look around us. We don't see that as contemporary Aboriginal peoples, we now live within a capitalistic system, within a market economy. And that our economic development will occur within that system. We forget that we are only 1.0 million people, scattered in 600 or so isolated reserve communities across the country and interwoven in some places in the rural and urban fabric. Like all people these days, we do not live in complete isolation from the world around us. Nor can we affect that world in any great way. In fact, we are more likely to be affected by it than the other way around.

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 Tlingit, the primary way to earn social rank and honour among the Tlingit was to acquire wealth and display industrious work habits. The Tlingit 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, ie. 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 peoples 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.

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REVIEWS OF
CURRENT BOOKS
AND LITERATURE



Editor's Introduction

David Newhouse

In this issue we bring you a review of a seminal work on Aboriginal economic development: *What can Tribes Do? Strategies and Institutions in American Indian Economic Development*. This text, based upon case studies from the Harvard Project on American Indian Economies, has served as a foundational text for much work in Aboriginal economic development in Canada and the United States. We hope that you will find a copy. It's an excellent reference.

The second article reviews the first issue of this journal from the perspective of a communications professor. She sees the journal as an excellent example of the integration of theory and practice that universities ought to be offering as well as a providing an excellent resource for those interested in Aboriginal economic development.

BOOK REVIEW

What can Tribes Do? Strategies and Institutions in American Indian Economic Development

by Stephen Cornell and Joseph Kalt, Editors,
American Indian Studies Center,
University of California — Los Angeles, 1992

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David Newhouse

What can Tribes do is a collection of 8 papers prepared by faculty and staff of the Harvard Project on American Indian Economic Development (HPAIED) in the John F. Kennedy School of Government at Harvard University. These papers, which represent five years of HPAIED work during the late 1980s and early 1990s, were prepared for Indian Tribes and organizations to assist them in addressing economic development challenges facing them.

The HPAIED represents one of the first sustained university level critical examination and analysis of the issues of economic development in American Indian communities. Its work was seminal and groundbreaking. The project is an examination of what was working in economic development rather than an examination of what wasn't working. This focus on successes rather than failures is what differentiates this work from others. Cornell and Kalt write:

Seldom have Indian nations had the opportunity to propose their own solutions, the power to implement them, or

the information necessary to design solutions that can work on tribal terms and in highly diverse tribal contexts. Today — at least for the first time — the opportunity is there, and the power, while limited, is there as well. Informational resources, however, remain scarce. This collection is part of an ongoing effort to address this scarcity.

The text consists of 7 edited reports and an introduction which sets out the lessons learned from the 5 years of research. Each technical report in that it was prepared for community use is written in a language and style that makes it easy for economic development officers to use in their own work.

The first report, prepared for the Crow Tribe, examines the structure and functioning of an economic development corporation, describing ways of protecting local enterprises from political interference, among other issues; the second report, written for 7 southwestern Tribes, reviews the judicial systems for the 7 different tribes,

arguing that a well established system of laws and law enforcement are crucial elements to economic development.

The third report to the Puyallup in Washington presents a model for land use planning and describes how to link land use to tribal goals. The fourth report is a review of forestry operations on Indian reservations with a view towards looking at factors that make a productive reservation timber industry.

The fifth report analyses the factors that influence the success of bingo in Indian reservations. While it looks closely at bingo, its conclusions are also applicable to larger gaming operations. It reports that key factors are market size and extent of local competition. The sixth report examines welfare and welfare reform with a view towards changing the welfare system to support the movement of families from welfare to self-sufficiency.

The seventh report takes a different tack and focuses upon the cultural 'mindsets' that people bring to the development task and how these mindsets affect development action. It proposes a framework for analysing the effect of culture upon development activity.

In the first chapter: *Reloading the Dice: Improving the Chances for Economic Development on American Indian Reservations*, Cornell and Kalt review the obstacles that are faced by Indian nations as they attempt to develop. They argue that governing institutions play critical roles in development and that economic development is more than just picking winners. They argue:

Picking winners is important, but it is also rare.... In fact, many tribes pursue development backwards, concentrating first on picking the next winning project at the expense of attention to political and

economic institutions and broader development strategies. Development success is marked, in part, by the sustainability of projects. Generally speaking, only when sound political and economic institutions and overall development strategies are in place do projects — public or private — become sustainable on reservations. Much of the development success we have seen has occurred where tribes have paid prior and ongoing attention to the structure and powers of their political and economic systems.

Indeed in our research two factors more than any others distinguish successful tribes from unsuccessful ones: *de facto* sovereignty and effective institutions of governance.

Cornell and Kalt then proceed to lay out how tribes can exercise their sovereignty and what the various roles of the political and economic institutions should be with respect to economic development. Their focus on the development of effective institutions which can support economic development is an important aspect of aboriginal economic development that has been given little attention. Their work, while important and groundbreaking, needs to be built upon.

The work is now almost a decade old and the text itself almost 8 years old, yet it remains and deserves to become one of the classic texts in Aboriginal economic development. The ideas expressed by Cornell and Kalt in *What can Tribes Do* were important influences in the research work and recommendations regarding economic development of the Royal Commission on Aboriginal Development. It will be interesting to take a look at the economic development landscape a decade from now and see if their ideas have indeed made a difference.

