

The Cost of Doing Nothing

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Historical Economic Perspectives of Aboriginal Peoples: Cycles of Balance and Partnership

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1. Introduction

Seeking understanding of Aboriginal peoples' place in today's society and ultimately for the future means understanding the history that has brought us here. It is not the history that solely acknowledges the Euro-Canadian perspective that will bring this understanding but it is an holistic approach that also respects the Aboriginal world view. This strategy draws on "ways of knowing" that honor written and oral traditions and is blended with a spiritual element that promotes a full appreciation for both approaches. This paper combines the academic approach of transferring knowledge and information with the sharing of Aboriginal knowledge and wisdom.

The focus is on economic development and in particular governance and land but it is presented within a context of the historical relationships that characterized Euro-Canadians and Aboriginal peoples.

An appreciation of the history of the Aboriginal presence in Canada is given little importance to most Canadians leading the RCAP Commissioners to conclude:

*“Lack of historical awareness has been combined with a lack of understanding on the part of most Canadians of the substantial cultural differences that still exist between Aboriginal and non-Aboriginal people. Together these factors have created fissures in relations between the original inhabitants of North America and generations of newcomers. **They impede restoration of the balanced and respectful relationship that is the key to correcting our understanding of our shared past and moving forward together into the future. (Emphasis added)**”*⁽¹⁾

The following sections examine the attitudes towards development and the ability to bring about development as circumstances have changed over time. But first, a brief look at the differences in perspective follows.

The objective of historians using a western science approach relies on written documentation to support an interpretation of events as a matter of 'truth'. A cross-cultural setting complicates the strategies for achieving the goal of accurate and 'complete' understanding. (2) In accounting for all the events under investigation, historians in the western science approach weave their explanations with human beings at the core in a secular, scientific manner that maintains the split with spirituality advocated through the ages by Galileo, Descartes, Newton, Einstein and other philosophers.

Distinguishing the spirit, from every aspect of life including mind and body is one critical difference in approach between Aboriginal peoples and Euro-Canadians. (3) Aboriginal historical tradition honours stories, legends and explanations handed down from grandmothers and grandfathers. All of Creation including 'those who have gone before' figure in the oral tradition. Cultural values are shared with the listeners, community issues are clarified, place of a family in the community settled and the broad requirements of a vibrant society are met through these stories. (4) Individuals in the story-telling circle have their own understanding of the story meaning that reflects the community, the circumstances and the interpretation being passed on. Oral accounts are not simply a detached recounting of factual events, but rather are "facts enmeshed in the stories of a lifetime" (5) leaving room for "many histories" with variations reflecting unique relationships within and among communities and with the environment.

Relationships to the past and therefore the present and future vary between these world views. The western scientific view of the past, present and future is linear and is held by most of Canadian society. One point follows the other with historical events being finished far removed from the present and the future having possibilities for new experiences based on past lessons. The relationship between Euro-Canadians and Aboriginal peoples, for example, exists today irrespective of past wrongs that are concluded but more in a spirit of the future possibility of improvement. (6)

If that line is joined (past, present, future) one end to the other, then the cyclical nature of time is observed. This explanation more fairly represents an Aboriginal perspective. "The circle returns on itself and repeats fundamental aspects of experience." (7) The "original relationship" between Aboriginal peoples and Euro-Canadians from the time of first contact to the end of the fur trade includes some examples characterized by respect, cooperation and an appreciation for each other's culture, both distinctions and shared characteristics. (8) However, this relationship is also characterized by disease, famine, conflict and paternalistic patterns towards Aboriginal people. This relationship sinks with the dying fur trade and the growing number of Euro-Canadians who overwhelm the land and the Original Peoples. The low point of dependence, colonialization and despair is endured and there is now "a slow upswing as efforts are made to renew the original relationships and to restore the balance that it represented." (9) The balance is characterized by respect and equality.

While the approaches to time and thus history are different, these differences are important, "... not because they represent absolute distinctions between people-cultural worlds are too rich and complex for that-but because they serve to illustrate, however inadequately, that there are different ways of expressing ideas that, at a deeper level, may have much in common." (10)

For the purposes of this paper, these differences in approach are acknowledged and the discussion of economic development within the context of the history experienced by Aboriginal peoples that follows, honors both perspectives.

2. Aboriginal Peoples: Changing Relationships

The discussion of issues of development and decision-making power is set out in four overlapping historical stages that follow each other but at varying rates and at different times for Aboriginal peoples living in regions throughout the country. (11) It is beyond the scope of this paper to give a full historical accounting of two societies but the pertinent history surrounding current economic development and governance issues will be addressed.

Stage 1 - Separate Worlds

Pre-contact where both societies developed separately under different influences of their environment until the point where contact is made and physical distance diminishes between Europeans and Aboriginal societies.

Stage 2: Contact and Cooperation

Distinctions between both societies and acknowledgement of the ability of each to govern their own members are maintained on a nation-to nation basis. Cooperation when mutually beneficial occurs as members intermarry and trading and military partnerships are established. Disease ravages Aboriginal populations while more European traders and settlers arrive.

Stage 3: Displacement and Assimilation

Mutual respect for distinctiveness breaks down and this period is dominated by interventionist attempts of Euro-Canadians to change Aboriginal societies resulting in residential schools and assimilation legislation under the Indian Act. Aboriginal people are displaced of their lands, resources and 'rights'. Aboriginal people resist these changes and seek a relationship defined by respect within a dominant culture. The White Paper (12) that would have removed all distinctiveness for Aboriginal peoples is soundly rejected.

Stage 4: Negotiation and Renewal

Failure of assimilationist and interventionist policy is recognized by mainstream Canada. A renegotiation of a relationship based on respect for differences and partnership is precipitated in a context of growing national and international pressure for change. The damage of years of domination must be healed by Aboriginal peoples. A journey of dialogue, consultation and negotiation has begun.

a. Separate Worlds

Prior to contact with European explorers, independent Aboriginal societies flourished across Canada's far North and from coast to coast. In a word, "diversity" best describes these nations in terms of social, cultural and political organization but with some common patterns that were shared by many if not all nations. (13)

“ Some Aboriginal nations were able to accumulate wealth while others were not: some were more hierarchical than others; some had matrilineal rules of descent while others were patrilineal or bilateral; and some developed sophisticated confederal structures that grouped several nations together. That these patterns should vary by geographic region is not, of course,

accidental, since the physical environment played a significant role in influencing culture and social organization. 🗨️(14)

Europeans failed to see this upon arriving in North America. They assumed political sovereignty over Aboriginal nations and claimed title to the land that was barren, uninhabited and not being put to proper "civilized" use. (15) European philosophers have developed arguments in support of these initial claims. For example, the seventeenth century writing of John Locke identified Aboriginal people in an initial stage of historical development that all societies follow so he concluded, (16)

*“ A system of European commerce based on the motive to acquire more than one needs, satisfied by surplus production for profit on the market, is economically superior to the American Indian system of hunting and gathering, based on fixed needs and subsistence production, in three crucial respects: **it uses the land more productively, it produces a greater quantity of conveniences, and it produces far greater opportunities to work and labour by expanding the division of labour.**” (Emphasis added) 🗨️(17)*

This perspective illustrates some of the many distinctions between Aboriginal nations and European countries that were shaped by centuries of separation. Europeans and their relationship to land was most importantly for economic purposes. Taxation was integral to the survival of the powerful European monarchs of the time. Population pressures were another incentive to seek out new lands. The need for more resources, adventure, aggression and economic considerations were also driving motivators as were basic attitudes of superiority of civilization and religion. (18) In the Judeo-Christian view, the cosmos was dominated by a God in the image of man. This perspective put man in a privileged position since up to a certain point he can control nature for his own benefit.

In contrast, Aboriginal societies had a spiritual connection with the land that was borne out in their creation stories and traditions. Aboriginal belief systems focus on all of creation. All of life have spirits with human beings as only one small part. (19) "All our relations" calls on the spiritual connection to Mother Earth, the sky and all life. The connection with Mother Earth is the belief that all human beings have special responsibilities to cherish and protect Mother Earth. Humans were seen as part of a cosmological order depending on balance of reciprocating forces

to keep the universe functioning in harmony. (20) Aboriginal wisdom of what amounts to sustainable development, was passed on orally from generation to generation.

Locke argues further that European production resulted in a greater quantity of conveniences. Admittedly technologies differed between continents and were a function of the challenges of the environment and different characteristics of civilization. In North America, the development of stone and bone tools indicated that human survival was viable only because of acute and careful observation of nature that is still a basic requirement today.

Dickason further notes, the main activities for collecting food were through hunting, fishing and gathering. Gathering turned to agricultural domestication of plants slowly in a non-uniform way. It is hypothesized that dependence on collecting plants and fish may have influenced the development of agriculture. Fire was used to transform their habitat in some areas into an ambience suitable for deer in "deer parks", to control the movement of buffalo and to modify vegetation that would influence animals feeding patterns. Domesticated plants that contributed to world agriculture included: corn, potatoes, tomatoes, peanuts, pineapple, cacao and tobacco. For many historians, while farming developed in conjunction with hunting, they have tended to underplay and disregard Amerindian plant expertise and instead concentrate on pre-Columbian absence of farm animals and consequent dependence on hunting for meat. (21)

Botany was the major source of medicines (animals brought disease and plants provided the cures). More than 500 drugs in the medical pharmacopoeia today were originally used by Amerindians. Many of these skills and technologies were willingly shared after contact. For example, Basque whalers learned Inuit harpooning technology to increase their own effectiveness and Mi'kmaq expertise was used by Europeans in search of ivory, hides, and train oil. (22) Technologies developed in Aboriginal societies to meet the needs of the communities. Accumulation was frowned upon in contrast to developing European market economies.

The exception is on the West Coast where the skills to exploit a lush environment led to security, trade and leisure activities such as the potlatch ceremonies. Status, rights, claims, relationships were acknowledged and confirmed in these ceremonies that were hosted by a chief. The chief did not have authority but being a good and generous host brought respect and influence in village decisions. Accumulating goods for distribution at a potlatch might take years. (23) Some scholars have said this ceremony also resulted in a redistribution of wealth. In Aboriginal societies where surpluses were possible, accumulation of conveniences were more broadly distributed than in European society.

Europeans identified Aboriginal people as "uncivilized" without realizing the tensions existing in their own society.

“ Not only did incredible opulence sit side by side with grinding poverty, but religious devotion also co-existed with greed and bloody warfare; humanist interest in scientific advance and new forms of artistic and architectural expression co-existed with religious and racial bigotry; and a willingness to accept female monarchs co-existed with the profound oppression of women in society at large. These contradictory tendencies existed as much within European states as between them. ”(24)

Aboriginal societies developed elaborate social and political structures around the nuclear and extended family. Families were grouped into bands, clans and communities that were part of nations. (25) The governance of nations was usually decentralized. Local representatives would come together or be sent to the councils of the nation.

Individuals were generally equal in councils of decision-making and discussions continued until consensus was reached. Leaders were allowed to speak on behalf of their people but not to act unilaterally or impose their will. Conflicts were resolved by finding a middle ground in a manner that respected different ways of achieving a particular goal. (26)

Diversity in social, economic and political organizations marked both Aboriginal and European nations prior to contact. The earliest contacts were made by fishers of French and English origin. Peaceful and cooperative relationships were struck between the Aboriginal peoples of the east coast and Europeans that shifted into a new system of relations based on treaties and trade. (27)

b. Contact and Cooperation

The survival of the white man in the new territories required the cooperation and support of the Aboriginal peoples. The survival skills, medicines, maps and ways of the land were imparted by the Aboriginal people to the new inhabitants. This section describes the new system of relationships in response to the settlers need for military alliances and the control of the fur trade.

i. The Hudson Bay Charter 1670 and The Royal Proclamation 1763

A number of important events need to be examined with a view to understanding the perspective of the Aboriginal and non-Aboriginal people. As we have noted, the context and interpretation of these events varies between Aboriginal and non-Aboriginal perspectives.

The Hudson Bay Charter (HBC) was established in 1670 when King Charles II of England granted all the lands drained by waters flowing into the Hudson Bay to a group of merchants and aristocrats. The HBC set up along the Hudson Bay and traded furs with the Indians and Metis. Settlements such as Norway House, York Factory and Cumberland House were established in response to the expanding fur trade.

The Royal Proclamation of 1763 followed Britain's victory over France in the Seven Years War and was in part, a declaration of interest in North American Territory. The proclamation provided guidelines for dealings with Aboriginal people. For example, the proclamation stated that land acquisitions must be secured through purchase and that all unceded lands would be reserved as Indian hunting grounds. In addition, only a crown agent could purchase unceded land, which established a monopolistic relationship. "This monopoly has since been interpreted by modern courts to have created a fiduciary responsibility of the crown to the Aboriginal people." (28)

The Crown was legally inserted into all future land transactions in North America. Indian interests in land were recognized and there was an acceptance that Indians held rights of possession somewhat similar to European property rights (titled property). Recognition was also given to the claims of Indian bands and tribes to sovereignty.

The existence of the Royal Proclamation of 1763, which recognized Aboriginal title to land, forced the crown and later the Canadian government, to take a special approach to securing land entitled to Aboriginal peoples.

ii. Economic Cooperation: 17th and 18th Century

The fur trade prospered for over 200 years and was only made viable by the cooperation, assistance and partnership with the 'old inhabitants', of the land. (29) The economic fortunes of the day were in furs and benefitted the Metis, First Nations and non-native people.

For example, the complexity of economic activities and the seasonal activity of life at Norway House is captured in the circular diagram (see Figure 1). Norway House had administrative and transportation functions. It was the logical place to build York boats. Boat building and oar making required green wood, which was drafted downriver or hauled by oxen.

As the local economy became more diversified and complex, more buildings were needed. This in turn created a greater demand for labour, for buildings, for maintenance, and for firewood. All of these activities created a greater demand for native labour.

Boat building was a major economic stimulus and summer freighting employed native labour. Diversified resource use supported a local economy that included transportation of trade goods

and furs, the construction and repair of boats and buildings (which required skilled labour), and the procurement of a variety of country provisions. (30)

The labour force had to be fed and this was accomplished by planting several gardens, hunting a variety of game, importing some foods, and fishing throughout the year. Table 1 summarizes the imported food requirements. These food imports were developed by the fur trade companies as a way to reduce the need for a subsistence lifestyle. This in turn allowed Native people to spend more time on the commercial fur trade, which of course was in the best interests of the company.

Table 1: York Factory Rations and Country Provisions: 1873 (31)

Fish	40,898
Rabbits	424
Partridges	14,866
Gallons of Cranberries	110
Pounds of Venison	15,673
Whales for Dog Food	27
Geese	2,793
Ducks	899
Plover	30

“ The idea that subsistence and exchange create a single economy is the most appropriate characterization of the Native economy at the time treaties were made. Tension existed between commercial and subsistence activities. Subsistence production encouraged autonomy for Natives, while commercial production most obviously served the Hudson Bay Company's drive for mercantile profits. In the long run, the perspective that local native economies were part of a unified, single economy provides insights into the changing relationship between Native people and external agencies. ”(32)

c. Displacement and Assimilation

This section discusses the changing relationship between the 'old inhabitants' and the Hudson Bay Company, the settlers and the Dominion of Canada government.

i. British North American Act of 1867 and Rupertsland Order of 1869

Central Canada was cognizant of Britain's guidelines for dealings with 'Aborigines'. The framework for these guidelines are described in the Royal Proclamation of 1763 and reaffirmed in the British North America Act of 1867. The British North America Act of 1867 allowed Upper and Lower Canada to expand their political influence in what was to become the Dominion of Canada.

“ Several legal documents need to be examined and considered to understand how the Canadian nation state, the Dominion, approached Aboriginal people at the time of the transfer of Rupertsland to the Dominion of Canada. The documents that laid out the framework for transferring Rupertsland were scheduled with the Imperial Order-In-Council, which admitted Rupertsland and the Northwestern Territory into the Canadian federation (The Rupertsland Order). Such an analysis provides a means for understanding the subsequent change to law and political economy. The 1867 address to the Queen from Canadian Parliament stated: In the event that your Majesty's Government agreeing to transfer to Canada the jurisdiction and control over the said region, the Government and Parliament of Canada will be ready to provide the legal rights of any corporation, company or individual within the same shall be respected, and placed under the protection of Courts of competent jurisdiction. And furthermore that upon the transference of the territory in question to the Canadian Government, the Claims of the Indian tribes to compensation for lands required for purposes of settlement will be considered and settled in conformity with the equitable principles which have uniformly governed the British Crown in its dealings with the Aborigines. ” (33)

This address acknowledged all the entities that existed as part of Rupertsland society and a commitment was made to protect each of them--corporate interests (Hudson Bay Company), individual titles (the Metis river lots at the Red River Settlement), and Aboriginal title. (34)

The terms of sale of Rupertsland from the Hudson Bay Company to the Dominion of Canada included 35 million dollars and 1/20th of all future surveyed townships in the prairie provinces. The sale of this land eventually netted profits of 96 million dollars for the company.

The Aboriginal interest in land was acknowledged in the Rupertsland Order. In the Deed of Surrender, which embodied the agreement between Canada and the Hudson Bay Company, there is a recognition of Aboriginal property interests.

The sale of Rupertsland by the Hudson Bay Company to the Dominion of Canada allowed the company to abdicate its traditional responsibilities towards Indian people (these responsibilities have their origins from the Charter 1670 and Royal Proclamation 1763). Canada's legal obligations to Aboriginal people were situated in the negotiations that were concerned with the type of financial capital and economy that would dominate the region and the political system that would manage new economic relationships. In a request to the Queen - namely, the 1869 Address to the Queen - the Canadian Government re-affirmed the acknowledgment of Aboriginal interest: (35)

“ That upon transference of the territories it will be our duty to make adequate provision for the protection of the Indian tribes whose interests and well-being are involved in the transfer, and we authorize and empower the Governor in Council to arrange any details that may be necessary to carry out the terms and conditions of the above agreements. ”(36)

“ The Rupertsland Order is not some ancient document, but rather it provides a standard for understanding the economic history post 1870. It is at this juncture in history that two claims exist in Rupertsland. An Aboriginal claim based on possession, inherent rights and the Royal Proclamation of 1763; and a mercantile property claim based on the Hudson Bay Charter of 1670. ”(37)

The displacement and assimilation of Aboriginal peoples continues as colonial governments impose acts, regulations and legislation on the indigenous peoples. The level and amount of conflict continues to rise. Fundamental questions of whose land was it in the first place, what rights did HBC have to sell this land, and how are Aboriginal rights protected have for the most part been left unanswered.

ii. Treaty Making Process (38)

There is a great deal of uncertainty about the treaties and what these treaties mean to Aboriginal people and non-Aboriginal people. The first treaties between Europeans and Indians were treaties of peace and friendship, signed between the 17th and 18th century, when North America was the site of military conflicts between Netherlands, Spain, England and France. To achieve military and economic objectives, European trading companies and governments sought support from Aboriginal allies. The primary purpose of the treaties was to gain the cooperation of the Indian peoples to consolidate control over the fur trade and to reinforce military supremacy in the fur trade.

The Royal Proclamation of 1763 influenced the subsequent treaty making process. The existence of the Royal Proclamation, which recognized Aboriginal title to land, forced the Crown and later the Canadian government to take a special approach to securing land entitled to Aboriginal peoples.

The special approach was the land surrender treaty. Eleven numbered treaties were signed in Canada, which were intended to formally alienate most of the land in Canada. From the perspective of the government, these treaties facilitated the legal surrender of the Indians land in return for annual cash annuity payments, reserve land, assistance for agriculture, schools and health services.

First Nations people viewed treaties as a way to share the land, given to them by the Creator, with the new settlers. Many leaders view the treaty making process with a sense of sacredness. Many leaders believe that the Creator guided the Indian negotiators. The treaty making process began and ended with Indian ceremony, consummating the spiritualness of the agreement between First Nations and the Crown.

First Nation oral tradition points to a discrepancy between verbal agreements and those contained in the written record. For example, in treaty 8, Indian signers felt that the government agreed to provide them with medical care and education for their children, but no such provisions existed in the written text. Words like surrender, cede, and convey have no Cree word but have a precise legal meaning in non-Aboriginal legal systems.

Indian negotiators had to rely upon the honour and good intentions of the Crown to act in the best interest of Indian peoples. The negotiators clearly knew that they would have to rely on the force of the treaties to establish the Crown's responsibility to assist their efforts to adapt to the new world developing around them - a different economy, different education, and skill requirements and vastly different social norms and values.

Disease and famine were spreading. Seeing their way of life coming to an end with the encroachment of the European settlers, and seeing the decline of the fur trade and the diminishing size of the buffalo herds, the leaders who signed the treaties knew that adjusting to the new reality would be very difficult.

“ First Nations view the treaties as a two way agreement - they are Canada's treaties as much as they are First Nations. The First Nation interpretation of treaty rights includes the following: right to First Nation Government; institutions; lands, waters and resources; education; social assistance; police protection; hunt, fish, trap; tax exemption; to meet in council and to cross international borders. ”(39)

iii. The Indian Act: 1867

The original policy of the Indian Act was to assimilate Indians or, more specifically, to strip Indians of their traditional, social, economic and political systems. The first Indian Act was enacted in 1876 and it defined, in general terms, the Indian and federal Crown relationship. This relationship is structured by the Minister of Indian Affairs overseeing the implementation of individual treaty obligations, the registration of Indians and the protection of Indian land bases or reserves. It encompasses the provisions of numerous treaties, regulates the life of Indians from birth until death and directs community activities in all areas.

Changing Traditional Ways

The Indian Act initiated the system of "bands" and "band councils" and as a result the band council was the only recognized legal organization. (40) The government desired all Indian bands to follow an electoral system of governance regardless of the traditions that had been developed by different First Nations across the country. This did not match with traditional systems of governance and was met with great resistance. However, the government's goal was uniformity and assimilation which could be better achieved by eliminating tribal systems.

According to the Act of 1876, there was to be one chief for every band of thirty members, or in the case of larger bands, in the proportion of one chief and two second chiefs for every 200 people. The chief's period of office was for three years, but he could be removed for 'dishonesty, intemperance, or immorality' at the discretion of the department. (41)

The councils held 'delegated' powers (from Indian Affairs), but could not be considered a government fully accountable to the band population. This action was an attempt to destroy the legitimacy of Indian governance and make the band council an administrative extension of the Department of Indian Affairs.

In 1884 the elaborate feasts of the Northwest Coast Amerindians, known under the general label "potlatch", were banned, as well as dances associated with religious or supernatural rituals. This was done under the pressure of missionaries and government agents. In 1895, the "sun dances" of prairie Indians were prohibited as well as all ceremonial endurance features that authorities did not consider acceptable.

In Manitoba, the North-West Territories and Keewatin District, Natives who signed treaty were forbidden from acquiring lands by homestead; this was to prevent them from claiming both a share of a reserve and a homestead. In British Columbia, Indians were similarly excluded from acquiring homesteads, but without the protection of treaty.

Impediments to Development

Numerous practical problems have arisen from the antiquated nature of the Indian Act. The main difficulties relate to the Ministers controlling the exercise of all powers, the control of lands, the Department's guardianship role over trust funds, to the lack of legislative powers of bands in the fields of social and economic development and, finally, to the legal status of band councils. (42)

Reserve lands are legally "Indian property" but fall under various, rather obscure categories: "a tract of land, the legal title to which is vested in Her Majesty, that has been set apart by Her Majesty for the use and benefit of a band. The Indian Act provides for cases which prohibit seizures of Indian's personal property on a reserve. These stipulations have historically limited normal commercial transactions, such as pledges and other forms of loan or credit based on guarantees.

Indians could not vote until 1960. An Indian had to acquire a 'pass or permit' from the Northwestern Mounted Police in order to leave the reserve or face persecution (fine, jail or both). Indians could not hire a lawyer, own property or pledge collateral on reserve eliminating the possibility of securing loans for development. Early successful farmers had to succumb to the departments directive that all grains must be sold through the Indian agent.

Taxation (43)

"If you believe what you hear on the street, Indians in Canada don't pay tax. This is one of the myths and misunderstandings that surrounds the issue of taxation and Indians in Canada." (44) Although Indians, Metis and Inuit are all Aboriginal peoples, the tax advantages stemming from the Indian Act only accrue to Indians. Metis and Inuit receive no such special treatment under the

Indian Act, although in some cases, tax exemptions may be negotiated through talks regarding self-government and comprehensive land claims.

Article 87 of the Indian Act provides the basis for the tax exemption granted treaty Indians. However, article 87 must be considered along with article 90, which defines the notion of "Indian property", and article 83, which assigns a specific field taxation power to band councils. The combined effect of these two articles limits the tax exemption to property situated "on a reserve" (article 90), representing the interest of an Indian or band on a reserve.

In interpreting the fiscal arrangements granted to members of First Nations through the Indian Act, Revenue Canada generally grants a total exemption on income tax which Indians earn on a reserve. First Nations working off reserve for a non-native entrepreneur, for example, will be subject to income tax like any other citizen. However, if they exercise their profession off reserve for a business or company with a head office on the reserve, they may be exempted from income tax.

An incorporated business cannot be considered "Indian", even if all the shareholders are registered Indians. It constitutes a corporation and must pay income tax. However, Indian shareholders and employees of this enterprise will be exempted from income tax on any dividend or salary received from the enterprise. With respect to band councils, according to Revenue Canada's interpretation, they are exempt from income tax, since they exercise powers similar to those of Canadian municipalities. Only Indians and Indian bands are exempt from tax. Corporations, trusts, and other organizations are not exempt by virtue of the Indian Act because they are not Indians or Indian bands.

Future

The Indian Act of 1876 revamped pre-confederation legislation of the Canada's into a nationwide framework that is still fundamentally in place today. First Nations leaders and government are seeking changes to the act that will eliminate or reduce many of the historical barriers to development.

iv. Metis Scrip (45)

Historically, the Metis played two significant roles: their economic role in the establishment, growth and development of the fur trade and secondly, their role in the decolonization of the British North American territories (Rupert's Land).

Sir John A. MacDonal'd's government of the day had no plans for the Metis to continue their influence in Rupert's Land. MacDonal'd's agriculture policy for the West was being implemented to

deliver the necessary raw inputs to the manufacturing heartland of Ontario and Quebec. The agriculture policy of MacDonalld was intended to make the west the producer of raw materials, entirely dependent on eastern manufacturing, which left the west extremely vulnerable economically because of its lack of diversification.

The Metis are regarded by historians as leading the way for responsible government in the west, and they believe responsible government came to the west as quickly as it did as a direct result of the two uprisings in 1869 and 1885. These rebellions were against the western annexation policies of the Canadian Government. However, responsible government, elected locally, was not the goal of Sir John A Macdonald.

The Metis List of Rights, sent to Ottawa in 1869 began with: "That the North West Territory enter confederation as a province with all the privileges common to the different Provinces of the Dominion". Federal response was military force and was quashed by the Metis of the Northwest. The uprising did lead to the passing of the Manitoba Act (1870) and establishment of responsible government for that province.

Peace and order endured for the next 10 to 12 years. Promises were made by the Federal Government for aid, development, land settlement, treaty obligations, etc....but the majority of these promises were never fulfilled. Lack of opportunity, disease, famine and increased settler pressures forced many Metis to disperse from Red River to their new homelands in what is now today Saskatchewan and Alberta.

The 1885 rebellion in Saskatchewan was virtually a repeat performance of 1870. The demand of the Metis and Prince Albert settlers were the same. A number of grievances were filed by the Metis all of which are well documented. For example, the Dominion Survey Act was enacted without consultation with the Metis or First Nations. Metis and other settlers were accused of being land squatters and forced to leave lands they developed. Eastern settlers took up new homes under the auspices of the Homestead Act that allowed new settlers to take up residence and land.

The government's scrip system was devised as a way of extinguishing Metis land rights. It must also be pointed out that a number of First Nations opted for scrip but had to forgo their treaty rights. There were two types of scrip: land scrip and money scrip. The scrip was quickly purchased by speculators, lawyers and chartered banks. The amount of Metis Lands that were purchased from them for far less than face value is staggering - numbering in the millions of acres. According to scrip registers, the majority of land was purchased by banks and financial institutions. Between 1885 and 1898, land was purchased at 30 cents on the dollar on average for both money and land scrip. Less than 10% of all scrip issued was retained by the Metis for whom it was written.

As settlement slowly crushed the fur trade, the Metis were displaced. There is well documented archival evidence that establishes how British and Canadian wealth was generated through the scrip system. The table below illustrates in one analysis of land scrip registrar that less than 10% ended up in the hands of Metis. (46)

Distribution and Delivery of 26,000 Northwestern Metis Scrip Notes (47)

	%	Scrip Notes
Metis	11%	2800
Dominion Land Agents	8%	2100
Small Speculators	12%	3100
Private Institutions & Large Speculators	17%	4500
Chartered Banks	52%	13,500
TOTAL	100%	26,000

Most of the 1.4 million acres, set aside by the Manitoba Act for the Metis, slid into the hands of chartered banks via the scrip transactions. Scrip fraud and scrip inconsistencies had increased tremendously. Metis lawyers began taking these actions to court and were winning successful judgements. As a result, in 1898, Manitoba changed the Criminal Code to make it illegal to bring scrip cases before the courts, basically eliminating any chance for Metis to correct the injustices that were occurring.

With the displacement of the Metis, the decline of the fur trade, overtaken by settlement of immigrants, and victims of a land fraud schemes that most could not fight, the economic and social conditions of the Metis declined drastically.

With the Indians, the Metis came to share many of the characteristics of a minority group. They experienced discrimination in the labour market, the general economy and in social life generally.

d. Negotiation and Renewal

Where We Find Ourselves Today

Government policies of domination and assimilation deeply affected the well-being of Aboriginal people and their communities. The signs of devastation were registered across Canada in terms of poverty, illness and social dysfunction. (48) Survival as individuals and as nations was a life and death fight, with the battle against assimilation, an added trial.

Significant government policy, legislation and court decisions are driving relations during this period. Twenty eight years ago, the White Paper on Indian Policy of 1969 ignited a fire of resistance among many Aboriginal people across the country. The Government of Canada proposed abolishing the Indian Act within a five year period, dissolving reserves and assimilating Indians into Canadian society.

“ First Nations were nearly unanimous in their rejection. They saw this imposed form of 'equality' as a coffin for their collective identities - the end of their existence as distinct peoples. Together with Indian and Metis, they began to see their struggle as part of a worldwide human rights movement of Indigenous peoples. They began to piece together -nations within Canada - and to speak out about it. ”(49)

A growing consciousness among Aboriginal people and their leaders meant a fundamental awakening for a change in relationship with the rest of Canada. Reaction to the White Paper was swift and strategies were put forward by Aboriginal political organizations that encouraged an wholistic approach to increasing self-sufficiency under the direction of Aboriginal people so that individual and community interests would be honored.

International organizations were begun with active participation by Canada's Aboriginal people. The objective of the World Council of Indigenous Peoples was, "...Battle against all the forces of assimilation and try to build your nations economically, culturally and politically. Consult the people, politicize the people and never get too far ahead of them, because when all is said and done, they are your masters." (50) These words urge an active role for Aboriginal people that has marked this move towards self-determination.

In terms of economic development, reports aimed at influencing government policy have reaffirmed recommendations that urge a policy of self-direction within Aboriginal communities that build on an inherent right to self-government. (51) This inherent right was recognized by the federal government in 1995.

“ In a short period of 27 years, from the White Paper in 1969 to the Royal Commission in 1996, we have moved from an official government policy of termination and assimilation to a reluctant acceptance of the inherent right of self-government. This is a remarkable achievement in such a short period of time. When we look around at our communities, these achievements are masked still by the poverty and its effects that we see in most places and we often forget what we have achieved and how we have achieved it. ”(52)

Progress has been made but challenges continue for all Canadians. Aboriginal individuals, their communities and nations have successfully established businesses, joint ventures and partnerships; found innovative financing; provided income support and delivered education and training. (RCAP vol 2 part 2:776). Major comprehensive and specific land claims have been settled including claims in Quebec, Northwest Territories, Yukon, BC and Saskatchewan. These agreements provide access to new human, financial and natural resources for economic development that was missing for hundreds of years. Services are now available for training, education, business start-up, Aboriginal women's businesses, and accessing capital. These organizations are Aboriginal and non-Aboriginal profit, non-profit and public.

“ In many parts of the country, there is a realistic appreciation of the enormous challenges still ahead but also a spirit of determination to regain stewardship of Aboriginal economies and to develop them in accordance with the priorities of particular communities and nations ”

- (RCAP vol 2. Part 2:776)

This is just the beginning. Continuing challenges include inadequate funding for existing services in education, training, access to capital, development of management skills, inappropriate interference and undefined authorities of Aboriginal governments, inappropriate interference by business in governmental affairs, overt and insidious racism, not enough big businesses, too little aftercare for new businesses etc.(Newhouse, 1997).

Another challenge facing many Aboriginal people is to integrate traditional teachings with western business and is described by Mark Wedge:

*“ One of the questions we had regarding the mandate of the organization I work with (Yukon Indian Development Corporation) is: How do we integrate these traditional values into the contemporary way of doing things, contemporary business components? I think that is the challenge that we have been trying to work with: How do we gain this knowledge and wisdom from the Elders, from the people, and try to incorporate it in a manner that is understandable to European cultures or to the western cultures?... we have always looked at renewable resources or animals and plants as our livelihood, and the question is: How do we share that livelihood? Often times it is done through Elders saying which one should get which part of the meat ... Coming from the European system, what they did is they shared their harvest initially... and then it moves into a tax. As we move into a money society it moves into a tax structure.... **I think it is up to the individual communities and peoples to start defining how they are going to share.** ”*
(53)

Many Aboriginal people want to blend their culture with western approaches, not lose it. Cultural concerns are but one aspect of the critical interrelationships between economic development and health, education, self-worth, functioning communities and stable environments for individuals and within the collectivity of Aboriginal communities. RCAP notes:

“ Ultimately measures to support economic development must reach and benefit individuals, but some of the most important steps to be taken involve the collectivity - for example, regaining Aboriginal control over decisions that affect their economies, regaining greater ownership and control over the traditional land and resource base, building institutions to support economic development, and having non-Aboriginal society honour and respect the spirit and intent of the treaties, including their economic provisions. ”(54)

Recognizing these hurdles, Aboriginal approaches to economic development emphasize: (55)

- Development is a broad concept that incorporates governance, culture and spirituality but reflects unique community requirements.
- Integrated approaches are preferred as opposed to segmented, independent programs.
- Self-government and sustained economic development are integrally linked to each other.
- Individual needs to relate to mainstream society are uniquely balanced with development of community and nation.

- Traditional economies make an important and continuing contribution to some modern Aboriginal economies.

The final section summarizes the history of Aboriginal peoples focussing on current economic development issues and practices.

iii. Choice of Paths

a. Status Quo

Upon reflection, Canadians face two paths. They may choose the status quo in their relationship with Aboriginal people or they may choose to renew the partnership that began at the time of contact. Status quo has serious financial and human consequences as articulated in the Final Report of the Royal Commission. Partnership will mean significant financial consequences but Aboriginal people and the rest of Canada will have a future of mutual support and equality not enjoyed in centuries.

The current status quo for Aboriginal people is characterized by large economic, education and social gaps. Lower income levels, extreme rates of unemployment, proportionately higher percentage of social problems and under-educated people must be overcome. This gap will continue to grow unless steps are taken to slow down and reverse the increasing discrepancy between Aboriginal and non-Aboriginal people.

The growth of Aboriginal education, economic development and business initiatives are essential strategies to changing the status quo. It is promising to see a number of Aboriginal initiatives that are leading to positive changes.

One of the single most important areas is in the field of education. In Saskatchewan, 60.4% of Aboriginal students do not complete high school compared to 44.5% of non-Aboriginal students. Another 41.7% of Aboriginal students received some type of post-secondary training compared to 55.3% of non-Aboriginal people. (56)

Educational requirements of employment in Saskatchewan is similar to that of the whole of Canada. Employment of people with less than a high school education decreased by a large amount, -3.4% per year. But employment of people with some education after high school increased by 3.1% per year. Employment prospects for people with a high school diploma decreased moderately. (57)

The future jobs in Canada require education and training. In order to close the employment, income, economic and social gaps, we need to close the Aboriginal education gap.

b. Partnership for Change

In considering the significance of economic development strategies, Georges Erasmus, Co-Chair of the Royal Commission on Aboriginal Peoples, notes:

“ Our people have been relegated to the lowest rung on the ladder of Canadian society; suffer the worst conditions of life, the lowest incomes, the poorest education, and health; and can envision only the most depressing futures for our children. ” (58)

Many challenges and barriers face Aboriginal people. They cannot be alone in this initiative if they are to make fundamental changes to their reality and significant contributions to Canada's economy. Canadians are asked to join in partnership to change the status quo that is no longer acceptable.

Government and corporate partners are increasingly acknowledging their role. In Manitoba, Premier Filmon indicated in the most recent throne speech that a priority for the coming term is working in partnership with First Nations representatives and with the private sector on meeting the educational challenges facing Aboriginal people who want to take advantage of and realize these opportunities. Business leaders recognize that all Manitobans will benefit from Aboriginal youth who are able to fully participate in the economy. With one in four people entering the Manitoba labor force in the year 2000 forecasted to be of Aboriginal heritage, Aboriginal people with management skills will take an active role of benefit to their communities and to all Canadians. Kerry Hawkins, President of Cargill Ltd. states:

“ If we fail to bring you, educated native youths into the economic mainstream, the consequences for Manitoba are frightening. As a society our ability to maintain a high standard of living will depend critically on the productivity of new entrants into our labour force. ” (59)

FOOTNOTES

1. Report on the Royal Commission on Aboriginal Peoples. Looking Forward, Looking Back. Ottawa: Canada Communications Group, Vol 1 (1996):32.
2. Ibid:32.
3. Elmer Ghostkeeper. (Metis philosopher and scholar; MA) Personal Communication with W. Wuttunee, Devon, Alberta (March 2, 1997).
4. RCAP vol 1:33.
5. Julie Cuickshank. "Oral Tradition and Oral History: Reviewing Some Issues,": The Canadian Historical Review LXXV/3 (1994):403-418 in Report on the Royal Commission on Aboriginal Peoples. Looking Forward, Looking Back. Ottawa: Canada Communication Group, Vol 1., (1996):33.
6. Ibid:34.
7. Ibid.
8. Ibid:35.
9. Ibid.
10. Ibid:35.
11. Ibid:37-39.
12. The White Paper was introduced in 1969 by the Government of Canada as a new statement of Indian policy. It proposed a new relationship with Indians.
13. Ibid:86.
14. Ibid.
15. Ibid:44.
16. This passage is from a summary by James Tully, professor of philosophy, McGill University. Ibid.
17. Ibid:45.
18. Ibid:88-89.
19. Ibid:86-87.

20. James Miller. Skyscrapers Hide the Heavens: a History of Indian-White Relations in Canada. (Revised Edition). Toronto: University of Toronto Press (1991).
21. Ibid:??.
22. Ibid: ??.
23. RCAP col 1: 75-75.
24. RCAP col 1:88.
25. Ibid: 87.
26. Ibid: 87.
27. Ibid: 90.
28. Presentation by Mary-Ellen Turpel-Lafond, SaksEnergy Aboriginal Education Series, 1996.
29. Portions of this report and specific sections are taken from Chapter One "As Their Natural Resources Fail", Dr. Frank Tough, UBC Press Vancouver, 1996.
30. Tough, F., As Their Natural Resources Fail. UBC Press Vancouver, 1996. pg. 21 - 25.
31. Ibid: 29.
32. Ibid: 42
33. Order of Her Majesty in Council Admitting Rupert's Land and the North-Western Territory into the Union (Court of Windsor, 23 June 1870), Address to Queen, 16 and 17 December 1867, Schedule A. Reproduced in E. H. Oliver, The Canadian North-West, vol. 2 (Ottawa: Government Printing Bureau 1915), 946. (hereafter referred to as Rupertsland Order).
34. Doug Sprague, Metis Land Rights Research Group meeting, Vancouver, May 1993.
35. Tough, F., As Their Natural Resources Fail. UBC Press Vancouver, 1996. pg. 10.
36. Rupertsland Order, Address to the Queen, 29 and 31 May 1969, Schedule B. pg. 954.
37. Tough, F., As Their Natural Resources Fail. UBC Press Vancouver, 1996. pg. 12.
38. Taken from the SaskEnergy Aboriginal Education Series.
39. Taken from a presentation to the Chamber of Commerce by Chief Blaine Favel, Federation of Saskatchewan Indian Nations, 1996.

40. Changes in the Indian Act Legislation eventually allowed for some custom elections to take place.
41. Dickason, Olive Patricia. *Canada's First Nations: A History of Founding Peoples From Earlier Times*. McClelland and Stewart, Toronto, Ontario, 1992. pg. 285.
42. Bherer, Harold; Gagnon, Sylvie; Roberge, Jancinte. *WAMPUM and Letters Patent: Exploratory Study of Entrepreneurship*. The Institute for Research on Public Policy, 1990. pg. 10.
43. Bherer, Harold; Gagnon, Sylvie; Roberge, Jancinte. *WAMPUM and Letters Patent: Exploratory Study of Entrepreneurship*. The Institute for Research on Public Policy, 1990. pg. 14-15.
44. *First Nations and Canadian Taxation*, KPMG, Second Edition, 1997. pg. 1.
45. The following is taken from the SaskEnergy Aboriginal Education Series, 1994.
46. In Norway House, it is estimated that less than 1% of Metis lands ended up in Metis control and title.
47. Gabriel Dumont Institute Research Department. L.Dorion and F. Tough. 1995
48. Ibid:17.
49. Report on the Royal Commission on Aboriginal Peoples. *People to People, Nation to Nation: Highlights from the Report of the Royal Commission on Aboriginal Peoples*. Ottawa: Canada Communication Group. RCAP Highlights, (1996): 17.
50. Peter McFarlane, *Brotherhood to Nationhood: George Naul and the Making of the Modern Indian Movement* (Toronto: *Between the Lines*, 1993): 1 in RCMP vol 1:205.
51. See Beaver Report, 1977; Penner Report on Indian Self-Government, 1982; and Royal Commission on Aboriginal Peoples, 1996.
52. Newhouse, David. *Charting the Way Forward: A Review of Economic Development Progress since 1969*, Presentation at the Council for the Advancement of Native Development Officers' National Conference, Montreal, PQ. September 25, 1997.
53. Report on the Royal Commission on Aboriginal Peoples. *Restructuring the Relationship*. Ottawa: Canada Communication Group. Vol 2, part 2. (1996):667.
54. Ibid:777.
55. Ibid:797.

56. 1991 Aboriginal Peoples Survey.

57. Kelly Lendsay, Marv Painter, Eric Howe, Saskatchewan and Aboriginal Peoples in the 21st Century: Social, Economic and Political Challenges. Chapter 3.0, Impact of the Changing Aboriginal Population on the Saskatchewan Economy. Printwest, 1997. pg. 87.

58. Georges Erasmus, "Twenty Years of Disappointed Hopes," in Drum Beat: Anger and Renewal in Indian Country, B. Richardson (ed). Toronto: Summerhill Press (1989):1.

59. "Our Future in Native Hands," Winnipeg Free Press. (November 10, 1996).

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Aboriginal Economic Development

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Overview John McCallum

CHIEF ECONOMIST

ROYAL BANK OF CANADA

OCTOBER 1997

It is, for me, a pleasure and a privilege to team up with the Council for the Advancement of Native Development Officers (CANDO) to offer a perspective on the economics of aboriginal economic development. We live at a time of both despair over the current economic conditions of Canada's first peoples and hope that the massive research conducted by the Royal Commission on Aboriginal Peoples (RCAP) might point the way to a better future. Yet so far the response of Canada's business community to the Commission's work has been almost deafening in its silence. My colleague, Charlie Coffey, and I hope that this conference might help to end that silence and stimulate both debate and action by corporate Canada.