BOOK REVIEW
Journal of Aboriginal Economic Development
Vol. I, No. I

The Gifted Peoples: The Return of the Oppressed, or
Remythologizing Aboriginal Economic Development

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Isobel M. Findlay

The *Journal of Aboriginal Economic Development* is a very important initiative that has enormous educational potential inside and outside the academy. The first such journal devoted to economic development and sustaining Aboriginal communities, it explicitly targets “those who teach and those who work as officers in the field.” It breaks new ground while also reclaiming and remapping cognitive, cultural, economic, and ecological territory forfeited to European colonial encroachments. The emphasis on teaching and practice is consistent with the methodology of the journal itself (available in online and print editions) and of Aboriginal business.

An impressive editorial team (with powerful connections to the academic and business worlds) has put together a journal that replicates the multiple strategies that drive Aboriginal business ventures and connect them to their multiple

and ever increasing constituencies. This publication attests compellingly to the fact that Aboriginal peoples have much to offer everyone, and not only themselves. They have traditionally understood dependency—as in “All my relations”—to be mutual rather than unidirectional, but that recognition has of course been denied or only intermittently credited by colonizers. The cruel contradiction of colonialism, whereby the colonizers have simultaneously asserted their own independence of and superiority over Indigenous populations while *depending on* and exploiting Aboriginal knowledge, resources, and skills, is currently giving way to the overwhelming evidence of Aboriginal independence, creativity, and capacity for collaboration (Battiste and Henderson, 2000).

Aboriginal difference and distinctiveness are being recoded and applied positively. Traditional

Assistant Professor, College of Commerce, University of Saskatchewan. Isobel M. Findlay teaches business communications as well as law and culture at the University of Saskatchewan and is co-author (with James (Sakej) Youngblood Henderson and Marjorie L. Benson) of *Aboriginal Tenure in the Constitution of Canada* (Carswell Legal Classics, 2000), which recently won the Saskatchewan Book Award for scholarly writing, for the best contribution to scholarship. It was also short listed for the Saskatchewan Book of the Year. Jurors Kristjana Gunnars and Rudy Wiebe cited it as follows: “It will become the fundamental text as Canada struggles with its most pressing problem of the 21st century—dealing Aboriginal Peoples, at last, into Confederation.”

and new knowledge is giving rise to new practices that are both confirming and redirecting basic and often oppressive notions like economic development itself. Development achieved how, and in whose interests? The double gesture of recognizing and also critiquing mainstream economics and development theory, means that an exciting intellectual, social, and economic agenda is emerging from a margin where its proponents are no longer content to reside, and in terms and in ways that those that are marginalized are no longer content to have defined for them or imposed upon them by others—whether by Indian Act, White Paper, or other means.

Offering leadership in new forms of communication, commerce, and community, the *Journal of Aboriginal Economic Development* is a model for that institution traditionally identified with leading—namely the university—which in much recent talk about becoming culturally attuned to diversity betrays old colonial habits of harmonizing or assimilating the “anomalous” to dominant views and ways without acknowledging, far less exploring, its own complicity in systems of domination.

Despite much rhetoric (and even education equity rules or guidelines) to the contrary, the Canadian university and business schools in particular have done too little to become the sort of inclusive institutions needed for the twenty-first century. According to a 1998 study reported in Ivey's *Women in Management* (Dec.–Jan. 2000), for example, only 10 of the 37 Canadian business schools that responded offer an undergraduate course in gender or diversity issues. The courses are evenly divided in their concentration on gender or diversity, the majority of students are female (70%), and in all cases the course is an elective.

What we need is not just a moving of the mental furniture in a limiting add-on or elective fashion (as in we'll add a class on gender and diversity or set up a separate program), but a radical rethinking of what we have inherited and do in the name of truth, reality, and knowledge deployed in the interests of university curricula or of the new global economy. We should never forget the violence perpetrated in the name of progress's linear path or other paternalisms. Or that “research is probably one of the dirtiest words in the indigenous world's vocabulary” and colonialism has meant disconnecting Indigenous peoples from their histories and languages. It

has meant too forms of “fragmentation” that put Indigenous skulls in museums, art work in private collections, “customs” in the hands of anthropologists, and languages in the hands of linguists (Smith, 1999: 28).

Whereas the business world is responding to the opportunities and obligations of a diverse work force by developing new policies, programs, and performance evaluations and women are proving especially successful in Aboriginal business ventures (Newhouse and Pleasant-Jetté, 1999), business schools are marching resolutely, indeed very slowly, behind trends in the so-called real world, proving slow to learn from the challenge of women's and Aboriginal business. Instead of showing leadership, universities have much to learn from business—and from the *Journal of Aboriginal Economic Development* which offers a compelling model for integrating Aboriginal issues into business school curricula at undergraduate and graduate levels.