My role is to focus on the macro side, or the big picture, while Charlie will speak in more specific terms about the role of business in general and banks and Royal Bank in particular. My remarks will be divided into four parts:

- The statistics leave no doubt as to the very sad state of aboriginal economic and social development today.
- If one is not moved by these statistics, one might instead be moved by the high and rising cost of the status quo. Failure to improve the situation will extract a large and rising charge on the public purse.
- RCAP's economic strategy is based on additional annual government expenditures of about \$1.5 billion for a period of some 15 years, followed, they argue, by a net benefit to government finances as the economic and social conditions of the aboriginal peoples begin to approach those of the population at large.

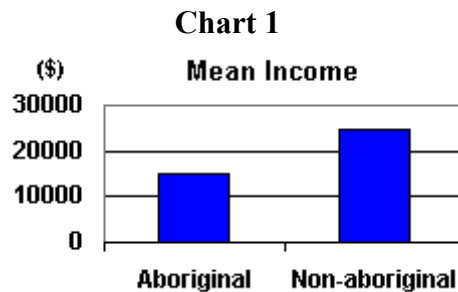
- Whether or not it will be accepted by government, the RCAP strategy is becoming increasingly affordable to the federal government. The next 10 to 20 years should see a large and rising "fiscal dividend" as the country's national debt declines in relation to the size of our economy.

1. CURRENT REALITIES: CANADA'S SHAME

Although the general fact of aboriginal economic deprivation is well known, it is worth reviewing a few of the statistics to underline just how bad things are.

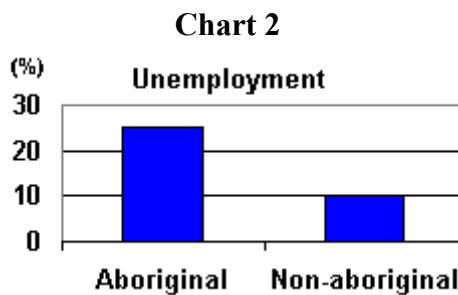
Poverty

In 1991, the latest year for which data are available, the mean income of aboriginals aged 15 and above was just \$14,700, or 61% of the non-aboriginal average (Chart 1).



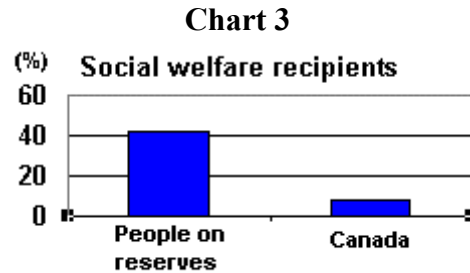
Unemployment

In 1991, the aboriginal unemployment rate was 24.6%, as opposed to a Canadian average of 10.2% (Chart 2). Moreover, the unemployment gap has been rising over time.



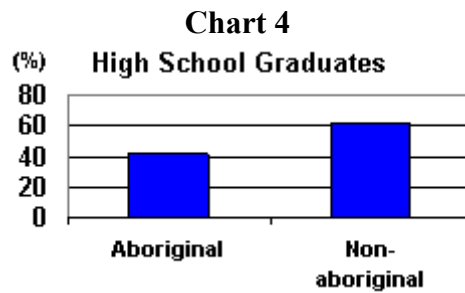
Dependency

In 1991, 42% of people living on reserves received social welfare, as opposed to 8% for the Canadian population at large (Chart 3).



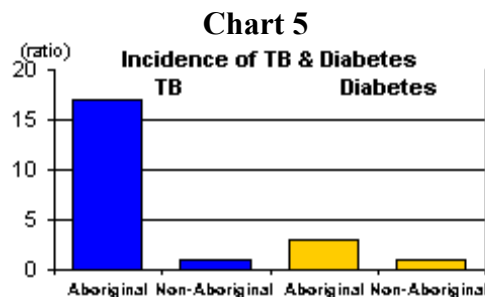
Education

Only 42% of the aboriginal population finish high school compared to 61% in the broader population (Chart 4).



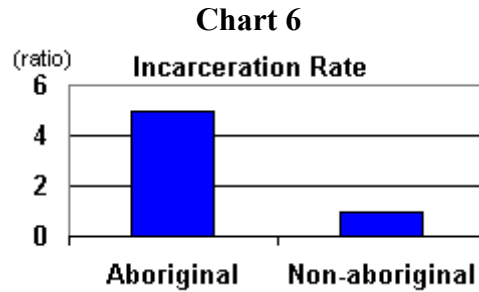
Health

The incidence of TB and diabetes among aboriginals is, respectively, 17 and three times that of the broader population (Chart 5).



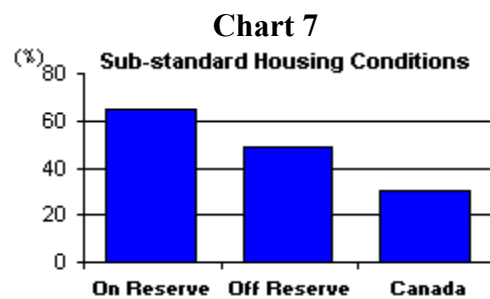
Housing

According to a report commissioned by CMHC, aboriginal housing conditions are below acceptable standards for 65% of on-reserve households and 49% of off-reserve aboriginal households. The corresponding figure for the non-aboriginal population is about 30% (Chart 6).



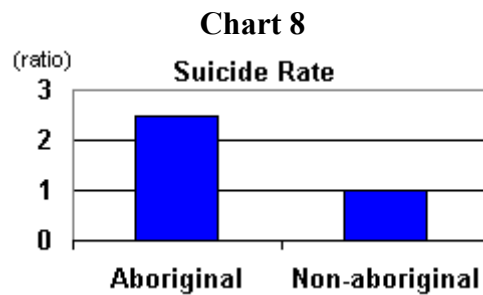
Incarceration

The rate of incarceration in federal and provincial jails in 1995-96 was at least five times greater for aboriginals than for non-aboriginals (Chart 7).



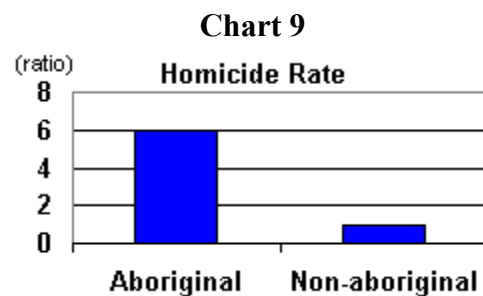
Suicide

Suicide rates are 2.5 times higher among aboriginals than in the broader population (Chart 8).



Homicide

Homicide rates are six times higher than in the broader population (Chart 9).



So there is a strong social and moral case for measures to improve the living conditions of Canada's first peoples. This, however, is not the only strand in the argument, for a dollars and cents case can also be built, based on the high and rising cost of the status quo to the Canadian taxpayer.

2. THE RISING COST OF THE STATUS QUO

RCAP estimates the annual cost of the status quo at \$7.5 billion in 1996. Of this amount, \$2.9 billion is borne by the aboriginal people and \$4.6 billion is borne by government. For the aboriginal people, the cost is equal to the gap between their earned income and that of the rest of the population, minus the income taxes foregone and financial assistance from government. For governments, the costs consist of direct expenditures (over and above what governments spend on non-aboriginal Canadians) plus tax revenues foregone (Chart 10).

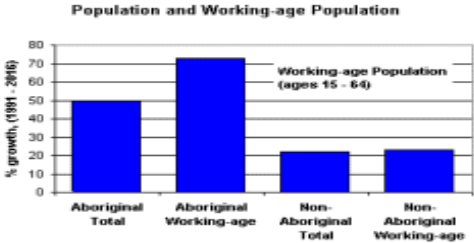
Chart 10

**Cost of the Status Quo in 1996
(\$billions)**

Cost to Aboriginal People		Cost to Governments	
Foregone earned income	5.8	Direct expenditures	2.5
Less income taxes foregone	-2.1	Revenues foregone	2.1
Less assistance from governments	-0.8		
Total:	2.9	Total:	4.6

Source: RCAP

Chart 11



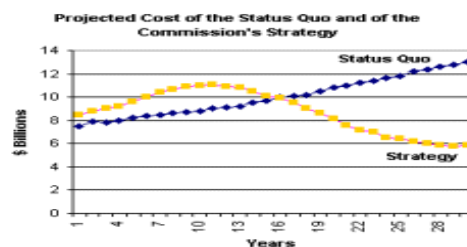
This, however, is not the end of the story, as there is a potential time bomb in the form of demographics. Between 1991 and 2016, the population with aboriginal identity is projected to rise by 52% (compared to 22% for non-aboriginal Canadians). More striking, because of differences in demographic structure, the working-age aboriginal population (aged 15-64) is expected to grow by 72% over this same period, as compared with only 23% for non-aboriginal Canadians (Chart 11).

For Canada as a whole, this high growth rate of the working-age aboriginal population could be a blessing or a curse. It is sometimes said that the United States and Canada benefit from the inclusion of Mexico in NAFTA because Mexico's much younger population will provide a welcome offset to the aging populations of Canada and the United States over the next decade or two. It is equally true, but less recognized, that the same can be said of our own aboriginal population. As the country ages, there will be a premium on younger Canadians whose efforts will be needed, in part, to support the aging baby boomers. If, then, the more youthful aboriginal population can become productive workers and taxpayers, they could make a significant contribution to the economic health of the country as a whole.

That, however, is a big "if". Under status quo conditions, large numbers of the rising population of working-age aboriginal people will fail to get jobs and will be seen as an economic cost to the state rather than a benefit. Indeed, according to RCAP, for demographic reasons alone, the cost of the status quo will rise from \$7.5 billion in 1996 to \$11.0 billion in 2016.

3. RCAP's ECONOMIC STRATEGY

Chart 12



RCAP proposes a strategy that is summarized in Chart 12. Compared with the costs of the status quo, which rise without limit, the RCAP strategy calls for government expenditures that exceed the cost of the status quo for some 15 to 20 years. It is argued, however, that as economic and social conditions among the aboriginal people improve and some of the dismal statistics shown in Charts 1-9 reverse themselves, the strategy will begin to pay off from a government finance

point of view. As a result, the net cost of the strategy will eventually fall below the cost of the status quo.

Relative to the status quo, the strategy calls for government expenditures that peak at \$1.5 billion to \$2 billion higher than is the case today. In the earlier years, priority is to be given to economic and social measures, but costs in these areas decline as progress is made. Land claims settlements represent a major part of the cost, estimated at \$1 billion in 2016, but these are offset and eventually more than offset by government revenue gains (Chart 13).

Chart 13

**Changes in Government Finances under the Strategy
(\$millions)**

Additional Allocation in the Year:	2001	2016
Structural measures ⁽¹⁾	150	475
Land claims settlements	-	1000
Healing ⁽²⁾	525	(1050)
Economic opportunity and living conditions ⁽³⁾	900	750
Government revenue gains	-	(1550)
TOTAL:	1575	(375)

1) Includes tribunal and treaty commissions, nation rebuilding and nation governments

2) Includes education, health, social services, and justice

3) Includes economic development, income transfers, housing and infrastructure, and human resource development

Source: RCAP

4. AFFORDABILITY OF THE RCAP STRATEGY

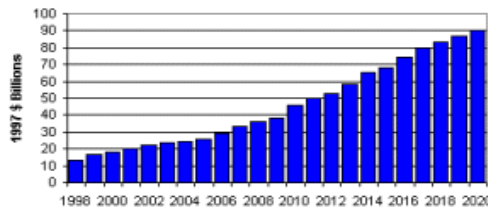
Before commenting on the merits of the RCAP strategy, let us consider its affordability. Here the news is definitely good. For many years Canada was trapped in a vicious circle of rising government debt and interest payments. Now, however, we are at the point of a balanced budget,

or at least on the verge of a balanced budget. We are about to enter a much happier time of a virtuous circle as healthy growth and falling interest rates and interest payments reduce the national debt, if not in absolute dollar terms then at least in relation to the size of the economy.

There is clearly a risk - indeed, a very major risk - of a premature declaration of victory over the deficit and debt. While we still have a unacceptably high unemployment rate, we are also living in the best of times in terms of job creation and economic growth. Times may not be so good a year from now when, for all we know today, we might be in a run-up to a Quebec referendum. This suggests that the federal government should display great caution before opening its purse strings too widely.

Chart 14

Fiscal Dividend



Nevertheless, the RCAP framework runs to 20 years or more and, in the context of that time frame, it is clear - barring major calamities - that the federal government will have a large and rising fiscal dividend at its disposal. As shown in Chart 14, the federal government's fiscal dividend is likely to rise very rapidly over the next twenty years, reaching \$24 billion in 2004, \$46 billion in 2010, and a massive \$79 billion in 2017. These numbers, which are denominated in dollars at the prices prevailing in 1997, are based on very conservative assumptions. (14)

So, if one asks whether the RCAP proposal is affordable, the answer must be "yes". Certainly it is a whole lot more affordable today than a few years ago. This is not to say, however, that the federal government will necessarily buy into the RCAP proposal.

5. CONCLUSIONS

What we have established in this paper is that the economic state of Canada's first peoples today is deplorable, that the costs of the status quo to the public purse are high and rising, and that any costs incurred by the federal government in addressing these problems are a lot more affordable today than was the case just a few years ago. We have also provided a brief outline of the economic strategy recommended by RCAP.

While all of this is certainly suggestive, we stop short of recommending that the government adopt the RCAP recommendations because we lack the expertise to comment intelligently on their viability or likely success. As well, it is not really the role of a bank to tell the federal government how to conduct its policy. Nevertheless, it is our view that this is a matter of great national urgency and that the business community should lend its support to the goals, even if it lacks the expertise to assess the means by which public policy might best achieve these goals. Moreover, in areas closer to our expertise, we can be more specific, as will be the case in Charlie Coffey's remarks on the involvement of corporate Canada in this enterprise.

The Royal Commission Report: Nine Steps to Rebuild Aboriginal Economies

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1. Introduction

The Royal Commission on Aboriginal Peoples tabled its final report in November last year. With this step, the seven Commissioners and their staff concluded five years of work, including three rounds of public hearings in over 100 communities, receiving the advice of 140 intervenor organizations and individuals, and integrating the results of some 340 research reports.

The extent of this inquiry into the relationship between Aboriginal and non-Aboriginal people in Canada is without parallel, driven by a very broad mandate recommended by the former Chief

Justice of the Supreme Court, Brian Dickson, and accepted by the Government of Canada. The breadth of the mandate, which covered 16 major areas, made this one of the most far-reaching commissions in Canada's history. It also contributed to a major strength in the Commission's report, for it was required to deal with the whole of the picture and the interrelationship of the parts, in a manner that is congruent with the more holistic perspective of Aboriginal peoples. It should not be surprising, therefore, that the Commission's perspective on economic matters goes well beyond the narrow, technical aspects of business development or the intricacies of providing income support. It is a perspective that begins with the history of the relationship between Aboriginal and non-Aboriginal peoples, and one that takes continuing cultural difference into account. It is also one that charts the interrelationship between the economic realm and other important dimensions of life.

This paper has three objectives:

- to give a brief description of different types of Aboriginal economies, so that the diversity and complexity of the task of achieving economic development is better understood
- to discuss some of the pre-conditions for rebuilding Aboriginal economies. What factors need to come together for economic development to have a good chance of success?
- to give an overview of the perspective and recommendations put forward by the Royal Commission in its final report on the concrete steps that need to be taken to rebuild Aboriginal economies

2. A Word on Policy Choices

The history of the relationship between Aboriginal and non-Aboriginal people in Canada is full of misguided policy choices. On the Aboriginal side, Aboriginal people like to joke that their most basic policy failure was to adopt an immigration policy that was much too liberal in permitting Europeans to enter North America, with disastrous consequences. On the non-Aboriginal side, Volume 1 of the Royal Commission report documents many examples of what those of us who worked for the Commission called "bad policies". These included the Indian Act, residential schools, the relocation of Aboriginal communities, and policies toward Aboriginal veterans.

If we were to add to this list, a prime candidate would be the policy choices that contributed to the undermining of Aboriginal economies in the past two centuries, and the response to that situation primarily in terms of the creation of welfare economies. A brief historical digression clarifies this argument.

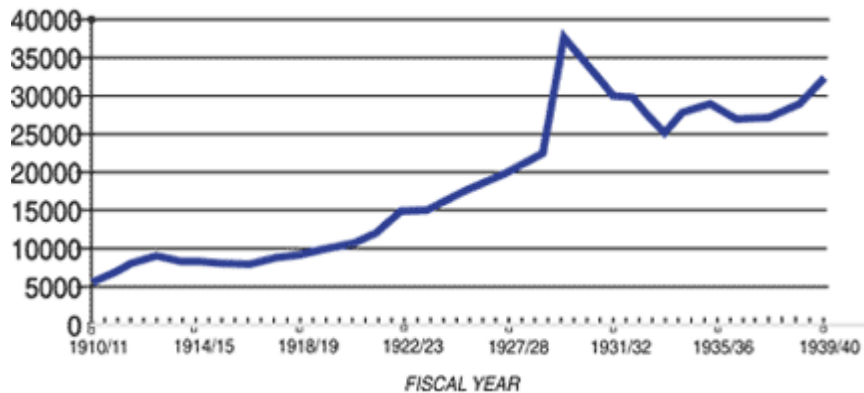
The first paper in this volume has made the point that Aboriginal nations were relegated to a marginal status once the fur trade declined and their role as military allies receded. A period of assimilation and displacement ensued, during which Aboriginal societies suffered an almost complete erosion of their land and resource base which in turn undermined much of their traditional economy. Widespread poverty and even starvation ensued.

In Nova Scotia, for example, it is estimated that the Mi'kmaq population declined from an estimated 26,000 persons in the year 1600 to only 1300 persons at the low point in 1840. The extent of disruption of the Mi'kmaq economy was so severe that starvation is judged to have been the principal cause of population decline, a more important factor than the effect of European diseases. Signs of indigence and petitions for relief made their appearance by 1767, but the response of colonial authorities was quite limited:

"In 1768, Britain turned over responsibility for local affairs to authorities based in Nova Scotia but provided few resources for the implementation of policies. With respect to Indian affairs, little attention was given to the problem in the late 1700's and early 1800's, except when a military threat loomed and it was feared that the Micmac might again become a factor as allies of the opposing side. At such times, a report on the condition and disposition of the Micmac was sought, and impetus was provided for the provision of relief supplies. Such supplies were regarded by the authorities more as charitable donations than as the fulfilment of obligations resulting from past agreements and they took the form of blankets, potatoes, meal, fish or bread. While the relief allocations were sporadic at first and always very limited in terms of the total annual amount provided (ranging in cost from 25 to 300 pounds for the whole province), the destitution of the Micmac necessitated regular annual grants from 1827 onward. As starvation and disease took their toll, an increasing proportion of the total funds granted were used to pay the medical bills submitted by non-Indian doctors."

In the later 1800's and early 1900's, the Mi'kmaq slowly regained their economic footing. While remaining poor, they were able to establish a reasonable degree of self-reliance through their own self-employment and by working as wage labourers on the fringes of the non-Indian economy. But the signs that this trend was not to continue were first seen in the depressions of the 1920's and 1930's when the Mi'kmaq began to lose their marginal foothold in the economy. Up until this time, welfare and other forms of relief payments had still not become widely available and were restricted largely to the aged and the infirm. As Chart 1 indicates, however, the level of outlay of welfare and related expenses began to rise more sharply in the 1920's and took an exceptional jump at the onset of the Great Depression. What had changed was not only the worsening of economic conditions, but also the fact that the federal government was prepared to alleviate hardship through the use of welfare payments, in contrast to the response of provincial authorities a century earlier.

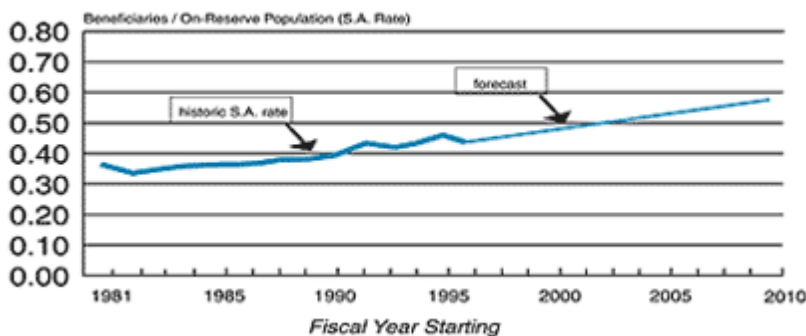
Chart 1: Annual Expenditure for Administration, Education, Medical Care, and Relief and Welfare during the Fiscal Years 1910/11 to 1939/40 Inclusive



Source: W.S. Arneil, "Investigation Report on Indian Reserves and Indian Administration, Province of Nova Scotia" (Ottawa: Indian Affairs Branch, Department of Mines and Resources, August 1941)

The willingness of the Canadian public and Canadian governments to meet problems of economic hardship on the part of Aboriginal people with transfer payments continued to build in the post-War period. While Aboriginal people were not always included in the programs offered by an expanding welfare state, particularly in the early stages, by the 1960's most forms of discrimination in the availability of social programs had disappeared. Thus, in the absence of a solid economic base, the dependence of Aboriginal people on social assistance continued to grow. For the on-reserve population in Canada as a whole, 37 per cent were reliant on social assistance by 1981, a figure that grew to 45 per cent by 1995. Projected into the future and taking account of anticipated demographic change, the rate of dependence on social assistance is expected to reach almost 60 per cent by the year 2010 (Chart 2). In the Atlantic Region, we were already at the 74 per cent level in 1992, with the forecast for the year 2010 rising to a staggering 85 per cent unless something changes drastically.