It is still too much the case that academic careerism valorizes so-called autonomy, disinterest, and objectivity, while thriving on the oppression of Indigenous or other underrepresented groups much as nineteenth-century professionalizing depended on the monitoring and measuring of the so-called underclasses created by industrializing Europe. What we need is not the preservation of purity or objectivity but forms of productive hybridity empowering faculty and student alike in modes of exchange both rigorous and respectful *and* effectively transformative.

Despite explicit commitments to interdisciplinary work and critical thinking, the university remains structurally tied to disciplinary and departmental interests and investments in micro-distinctions and exclusionary practices—and with profound consequences for what we know, how we communicate, and who we understand to constitute that “we”. As the Report of the Royal Commission on Aboriginal Peoples argues, we need to understand economic development in less reductive ways:

[It is] much more than individuals striving to maximize incomes and prestige, as many economists and sociologists are inclined to describe it. It is about maintaining and developing culture and identity; supporting self-governing institutions; and sustaining traditional ways of making a living. It is about giving people choice in their lives and maintaining appropriate forms of relationship with their own and

with other societies. (RCAP, 1997 Volume 2, Chapter 5: 5; quoted in Anderson and Bone, 1999)

Indeed, the more invested disciplines are in their own objectivity, the more they seem blind to their Eurocentric bias and deaf to alternative ways of speaking, seeing, doing, and knowing.

In a brand new second edition of Lillian Chaney and Jeanette Martin's *Intercultural Business Communication*, for example, much is argued by way of apparently authoritative (and neutral) definition, including the following based on Jandt, 1995:

Diffusion is the process by which the two cultures learn and adapt materials and adopt practices from each other. This practice is exemplified by Columbus' joining of the Old and New Worlds. The Old World gave the New World horses, cows, sheep, chickens, honeybees, coffee, wheat, cabbage, lettuce, bananas, olives, tulips, and daisies. The New World gave the Old World turkeys, sugarcane, corn, sweet potatoes, tomatoes, pumpkins, pineapples, petunias, poinsettias, and daily baths. (2)

No mention here of the so-called gifts of colonization: alcohol, disease, guns, poverty, crime, violence or even the institutions of patriarchy, education, religion, law, and medicine.

Academic cultures of competition rather than collaboration further marginalize and under-resource Aboriginal, postcolonial, and women's and gender studies and discourage productive interaction in ways that leave the status quo intact. And there is, as Charles Coffey reminds us in his address to a CANDO symposium reprinted in *Journal of Aboriginal Economic Development's* first issue, an enormous cost to doing nothing (127–29). We need a critical mass of faculty and a mass of critical students committed to changing the way we do business inside and outside the academy. And that means attending to the elders, story-tellers, professional, practising, and academic teachers (Aboriginal and non-Aboriginal).

If as the Maori saying goes, our future is behind us, the *Journal of Aboriginal Economic Development* effectively recapitulates the colonial past to help us understand where and why we are — and where we might be in the future as well as how we might get there. The journal organizes its contents around four sections paralleling the multiple ways that economic develop-

ment is pursued in Aboriginal settings: Best Practice: Learning from Experience; Lessons from Research; Reviews of Current Books and Literature; and the Royal Commission on Aboriginal Peoples. And the journal like Aboriginal business blends insights of contemporary thinking with traditional knowledge symbolized in the Tree of Life emblem that graces the cover and represents wisdom unleashed by the Sky Woman of Iroquois culture and connecting spirit and world and underlining the equality of peoples and parts of creation. Similarly, the journal represents the active and the reflective, while celebrating those nominated for CANDO economic development awards and finding nothing to fear in difference. And there are persistent reminders of partnerships and collaborations as well as the connections between “economic self-sufficiency and political self determination,” as Blaine Favel puts it (Lindsay, 1999).

As the *Journal of Aboriginal Economic Development* shows us, we are not helpless in the face of mysterious natural forces but can creatively reshape what cultures shaped in the first place. If ignorance continues to mean denial, resistance, and backlash in the mainstream media and elsewhere countering efforts to unpack and displace prevailing myths about Aboriginal realities and rights, tax situation, land tenure, etc., we need to redouble efforts to get alternative stories out — and to use every site and occasion to do so. Just as the *Journal of Aboriginal Economic Development* importantly recirculates the Report of the Royal Commission on Aboriginal Peoples to ensure that “the most expensive inquiry in the history of Canada” (Newhouse and Pleasant-Jetté) does not languish, so we need to ensure that this new journal secures the sort of prominence it deserves. For me, this means citing its essays, reviews, and commentaries whenever possible as well as using it and RCAP in every class I teach. It is with this commitment that I thank the editorial team for their inspiring model that shows us things can be done otherwise and successfully so.

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THE ROYAL
COMMISSION ON
ABORIGINAL
PEOPLES



Editor's Introduction

Fred Wien

This section of the Journal features an article written especially for this issue by Tony Reynolds. Mr. Reynolds was the Executive Director of the Royal Commission on Aboriginal Peoples from 1993 through to the end of 1996 when RCAP's final report was released. In this position, he was in daily contact with the Commissioners and had a comprehensive view of the workings of the Commission as a whole. He came to RCAP from a long career as a senior civil servant in the federal government, with a particular interest in economic development. He is therefore in a unique position to understand how royal commission's fit into government's policy-making framework, in general, and to describe in particular the main thrust of RCAP's report and its reception by the government of the day.