Chart 2: On-Reserve Social Assistance Rate, Trend and Forecast (Canada 1981-2010)

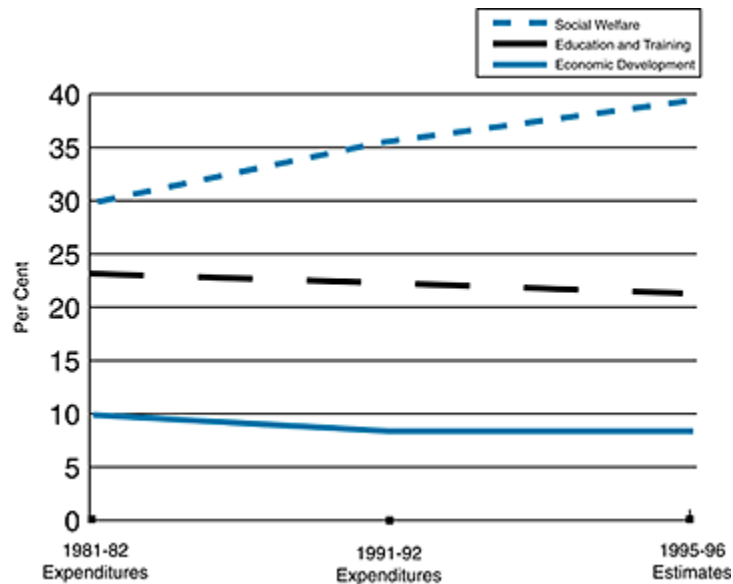


Sources: J. Chen, T. Rogers and H. Tait, "Social Assistance Dependency on Reserve: An Initial Overview of Levels and Trends", Quantitative Analysis and Socio-demographic research, Indian and Northern Affairs Canada, February 22, 1994; Francois Nault, Jiajian Chen, M. V. George and Mary Jane Norris, Population Projections of Registered Indians, 1991 - 2015, Statistics Canada, prepared for Indian and Northern Affairs Canada, 1993; Indian and Northern Affairs Research Analysis Directorate; also personal communication with Four Directions Consulting, Winnipeg, Manitoba, concerning work in progress, July, 1997.

This response by public authorities could be, and indeed is, interpreted as a humane and even generous one, especially in contrast with the failure of colonial authorities to provide relief a century earlier when it was so badly needed. The difficulty is that this has been the principal and virtually the only response to the declining economic situation. Significant and effective measures to protect what remained of the Aboriginal economic base and to assist in its rebuilding have not been undertaken. Indeed, the historical record bears out the conclusion that, even in this century, governments and the private sector have continued to take actions that serve to undermine Aboriginal economies on the one hand while steadily increasing the availability of welfare payments on the other. Dams have been built, lands flooded, streams polluted, regulatory regimes imposed, and communities relocated, usually to benefit interests other than the Aboriginal community.

We are now caught in a cycle where costs for welfare and related remedial measures continue to grow while funds for economic development stagnate or are reduced. Chart 3 shows what the federal government estimated it would spend on Aboriginal people in 1995/96, as well as actual expenditures in earlier years. The amount allocated for what might be called social problem spending (social assistance, health, housing, policing) has grown from 30 to 40 per cent of total spending in the period between 1981/82 and 1995/96. The amount allocated for economic development (broadly defined to include items such as economic development, business development, and land claims) decreased from 10 per cent to 8 per cent, while the proportion allocated to education and training has grown slightly from 19 to 22 per cent.

Chart 3: Federal Expenditures on Programs Directed to Aboriginal Peoples: Selected Years (Percent Allocated to Each Activity)



Notes:

1. *Economic development includes spending by DIAND for economic development, land claims, and lands/revenues and trusts. It also includes Aboriginal business development spending by Industry Canada.*
2. *Education and training includes education spending by DIAND and training by Employment and Immigration (now Human Resource Development)*
3. *Social welfare includes DIAND spending on social assistance and social services, health-related spending by Health Canada, expenditures on housing by CMHC, and on policing by the Solicitor General.*

Data are for fiscal years beginning in April of the year indicated. Expenditures listed in this table pertain only to programs directed specifically to Aboriginal people. Not included are federal expenditures on programs directed to the general population, a share of which relates to Aboriginal people.

Source: Adapted from Table 2.7, Federal Expenditures on Programs Directed to Aboriginal People, in Renewal: A Twenty Year Commitment, Volume 5 of the Report of the Royal Commission on Aboriginal Peoples, Ottawa: Supply and Services Canada, 1996, p.35.

The overriding impression left by these figures, and by the experience of Aboriginal communities across the country, is that governments continue to meet economic distress with income support payments rather than investing in the often more difficult measures that would rebuild Aboriginal economies.

We desperately need to break out of this dynamic. A welfare economy provides a minimal level of income for its "beneficiaries" and a measure of economic security, but it exacts an enormous cost in terms of individual self-esteem and family and community well-being. While change may be politically difficult, Aboriginal people are the first to say that it is not in their long-term best interest. Neither is it in the interest of Canadian society generally, for the overall costs of such an economy are steep and rising, with no light at the end of the tunnel. The issue before us, then, is how to protect what remains of the Aboriginal economic base and rebuild what has been destroyed. Additionally, how do we make the transition from policy choices that seek to alleviate the symptoms of economic distress to those that would contribute to the creation of more self-reliant Aboriginal economies?

3. The Diversity of Contemporary Aboriginal Economies

Before proceeding with a summary of the recommendations of the Royal Commission with respect to economic development, it is instructive to describe a bit of the diversity of Aboriginal economies. The picture that emerges from aggregate statistics and the popular media often suggests that Aboriginal economies are quite similar to each other across the country. Images of Davis Inlet spring to mind. In fact, there is a great deal of diversity in the ways in which people in Aboriginal communities make a living and in how they organize their productive activities.

We will provide a brief sketch of four types of Aboriginal economies, based on information provided by 16 community case studies carried out under the auspices of the Royal Commission's research program. We pay particular attention to their distinctive features. One of the implications of this diversity is that it is very difficult for policies and programs made in Ottawa, or even in the provincial/territorial capitals, to have sufficient flexibility so that they support, rather than impede, the development of Aboriginal economies across the country.

a. The Territorial North

The Commission's two case studies in the territorial north, Pangnirtung and Ross River, and Nain in Labrador all have a significant portion of their adult population engaged in the traditional pursuits of fishing, hunting or trapping, albeit with modern technology. Finding ways to make a living while preserving natural resources and the environment is in fact one of the central challenges of life in the north.

The economies of northern Aboriginal communities are often referred to as mixed economies, meaning that participation in traditional activities for subsistence is mixed with other elements. It may include selling a portion of the proceeds of the hunt on the market, or having a family

member involved in wage employment in the public or private sector. It will also involve at least some members of the kinship unit receiving some form of transfer payments, such as unemployment insurance, social assistance, or an old age pension.

With respect to wage employment, one of the largest sources is the public sector, whether it is the hamlet/municipality/reserve, or the territorial or federal government. Related to this is the non-profit public sector, the service and political organizations that receive their funding from one or other of the governments and that have expanded considerably in number and scope in the last several decades.

Wage employment and self-employment are also found in the private sector in northern Aboriginal communities although typically the private sector is not well developed. It may take the form of a cooperative grocery store, a construction company that has little competition because of the isolation of the community, small firms in the service sector catering to the region's population or to the occasional tourist, or household-based businesses in the arts and crafts industry.

All three of the Commission's northern case studies also have had, or expect to have, some involvement with the non-renewable mining sector, whether this takes the form of employment/contracting with a large, capital intensive and externally owned corporation or a more modest, locally owned quarrying operation.

As we have witnessed in the North, significant changes in economic potential can be brought about through the conclusion of comprehensive land claim agreements which may expand land ownership, access to resources and the exercise of powers of self-government.

b. The Provincial North

The Royal Commission undertook four case studies of Aboriginal economies in the provincial north - the Alberta Metis Settlements, La Loche in northern Saskatchewan, Lac Seul in the north west of Ontario, and the Montagnais communities in the north-east region of Quebec.

The types of employment that we have reviewed for the territorial north also make sense for the provincial north, although there are some differences. There are fewer people involved in the traditional economy of hunting, fishing, trapping and gathering, for example, although this is still an important activity as measured by the food and income it provides and the significance it has for Aboriginal cultures.

The natural resource sector is also different in the sense that, in contrast to the territorial north, forestry-based activities are possible in addition to mining, and there is even some prospect for agricultural activity in the more southern regions of the provincial north.

The history of communities in the territorial north often features instances of destructive community relocations mandated by outside authorities, and this theme continues in the provincial north. The damaging effects on communities of major resource development projects can also be noted, whether the source is environmental pollution from a mine or the flooding of traditional lands because of a hydro development project.

A powerful theme in several of the Commission's provincial north cases is the incursion of provincial regulatory regimes and their negative effects on Aboriginal lands, resources, and the livelihood base. We tend to think of these as being in the more distant past, but the case study of Lac Seul makes the point that provincial regulations such as trapline, environmental and wildlife management systems have affected the communities primarily in the last 30 years, and they continue to present a serious problem:

"For us, the tragedy of outside resource management regulation is that many of the decisions of non-Aboriginal governments restrict the lives of our people on our lands in ways that conflict with our culture and place it at risk. In addition, ecological knowledge that we consider to be important in making "land-use" decisions - knowledge of bear fishing locations, migratory waterfowl nesting and staging areas, key feeding areas and habitat for a variety of animals, etc., - has most often not even been used when non-Aboriginal governments have made decisions on land use in our customary territories. The Government of Ontario might have thought twice about approving the flooding of Lac Seul if its decision had been made from our cultural perspective concerning the wealth of our Lands."

c. Southern Rural

The Commission's case studies located in more southern but rural parts of the provinces include Alert Bay (a coastal community in British Columbia), the Peigan Nation in southern Alberta, the Six Nations reserve in Ontario, Kitigan Zibi located at Maniwaki, Quebec, and Big Cove on the north shore of New Brunswick. While again there is considerable diversity among these communities, still there are some common features that distinguish this type of economy from those described previously.

A sector of traditional activity remains, but it is smaller than in the northern areas and often has to contend with a more restricted land and resource base. Participation in hunting, fishing or trapping may be more part time than full time, and take on more of a recreational flavour. It may also take the form of gathering wood for fuel or berries and other edible foods for home consumption.

While these economies are rural in nature, one of their key characteristics is their location in proximity to large urban markets. Thus it is possible for a portion of the labour force to commute to urban areas for employment, and the reserve residents are also likely to purchase consumer goods in town. However, the rural community can still be described as an enclave economy, not well integrated into the surrounding regional economy and producing few goods and services for people living outside the community. Perhaps the major exceptions to this statement have been the development of the gambling, cigarette and alcohol trade in recent years. Because of their location, some communities are able to attract customers to tourism and recreational ventures such as golf courses and Aboriginal theme parks.

In contrast to communities in the more northern regions, those located in the rural south are likely to have gone further with the import substitution phase of economic development. Some, such as Six Nations, need to plan for the next phase of economic development, one that is more outward looking and that takes advantage of the export opportunities that access to a large urban market can provide. This type of development requires new forms of infrastructure and institutional supports if it is to succeed, such as larger amounts of capital, the development of local bank branches and credit unions, more sophisticated forms of planning, including by laws on business location, land use and environmental protection.

However, local governments in these southern rural communities are already well developed. They are likely to be managed by professional staff, and to have become differentiated into specialized public sector institutions that have assumed responsibility for services such as health, education, social services, economic development or policing. The labour force of Aboriginal communities located in southern rural areas will have higher levels of education than those in the north, and closer connection to community colleges or universities. Some post-secondary institutions may be located in or near the community, or may offer courses on a decentralized basis.

d. Urban

The Commission's research includes four case studies of Aboriginal economies in urban areas. These are studies of Kamloops, Regina (where one deals with First Nations and another with Metis), and Winnipeg.

Aboriginal population growth in urban areas is fueled by two factors - the influx of migrants from rural areas and the natural rate of increase of the population that is already residing in the urban area. The result is that there is tremendous pressure to find employment, housing, education and other services and, if efforts to do so are insufficient, then one can expect to find the social consequences emerging in the form of poverty, unemployment, the growth of street gangs, and so on.

The urban area does provide more economic opportunity than is available in most rural, reserve communities, and this is reflected in figures which typically show that urban Aboriginal employment rates, income levels, education levels, and the prospects of finding a full-time job are higher. Nevertheless, the figures also show that, when compared to the non-Aboriginal, urban population, the urban Aboriginal population is distinctly worse off.

While the urban Aboriginal population is predominantly low income and poorly educated, there is also an emerging group of middle class, professional persons who have achieved an improved socio-economic position in part because of their success in obtaining higher levels of education and in part because of positions that have become available in the publicly-funded organizations that have developed in the last three decades. These grew in response to the larger Aboriginal population in urban areas, seeking to speak for, and provide services to, the swelling numbers.

In contrast to the other types of Aboriginal economies we have described above, the urban situation is distinguished by a number of features:

- the fact that Aboriginal people are dispersed among a large non-Aboriginal population in urban areas.
- Aboriginal people in urban areas are likely to come from different nations or cultural groupings, making it more difficult for them to come together in a cohesive manner.
- the urban Aboriginal and non-Aboriginal population provides a large potential market, so Aboriginal business development remains an important means of increasing employment. However, the economic environment also includes thousands of already-established non-Aboriginal businesses, making employment in those businesses a logical and important part of an employment strategy.
- while representative political organizations exist to speak for urban Aboriginal populations, there is often conflict among them over who speaks for whom. Additionally, they lack the resources and the jurisdiction to act with authority on the concerns of their members.
- there is a continuing jurisdictional tangle. While Metis tend to be neglected by federal programs, First Nations people in urban areas are frequently caught in the middle of federal-provincial disputes over who has the responsibility and the resources to meet their needs.
- with a few exceptions there is no urban land base. However, funds to purchase land in urban areas can be made available through comprehensive or specific land claims, or through treaty land entitlement settlements, and these lands could possibly be given reserve status.

4. Some Preconditions for Aboriginal Economic Development

It is fair to conclude that, over the last several decades, academics, governments and the private sector have come to a better understanding and perhaps to more agreement on the conditions that need to be put in place in the context of which economic development can proceed. Our understanding of Aboriginal economies in particular has been enriched by the work of the Project on American Indian Economic Development at the John F. Kennedy School of Government, Harvard University. There, Joseph Kalt and his colleagues and students have undertaken a large number of case studies of tribal economies in the United States, seeking to identify the factors associated with successful economic development as defined by the tribes themselves. They contrast these instances with the larger number of cases where such development has not taken hold.

One of their conclusions is that political leaders and policy makers are forever trying to pick winners - that is, potentially successful business ventures - rather than putting their energies into getting the institutional framework and preconditions for economic development right:

For many Indian nations and their leaders, the problem of economic development has been defined as one of picking the right project. Tribal governments often devote much of their development-related time and energy to considering whether or not to pursue specific projects: a factory, a mine, an agricultural enterprise, a motel and so on.....

Picking winners is important, but it is also rare. In fact, Indian Country is dotted with failed projects that turned sour as investors' promises evaporated, as enterprises failed to attract customers, as managers found themselves overwhelmed by market forces and political instability. 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.

As the quotation indicates, economic development is about more than "picking winners". They conclude that the following elements are among the most important components for success:

External Opportunity

External opportunity refers to the political, economic, and geographic settings of reservations. There are four dimensions that are particularly important for economic development:

- *political sovereignty*: the degree to which a tribe has genuine control over reservation decision making, the use of reservation resources, and relations with the outside world.

- *market opportunity*: unique economic niches or opportunities in local, regional or national markets which come from particular assets or attributes (minerals, tourist attractions, distinctive artistic or craft traditions) or from supportive government policies
- *access to financial capital*: the ability of the tribe to obtain investment dollars from private, government or other sources
- *distance from markets*: the distance tribes are from markets for their products.

Internal Assets

Internal assets refers to the characteristics of the tribes and the resources they control that can be committed to development. Again, there are four important variables:

- *natural resources*: minerals, water, timber, fish, wildlife, scenery, fertile land, oil, gas, etc.
- *human capital*: the skills, knowledge, and expertise of the labour force acquired through education, training or work experience
- *institutions of governance*: the laws and organization of tribal government from constitutions to legal or business codes to the tribal bureaucracy. As these institutions become more effective at maintaining a stable and productive environment, the chances of success improve
- *culture*: conceptions of normal and proper ways of doing things and relating to other people and the behaviour that embodies those conceptions. As the fit between the culture of the community and the structure and powers of the governing institutions becomes better, the more legitimate the institutions become and the more able they are to regulate and organize the development process

Development Strategy

Development strategy refers to the decisions tribes make regarding their plans and approaches to economic development. There are two key decisions:

- *overall economic system*: the organization of the reservation economy itself, on such questions as the form of ownership of business enterprises and the approach to economic development (e.g., tribal enterprises, individual or family entrepreneurship, joint ventures, etc.). The prospects of successful development are improved if there is a good fit between the economic system chosen by the tribe and its social organization and culture
- *choice of development activity*: the selection of specific development projects, such as a convenience store, a gaming operation, a motel or a manufacturing plant. Activities which take advantage of tribes' market opportunities, allow tribes to specialize in using natural and/or human resources most available to them, and are consistent with tribes' cultures are more likely to be successful.

Whether in a Canadian or United States context, it is not likely that a particular nation or tribe will be strong in all areas, nor is this necessary. Different development strategies require a different mix of elements - an Aboriginal nation emphasizing high technology development, for example, would want to emphasize human resource development and may be less concerned about distance from markets or the natural resource base. In general, however, the more elements in place, the better the nation's prospects for building a successful and diversified economic base.

5. Nine Steps to Rebuild Aboriginal Economies

The Commission's analysis of Aboriginal economies shares the view that the important thing is to put in place the conditions in the context of which economic development can proceed. To this end, its recommendations, which are summarized here, deal with many of the conditions specified above.

1. Regaining Control

The Commission's research makes repeated reference to the need for Aboriginal nations to regain control over the levers that govern their economies, in the context of the broader emphasis on self-determination and self-government. In a speech to a Royal Commission Round Table discussion, Joseph Kalt compared those American tribal groups that had achieved higher and stable levels of economic development with those that had not. He concluded that:

When we look around reservations, we find key ingredients to economic development. The first is sovereignty itself. One of the interesting phenomena that we see in the United States is that those tribes who have broken out economically and really begun to sustain economic development are uniformly marked by an assertion of sovereignty that pushes the Bureau of Indian Affairs into a pure advisory role rather than a decision-making role.

Why is the exercise of sovereignty a key? Well, we think in part it's because our Bureau of Indian Affairs in the United States faces a severe conflict of interest. The fate of the Bureau of Indian Affairs rises and falls with the fate of Indian country. The higher the unemployment rate, the worse the poverty, the better off is the Bureau of Indian Affairs, its budget rises, its staff rises, its power rises. The individuals who work for our Bureau of Indian Affairs are in general perfectly fine individuals but they work within a system that creates a tremendous conflict of interest in which it is not in the interests of the Bureau of Indian Affairs to spur economic development and reduce dependence on reservations. And in case after case after case, we find the Bureau of Indian Affairs standing as an impediment to economic development.

The Royal Commission case studies add other dimensions to this argument. In the case of our Lac Seul case study, for example, the focus is on lack of decision-making power over traditional lands and resources. Non-Aboriginal rules and regulations hold sway and these are rooted in a world view that is quite different from Aboriginal perspectives. The result is cultural conflict and a retreat from economic activity on the part of the Anishinaabe people:

"Does this mean that, unless we adopt the non-Aboriginal way of economic organization fully, we can never have the 'resources' at our disposal to achieve economic independence? Not necessarily, is how our focus group results would best be interpreted. As Anishinaabe people living at Lac Seul, we have immense knowledge of our Lands. We have livelihood customs which represent significant economic strengths that could be put to use in developing new economic pursuits as well as nurturing 'traditional' ones. If we had security of access to our Lands we could develop appropriate financing mechanisms to take advantage of economic opportunities. This is the 'capital' that many Lac Seul people would use to nurture their economic recovery. Unfortunately, the knowledge, skills and the customary organizational strengths of our people which are expressed in our culture cannot be used by them in ways they would often prefer. This is because we are missing the one ingredient necessary to undertake livelihood projects as we would want: authority in relation to our Lands."

Another illustration comes from the La Loche case study, which describes a community where the major part of economic activity is generated by the very high levels of spending that are required to deal with problems such as unemployment, poverty, alcoholism and family breakdown. This is reflected in the fact that the newest buildings in the town are the liquor store and the jail, rather than buildings which would reflect a thriving economic base not unusually dependent on government funds. The community's leaders are well aware that spending is being largely devoted to short-term remedial kinds of activities, and that the only sensible long-term solution is to build a self-sustaining economic base for the community. They would like to divert spending, or at least a portion of the annual increase in spending, from meeting social to meeting economic development objectives, but are unable to do so because virtually all the spending is controlled by individual provincial and federal departments, each with its own agenda. Coordination between the departments and between the levels of government seems to be virtually non-existent, and the idea that spending patterns would actually change to meet the long-term best interests of the community seems to be a pipe dream. As a result, an ever increasing amount continues to be poured into the community, dedicated to the management or alleviation of social problems. On the other hand, if the community had more political authority and could access a pool of funds not tied to pre-existing agendas and separate departments, it would be possible to envisage a different agenda being realized.

For these and other reasons, the Commission in its recommendations supports the inherent right of Aboriginal nations to govern themselves, and urges federal, provincial and territorial governments to make room for an Aboriginal order of government in Canada. Until such time as self-government is achieved, the Commission recommends that governments move away from fragmented, project by project funding with narrow mandates. It advocates the signing of long-term development agreements which will provide funds in block form and which will greatly increase the flexibility of Aboriginal governments in advancing economic development according to their own priorities.

2. Rebuilding Aboriginal Nations

The Royal Commission's Final Report makes a strong argument for the Aboriginal nation as the appropriate unit to exercise powers of self-government, and argues that steps should be taken to rebuild and revitalize this historically important level of organization among Aboriginal peoples. By using the term "nation", the Commission refers to "a sizeable body of Aboriginal people who possess a shared sense of national identity and constitute the predominant population in a certain territory or collection of territories". The term refers to cultural groupings such as the Mi'kmaq in the east, the Mohawk in central regions of Canada, the Metis on the Prairies, and the Dene and the Inuit in the North. The Commission estimates there are approximately 60 Aboriginal nations in Canada.

With respect to economic development, the case for organizing activity around the nation, as opposed to or in conjunction with individual communities, is essentially the argument surrounding economies of scale. A project that is not viable if carried out by an individual community may well be viable if carried out by a grouping of communities organized into a nation. Individual communities may not be able to support a specialist in agriculture by themselves, but such scarce and expensive human resources may well be fully occupied if they are employed at the nation level. The same argument can be made for institutions to support economic development. While each community needs to have economic development personnel, it need not necessarily have an Aboriginal capital corporation, or a research and policy unit, or a marketing agency.