In this article, Mr. Reynolds outlines the vision put forward by RCAP with respect to the historical relationship between Aboriginal and non-Aboriginal peoples in Canada, and the contemporary need to rebalance political authority and economic resources. He describes the requirements that need to be

met if economic progress is to occur, including the importance of governance and an expanded land and resource base. The article concludes with an assessment of the federal government's response to the Royal Commission recommendations.

THREE YEARS ON: *What Has Happened to the Report of the Royal Commission on Aboriginal Peoples?*

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Anthony Reynolds

To observe that royal commissions are created by Canadian governments out of mixed motives is to state the obvious. One need only to recall the events of Oka and the failure of the Meech Lake Accord to conclude that one reason the Mulroney government created the Royal Commission on Aboriginal Peoples was to contain a rising tide of hostility among Aboriginal peoples against their place within Canadian society.

But one must also recognize the degree of frustration and puzzlement that prevailed among thoughtful politicians and officials about how to effectively come to grips with Aboriginal aspirations within the perceived political and fiscal reality faced by Canadian governments.

There is a tradition within Canadian polity that when matters assume a large and complex dimension, spanning the mandates of many government ministries and implicating policy well beyond the life of any one government, the best minds available are brought together to go into these issues in depth, with the time and resources to do so. Hence royal commissions have examined many of the major issues that define the Canadian reality.

Herein, however, lies the paradox that haunts such efforts and causes a high degree of skepticism about these instruments of policy development. Royal commissions are created to examine the fundamental nature of a problem, to go to the roots, so to speak. When they do, they then present the government of the day with an agenda for change that most governments have not the intellectual stamina or political resolve to implement. Hence the public perception that equates the report of a commission with a document that “gathers dust” on some government shelf.

Such was the case with the commissions on bilingualism and biculturalism and Canada’s economic future. It took major political upheavals well beyond the time frame of those commissions to move governments towards the implementation of their recommendations.

The Commission’s Vision

When the Royal Commission on Aboriginal Peoples report was tabled, Geoffrey Simpson, one of the *Globe and Mail’s* principal columnists, concluded that the Commission, because of

Anthony Reynolds was Executive Director of the Royal Commission on Aboriginal Peoples from 1993 to the submission of its Report in 1996. Prior to that he had a career in the federal government in the departments of Finance and Industry. He currently lives on Vancouver Island where he farms and writes. He can be reached by e-mail at tonyray@mars.ark.com.

the nature of its recommendations, had probably made accommodation between Canada's Aboriginal peoples and the descendants of its settlers much more difficult.

And he may have been right because the Commission set out a vision that challenged the "soft assimilation" model as much as it repudiated the use of state power to eliminate Aboriginal peoples as distinct societies.

It decried the assumed if unspoken outcome that most Canadians want, that Aboriginal peoples, through education and economic progress, "become like us"; that their societies become part of the Canadian cultural mosaic without the awkwardness of exercising any real political or economic power. The Commission recognized that this indeed might be the future but stated that Canada would miss an historic opportunity to confirm a unique aspect of our identity and to pattern new types of political relationships for a world beset by conflicts between diverse peoples living within the same nation state.

The Commission's conclusions were perhaps startling for the media and the general public who had given these issues little thought. The basic premises around which its recommendations were based can be summarized as follows.

Its final report set before the governments and people of Canada a comprehensive strategy over 20 years to restore social, economic and political health to Aboriginal peoples — and rebuild their relationship with all Canadians.

It entails the pursuit of two mutually reinforcing paths to change — a rebalancing of political authority and economic resources; and a reinforcing effort to restore health and effectiveness to individuals, families, communities and nations.

Its vision saw Canada in the 21st century as a country within which 60 to 80 Aboriginal nations, of which the Nisga'a nation and its treaty is an example, would exercise jurisdiction and law-making authority over a range of instruments of governance on a renegotiated and in most cases expanded land base. Aboriginal people would be members of their nations and citizens of Canada, as are the Nisga'a.

The Government of Canada's treaty obligations would be to Aboriginal nations rather than to individuals, with those nations deciding how best to spend the resources so allocated.

Aboriginal governments would be responsible to raise much of their own revenues and spend them according to the priorities established

through their own institutions. Fiscal arrangements would operate between these governments and the federal government, much as they do now with the provinces, to ensure a broad measure of equality of services available to all Canadians.

Canadians would live in an era of new political partnerships, where, on Aboriginal territory, laws and institutions would reflect Aboriginal culture and values, where such differences would no longer be perceived as a threat, and where the injustices of the past no longer define peoples' life-chances in the future.

Recognizing Aboriginal nations

In their joint address to the country at the launch of the Commission's report, its co-chairs, Georges Erasmus and the Honourable René Dussault said the following:

The roots of injustice lie in history and it is there where the key to the regeneration of Aboriginal society and a new and better relationship with the rest of Canada can be found.

Aboriginal peoples were nations before the first European settlers arrived. They were nations, and recognized as such, in the Royal Proclamation of 1763 which confirmed and codified the relationship with Aboriginal peoples. They were nations, and recognized as such, when they signed treaties to share their land and resources.

And they remain nations today — in their coherence, their distinctiveness and their understanding of themselves and the world. There was no conquest, no giving up of rights. What there was, was a partnership, expressed in law, embedded in our history.

The systematic, sustained denial of this reality — manifested through the violation of agreements, the suppression of cultures and institutions, the refusal to live up to legal obligations — is the core of the problem.

Settler governments, imbued with the certainty of an imperial age, sought dominion over this land and believed it was their duty to remake Aboriginal peoples and societies in their own image, thereby, conveniently, removing opposition to that dominion.

We cannot escape the fact that we have built a great liberal democracy in part through the dispossession of

Aboriginal people and the imposition of our cultural norms.

Successive Canadian governments tried — often intentionally, sometimes in ignorance — to absorb Aboriginal people as individuals into the body of Canadian society, thus seeking to eliminate distinctive Aboriginal societies. Such policies, pursued over the decades, undermined — and almost erased — Aboriginal cultures and personal identities. But they did not succeed. Aboriginal peoples remain proudly different.

The fact is that in crucial dimensions, Aboriginal cultures, values and world-views were — and remain — fundamentally different from the organizing principles of mainstream North American society. Yet Aboriginal peoples have been denied the right to fashion their societies and institutions in ways that are consistent with these values....

In order to break free of the structure of dependence which has bred so much deprivation and dependency, Aboriginal people must have the opportunity and resources to exercise responsibility themselves, to re-establish themselves as peoples, to build institutions consistent with their values.

They should engage in this process at whatever speed they wish. That is their right — and it is the only approach that will work.

Political Authority and An Economic Base

When the co-chairs of the Royal Commission on Aboriginal Peoples first met with Ron Irwin, the then Minister of Indian Affairs, he encouraged them to remember that they were writing from the perspective of the next 50 years. Perhaps he had a double meaning in mind: their work had to deal with fundamental truths that would be recognized as valid at any point in the future and/or it would take 50 years to see its conclusions implemented.

The Commission itself concluded that it would take 20 years to implement all its recommendations and that, even after that passage of time, the socio-economic gap between Aboriginal peoples and other Canadians would only be half closed.

But within that time frame it projected that economic development, fueled by a larger land base, greater access to natural resources and

maturing Aboriginal systems of governance, education and justice, would see Aboriginal peoples making a net financial contribution to Canadian society. It was confident that sufficient momentum would have been generated that the rest of the socio-economic gap would disappear relatively swiftly thereafter.

However, if that were to happen, commissioners concluded that the most important aspect of their recommendations were those that led to the acquisition of effective political authority and an adequate economic base by Aboriginal peoples. With those twin elements in place, they were confident that Aboriginal people would construct and implement their own means of solving the many social, economic and cultural dilemmas that pervade their societies.

But it is precisely in this area that there has been limited progress in implementing the Commission's recommendations by current Canadian governments.

The federal government has brought the public government of Nunavut into being and passed legislation authorizing the nation government of the Nisga'a, both initiatives having been begun under earlier administrations. It talks much about "partnership" and "building capacity" but its follow-through actions tend to be at a "pilot-project" level, focusing much on process and little on final results that are nationally significant.

It embarked on a joint process with the Assembly of First Nations to design an independent Aboriginal lands tribunal that would hasten the process by which Aboriginal nations could secure an adequate land and economic base. It then backed away from that undertaking out of fear that the financial implications arising from an independent tribunal's rulings would be too onerous.

This Liberal government under the leadership of Jean Chrétien is not one for visionary commitments or bold policy changes. Yet, on the other hand, in education, health, governance, land acquisition and economic development, initiatives are underway, band by band, nation by nation that reflect much of the essential thinking in the Commission's report.

When one reviews the record of the federal government's interaction with Aboriginal peoples in the last couple of years, the marks of the Commission's recommendations are clearly apparent in kind if not on the scale the Commission believed was necessary. What is missing, in

addition to questions of scale, is the public leadership that would educate Canadians as to why these changes are needed and how all Canadians will benefit from them.

Prerequisites for Economic Progress

Let's consider more closely the area of economic development which is the professional interest of most of the readers of this publication. What does it take for self-reliance to take the place of poverty and dependence? What conclusions and recommendations for action did the Commission bring forward?

In summary, it found that seven factors were important:

- **political sovereignty:** the degree to which a people or nation has real control over decision-making and the use of its resources;
- **institutions of governance:** when these are stable and effective and are seen by the people to be legitimate, they encourage a productive environment;
- **land and resources:** minerals, water, timber, fish, fertile land, wildlife, oil and gas;
- **development of human capital:** skills and expertise acquired through education and experience to grow, harvest or make products that others need and manage the production, financing and marketing of these products;
- **financial capital:** the ability to obtain investment from own resources, from private partners, from governments;
- **market opportunity:** products or services at a price and quality that local, regional or global markets are willing to pay;
- **a supportive culture:** as this is restored and people rebuild a sense of community, self-reliance and sharing become the accepted way of life once again.