The point about the importance of economic scale was clearly made in the Commission's studies of natural resource sectors, which recognized the important gains that had been made in institutional development when sector-specific and often province-wide technical support programs were established. Examples in agriculture included organizations such as the Saskatchewan Indian Agricultural Program, the Manitoba Indian Agricultural Program, and the Western Indian Agricultural Corporation. Many of these initiatives in agriculture and other fields were undermined when funding was diverted back to individual communities, with the

consequent loss of the technical expertise and support that significant projects in the natural resource field would require.

3. Building Institutional Capacity

Kalt and his associates make the point that an expanded range of powers will not lead to long-term economic development unless Aboriginal governments can take effective action, and this requires the development of effective institutions. The latter have three characteristics:

1. Such institutions need to be seen to be legitimate by the people of the community or nation, capable of mobilizing and sustaining support. This is more likely to occur if the institutions are congruent with the culture of the nation. We noted above the diversity of Aboriginal nations in economic terms, and the same is true in cultural terms. Aboriginal nations differ significantly in matters such as the role of women in decision-making, preferences for individual or collective ownership of businesses, or the degree of executive leadership they are prepared to tolerate. Their institutions of governance, broadly defined to include economic development institutions, should be congruent with the culture of the community or nation. They should not be expected to conform to the "one size fits all" models that have been imposed through legislation such as the Indian Act.
2. Secondly, Aboriginal institutions for economic development need to be able to implement strategic choices effectively. That is, they need to have the capacity to develop and implement rules and procedures that are seen to be fair, carried out by a well trained and professional staff.
3. Finally, the institutions need to create a political environment that is safe and secure for development, one that can attract confidence, commitment and investment. This requires in part:
 - a. finding a way to separate and limit powers in order to minimize the abuse of power. In particular, this requires finding a way to draw the line so that the wealth of the community is not exploited for personal gain by those who have political power in the community
 - b. having a fair and impartial mechanism for settling disputes
 - c. finding a way to guard against the inappropriate involvement of political leaders in the day-to-day decisions of business ventures or of economic development institutions. Political leaders do have an important role to play in economic development -- for example, in setting long-term goals, identifying appropriate strategic directions, and in putting in place the institutional base for economic development -- but that role should stop short of interference in the day-to-day operation of businesses or economic development organizations. This does not mean that a community can't have collectively-owned businesses, or publicly established economic development

organizations, only that such institutions need to operate at arms length from the political leadership in terms of their day-to-day operations.

Putting in place the institutions required for development takes care of one of the critical ingredients of an environment that supports economic development. To this end, the Commission's recommendations strongly support the strengthening of the institutional capacity for economic development in Aboriginal communities and nations.

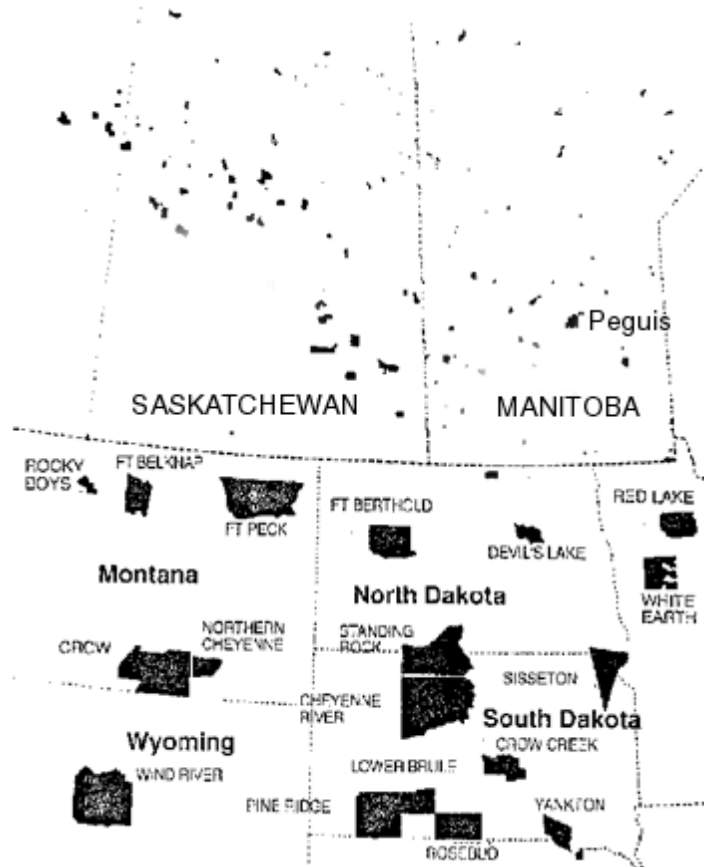
4. Expanding Lands and Resources

The Commission believes that the land and resource base of Aboriginal communities urgently need to be expanded if a more solid economic footing is to be achieved. The Commission's research clearly documents that making full use of available economic opportunities entails having an expanded land base and/or better access, ownership or control over resources such as fish, minerals, wildlife or forests.

The loss of control over and benefit from their lands and resources experienced by Aboriginal people historically has been truly staggering, and many unresolved issues remain. For example, in some areas of the country such as the Maritimes and much of British Columbia, treaties addressing land and resource issues have never been negotiated (comprehensive claim areas). In other regions where land agreements or treaties were signed, there are outstanding issues resulting from fraud in some cases, disagreements over what was agreed to, and failures to implement what was promised. In still other instances, negotiations need to take place because highways, hydro lines, or dams have made incursions on Aboriginal lands and resources without consent or compensation (specific claims).

Canadians may be surprised to learn how much greater the loss of Aboriginal lands has been in Canada than in the United States. As Chart 4 illustrates, south of the 60th parallel in Canada, the remaining Aboriginal lands make up less than one-half of one per cent of the Canadian land mass. In the United States outside of Alaska, by way of contrast, Aboriginal people hold 3 per cent of the land even though they make up a much smaller proportion of the United States population.

Chart 4: Reserves and Reservations: Canada and the United States (Plains Reserves)



Source: Adapted with permission, from Robert White-Harvey "Reservation Geography and Recognition of Native Self-Government," *Dalhousie Law Journal*, 17/2 (Fall 1994), p.588.

Once lands for Aboriginal people were reserved or set aside in the last century, it is also the case that the land base has been steadily whittled away over time, to the point that little more than one-third of the acreage remains. Thus the land base belonging to each reserve is typically just a few acres now, not enough to provide housing for the rapidly expanding population let alone to provide a basis for economic development.

The case made by the Commission for an expanded land and resource base is multi-faceted. It includes the need for land to accommodate the housing and other needs of a rapidly expanding population. It underlines the importance of Aboriginal lands and resources for maintaining Aboriginal culture. In economic terms, it is clear from any examination of contemporary Aboriginal economies, especially those outside urban areas, how important the land and resource base is to those economies and to their aspirations for future economic growth.

This is, of course, not the only route to a more prosperous future and some would argue that it is misguided, that the future lies in the "knowledge economy" and in "high technology" of the kind

that is particularly visible among the computer hardware and software firms of Kanata. However, this conception of contemporary economies sets up a false dichotomy. In fact, the knowledge economy is pervasive through the economy as a whole, including the natural resources sector. From an Aboriginal perspective, the proper understanding and management of natural resources has always been knowledge intensive -- that is a lot of what traditional knowledge is about -- and it continues to be so as modern technology and techniques (such as GIS) take their place alongside more traditional understandings.

The Commission's Final Report discusses in some detail how an expanded land and resource base can be achieved. The means include a revised, more fair comprehensive claims process, the renewal or renegotiation of treaties, establishing a fund which would permit land to be purchased on the open market, a new process for settling specific claims and, in the short term, the return of lands that were taken from Aboriginal communities but that are not being used for the intended purpose.

The Commission's research makes the point that having clearly recognized rights to the land/resource base is critical, for this entirely changes the dynamic between the Aboriginal nation and non-Aboriginal governments and companies. Under this scenario, Aboriginal people are in control and in a much better position to negotiate with outside interests. On the one hand, they may choose to have outside companies develop the resource and indeed there may not be an option because the resource may be of such a nature that only outside interests could mobilize the capital and other resources required to exploit the raw material. In these circumstances, the Aboriginal nation can be in a strong position to negotiate favourable employment, contracting or revenue sharing agreements with outside developers. On the other hand, the Aboriginal nation may choose to develop the resource itself. In a paper prepared for the Royal Commission dealing with the mining sector, Jeffrey Davidson from McGill University favours this alternative:

- In Canada, Aboriginal communities are increasingly being put in the position of having to consider the prospect of major mineral developments within their traditional territories. In the past, communities have rarely taken the initiative to encourage intensive mineral exploration within their lands, nor have they necessarily welcomed large-scale mineral developments....
- At the same time, Aboriginal communities have not given serious consideration to promoting and supporting some sort of regulated small-scale mineral industry on their reserves or within their traditional territories. This is certainly understandable in light of the general lack of an indigenous historical experience with mining and the lack of the technical and commercial skills base necessary for either effective supervision or successful operation at a commercial level....
- The promise of commercially successful small-scale mining operations is their potential to offer a community substantially more meaningful returns in terms of providing jobs,

stabilizing revenue streams, developing managerial, technical and trade skills within the community, creating opportunities to participate in decision-making and in the management and control of potentially adverse environmental and social impacts and their mitigation. Their benefits accrue primarily to the communities near which they are located. Furthermore, mining at the smaller scale can be more easily integrated into the pre-existing economy, and is potentially more responsive to locally-oriented social, economic and political development needs and objectives.

In short, an expanded land and resource base and especially one in which Aboriginal nations have a clear legal interest, must be a major element in any strategy to rebuild Aboriginal economies.

5. Recognizing Aboriginal and Treaty Rights

As noted in the previous section, one of the principal ways in which the land and resource base can be expanded is through the recognition of Aboriginal and treaty rights. This is perhaps most obvious when Aboriginal rights are recognized through comprehensive claims settlements, which make available an expanded land and resource base, provide capital and other supports for economic development, and in some cases also include negotiations over the scope of Aboriginal self-government. Whether the result is an expansion of business opportunities or new positions available in the public sector, the end result is a significant expansion of economic opportunities. Similar but more limited results can be expected from the processing of specific land claims, the settlement of treaty land entitlements, and the renewal, renegotiation or implementation of treaty provisions.

A considerable portion of the Royal Commission's research examines issues surrounding Aboriginal and treaty rights, and Commission reports make extensive recommendations about these matters. These include the recommendation that the policy of extinguishment be abandoned, that new legislation, procedures and institutions be put in place to make comprehensive claims negotiations more just and productive, and that existing treaties be reexamined where necessary to correct historical injustices or to adapt them to contemporary circumstances.

6. Building Aboriginal Businesses

The Commission's case studies and other reports provide some insights into the kinds of measures that need to be taken to provide support for Aboriginal business development in addition to those (such as the expansion of the land and resource base) that have already been mentioned. These include recommendations such as the following:

- improving access to capital through the establishment of banking facilities at the community level, making funds available to establish micro lending circles, strengthening the Aboriginal capital corporations, making greater use of revolving loan funds, surmounting problems of access to credit on reserve through such means as Kahnawake's trust deed loan system, and establishing a national Aboriginal development bank.
- supporting entrepreneurship through improved business advisory services, including support for new entrepreneurs in the critical months after the business is established.
- improving and expanding access to markets through such measures as the establishment of effective contract set aside programs, support for a trade promotion capacity within Aboriginal economic development institutions, and the labeling, protection and promotion of uniquely Aboriginal products.

7. Supporting Traditional Economies

We noted above how important the traditional economy is for northern Aboriginal populations in particular, as the preferred way of making a living, as a source of nutritious country food, as one component in a mixed economy, and as a repository for Aboriginal ecological knowledge. The Commission's research leaves no doubt that this sector should be supported as one of many options for making a living.

One of the principal obstacles facing those who wish to make a living in traditional ways from the resources of the land and sea is the difficulty of obtaining the cash that is necessary to support expenses such as hunting equipment, snowmobiles, gasoline and traps. Cash income can be derived from part-time work, from the proceeds of the hunt, or from transfer payments, but these sources may be inadequate or unsuitable. The current welfare system, for example, acts as a disincentive to the needs of wildlife harvesting because it imposes penalties against income derived from the harvest, and the method of payment necessarily keeps hunters within reach of their communities.

The Commission's research, however, takes an in-depth look at a different kind of income support program, one modelled by the James Bay Cree and now being tried in other parts of the country. Basically, the idea is to provide income support to help maintain self-employed hunters who are already involved in productive activities, according to the time they spend on the land. The support system guarantees a minimal level of income based on family needs. In addition, cash income is provided to harvesters according to the number of days spent harvesting, in the form of a per diem rate.

Income support is not of course the only kind of support the traditional economy requires. Other measures recommended in the Commission's report on wildlife harvesting, for example, include the need for a revolving loan fund, the strengthening of the organizational capacity of traditional

resource users, the provision of appropriate training for trappers, and support for a trap exchange program so that new trapping technology can be adopted.

8. Overcoming Barriers to Employment

In one of the more useful questions asked in the Aboriginal Peoples Survey, conducted in 1991 by Statistics Canada, respondents were asked to indicate what barriers they faced in finding employment. The results are given in Chart 5 below.

Chart 5: Barriers to Employment Reported by Aboriginal Identity Population Age 15+ Who Looked for Work 1990-91, by Aboriginal Group

Perceived Barrier	Indian Persons on Reserve	Indian Persons Off Reserve	Metis Persons	Inuit Persons
Few or No Jobs	75.2	61.4	62.4	71.1
Mismatched Education, work experience	40.1	40.1	42.6	38.0
Lack of Job Information	32.3	25.0	22.4	23.4
Being Aboriginal	22.2	25.5	11.7	11.9
Lack of Child care	8.1	8.5	8.4	9.3
Other Barriers	7.3	12.6	8.7	8.5

Note: Percentage of respondents reporting each barrier Source: Statistics Canada, Aboriginal Peoples Survey (1991), Catalogue No. 89-534

Expanding Available Jobs. The results reveal that by far the largest perceived barrier to employment is the lack of available jobs. High unemployment or underemployment in Aboriginal communities is typically a function both of conditions specific to the community, such as the state of business development or the education/training level of the adult population, and of conditions in the wider economy. Although the correlation is not perfect, unemployment rates in Aboriginal communities tend to be quite a bit higher when the community is located in a region of high unemployment, such as the Maritimes or the north, than they are when the communities are located in low unemployment regions. Thus Aboriginal individuals and their organizations should have a significant interest in the economic policies of the federal, provincial, and territorial governments. Federal macro economic policy is particularly important because policy levers such as interest rates, exchange rates and fiscal policy set the stage for

economic activity across the country and thereby exert a major influence on the number and types of jobs that are created at the local level. If jobs are available, then everything else tends to work better. If there is more incentive to enter training programs, there is more success upon graduation, job finding techniques are more likely to work, and so on.

Education and Training. The second most significant barrier relates to the mismatch that is perceived to exist between the person's education/training qualifications, and the jobs that are available. The Commission's research on economic development repeatedly comes back to issues of education and training, and it does so for good reason. Available data clearly shows the relationship between levels of education and levels of unemployment (or many other measures of labour market outcomes). Indeed, it is difficult to envisage successfully carrying out strategies to expand employment without building in closely-linked strategies for making sure that properly qualified Aboriginal persons are available to assume the new positions.

Many of the issues pertaining to education and training are addressed by the Commission's research program in education and by the education/training recommendations contained in the Final Report. Among those studies commissioned in the area of economic development, the most directly relevant calls attention to the very positive and successful model provided by the tribal colleges in the United States. The lack of Aboriginal personnel with education in economic development-related fields is also identified. Finally, the study addresses the issue of the lack of representation of Aboriginal people in the science and mathematics-based professions. It recommends a three-part strategy in this connection:

- fostering a "desire to be" and providing the encouragement "to become"
- establishing the foundation to be a professional in a science-based discipline
- establishing a better learning environment for Aboriginal students so that they can successfully make the transition from high school into a technical/university science based degree or diploma program

Improving Information Networks. If sufficient jobs are created and qualified Aboriginal people are available to take them, there still remains the problem of making the connection between the two. Social science research has made clear that 80 per cent or more of job vacancies are filled not through formal means such as newspaper advertising but rather through informal interpersonal networks that connect "those in the know" or "those with the connections" with the vacancy.

When the employer is non-Aboriginal, interpersonal networks are likely to be non-existent because there is not likely to be one or more Aboriginal employees already within the firm, and because the employer would not likely have personal connections to the Aboriginal community. Even if the firm is a larger one and uses formal recruitment methods, such as advertising for

applicants, there are prior steps that may lead to the position being filled before the advertising stage is reached. For example, there may be collective agreements that give employees already with the firm the option to take the position if they are qualified. Or the employer may first check the applications on file to see if a suitable candidate emerges.

In order to bridge this kind of information/connection gap, and to prepare both job applicants and employers for working with each other, it is very important that governments make available an organized employment service that is particularly geared to the Aboriginal population.

Unfortunately, these kinds of employment services are not available in all Canadian urban areas, and even when they do exist they have serious problems in obtaining the level and stability of funding that they need.

Agreements with Major Employers. After "lack of job information", the next most important barrier cited by respondents to the Aboriginal Peoples Survey is that of "being Aboriginal", a comment that can be taken to refer to the existence of discrimination. This supports other data available from the Commission's research which also suggests that discrimination is a significant barrier limiting employment possibilities.

The Royal Commission's Final Report outlines a new approach to breaking down employment barriers for Aboriginal people. This new strategy builds from the presumption that most employers have little connection to the Aboriginal community. Thus job vacancies are typically not made known to the community nor are the employers well versed in the steps they need to take to recruit effectively nor to create a comfortable environment that would serve to retain employees once hired. At least three other barriers stand in the way of an effective employment equity program. The first is the lack of suitably qualified individuals for the positions that may be available. The second is the fact that most employers are relatively passive about their recruitment efforts, typically waiting for Aboriginal applicants to come to them and make their qualifications known. The third is that most employers are geared to dealing with individual applicants; there is no effort made to connect with the community as a whole.

An approach to employment that would likely be more effective is one that involves the development of ties between employers and Aboriginal governments or organizations, especially those that have responsibilities for providing employment services, training and finding employment. Under this scenario, the employer would identify the kinds of vacancies that occur regularly or that are forecast to occur in a given time frame in the future. In collaboration with the Aboriginal organization, suitable individuals from the community would be identified either to become candidates to assume the positions in the short term or, if suitably qualified individuals were not available, to undertake the necessary education and training so that they would be qualified in the future. At the same time, the Aboriginal organization would work with the employer in order to identify changes in workplace practices that would serve to maximize

the prospects that the newly hired individuals would be retained. What is being recommended here is a long term, planned and collaborative approach.

This approach is being recommended in the context of providing much-needed employment for a rapidly expanding Aboriginal labour force. It can also be used to provide education, training and work experience for Aboriginal persons in occupations that are in high demand in the context of self-government and providing a training ground that includes hands-on experience for a number of years before the individual assumes duties on behalf of an Aboriginal government.

Child Care. The final barrier to employment cited by the Aboriginal Peoples Survey is the lack of child care, a factor mentioned by close to 10 per cent of those responding. Not surprisingly, it is parents and female respondents who are most likely to cite this barrier. For these groups, it is a problem for close to a quarter of those who responded to the Aboriginal Peoples Survey.

This problem also figured prominently in the Commission's research which documents shortages in child care spaces, culturally inappropriate services, culturally insensitive provincial and territorial regulations, jurisdictional conflicts between federal and provincial governments, and the lack of trained child care workers, among other problems. However, some progress on the issues related to child care is being made through recent initiatives, such as the federal government's Aboriginal Headstart program and the First Nations and Inuit child care program. Unless child care issues are resolved, Aboriginal women in particular will find it impossible to take advantage of education, training and employment opportunities.

9. New Approaches to Income Support

As we documented above, Aboriginal communities with high levels of unemployment typically receive major infusions of funds from transfer payments provided by provincial, territorial and especially the federal government. Social security payments such as unemployment insurance, veterans benefits and old age pensions make up a portion of the total, but social assistance or welfare is the most significant item.

Typically these transfers are considered to be individual entitlements, paid to persons as a matter of right on the basis of need, and not requiring much of the recipient. The payments basically set a meagre floor for incomes, and provide the means for ensuring that groceries, fuel oil, shelter costs and similar items can be purchased.

As we have seen above in the case of harvester support programs, transfer payments need not be provided only in this way. They can be designed in such a way that they support productive activity, and indeed some Aboriginal communities take advantage of the limited flexibility allowed them by outside governments to use their social assistance money in more creative ways and for example, to provide wages rather than social assistance to those encouraged to work on a

housing project. Others require recipients to develop a plan of action for getting off social assistance and to implement the plan in exchange for the financial assistance that is provided.

Perhaps the most radical departure from established patterns is what might be called the community entitlement approach, modelled by the Australian community development employment program. Here, the community decides democratically that it would like to shift from a system of individual entitlement for social assistance to one of community entitlement. The community develops a plan for particular projects that would improve community infrastructure, for example, or the economic development of the community, and an application is made to the source of welfare funds. In Australia this is the Aboriginal and Torres Strait Islander Commission. If the proposal is approved, then an amount equal to what the community would have received under the more normal individual entitlement welfare system is transferred to the community. In addition, a top-up amount of up to 20 per cent is provided to meet the costs of equipment for the project. As the projects are implemented, those who work on them are paid in the form of wages rather than social assistance. In this way, the community benefits by having much-needed work completed in the interest of the social and economic development of the community. This is another example of how income support funds, which usually support only consumption, can be used in more productive ways to provide employment and to lay the basis for the further development of the community.