Why did the Commission place such weight on matters of governance and land as the foundation for an effective economic strategy?

The commissioners became persuaded in the course of their work that solutions in any one area of their mandate required significant change in other areas. The relationship of economic progress to matters of governance and a land base is a clear example of this interdependence. To quote from the opening paragraphs of the report's chapter on economic development:

If they are to be successful, strategies for change must be rooted in an

understanding of the forces that created economic marginalization in the first place. Certain conditions essential for economic development were ignored over time. These need to be re-established: the economic provisions in the historical treaties; the freedom for Aboriginal people to manage their own economies; and a fair share of the land and resource base that sustained Aboriginal economies in the past.

To ignore these fundamentals and pretend that economic development can be achieved within the limits of the status quo simply by training entrepreneurs or improving their access to capital is to maintain the cycle of disadvantage of the past two centuries.

Governance Central to Development

With respect to governance, the Commission had many case studies to draw upon. Work done at the Harvard Project on American Indian Economic Development examined economic and social conditions on Native American reservations that had discarded governance institutions imposed by the federal Bureau of Indian Affairs in favour of institutions that reflected their own culture and traditions. These were compared with conditions on reservations which retained the Bureau-designed institutions.

The evidence was clear that the former communities had made greater strides towards economic self-reliance and social stability. Institutions that conform to a people's culture benefit from authenticity and ownership. The ability to attract outside investors, a critical component for the economic progress of many communities, requires translating governance norms into processes that were transparent to outside investors. But any community to be attractive to investors needs social stability, decision-making processes open to its citizens and institutions that carry the respect of its people.

The Commission recommended that Aboriginal governments exercise exclusive jurisdiction on their territory over matters that have a direct bearing on the identity and well-being of their people, such as health, education, land management, economic development.

They should enter agreements with federal and provincial governments in those areas that impact on neighbouring communities such as environmental regulation or aspects of criminal law, and recognize federal jurisdiction in matters

of transcendent concern ranging from monetary, trade and foreign policy to cross-border smuggling.

Land and Resources

Access to land and resources are fundamental building blocks without which any promises of self-government or prospects for self-reliance are just so many words.

Aboriginal communities today have less than one-third the land base accorded them by the written terms of the historic treaties. The exclusive lands that Aboriginal peoples were promised have become one-half of 1 per cent of the land south of the 60th parallel.

The courts have established that Aboriginal peoples have a legal right to an expanded land and resource base and a share in the management of some part of what is now Crown or public land. In short, there is a legal basis for the doctrine of continuing Aboriginal title.

However, in the Commission's view, the issue goes beyond historic and legal rights. The negotiation of an adequate land and resource base is the central prerequisite for cultural renewal, economic self-reliance and self-determination for Aboriginal peoples.

Land and resources and the means to generate wealth from them, are necessary to finance governments through an Aboriginal tax base. They are essential to achieving adequate levels of employment and economic self-reliance. They are required to provide a home for Aboriginal people. In public policy terms, it is much preferred that people have the wherewithal to generate the incomes needed for individuals and their institutions than that they been dependent upon income transfers from other governments.

The Commission recommended that federal policy and all treaty-related processes that deal with land and resources embrace certain clear principles. The first is that Aboriginal title is a real interest in land and one that endows the people who inhabited that land with rights which are substantial.

Secondly, the Crown has an obligation to reconcile the rights of other citizens with Aboriginal title. In other words, Aboriginal title is not something that is addressed when all other interests have been satisfied but has a priority claim.

Thirdly, the extinguishment of Aboriginal rights should not be sought in exchange for other rights contained in an agreement. It is

entirely possible for an agreement to specify the appropriate interpretation of Aboriginal land rights for that agreement and provide all parties with the opportunity to adjust an agreement at agreed times to incorporate potential changes in the definition of those rights as well as the overall balance of the agreement.

The principles to determine land size need to be negotiated but, in common sense, the Commission held that these should reflect what is needed to create a basis for self-reliance and the opportunity to pursue the relevant life-style of the people concerned. Hence the land base of the Innu in Labrador will likely look quite different from that of the Salish people in the lower BC mainland.

The Commission recommended that an independent Aboriginal Lands and Treaties Tribunal be created with jurisdiction to supervise the negotiation and implementation of modern treaties and be empowered to impose a solution in the event of a breach of the duty to bargain.

While the acquisition of governing authority and a land base were held essential to an effective economic strategy, it was recognized that these would take time to achieve. Other ingredients were also vital and could be pursued simultaneously.

Management Strengthens Self-reliance

Of these, the most important was to acquire the skills and experience to build and manage companies that can operate in regional, national and global markets and generate the income and wealth the nation requires.

Building enterprises, whether these are owned by individuals or the community, is the means of creating self-reliance and participating in the broader economy beyond the nation's territory. Motivating young people to complete their education is vital to transforming the economic future of their communities. Giving them strong cultural foundations to which is added proficiency in technical and professional skills will make economic development the servant of the community rather than the other way around.