6. Conclusion: The Cost of Doing Nothing

The Commission's recommendations in the area of economic development, as in the other areas of its mandate, call for far-reaching change. While the report has been warmly embraced by the Aboriginal leadership in the country, some non-Aboriginal governments have seemed to ignore the report while others have sought to pull from it some mildly reformist measures. What needs to be recognized is that the costs of the status quo are very substantial, and climbing. As John McCallum's presentation revealed, billions are lost each year by the failure of the country to realize the full economic potential of Aboriginal people – the acceptance of low labour force participation levels, atrocious unemployment levels, low earnings from the jobs that are held, and low incomes from other forms of wealth creation.

The Commission makes the case, in other words, that cost of the status quo amounted to \$7.5 billion in 1996 because of the net cost of foregone production, the extra cost of remedial programs and financial assistance, and the cost of foregone government revenues. Furthermore, if we keep with present policies, it is estimated that the cost of the status quo will escalate to \$11.0 billion by the year 2016.

Leaving aside moral, legal, social and other arguments for change, this is the financial argument for doing things differently. To make the basic structural changes that the Commission recommends - for example, with respect to the redistribution of lands and resources or self-government - will cost more than the status quo in the short to medium term, but the benefits will start to be visible within a decade. The Commission projects that, within 15 years to 20 years, the costs of the Commission's approach will be less than the status quo as the effect of new policies are realized in the form of increased incomes for Aboriginal people, and in positive changes to government expenditures and revenues.

In general, the Commission argues we need to make a sharp break with the patterns of the past, and have the courage and the foresight to establish a new relationship between Aboriginal and non-Aboriginal Canadians in this part of North America that we all share.

The Royal Commission Report on Aboriginal Peoples: Challenges and Opportunities for Corporate Canada

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Sponsored by: RBC Royal Bank & CANDO

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NOTE: statistics relating to aspects of this paper are not re-stated as they are effectively covered in other papers in this series.

1. Introduction

“ Whatever the words of your final report and recommendations may be, they will mean little if they are not met with the political will, the knowledge and the ability to achieve their intent. ”

- Chief Robert Pasco, Nlaka'pamux Tribal Council,
Merritt, British Columbia

In the aftermath of the Oka crisis in 1990, the government of Canada established a Royal Commission on Aboriginal Peoples (RCAP) to address outstanding grievances and concerns facing Aboriginal people in Canada. The Commission was mandated to consult widely and to bring back recommendations that would provide solutions. After five years of consultations and research the report was released in November 1996. The report contains more than 400 specific recommendations in five volumes and over 3,500 pages of explanations and notes.

Expectations among Aboriginal people have been raised by the government of Canada through the Commission's work and recommendations. The report brings public attention to possible solutions proposed by Aboriginal people themselves. Aboriginal people have, once again, put their trust in the rest of Canada to listen, to understand and to respond. If practical recommendations are not implemented then the \$58 million invested in the RCAP report will simply be added to the \$7.5 billion annual cost of maintaining the status quo.

We must not let this happen. There is too much at stake. The cost associated with maintaining the status quo is too high. If the present trends continue, the demographic projections alone are cause for concern. We must seriously consider the sincere intent of the Commission's proposed recommendations for solutions. The RCAP report was a mammoth project and the Commission did excellent work in not only identifying ways to develop a new and meaningful relationship between Aboriginal and non-Aboriginal people in Canada but also the importance of the historical background of Aboriginal/non-Aboriginal relations as the stepping stone to a new relationship-building process.

The RCAP report presents a unique opportunity for corporate Canada. It not only provides a wealth of information about the history of the relationship between Aboriginal and non-Aboriginal peoples and their governments but also puts current issues into context. More importantly, the report recommends ways to take us into a more prosperous future, together. This is an opportunity to establish new relationships between Aboriginal people and corporations that are based on heightened awareness, deeper understanding, mutual respect and shared economic benefits.

The Right Honourable Joe Clark provided an eloquent summation at the final session of a conference on the RCAP report hosted by the McGill Institute for the Study of Canada. Mr. Clark, known for his carefully weighed words and diplomatic approach to sensitive issues, cautioned conference delegates that, should the report become "one more failure, the results could be incendiary for our country."

“ The soul of the Native Peoples of Canada is hungry for the Spirit of God, because it is hungry for justice, peace, love, goodness, fortitude and human dignity ”

- **Pope John Paul II**, September 20, 1987,
Fort Simpson, NT

2. The Loss of Land and Resources

The loss of access to land and resources through government policy contributed significantly to the demise of the Aboriginal economy and the dependence of Aboriginal people on social assistance. It is generally recognized that settling specific and comprehensive land claims will benefit both Aboriginal and non-Aboriginal people. A recent cost-benefit study of treaty settlements in British Columbia, conducted by KPMG for the government of British Columbia, concluded that the net, long-term benefits of land claims settlements are favorable for both Aboriginal and non-Aboriginal people. Aboriginal people, particularly in remote areas of the country, want to have a say in the pace and manner of development, as well as a share in the benefits.

Recent settlements in other parts of Canada add credibility to the KPMG conclusions about British Columbia. For example, the Crees living east of James Bay in Quebec, the Inuvialuit in the Beaufort Sea region and the Metis Settlements in Alberta have demonstrated that the local economy is enhanced and investment is increased once the rules of development are clear and the uncertainty over land tenure is removed. It would be astute of Corporate Canada to communicate their strong support for the speedy completion of land claims negotiations and settlements in British Columbia and elsewhere in Canada to the appropriate levels of government.

In the interim, the Commission has recommended that corporations assume that the Aboriginal people, on whose traditional land the development is being considered, have a legitimate ownership interest in the resource and control access. In fact, it is a sound business strategy. Increasingly, First Nation governments are asserting their traditional rights and intervening in licensing approval processes in order to influence development decisions and access opportunities. There is no need to wait until matters are before a quasi-judicial administrative board or the courts before developing a relationship with a First Nation community that may be affected by a new development.

The courts are becoming much more inclined to respond favorably to requests for injunctions filed by First Nation groups with outstanding claims. The injunction to halt development at Voisey's Bay, which was granted to the Innu and Inuit in Labrador, is the most recent example. In contrast, the Red Dog mine in Alaska proceeded following sincere negotiations and consultations with the local indigenous population who controlled access to the resource. Once the company addressed the needs of the people, the people addressed the needs of the company. When the concerns of the people are alleviated, the people will accommodate the company and the benefits will flow both ways.

Resource-based companies would be prudent to consider taking a new approach to building relationships with local Aboriginal groups, organizations and governments and treat them with the respect they deserve. Too often in the past, corporations relied on provincial governments and local authorities to handle matters related to resource access. This is becoming less and less practical or effective. Many of these companies realize the most effective and efficient path is to negotiate directly with the appropriate Aboriginal people when land is involved.

Industry is encouraged to communicate more openly and effectively and at the earliest opportunity with local Aboriginal communities that may be affected by development. The relationship is best if it is formalized through agreements that involve community support. The Canadian Aboriginal Minerals Association even suggests appointing "an Aboriginal representative from the Traditional Territory to the Board of Directors" of the resource company. It is crucial to involve local leaders (formal and informal) in discussions related to development plans. Aboriginal people will be able to help the corporation identify opportunities for mutual business benefit.

While the various levels of government continue to negotiate new roles and responsibilities for land use and resource access with First Nation governments, corporations can begin to establish relationships with Aboriginal people now. Aboriginal people, particularly in rural, remote and resource-rich areas, are becoming more assertive regarding their traditional use of the land and more demanding of governments and corporations to provide opportunities for economic benefit to the community's members.

To assert their legitimate economic interests, Aboriginal governments are increasingly filing land claims and intervening in licensing hearings for proposed developments on traditional lands and lands under claim. Over 150 claims have been settled. A number of comprehensive land claims, or modern-day treaties, have been completed. In these cases, Aboriginal communities have taken control of the management of their local economies and, with a sufficient land base, have improved their living conditions.

As this trend continues, it is estimated that over \$25 billion will be transferred to Aboriginal government coffers in addition to significant land transfers. Sharing the benefits of resource extraction and wealth creation must happen. This applies equally to initiatives for economic development through business development and employment creation in the resource sectors. The settlement of Aboriginal land claims is a rising tide that will lift all boats. In other words, when Aboriginal peoples' economic circumstances improve so do the circumstances for all Canadians.

More and more, corporations are negotiating benefit-impact agreements with Aboriginal governments as a result of licensing requirements for development. In some cases the results have been impressive. A good example is Syncrude, which launched its Aboriginal Business Development Program in 1985, well ahead of other companies in the mining industry. Today, it is the largest industrial employer of Aboriginal people in Canada. Most noteworthy is the fact that almost half the jobs created for Aboriginal people in the region are as a result of the emergence of an aggressive Aboriginal business sector that earns over \$55 million a year in contracts in the Fort McMurray region of Alberta.

Another extremely instructive example is the Cameco uranium mine in northern Saskatchewan. As a result of license requirements, the company committed itself to build business relations with northern residents, local First Nation communities and Aboriginal people. Today, the Kitsaki Development Corporation, an arm of the LaRonge First Nation, is a thriving community-owned enterprise that oversees a number of different companies including Northern Resources Trucking, a joint venture with Trimac Transportation System, which employs dozens of Aboriginal people. Recently, BHP Minerals in Yellowknife entered into an agreement with local Aboriginal organizations to provide opportunities to Aboriginal people in its planned diamond mine.

These examples demonstrate that corporate Canada, given the will of its leadership, can provide opportunities that give Aboriginal people a chance to share in the benefits of this great country we call Canada. Corporate Canada can provide Aboriginal people with access to financial resources through business development partnerships on their traditional lands. It makes sense to involve local people in development.

The decision to create the new territory of Nunavut means that Aboriginal people will have additional political and economic influence over development in the north. It is in the best interest of corporations planning to work in the north to gain some experience working with Aboriginal people in other parts of Canada. Cameco, for example, earned the rights to operate a mine in one of the former Soviet republics largely due to its demonstrated experience in sharing the benefits of wealth creation through mining with Aboriginal people in northern Saskatchewan. When Aboriginal people participate and benefit from development, everyone benefits.

In the interim, while the Aboriginal, federal, provincial and territorial governments discuss what to do about recommendations related to lands and resources, private companies and corporations can begin to do what makes good business sense: provide opportunities in business and employment to Aboriginal people. By doing so now, companies will benefit from new relationships, an expanding local labor force and a greater probability of assured access to lands and resources in the future.

3. The Aboriginal Employment Opportunities: A Challenge for Corporate Canada

The unemployment and income gap between Aboriginal people and non-Aboriginal people is widening, despite the fact that more and more Aboriginal people are increasing their education levels and acquiring employable skills. The population is growing rapidly and needs access to land, resources and investment capital. This must be achieved, in large part, through Aboriginal business development and employment initiatives by the private sector. However, the Commission is asking government to act. RBC Royal Bank is encouraging corporate Canada to take the lead in training, employment and business development. Corporate Canada needs to become more actively involved and to organize itself to help alleviate the chronic conditions endured by Aboriginal people across Canada. Corporate Canada needs to make a concerted and collaborative effort to further economic and social equality in this country.

One aspect of the report, however, is somewhat disappointing: there is virtually no reference to corporate Canada's role in society as corporate citizens and in the economy as engines for growth and creators of opportunity. Although the sections on lands and resources, employment development and access to capital make a brief mention of the role of corporations, the focus of the report is on government's need to take action, including creating opportunities for employment. The expectation created by the Commission that governments, acting alone or together, are the primary agents for implementing the recommendations is an unfortunate oversight.

Although the vast majority of recommendations relate to matters best handled by governments, a number of recommendations warrant serious attention from corporate leaders. These recommendations relate to education, training, youth, employment, business development, lands and resources and access to capital. These recommendations will give corporate leaders useful insights into the expectations and desires of Aboriginal people. For example, the recommendations relating to employment equity clearly imply a high level of dissatisfaction with the effectiveness of this legislation and the results it has achieved.

Corporations must seriously consider three possible options:

1. increasing government regulation and legislation, as requested throughout the report, in areas affecting the private sector in order to achieve some of the economic objectives of Aboriginal people;
2. becoming directly involved with Aboriginal people, their governments, organizations, institutions and communities to achieve mutually beneficial economic objectives with a minimum of government regulation; or,
3. maintaining the status quo through a continued failure to act by governments and the private sector.

The second option is plainly the best choice for all. The third option, given the forecasts in the report, is really not an option. The first option has been tried with limited success. Governments, without the sincere involvement of the private sector, cannot achieve the economic goals set out in this report. Therefore, corporate leaders must devise a formal process themselves, in partnership with Aboriginal leaders in government and economic development - a process that will address issues of mutual concern and benefit.

Business leaders continuously remind provincial and federal governments that government is not the creator of jobs - business is. Government is not the engine of growth in the economy - business is. Governments may regulate development but the private sector is the creator of wealth. Aboriginal people are simply asking corporations for the opportunity to share in the mutual benefits of wealth creation. Only the private sector can provide opportunities in an economically cost-effective manner - not government.

The Commission clearly indicates that a wide range of inter-related initiatives must be undertaken immediately in order to reverse this trend. The Commission sets out a 20-year strategy for implementing the recommendations. There is a vital role for corporate Canada to play in education, training, employment, business development and development financing for the creation of jobs, particularly for Aboriginal youth.

It is time for corporate leaders to respond to this challenge in an organized, concerted and collaborative manner in partnership with Aboriginal leaders in business, governments and organizations. The rewards to individual companies will be measurable and the benefits to Canada as a whole will be immeasurable. Therefore, let's look at what corporate Canada can do to assist in implementing practical recommendations in the report.

4. Choosing to Make a Difference

The first major policy decision a corporation needs to make is at the most senior levels. Does the corporation want to make a difference in the Aboriginal sector of the economy and labor market? The following questions will immediately arise: How will this impact the bottom line of the company? What is the business imperative or benefit for doing things differently? Although the answer to these questions will differ for each company and business sector, the broad picture indicates that the status quo is indefensible. Therefore, it is worth investigating the possibilities and potential benefits that might accrue by re-examining current business practices. Often corporations become comfortable with recruitment and contracting systems without determining whether the existing practices inadvertently exclude Aboriginal people from entering or participating in the company.

The Aboriginal Workforce Participation Initiative (AWPI) of the government of Canada has coordinators in each region of Canada to help private companies to become more aware of practical steps toward change. The program offers excellent resource materials for senior executives, recruitment officers and hiring managers. Another excellent reference source is *Corporate Aboriginal Relations: Best Practice Case Practices*, written by Pamela Sloan and Roger Hill. The book profiles over 35 case studies of corporations, government agencies, departments, businesses and financial institutions that have demonstrated success in a number of areas of Aboriginal relations. The authors provide instructive analysis and a step-by-step checklist of best practices as a practical guide to executives and managers.

The Conference Board of Canada's Council on Corporate Aboriginal Relations, comprising about 40 national companies and government organizations, meets regularly to promote the exchange of information, ideas, and experiences on corporate management of Aboriginal issues. A major objective of this Council is to discuss challenges and solutions in the area of corporate Aboriginal relations. This Council is making a difference.

The corporations that are achieving the greatest level of success have the highest level of senior executive support. This is crucial. The initiative must have clear goals and objectives and measurable results tied to performance appraisals. The most senior executive can make a significant contribution by continually reminding employees that positive Aboriginal relations are a priority for the company.

SaskEnergy initiated their Aboriginal program through their Board of Directors, which approved a formal Aboriginal Policy Framework. The framework succinctly states the company's goal of encouraging and developing partnerships with Indian and Metis communities in their province. The framework also mentions some specific objectives, such as a primary focus in the area of employment, education and training, and business development with both parties clearly stating

their interests, expectations and commitments. Since its inception in 1993, SaskEnergy has completed numerous partnership agreements and achieved significant business results.

Once a corporation makes the strategic decision to undertake a new initiative to enhance Aboriginal participation in its workforce, contracting and procurement activities, they should consider the following:

- [a. Research and Understanding](#)
- [b. Consultation and Relationship Building](#)
- [c. Setting Goals for Mutual Benefits](#)
- [d. Constructive Partnerships](#)
- [e. Capacity Building](#)
- [f. Human Resources Development](#)
- [g. Employing Aboriginal People](#)
- [h. Aboriginal Economic Development](#)
- [i. Access to Capital: Investing in the Future](#)

a. Research and Understanding

It is important to accurately assess the current situation. Many companies already have Aboriginal people working for them. In some cases, these individuals can be valuable informal advisors at the outset. One approach that has worked for RBC Royal Bank has been a commitment to regular focus groups involving Aboriginal employees from across Canada who provide continuous feedback, guidance and advice in the area of employment and business development. This, along with regular feedback from Aboriginal communities, allows the bank to adjust its practices.

The challenge of getting a clear picture of the situation varies, depending on the business sector (resource extraction, financial services, public utility, etc.), location (urban or rural) and labor market needs (highly skilled, university educated, unskilled, etc.).

Knowing the nature of the corporation's business and the opportunities for employment and business development that are created each year through the normal business cycle will provide a clear picture of business needs and the opportunities that a corporation might provide.

b. Consultations and Relationship Building

There are many non-profit Aboriginal sectoral organizations in Canada. These organizations, depending on the business interest of the company, can provide valuable information and insights into the nature of the Aboriginal sector of the economy, its institutions and its people.

The conferences and workshops that these organizations occasionally hold provide an excellent opportunity to meet key resource people in the organization and at the community level. While learning more about Aboriginal culture, traditions and business practices, corporate sector representatives can build relationships at a personal and institutional level. The deeper understanding thus achieved will greatly assist a company in identifying areas of opportunity that could lead to mutually beneficial business relationships.

The financial community has developed many key partnerships: TD Bank with the First Nations Bank of Canada, Bank of Montreal with the Canadian Council for Aboriginal Business and the Foundation for the Advancement of Aboriginal Youth, CIBC and Royal Bank of Canada with the National Aboriginal Achievement Foundation and the Canadian Youth Business Trust, and RBC Royal Bank with the National Association of Friendship Centers, the Council for the Advancement of Native Development Officers, the National Indigenous Economic Education Fund and CESO Aboriginal Services. Scotia Bank was directly involved with the well received Aboriginal Business Administration program through the University of Saskatchewan.

Peace Hill Trust, a financial institution owned 100% by an Alberta First Nation, has gained significant momentum across the country by effectively identifying the needs of Aboriginal Canadians and developing a multitude of products and services to meet these needs.

c. Setting Goals for Mutual Benefits

The most exciting and effective way to build relationships with Aboriginal people and organizations is through an agreement to work together on common goals for mutual benefit. This requires a high level of trust and respect. It also requires creative thinking and innovation so that two cultures can be bridged for a single purpose. As eloquently stated by Natalie Rostad in her interpretation of the Partners in Your Future artwork she created for RBC Royal Bank, "Like the braiding of sweet grass there is the significance in joining strengths and allowing each to contribute to the eventuality of a chosen journey". The Aboriginal community must know its capacity, resources and potential. The corporation must know its current and future business and employment needs.

The two parties must openly discuss what their interests are. Open and frank communication is essential so that the comfort level between the parties can be developed to a point where cooperative and constructive partnerships thrive.

d. Constructive Partnerships

It is crucial to cultivate a relationship with a potential partner by getting to know the people, their institutions and their decision-making process. A partnership is about people and how decisions are made.

Once a mutually beneficial relationship has been determined and both parties agree in principle that they may be stronger working together, a Memorandum of Strategic Alliance might be agreed to and signed. It stands as a symbol of the relationship. Certain broad commitments and understandings are clearly spelled out in the Memorandum to set the ground rules for the business relationship. When a specific opportunity arises, either party may approach the other to jointly pursue a project.

If it becomes clear that the parties would be stronger together in pursuing an opportunity, a joint venture agreement is drafted for a specific project. This provides a great degree of flexibility for both parties and for the Aboriginal partner in particular. As the Aboriginal partners increase their capacity, they will bring more value to each joint venture agreement and, therefore, enjoy increased benefits.

In some cases, it is better for a strategic alliance partner to pursue an opportunity separately but still involve the other partner in some way. PLC Construction Management Inc. has developed many alliances with First Nations. For example, they received a contract in southern Alberta to construct two bridges. Although the project was not on reserve, PCL honored its Strategic Alliance with the Blood Tribe and sub-contracted some work to a Blood Nation firm. The result was over 5,900 man-hours of indirect and direct employment for Blood Tribe members. This represented over 19 per cent of the total labor on the construction phase. The project superintendent was Aboriginal.

Partnerships are limited only by the capacities of both parties and the opportunities available to them. Capacity building is crucial.

e. Capacity Building

The Meadow Lake Tribal Council, in northern Saskatchewan, came to a realization many years ago that their economic and social well-being would not be enhanced unless they took

responsibility for their own future. The Tribal Council began to take important steps toward self-reliance through cooperation, partnership and capacity building.

The Tribal Council has educated, trained and created employment for hundreds of their community members. They own sawmills, logging operations, trucking companies, etc. They created opportunities for themselves. This has resulted in 240 direct jobs, millions of dollars in revenues, tax payments to various levels of government, enhanced self-sufficiency and increased economic diversification throughout the region.

There are many Aboriginal people who are individually working to improve their capacities through education and training. They are seeking opportunities to apply their knowledge, practice their skills and gain work experience. This is an area in which corporate Canada can really assist.

Some corporations, such as RBC Royal Bank, begin at the earliest ages to impress on young Aboriginal people the importance of understanding the fundamentals of business and finance. This is accomplished through partnerships between bank representatives, schools and Aboriginal organizations. RBC Royal Bank's Aboriginal Stay-in-School and Native Student Award Programs are two initiatives which help meet the bank's commitment to improving employment opportunities in the bank for Aboriginal people.

Nova Gas Transmission's Native education program was introduced in 1986. As a gas transmission company in the province of Alberta, they were having an impact on Aboriginal communities and consequently wanted to provide opportunities. Nova realized they had to make Aboriginal students aware of various career options and to encourage them to stay in school, complete grade 12 and enter the work force. The program has reached thousands of students in over 170 schools through distribution of resource materials and hundreds of presentations by Aboriginal summer students. The program also profiles positive Aboriginal role models.

Many post-secondary institutions are providing special programs to remove barriers to enrollment for Aboriginal students. Corporations can help remove the financial barriers. Scholarships, bursaries, cooperative education, part-time employment and summer employment are all ways in which a corporation can help Aboriginal students to complete their education, attain meaningful employment and become self-reliant.

f. Human Resources Development

“ Opportunity without capacity is nothing; but, capacity without opportunity is still nothing. ”

- Vice Chief Isadore Campbell, Meadow Lake Tribal Council,
Accepting the 1995 CANDO Economic Developer of the Year Award

One of the common threads throughout the report is the need for human resource development at all levels and in all areas, such as, government administration, business management, financial administration, organizational development, health and the sciences. This is an area where the corporate sector can play a significant role.

The Commission "sees the need for an intensive marshaling of resources and energy to find jobs and qualify Aboriginal people to fill them. The Commission urges that bridges be built between Aboriginal nations, governments, private sector employers, and education and training institutions in the context of a 10-year initiative to identify real job opportunities and develop the training that will qualify Aboriginal people for those jobs."

The Commission identifies barriers that prevent Aboriginal people from obtaining employment. They are: not knowing what future labor market needs are in order to prepare for upcoming jobs; lack of opportunities to obtain on-the-job experience; and, lack of opportunities for available jobs based on demonstrated ability.

The Commission recognizes, as have a number of forums on Aboriginal corporate relations, that governments at all levels have a role to play. The corporate representatives at the Ontario Stakeholders' Forum clearly stated that they wanted to be partners with government rather than watching government off-load their responsibilities onto the private sector.

Corporations and businesses can make an immediate and significant contribution in the area of youth, on-the-job training and employment. This generation of Aboriginal people is the best educated ever, and opportunities need to be made available. It is time to finally remove the systemic barriers caused by poorly designed hiring and contracting processes and criteria, as well as, prejudicial attitudes. The Commission became convinced that existing conditions and approaches have resulted in immeasurable human and financial costs. The Aboriginal population growth rate is almost twice that of the Canadian rate. Currently, over 50 per cent of the Aboriginal population is less than 24 years old, compared to 35 per cent in the general

population. Aboriginal people will represent a significant percentage of new entrants to the labor market in the coming years, particularly in northern regions of provinces in Canada.

A destructive cycle of dependence is perpetuated by home environments in which the parents do not work and are dependent on social assistance. Children raised in these circumstances tend to be less successful in school, experience more health difficulties and are more likely to be unemployed than children raised in more affluent conditions. The government of Canada is investing hundreds of millions of dollars in training initiatives, education and work experience programs, however, none of these programs will achieve their objectives unless the private sector takes a proactive interest in getting involved. Corporations can establish cooperative education or work experience opportunities for Aboriginal students attending local high schools or post-secondary institutions. They can get involved in organizing career fairs with schools and local Aboriginal organizations like the 114 Aboriginal Friendship Centers in urban communities across Canada. And, they can organize job shadowing or mentoring programs to help Aboriginal youth become aware of different career options and the relationship between education at school and performance at work. There are numerous Aboriginal employment service agencies and organizations that are available and willing to assist corporate Canada.

The current younger generation of Aboriginal people is looking for opportunities to improve or change their current living conditions and seeking role models for change. These role models are successful Aboriginal entrepreneurs and community members with jobs. In the absence of positive role models, youth may turn to those who have lost patience with government and society generally, those who may resort to violence to gain attention to their plight. Due to lack of opportunities, previously reviewed, they will become increasingly more hostile to persistent disparities in the economic circumstances of Aboriginal and non-Aboriginal people.

Recognition of achievement and profiling positive role models are a vital part of enhancing human resource development. CIBC and RBC Royal Bank are significant financial contributors to and partners with the National Aboriginal Achievement Foundation (NAAF) which manages a large scholarship fund to assist young Aboriginal people to realize their education goals and dreams. This partnership also includes the organization of Aboriginal youth career fairs to assist young people to become more aware of the vast array of career opportunities they have and obtain advice on how to reach their goals. The best recognition for a young Aboriginal person who has completed their education and is starting out in the workforce is a meaningful job.

g. Employing Aboriginal People

There are basically three aspects of employment: recruitment, retention and promotion. Identifying qualified Aboriginal people requires creativity, innovation, and contacts in the Aboriginal community. Retaining Aboriginal people requires sensitivity, understanding and a

commitment to culturally sensitive employee development. Promoting an Aboriginal person within the organization requires a corporate culture that is sincerely committed to merit. Once an Aboriginal person is recruited and retained through culturally sensitive employee development, the rest will take care of itself, given an opportunity to compete equally.

There is an immense gap between the culture of an Aboriginal community and many of today's workplaces, especially the large bureaucratic structures of government or corporations. The efforts of innovative and progressive employers such as Revenue Canada and the Saskatchewan government have taught us some valuable lessons. Each of these employers took somewhat different approaches and distinguished them in specific ways.

Revenue Canada clearly set out their specific goals for a successful Aboriginal employment program. The program contained an outreach component, a series of developmental employment initiatives, cross-cultural training and a supporting communications strategy. An outreach program is essential because it identifies key Aboriginal resource people and organizations with whom to consult and establish partnerships. This approach permits a prospective employer to identify opportunities, systemic barriers, solutions and capable Aboriginal people who can meet the needs. Training is critical as well, and not only for the new Aboriginal employee. The manager or supervisor also needs help in understanding how to be effective and supportive of a diverse workforce.

The Saskatchewan government established an Aboriginal resume inventory in cooperation with Aboriginal communities and organizations. The establishment and maintenance of an up-to-date human resource database in a specific area of operations are a critical component of any meaningful employment strategy. The Commission recommends that private employers become more involved with and supportive of Aboriginal employment service agencies. Often these agencies provide executive search and temporary work placement services as well. It makes sense to bring together employers and employment placement people in order to develop an up-to-date human resource database.

The Saskatchewan government, due to its large number of Aboriginal employees, has formed an Aboriginal Employees Network that provides opportunities for information sharing and assists the government in continually improving its performance, identifying barriers and removing them. A network also acts as a support system for new employees. Some employers, like RBC Royal Bank, have established internal advisory committees to serve this purpose. These committees identify discriminating practices and employment barriers that previously were not recognized and develop solutions to overcome them.

We take the everyday practices or circumstances for granted that need to be reviewed because they may present a barrier for Aboriginal people. Many jobs are filled as a result of informal

connections rather than formal advertising and recruitment practices. This is one reason why formal partnerships with Aboriginal employment agencies are important. Many employers have internal hiring policies that frequently preclude external competitions. Internal barriers include lack of access to application forms and having not only to meet employment requirements but having to surpass them.

The conditions of work and fair and consistent criteria for evaluating work are important. Training opportunities must be available, with counseling on career options, career path guidance and in some cases access to apprenticeship positions. Often work experience placements of one to three weeks in new positions will help new employees to identify positions to which they want to aspire. It is crucial for any employee to feel comfortable in the workplace to maximize opportunities for employee performance and job enjoyment. In some companies, establishing formal networks and mentoring programs help new Aboriginal employees to adjust and make career decisions and lifestyle choices. It is important to set realistic goals, methodically identify and remove barriers and target initiatives to specific problem areas. When Aboriginal employees leave a company, exit interviews, especially conducted by another Aboriginal person, are an invaluable way of gaining an understanding of where improvements may need to be made.

The right approaches, developed through consultation, partnership and goal setting can achieve immediate results, reduce turnover and increase participation in the workforce by Aboriginal people. However, the commitment to Aboriginal employment goes beyond the particular interest of an employer. There must be a tangible demonstration that we, as Canadians, in whatever role we play, are prepared to make a difference and are truly committed to and capable of making Canada the best place to live in the world for everyone in this country.

Aboriginal employment agencies in urban centers connect potential employers with the Aboriginal labor force. Corporations might consider developing a fee-for-service, long-term business partnership with Aboriginal non-profit organizations in this field. These organizations can also provide valuable advice and assistance on a fee-for-service basis to corporations who are dealing with retention issues or are not meeting their employment equity requirements. Corporations, as part of the business partnership, could provide labor force forecast information to career counselors to ensure that Aboriginal youth are being trained and qualified to fill future labor market needs.

h. Aboriginal Economic Development

Active partnerships will lead to mutual business benefits, as notable successes demonstrate. It also provides opportunities for Aboriginal people to benefit from wealth generation on their traditional lands, an indirect way of accessing land and resources for economic benefit.

Corporations may want to contemplate innovative approaches to development, such as negotiating with the licensing authority the ability to direct a percentage of royalty payments to a regional Aboriginal development trust fund that is co-managed by corporate and Aboriginal representatives. The co-management approach could extend further to involve Aboriginal participation in development planning and future projections for labor force requirements.

Almost 25 years ago, when Syncrude signed their agreement for the development of the oilsands in northeastern Alberta, the company made a commitment to provide employment and business opportunities to Aboriginal people. This commitment had senior executive approval. While the company has experienced some setbacks over the years, the commitment has remained strong. The results have proven to be beneficial, not only to both parties, but also to everyone in the region. Where there is a significant Aboriginal population, an available labor market and communities that are affected by the development, it makes good business sense to ensure that Aboriginal people have a share in the benefits and a stake in the future.

Syncrude's approach to business development began with a sincere commitment to make a difference. Then, the company officials applied their talents to the task of doing it well. In 1996, Syncrude spent over \$66 million on Aboriginal employment, salaries, benefits, community development programs, general contributions and contracts with Aboriginal-owned businesses. Aboriginal employment is approximately 330, representing almost 10 per cent of Syncrude's workforce. Contractors and suppliers employed an additional 290 Aboriginal people, bringing the combined Aboriginal workforce to about 12.5 percent of the total workforce doing business with Syncrude. And stereotypes were broken - in 1996, Aboriginal employees at Syncrude had a better attendance rate than the average for all employees. These targets were achieved due to a concerted and dedicated effort by employees, managers and contractors at all levels in the organization, motivated by a clear and well communicated policy.

Syncrude will produce its billionth barrel of oil in early 1998. This milestone may not have been achieved if not for the progressive policies regarding local employment, procurement and business development, especially with the Aboriginal people and their communities. While there is some controversy about sole source contracting, Syncrude deliberately and effectively provided sole source contracts to Aboriginal businesses purely as a development program.

While many Aboriginal companies can compete on their own merits, sole source contracts should be considered and negotiated for best overall value, as opposed to tendering contracts which seek the lowest bid only. This demonstrates commitment to facilitate opportunities for specific Aboriginal companies to build the required capacity to compete on a level playing field in the future. Some businesses may be given additional consideration for contract work based on their demonstrated track record of employing Aboriginal people or utilizing Aboriginal sub-contractors.

Kitsaki Development Corporation in La Ronge, Saskatchewan, a true success story, was named the 1997 CANDO Economic Developer of the Year. This community-owned holding company operates a number of businesses, ranging from trucking to food processing. The corporation employs hundreds of people from the community. It has entered into key joint ventures in order to capitalize on opportunities made available through the uranium mine operated by Cameco. One of the most notable joint ventures is Northern Resources Trucking, in partnership with Trimac Transportation Systems.

Kitsaki Development Corporation has implemented mentorship, internship and job shadowing programs. They have also demonstrated considerable support for school-to-work transition programs as well as providing strong leadership in community and social development projects.

Promoting the development of an Aboriginal business sector not only enhances community development and employment for Aboriginal people, but also benefits all Canadians. Aboriginal owned businesses, particularly in rural and remote areas, tend to hire more Aboriginal people because they know who is capable within their own communities. As well, Aboriginal-owned businesses are often more sensitive to cultural differences and, as a result, can provide more flexible and accommodating work arrangements. In 1990-91 25,275 Aboriginal people in Canada reported current business ownership and/or income from self-employment.

Attention needs to be paid to the needs of women, northerners and people living in large urban environments. Some communities may be happiest with a mixed economy: traditional economic activity combined with participation in a wage economy. Corporations need to be able to identify these situations, develop an understanding of the seasonal cycles of the traditional economic pursuits and design flexible work plans to accommodate these activities as much as reasonably possible.

i. Access to Capital: Investing in the Future

Financial institutions and Aboriginal communities and organizations need to continue to work together creatively to establish mutually satisfactory means of making development capital more accessible to the Aboriginal community, particularly on reserves. There is a need to build the capacity of individuals and institutions to be better at financial management. This requires a to education, training and partnership.

A report prepared by the Canadian Bankers' Association in partnership with the Assembly of Manitoba Chiefs provides excellent recommendations for action to the financial community and First Nations. This report noted the challenges of identifying the training required to develop expertise in management, administration and business and finding the means to deliver such training. One suggestion is to take a collaborative approach through partnerships with Aboriginal

Capital Corporations (ACCs), Community Economic Development Organizations and financial institutions at the local level.

Employee exchange programs, mentoring and internships can help bridge the cultural gap identified in the report: "first, a lack of understanding of First Nations culture and history by banks; and second, a lack of understanding of bank culture by First Nations." The report outlines important specific actions to bridge the gap such as: periodic staff exchanges between the banks and ACC's; periodic informal social gatherings of bankers and Aboriginal business people; hosting a contact group for Aboriginal bank employees; bank representatives establishing an information link to Aboriginal schools and career days; banks providing guidance and education on accessing financial services (including preparation of credit applications and personal money management); and, banks individually striving to provide service in Aboriginal languages where appropriate.

Banking services need to be extended to remote and special access communities through the use of the various new electronic technologies. This will require special training for community members.

The Business Development Bank of Canada (BDC) in recent years has begun to take a more coordinated and strategic approach to the financial and management services already being provided to Aboriginal entrepreneurs. In 1996, the BDC appointed a National Director, Aboriginal Banking, to lead the Aboriginal Banking Unit in its efforts to enhance service delivery and access to capital. One of the new tools in this initiative is the Growth Capital for Aboriginal Business product which increases access to capital for Aboriginal entrepreneurs who want to start a small business or expand an existing business operating on or off reserve in Canada. One unique aspect of the product is the special alliance with CESO Aboriginal Services to provide management support which includes mentoring and business counseling following loan approval. The BDC has also partnered with financial institutions, such as RBC Royal Bank and CIBC, by way of a formalized Memorandum of Understanding document.

The RCAP report recommendations stress the need for a concerted effort by government, the financial community and the Aboriginal communities to finally address some of the fundamental and structural problems in a collaborative way. The barriers to access to capital, as outlined by the Commission, are the Indian Act, socio-economic conditions, the size and location of the communities, and the characteristics of the businesses, the entrepreneurs and the lending institutions. These are major challenges on their own, but must be viewed in a holistic manner to really make a difference.

While financial institutions have made great strides in meeting the financial needs of Aboriginal Canadians, they are the first admit that they have a long way to go, much more to do.

Community-level initiatives have been undertaken through credit unions, micro-business lending and support programs, and revolving community loan funds. As well, the government of Canada established 33 development lending institutions called Aboriginal Capital Corporations (ACCs). They fill a crucial niche that banks cannot and should not fill. These are Aboriginal-controlled lending sources for Aboriginal businesses that are unable to secure conventional financing. They have an average capital base of between \$4 and \$5 million. For the most part, their operating expenses must be covered by the interest revenues earned from performing loans less the cost of loan losses. Their agreements with the federal government restrict their operations and the services they can offer. As a result, the intended higher-risk client under their mandate is not being served sufficiently.

Approximately two-thirds of the ACCs are unable to manage within the terms of such a restrictive mandate for development lending. In all cases, they require assistance to improve their administrative capacity through acquiring qualified staff, separating politics from business, minimizing operational costs and paying attention to revenues. The formation of a formal ACC Network is a positive sign of institutional development. The banking industry should support them in any way reasonably practical.

As part of Industry Canada, Aboriginal Business Canada (ABC) continues to provide assistance for Aboriginal entrepreneurs to establish and expand their businesses. The four main focus areas for business development assistance from ABC are: trade and market expansion and tourism, new technologies and innovation, youth entrepreneurship and Aboriginal business institutions. Since its inception in 1989, ABC has recognized the changing needs of Aboriginal business people and has contributed to improving opportunities for Aboriginal entrepreneurs and communities. ABC benefits from the direct involvement of a national, private-sector board that sets program policy, provides strategic direction and, in certain cases, reviews and recommends proposals for support. Board membership consists primarily of Aboriginal individuals and involved leaders whose backgrounds are in business development and finance. This board is currently chaired by Chief Roy Whitney of the Tsuu T'ina Nation, near Calgary AB.

Corporations, particularly financial institutions, may assist by investing in the ACCs' capital base. The National Aboriginal Financing Task Force report on "creative solutions toward empowering Aboriginal people to access capital," has as one of its key recommendations that the private sector and the chartered banks participate in the financing and development of the next round of capitalization and evolution of Aboriginal Capital Corporations. Other ways of assisting are: providing expertise and training, as well as mentoring new loan recipients.

The Commission believes the ACCs' structural problems must be solved due to the vital role they play in fostering economic development at the community level. The National Aboriginal Financing Task Force recommended the establishment of a working group consisting of the

Canadian Bankers Association, the Institute of Canadian Bankers and the Business Development Bank of Canada and others to find practical solutions to the ACC challenges.

Some individual banks, such as RBC Royal Bank, are already working at the community level with the ACCs on a loan capital fund and "peer lending" circles through the Calmeadow Foundation. A \$50,000 loan fund in support of Aboriginal youth wanting to start a business was established with Ulnooweg (an ACC serving eastern Canada), the Atlantic Canada Opportunities Agency and RBC Royal Bank.

The National Aboriginal Financing Task Force identified a number of suggestions for financial institutions such as: assisting in recapitalizing the ACCs; offering their financial management training capabilities to Aboriginal communities as well as the Canadian Bankers' Association Entrepreneurship Training Course through colleges; involving private sector businesses in mentorship and training for Aboriginal people; and, developing continuing education programs from existing training programs on finance (to be offered at the local level to community members). A number of financial institutions have implemented or will be implementing many of the suggestions of this task force.

There are success stories. Various banks are taking different approaches to the Aboriginal market. The TD Bank, in partnership with the Saskatchewan Indian Equity Foundation (a Saskatchewan ACC) and the Federation of Saskatchewan Indian Nations, has established the First Nations Bank of Canada. The Bank of Montreal has begun to make loans to some ACCs and in conjunction with other banks has proposed the creation of the First Peoples Trust that would make capital available to ACCs for loan purposes, as well as to individual Aboriginal communities for housing and infrastructure projects. RBC Royal Bank is financing infrastructure programs in many First Nation communities.

The growth in the Aboriginal sector of the economy due to its growing population, land claim settlements and increasing jurisdictional authority through self-government and institutional development means that developing positive business relations with the current leadership and the next generation will make for better business opportunities in the future.

5. Conclusion: Making a Commitment to Change

Most of the messages in the Commission's report are not new. What is new is the significance of the RCAP report and its potential as a watershed in the changing relationship between Aboriginal and non-Aboriginal people in Canada. It is time to take notice, to listen, to learn and to do the right thing.

The Commission calls for a 10-year initiative on training and employment to address the unemployment crisis in the Aboriginal community. This is a challenge for corporate Canada to become a leader in Aboriginal employment creation through active involvement with Aboriginal organizations, particularly employment placement agencies, Aboriginal development and capital corporations, various levels of governments and individual entrepreneurs.

Every nation needs a strong, capable labour force and business community. In Canada, the young Aboriginal population represents a tremendous human resource that wants to participate equally in the economy of this country. For resource companies, in particular, Aboriginal people represent a local labor force that has a much lower mobility rate than imported labour. After years of chronic unemployment and dire living conditions, Aboriginal people and their leaders are eager to work hard, develop business relationships, strive for success and achieve mutually beneficial business objectives. It is in the interest of corporate Canada that Aboriginal people of this country are given the opportunity to recapture their entrepreneurial spirit and apply their talents in business development and employment as business owners.

The Commission calls for increased access to lands and resources through land claim settlements and co-management agreements on traditional lands. In the interim, corporate Canada is encouraged to provide access to land and resources by sharing the benefits of development with Aboriginal people through proactive business development and employment programs.

The RCAP report provides an opportunity for corporate Canada to build meaningful and effective partnerships with Aboriginal leaders in government and economic development in a common cause to improve the lives of all Canadians by creating opportunities for Aboriginal people to become productive participants in the Canadian economy. Only corporate Canada is capable of creating opportunities and effectively addressing the unemployment crisis in the Aboriginal community. Now is the time to for corporate Canada to act in a shared commitment, together with Aboriginal communities and various levels of government, to really make a difference.

CANDO Statement on the Economic Development Recommendations of the Royal Commission on Aboriginal Peoples

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Introduction

I am pleased to have this opportunity to speak today about the Royal Commission on Aboriginal Peoples and its recommendations for the development of Aboriginal economies. It has now been almost a year since the Commission tabled its report. We believe this is sufficient time to read the recommendations, reflect upon them and prepare the action that one takes.

Corporate leaders prefer action to reflection. They are ready to take risks, ready to act on a recommendation that is well thought out. The RCAP recommendations, in our view, well thought out. Success in the competitive environment of industry and finance requires not only the capacity for sound judgement but also the capacity to recognize the importance of timing. At this juncture, one year following the release of the RCAP report, we believe that the timing is right. RCAP presented us with a window of opportunity and recipe for constructive change. It is our view that we should do more than look through the window.

What did the RCAP say?

The Commission's report, in our view, very clearly points to the need for change in the relationship between Aboriginal Peoples and the people of Canada and their government. The old way, based upon the philosophy of the century old Indian Act, is no longer tenable. It is simply not acceptable for other Canadians to continue to have the power to make basic decisions about the lives of Aboriginal people. The Commission's work clearly shows what happens to a people when the power to decide their own future is taken from them. The legacy of the policy of colonialism, marginalization and assimilation is clear. We are now dealing with the effects of this century long racist policy. The story is one that should be familiar to each and everyone in this room.

The Commission recommends a new political relationship between Aboriginal peoples and Canada. We agree that this is needed and urgently needed. In our view, the move toward self government should occur with as much speed as possible. We also agree that the logical basis of this move should be reconstituted Aboriginal Nations based upon traditional cultural groupings. We also agree that the governments of these Nations should be constituted as a distinct order of government in Canada. We believe that the Canadian federation is strong enough and Canadians generous and thoughtful enough to accept these recommendations and begin to make these changes. The country which was built on our land now must take the necessary steps to ensure that we are accorded a place of dignity and respect within it.