Investment Equity: A Stake in the Future

All businesses need equity capital invested by the owners. Without that, banks and other finan-

cial institutions will not extend loan financing. Having sufficient funds to purchase land and equipment, hire trained staff, develop markets and operate the enterprise until sufficient sales provide funds for on-going operations is essential.

Lack of capital is a major constraint Aboriginal communities face in expanding their economic base. Widespread poverty has severely limited capital accumulation in the hands of individuals; the Indian Act limits the use of on-reserve property as a means of raising capital; the isolation of communities limits their access to funding sources. These barriers are being slowly overcome but more needs to be done to finance business opportunities.

Cooperation for Employment

If an substantial increase in employment is to be achieved, a wide spread effort to give Aboriginal people on-the-job experience is essential. In those parts of the country where Aboriginal people are a significant portion of the population, the Commission recommended that close collaboration be established between large private and public employers, training institutions and Aboriginal organizations.

Armed with forecasts of jobs, employers would work with institutions to develop appropriate courses, participate with Aboriginal organizations in the selection of candidates for these courses and then place successful candidates in their companies or agencies for a year's job experience before allowing them to compete for that job on a permanent basis.

Governments help fund the overall collaborative process. More effective use of employment equity programs as well as a strengthening of Aboriginal employment service organizations will also help Aboriginal people break into opportunities in urban areas.

Transforming Social Assistance

Finally, a fundamentally new approach to social assistance is needed. Where the market economy does not produce enough jobs for self-reliance, people need income supplements. It is beneficial to assist people to remain in their chosen communities and lifestyle, even at lower income levels, rather than to force them to migrate to the margins of urban centres.

In return, recipients of social assistance could provide the community with needed goods and services such as help for elders, day-care assistance, building and maintenance of community facilities, restoring the natural habitat, etc. Communities should be able to design their own income supplement programs that require productive work from able-bodied individuals, supplement the earnings of those who spend significant time on the land, or require participation in training programs to provide life and employment skills.

The Pattern of Change

But effective governance, an adequate land base and productive economic activity is about much more than generating income and economic self-reliance. It is about dignity and being able to exercise choices. It is about laying to rest the demons of dependence. It is about ensuring that your culture thrives and enriches the life of your children. It is about human growth through the exercise of responsibility, for yourself, your family, your community.

One needs only to observe the pattern of change that takes place among those communities which have wrested these gains from the dominant society around them. A few of many examples:

- the recent response of Aboriginal leadership in the Northwest Territories to the renewed prospect of a pipeline crossing their lands from the Arctic: a determination to exercise a substantial equity interest and to ensure that employment and environmental practices resulted in lasting benefits for their people;
- the role that the Meadow Lakes Tribal Council plays in the economy of northwestern Saskatchewan with its major stake in the forest industry: generating jobs for their people and their non-Aboriginal neighbours and initiating new forms of community involvement to ensure that harvesting respects traditional practices and values;
- the change in relations between the city and people of Campbell River in British Columbia and the Campbell River First Nation since the latter became a major participant in the economic development of the city: mistrust and antagonism from both sides have been replaced by active cooperation and appreciation of the other's contribution.

The Government's Response

The Government of Canada's principal response to the Royal Commission was its policy framework, *Gathering Strength — Canada's Aboriginal Action Plan* and its *Statement of Reconciliation* in which it acknowledged the grievous impact of past government policy in the dispossession of Aboriginal peoples' land, institutions and culture and apologized for the misuse of state power involved. In conjunction with this apology it established a \$350 million fund to finance initiatives contributing to the healing of individuals and communities damaged by one of the principle instruments of that dispossession, the residential schools.

Gathering Strength set out four themes under which the federal government proposed to act:

- renewing the partnerships
- strengthening Aboriginal governance
- developing a new fiscal relationship, and
- supporting strong communities, people and economies

A wide range of activity is being pursued under this framework. For example:

- an exhaustive examination of all aspects of future Aboriginal governance and fiscal relations in Saskatchewan in conjunction with the Federation of Saskatchewan First Nations;
- a national gathering of First Nations' representatives to engage in policy development leading to the transfer of crucial governance functions such as elections, membership, land, environment and natural resource management out of the *Indian Act* to the jurisdiction of Aboriginal governments;
- an agreement in principle with the Innu Nation in Labrador, the successful conclusion of Treaty Land Entitlement negotiations in Manitoba under which close to a half a million hectares of land will be transfer to 19 First Nations;
- the establishment of a self-government commission for the Inuit territory on Nunavik in northern Quebec
- \$750,000 for the Athabasca Tribal Council to enable it to participate significantly in the Athabasca oil sands expansion;
- a quadrupling to \$200 million of Indian Affairs' program funding for economic development over two years;
- the allocation of \$12 million for the preservation and development of Aboriginal languages;

- over \$15 million to demonstration projects across Canada to model alternatives to welfare on reserve in the context of Income Security Reform.

One can question the adequacy of this response in the light of the challenges facing Aboriginal peoples. As stated above, the scale of this response is considerably short of what the Commission called for, but the direction it is taking corresponds to many of the Commission's conclusions and recommendations.