While we believe that a new political relationship is necessary and inevitable, we also believe that there must now be a more equitable sharing of the resources of this country. Aboriginal interests in the natural resources of this country have been, in many places, erased and ignored. We agree with the Royal Commission that treaties should be the basis of this new sharing, either through the implementation of the current treaties or the signing of new treaties that include land and other natural resources along with the powers to control their use.

What happened to Aboriginal peoples over the last two hundred years?

Over the last two centuries, as the market economy took hold around them, many Aboriginal people were prevented from meaningful participation in it, either as business people or as laborers. Provisions of the 1876 Indian Act effectively kept Indian people from participating in the most basic mechanism of capitalism: the capital market. Access to capital through credit for Indian people residing on reserves was denied. Access to technology that would have enabled Indian people to compete more effectively in farming in the West was denied. Access to sufficient land for market farming was denied. Often the provisions of the treaties were simply insufficient to allow Indian people to gain any competitive advantage in agriculture or natural resource extraction. Aboriginal peoples were often relocated far from other Canadians which made it difficult for Aboriginal people to gain a foothold in markets. And often, mainstream Canadians simply did not want to do business with Indians.

Aboriginal people have always had a strongly held value of self-sufficiency: we have always wanted to take care of ourselves. We have always acted to ensure that we can do this. As you can see there have been many ways in which they have prevented us from taking care of ourselves. Prior to contact with European newcomers, Aboriginal people were self-sufficient. Trade and commerce played an important part in the lives of many tribal communities. It was not until the imposition of foreign values that these practises were curtailed. Our ancestral leaders conducted

mutually beneficial trade relationships, supported whole communities, negotiated among themselves, and laid the foundations for productive, fulfilling societies before their skills and practises were cut short by invading strangers.

The records of the treaty negotiations in the late 19th century are filled with the testimony of Indian leaders who knew of the world that was being built around them and who actively attempted to obtain the tools necessary to survive and thrive in the emerging market economy.

We read the Council minutes of the traditional chiefs of the Iroquois confederacy and hear the chiefs asking, repeatedly, the Indian agents about the value of their investments and the size of their bank accounts in Ottawa. We see them asking to use their own money to establish loan funds for small businesses instead of being used exclusively for social welfare. We then see a dramatic change in the economy of Six Nations when the Chiefs are removed from power in 1924 and replaced by a Band Councillor under the tutelage of Ottawa. We do not see much growth until the 1970's, after the galvanizing action of the White Paper.

Farther back in history, in the records of the fur-trade we read of constant bargaining over the price of furs by Aboriginal peoples and the Hudson Bay Company. The Indians were always asking for more than the HBC was willing to pay. The HBC was forced to put into place a rather complicated system to decide the value of beaver pelts. And there was haggling over this system. Indians understood extremely well how the system worked and for whose advantage it was built. They usually got their prices.

What is happening now?

There has been a belief, prevalent among all people, Aboriginal and non-Aboriginal alike, that economic activity and Aboriginal people were not compatible. There was a belief that we could not do business, that we could not start or run businesses, that the pursuit of profit was somehow not consistent with traditional Aboriginal values. We have never believed that these beliefs are true.

We have seen an explosion of Aboriginal economic activity over the past few years. There are now more than 10,000 businesses owned by Aboriginal people. This is up from an estimated few hundred in the late 1960's. Despite this phenomenal growth, much more needs to be done over the next decade if there is to be any change in the economic circumstances of Aboriginal people. The Commission reports that an estimated 300,000 jobs need to be created over the next fifteen years to absorb those Aboriginal people entering the labour force. This level of employment development will just bring Aboriginal employment to the Canadian level. We all know that the

level of employment in Canada is not high enough and so the RCAP approach will only increase employment levels but still leave us with an unacceptably high level of unemployment.

Among the general Canadian population, and I expect here in this room as well, several perceptions continue to exist today. Perceptions that vary from Canadians who believe that Aboriginal people are a drain on the economy, to those who wrongly believe that Aboriginal people in Canada are somehow beneficiaries of large sums of 'unearned' income. These Canadians would say that Aboriginal peoples in Canada receive constant 'handouts' in medical and education benefits and social assistance. Many still believe that Aboriginal people do not pay a cent of taxes. Many believe that Aboriginal people do not want to work, that they are lazy and accustomed to living off the taxpayer of this country. This is simply not true. Most Aboriginal people want to be gainfully employed, to take care of themselves and to pay their own way.

The fact, gentlemen and ladies, is that most Aboriginal people who are gainfully employed off reserve do contribute to Canada's tax base, through income taxes, provincial sales taxes and the GST, and also municipal land taxes, education taxes. The Indian Taxation Advisory Board and the Canadian Centre for Aboriginal-Municipal Relations report that Aboriginal people of Canada pay millions of dollars in taxes throughout the country. It is simply not true that Aboriginal people enjoy a tax-free existence in Canada.

It is true that there are billions spent on Aboriginal peoples. Much of this has been spent on social welfare programs. The hundreds of millions of dollars that are funnelled through Aboriginal communities are for the most part spent in towns and cities off Aboriginal territory. Economic studies performed for the RCAP described these economies as "bungee economies": quickly in and even more quickly out. These expenditures have benefited those in areas surrounding Aboriginal communities as well if not more. These government expenditures keep many small businesses in profits.

False perceptions and misconceptions do not help to improve the situation nor are they a good basis for action. As Corporate executives, you want to ensure that you have good information as the basis for your decisions. What will help is an effort to understand the situation and a concerted effort by all segments of the Canadian economy to take the action necessary to make fundamental changes.

If Aboriginal people are to lower chronically high unemployment rates, increase purchasing power, participate more fully in the Canadian labour market and take charge of the economic development of their communities, then you must put pressure on governments to implement concrete changes. You must start today. These things can be accomplished. CANDO has seen clear and unmitigated evidence that the capacity exists within Aboriginal communities to shape their own destiny.

I want to give you a few examples of this capacity that is developing within our communities. Each year CANDO, at its annual conference gives out an award to the individual or organization or business which has made the greatest contribution to the development of the Aboriginal economy. I would like to use, as examples of the excellent work that is taking place within our communities, the nominees for the 1997 award.

1. The Gitksan and Wet'suwet'en Economic Development Corporation have aided in the start-up of 94 First Nations businesses, partnerships with government, mainstream enterprises and other First Nations.

They also offer a Youth in Business program in local high schools.

2. The Kitsaki Development Corporation has a twenty-year history in economic development. They have established 10 new ventures in trucking, catering, food processing, venture kayaks, auto parts and bingo. They have developed and started mentor ship programs for local youth and business people, internship programs for youth and school to work transition programs.
3. Paskwayak Business Development Corporation in Manitoba. This corporation covers eight First Nations-owned and operated businesses which employ 225 members. They have done significant work in education and business development, including the construction of the sixty room Kikiwak Inn located in Northern Manitoba. Paskwayak also devotes significant effort toward youth development.
4. Chief Louis Stevenson, Peguis First Nation. Under his charismatic leadership, the Peguis First Nation has undergone dramatic change. Since he became Chief in 1981, employment levels have risen by 30% and the number of businesses in this small community has risen from five to fifty-one. In 1995, Chief Peguis received a National Aboriginal Achievement Award for 'Outstanding Community Development.'
5. Chief Archie Waquan and the Mikisew Cree First Nation. Located outside Fort Chipewyan in Northern Alberta, the Miskisew Cree, under the guidance of Chief Archie Waquan, a former trapper, hunter, commercial fisher, tradesman, and businessperson, have been pursuing a strategy aimed at development in Fort Chipewyan and Fort McMurray. The Mikisew Cree family of companies is the largest source of employment in Fort Chipewyan. They own Contact Air which transports 14,000 passengers to and from the region each year. In Fort McMurray, they are developing a truck stop-hotel and restaurant complex, the first development of its kind in the community.

As you can see, there is excellent work occurring within Aboriginal communities. The capacity to develop our economy is present and growing. There is now a network of Aboriginal Capital

Corporations which help Aboriginal businesses access capital, a network of economic development corporations to foster and support development, business support services of many different types. Now a First Nations Bank, under the chair of Mr. Keith Martel, the first Saskatchewan Indian to receive a C.A. designation. There are a growing number of Aboriginal people who are lawyers and holders of business degrees. There are also 40,000 Aboriginal youth in colleges and universities representing an incredible intellectual capital. We are poised to take over the reins of our development.

I hope that you can see the proof of our potential to be productive contributors to the Canadian economy and to develop the economies of our communities exists across the country. We have seen it first hand. Multimedia communications companies in Ontario, high-tech entrepreneurs in Alberta, development corporations in British Columbia, export manufacturers in Quebec and hundreds of other success stories from micro-businesses to highly successful fashion-design companies are leading the way. But their futures rely, largely, on the capacity of others to follow in their footsteps.

I believe what we are seeing is healthy and bodes well for the future. We are seeing people take charge of their lives. We are seeing people participating very effectively in the Canadian economy. We are seeing people begin to raise their heads in dignity and respect after a century of disempowerment and tutelage. We are seeing innovation, creativity, hard work, diligence and perseverance.

What can you do? A keen sense of timing and a strong measure of good judgement on your part as the leaders of corporate Canada have brought you here today. We believe that your interests will be served as well if the Aboriginal population of the country has the opportunity to experience an increased standard of living. The development of Aboriginal peoples' economies provides new markets, new consumers with growing incomes and new business partners.

The research of Aboriginal Business Canada shows that Aboriginal businesses, when started by women, have a higher chance of being here five years down the road than those started by their mainstream male counterparts. No group within Canada offers more potential to develop and maintain the small and medium business sector of the Canadian economy than Aboriginal people. No group within Canada is more dedicated to their development than Aboriginal people. No group within Canada has displayed more determination and spirit in changing their place in Canada than Aboriginal people.

It is this spirit that we want to nurture. We want somehow to create the conditions under which this creativity, this perseverance, this desire to do things for ourselves is supported and encouraged to grow.

We believe that the economic development recommendations of the Royal Commission will encourage and support this new spirit. The nine steps outlined by Professor Fred Wien in his paper are the foundation of this support. The recommendations put control back into the hands of Aboriginal people.

Long term development agreements allow Aboriginal nations and communities to choose their own development path and give them a base of resources to start to follow it. The rebuilding of economic institutions in Aboriginal nations and communities provides the mechanisms to support this development and enables governments to guide it. Development requires a concerted and co-ordinated effort of many parts of society.

It is our position that the government of Canada should adopt the economic development recommendations of the Royal Commission on Aboriginal Peoples. However, that will not be sufficient. It will also take some action by those in this room.

Your input is critical. To derive the benefits of increased volumes in your stores and operations, to increase investment levels in your banks, and to make significant improvements in your bottom line results, our people must experience sustained levels of economic activity.

Heightened purchasing power for this segment of the Canadian population will create a win/win situation for all of us. You will see the spinoffs from improved Aboriginal economies.

Heightened consumer spending resulting from improved economic development will translate into increased margins in all geographic regions and in all industrial sectors.

We have learned that development of our economies is not a task that we can undertake ourselves. Our economies are interwoven with yours in many ways. Your support and involvement are important and necessary. I urge you to write to the Minister of Indian Affairs and Northern Development, the Honourable Jane Stewart. Urge her to adopt the economic recommendations of the Royal Commission on Aboriginal peoples.

Then turn to your colleagues and ask: what can you do to help create a place of dignity and respect for Aboriginal peoples in this country? Buy from an Aboriginal supplier. Help a small Aboriginal business get started. Start an internship program to hire Aboriginal people. Support Aboriginal educational efforts.

These suggestions are the first steps you can take when you return to your offices this afternoon. I encourage each of you to extend your support through new and creative ways. The talents and skills that have produced your own success stories are needed throughout Aboriginal communities across this country.

Call to your local business school or an Aboriginal organization. It could lead you to Aboriginal students or entrepreneurs who could benefit from the advice and guidance of a mentor. An

invitation to a group of Aboriginal young people could lead to a talented pool of summer employees who need exposure to corporate environments. Support colleges and universities where Aboriginal students are pursuing post-secondary professional programs.

The Council for the Advancement of Native Development Officers is an organization dedicated to the rebuilding and strengthening of Aboriginal economies. It consists of approximately 350 economic development officers from communities all across Canada. It also has approximately fifty corporate partners who work with us in this daunting task. These partners are involved in some form or other with Aboriginal businesses. All are making an excellent contribution to the development of Aboriginal economies.

It recently announced the first Aboriginal certification program for economic development officers in North America. This work has been the result of the efforts of CANDO's educational partners: seven colleges and universities across Canada who offers some form of education directed at Aboriginal economic development. We believe that this initiative, over time, will ensure that those who are working with us have a common understanding of the tasks and the skills to perform them.

CANDO's efforts as an organization are directed toward at those on the front lines of economic development: the economic development officers. It provides support, advice, training and information to help them do their jobs. We hope that you can become involved in our work. It is important work for Canada and for Aboriginal people. It is the work of a generation and it is the work of all Canadians.

The Cost of Doing Nothing: a Call to Action

An address by Charles S. Coffey, Executive Vice-President, Business Banking, Royal Bank

October 23, 1997

Thank you, Corrine. On behalf of Royal Bank, I would like to welcome you here today.

I know that many of you have taken time from your very busy schedules to be here today and I hope my colleague, John McCallum and our friends at CANDO have provided some food for thought.

I would particularly like to thank Phil Fontaine, National Chief of the Assembly of First Nations and the Honourable Jane Stewart, Minister of Indian Affairs and Northern Development for joining us.

Your participation today marks the beginning of what I hope will be a three-way effort among Aboriginal peoples, governments and Corporate Canada to address economic development and opportunity for the First Peoples of Canada. The Royal Commission on Aboriginal Peoples was released one year ago. The final report represents a significant piece of work — full of research, analysis and recommendations.

The report has provoked much discussion among Aboriginal peoples and some coverage in the national media. But the business community, with a few notable exceptions, has said little about it.

At Royal Bank, we see Aboriginal issues as a matter of concern for all Canadians and Aboriginal economic development as having a significant impact on the national economy and the corporate sector.

For this reason, last spring we gave some thought to how we might stimulate discussion in the corporate sector about the issues raised in the Royal Commission.

With CANDO — one of Royal Bank's long-standing partners in Aboriginal economic development — we decided there would be value in holding a forum where business people could get a better understanding of Aboriginal economic development issues and their impact on the corporate sector.

Today, we have the fruits of that joint effort. I would like express my thanks to CANDO and the members of its Education Committee for the work that has been done for this event.

The theme of this session is "The Cost of Doing Nothing". The phrase itself is one which invites questions. What do we mean by it?

We've heard from earlier speakers about the historical and contemporary inequities of Aboriginal people in our society — the painful costs that have been borne by individuals and communities.

We have heard Royal Bank's analysis of the fiscal cost of doing nothing.

These costs are significant and serious. They concern us deeply — as individual citizens who care about the society we live in and as corporate citizens concerned with broad and sound public policy.

But, our interest in and advocacy about relationships between Aboriginal peoples and Corporate Canada go beyond corporate citizenship and public policy. Good relationships are also smart business.

With this in mind, the costs that I want to explore with you today are the **opportunity costs** of doing nothing — the missed chances, foregone gains — a future less than it might otherwise be.

Put another way, I want to explore with you the **business case** for expanding and strengthening corporate Aboriginal relations.

When people ask me what my job is at Royal Bank, I often respond with a very short answer. My job is to create shareholder value.

It's a duty that I take very seriously and one which guides all my business decisions. I see my own relationships with Aboriginal people — and those of others in the Bank — as contributing value for our shareholders.

I'm well aware many business people don't always grasp the business benefits of relations with Aboriginal people and communities. For the Bank, however, the business benefits are clear. We see a significant and expanding market opportunity.

The rapid increases in the Aboriginal population represent new customers. Land claims represent increased economic and financial clout of Aboriginal peoples and communities.

The Aboriginal business sector — which has grown at a dramatic rate in recent years and is steadily moving the Aboriginal population towards economic self-sufficiency — is generating wealth and creating jobs.

A demand for financial services — and increasingly sophisticated financial services — is only one result of the demographic, political and economic changes within the Aboriginal community. Royal Bank needs to respond to those demands. To do less would be a disservice not only to our customers, but also to our shareholders.

The business reasons for building good relations with Aboriginal peoples go beyond market opportunity alone.

Aboriginal people are becoming an important source of new entrants and new skills for the workforce. Many companies are benefitting from having long-term, stable and reliable employees on board.

Economic relationships with Aboriginal people, through employment, contracting, purchasing or joint ventures are contributing to community support for resource development.

Relationships with Aboriginal peoples can bring new knowledge and values into the corporate sector — especially in terms of respect for land, traditional knowledge and sustainable development.

And a track record of establishing mutually beneficial relationships with Aboriginal communities can even open international opportunities for Canadian companies.

It's clear to me that the potential business benefits of relations with Aboriginal people and communities are aligned with our underlying business objective of creating value for our shareholders.

I believe other businesses would arrive at the same conclusion if they took the time to make a similar assessment.

Many businesses also face a practical challenge — that of developing corporate strategies and day-to-day business practices that win the business benefits.

Learning, adaption and change are the order of the day. These notions should not be alien to any business in Canada — the 1990s have shown they are the prerequisites to corporate survival and growth.

At Royal Bank we've learned the importance of taking a long-term perspective — often much longer than the next quarterly report.

We've had to learn new protocols in order to develop a better mutual understanding. And we sometimes have to step back and remind ourselves that our business relationships with Aboriginal people and communities — our banking, lending and other financial services — are in fact part of a holistic set of relationships where education, training, employment, partnerships and community relationships work together to form a basis for mutual benefit and sustained results.

Let me illustrate how Royal Bank has focused its efforts.

First, we want to help Aboriginal youth as they prepare to be the future leaders in their communities.

- Our Native Student Awards Program provides five Aboriginal students with \$4000 for each year of their post-secondary education. We've made a start in this area, and since 1993, a total of 24 students have received these awards, 13 of whom are currently receiving funding.
- We've a Stay-in-School program which encourages young people to pursue post-secondary education. We have pledged \$250,000 to the Saskatchewan Indian Federated College's Building Fund and provided a \$100,000 grant, over four years, to endow the Education Foundation arm of the National Aboriginal Achievement Foundation, formerly the Canadian Native Arts Foundation.

Second, we are committed to assisting Aboriginal communities in their efforts to achieve and sustain economic self-sufficiency.

- Royal Bank was the first bank to open a full-service branch in a First Nation community. We now have four such branches and one branch in each of the three regions of Nunavut.
- Royal Bank was a founding sponsor of CESO's Aboriginal Services' national project with several MBA programs. Students work on a specific economic development project in a First Nation community, not only helping to improve economic development opportunities for the community but at the same time gaining greater awareness and sensitivity to Aboriginal issues.
- With more than half of aboriginal Canadians not living on native lands, we are also focusing our efforts on urban centres. Our partnership with the National Association of Friendship Centres has led to the support of more than 120 such centres across Canada.

Royal Bank has established First Nations lending criteria and guidelines to help First Nations and Aboriginal companies with their financing requirements.

Royal Trust is the only major financial institution to have established a national First Nation's Advisory Service for Aboriginal communities for investment, trust and land claim settlements.

Third, we support training initiatives for Aboriginal communities and entrepreneurs.

- We provide financial and risk management training to Aboriginal people.
- Our contributions to CANDO are helping to develop entrepreneurial training seminars and the certification program for Aboriginal Economic Development Officers.

In New Brunswick, through an alliance with Ulnooeeg Development Corporation, the provincial and federal governments, we have launched the Young Entrepreneur Small Business Loan Program, which is available to First Nation entrepreneurs who are under the age of 29.

Have we achieved our goals? Not yet. Do we have a distance to go? Certainly. Are we on the right path? We believe that we are.

What will it take for Corporate Canada to become more committed to building business relationships with Aboriginal peoples?

We know that in the past decade the awareness of Aboriginal issues among businesses has grown. We can see it in the number of companies making commitments and instituting Aboriginal relations initiatives.

But the fact remains there simply aren't enough businesses doing this. And, there are both costs and opportunity costs of failing to act.

We've learned it's possible for Corporate Canada to create wealth with Aboriginal peoples and for Aboriginal peoples.

We're seeing results across Canada. Here in Ontario, for example, Ginoogaming First Nation has reduced its unemployment rate from 90 percent to 10 percent in less than five years and has ambitious economic and resource initiatives to create and retain wealth for its community.

It's in the national interest to have more results like these. It's in the **business interest** to do more. Royal Bank, for its part, will maintain its course and will continue to make the investments we need to in order to make a difference.

I would challenge every business in Canada to look at itself and ask — are we removing the barriers — solving the problems — and providing the opportunities that will enable Aboriginal people to become full participants in our society and in our economy.

That task should not be overwhelming. There are practical ways to proceed. Best practices are becoming better understood.

Many ideas for steps you can take within your own organizations described in the papers prepared for this conference.

To my colleagues in other businesses — the people who are experienced and knowledgeable — those who've begun to see the business benefits of constructive relationships with Aboriginal people — I would urge you to speak out.

Talk to your peers. Share your experiences. Convince others they have a role to play and much to gain from building relationships with the First Peoples of Canada.

The federal government has its own role to play. We're encouraged by the Minister's efforts to renew relationships and chart a new course with Aboriginal leaders. There is much to do, justice, land claims, treaties, social conditions, taxation and economic development.

We urge you to carefully consider the analysis of the Royal Commission and to take the steps to get the results that are needed.

These are challenging times for Aboriginal peoples and their leaders. Economic development is but one area where you are working to re-establish control as a means of fostering healing and political, social and economic well-being.

Within this context, Aboriginal-corporate partnerships hold tremendous potential. I believe that together it is possible to achieve more.

We know there are many working partnerships across the country. But perhaps there should be a formal partnership among the leaders in our communities — a partnership that reflects shared goals — a partnership which enables us to work together to achieve tangible, measurable results.

The message I want to leave with you today is this. If Aboriginal peoples so choose -- and when they are ready -- we must be there to work in partnership with them -- towards goals that we can both share -- to get the results that we both need.

Thank you.