There are glaring examples of failure to move with the decisiveness and generosity required to restore ancient grievances, such as the fisheries debacle on the east coast or the desperation in British Columbia at the lack of substantial progress through the BC Treaty Commission.

There is the spectacle of thousands of court cases for abuses suffered in the residential schools. The large monetary awards to injured individuals, while merited, will do little to assuage the collective loss while causing grief and anger among those who, in an ironic twist of history, may stand to lose their sacred places through the bankruptcy forced on their churches.

There are the increasing number of confrontations as Aboriginal people stand up for their rights while large numbers of the rest of the population lose patience with what they see as "special pleading" and the platform of the main federal opposition party proposes "equality for all Canadians" and the elimination of Aboriginal rights.

The Rationale for a "Radical" Approach

It is essential for this federal government to state clearly in public what it has been willing to implement in practice, so that Canadians understand the justice inherent in an Aboriginal order of government, an adequate land base and an honoured place for Aboriginal cultures and peoples as central to Canadian identity in the 21st century.

It is fitting to quote again from one of the co-chairs of the Commission. René Dussault was speaking to a meeting of chiefs from the Assembly of First Nations on February 24th, three months after the submission of the Commission's report. He said:

Some people have called the Commission's report bold and radical. I acknowledge that our report is not motherhood and goes to the fundamentals and I certainly do not apologize for that. It is built on premises which all Canadians can understand.

These are:

- 1) The Aboriginal way of organizing community and defining the individual's place in it—in other words, Aboriginal culture and identity—is markedly different from mainstream approaches. It remains valid and has lessons to teach the mainstream. Its loss, whether through forced assimilation or marketplace erosion, is worthy of resistance.
- 2) Where a significant majority of the population adheres to Aboriginal ways, these values should be reflected in institutions of governance and public processes such as education and justice if social cohesion and progress are to result.
- 3) The creation and direction of such institutions cannot be undertaken by distant bureaucracies. Responsibility cannot be effectively exercised without authority. And public institutions that are unable to raise their own revenues operate without an essential component of accountability.
- 4) A viable economic base is essential to finance self-government and provide communities the levers to improve their economic and social conditions. Such a base comprises both human skills and land and natural resources. But without the latter, without ownership of resources, Aboriginal nations will have neither the capital nor the negotiating leverage to participate effectively in the global economy.
- 5) These gains are justifiable on grounds of historical right, moral legitimacy, and

effective public policy. They represent an effective rebalancing of political and economic power. All Canadians will be better off if we together can achieve them.

What will it take to move governments to active cooperation in reaching these goals? You are much more experienced in this than I am. But I would suggest that you do three things.

First, speak out frequently and unitedly about your determination to rebalance political and economic power in this country. And do not allow others to divide you over the details. When you achieve the governing authority and the resources you need, there will be plenty of opportunity to debate practical details about implementation.

Second, start right now to build the capacity that will enable you to exercise as much jurisdiction as possible. You will want cooperative relationships with other governments. Indeed, that will be essential. But this should not prevent you from doing the hard work necessary to effectively exercise your right to self-government.

Thirdly, govern now in a manner that is consistent with your culture and values and that will bring healing to your people. Your culture has much to teach mainstream society. The more Canadians see you implement your values in the way you administer justice or organize your education or pursue economic self-reliance and environmental stewardship, the more rapidly will they be won over to supporting your rights to self-government and an adequate land base.

You can be certain that thousands of other Canadians, like myself, will do all we can to support you in rebuilding Aboriginal nations in Canada. And thousands more will add their support as they come to understand the justice of your journey and how your economic empowerment will benefit Canadian society as a whole.

Journal of Aboriginal Economic Development

Submission Guidelines

The Journal of Aboriginal Economic Development is a peer-reviewed journal for practitioners and scholars working and researching in areas relevant to aboriginal economic development. Its intent is to explore ideas and build knowledge in the field of aboriginal economic development theory and practice. The journal prefers a broad interpretation of research and knowledge and encourages a wide variety of forms of contributions in this area.

JAED features four sections: **Learning from Experience**, **Lessons from Research**, **Reviews of Current Books and Literature**, **The Royal Commission on Aboriginal Peoples** — each with its own editor. Please send five copies of your manuscript. Contributions may vary in length, depending upon the section they are written for. We are looking for submissions in the range of 20–25 pages or so or about 5,000 words for research papers, book reviews of about 1,000 words, and experience sections of about 2,000–3,000 words. Manuscript submitted should be single spaced with 1.5 inch margins all around and page numbers at the bottom middle. The title page should indicate the section for which you are submitting. All identifying information should be restricted to this one page. Review for publication will take approximately 6–8 weeks from time of receipt.

Manuscripts should be sent to: Kevin Fitzmaurice, Assistant Editor, Journal of Aboriginal Economic Development, Department of Native Studies, Trent University, Peterborough, Ontario, Canada, K9J 7B8. A copy of the final revised manuscript, in WordPerfect® 5.1 or later or Microsoft Word® format, saved on an IBM-compatible disk should be included with the final revised paper copy. Research submissions should conform, where practical, to the *Publication Manual of the American Psychological Association* (4th edition), however the journal is flexible in its format and encourages creativity and innovation.

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