

# Economic Aspects of the Indigenous Experience in Canada

ECONOMIC ASPECTS OF THE INDIGENOUS  
EXPERIENCE IN CANADA

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# Economic Aspects of the Indigenous Experience in Canada

Anya Hageman  
with *Pauline  
Galoustian*

Saamis Teepee, World's Tallest  
Teepee. Photo credits to:  
Sobolewski, J., 2014. (CC BY  
2.0) [1]

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*Anya Hageman, primary author*

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**Note for Instructors:**

Instructors may wish to begin the term of study with presentations or readings on the peoples indigenous to the school's location. As the course progresses, instructors can lead students to discover how the topics covered in the book apply to local communities past and present. Instructors can also make students aware of local opportunities for Indigenous – non-Indigenous interaction and cooperation.

This text flows in chronological order until Chapter 12. Instructors should use their own discretion about whether and when they want to use Chapters 12-14. Chapter 15 picks up the historical thread.

The use of talking circles and other discussion forums is recommended, as conversation is a traditional Indigenous teaching method, and the issues covered in this book are emotionally weighty.



## SELECTED BRITISH AND CANADIAN LEGISLATIVE EVENTS AND LEGAL RULINGS AFFECTING INDIGENOUS PEOPLES:

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- **1763** With the *Royal Proclamation*, King George III reserves the land in North America west of the Appalachian mountains for Indigenous peoples, and states that settlers cannot settle or purchase such land except through the “Crown” (the British government).
- **1867** *Constitution Act, 1867*. In section 91 (24) of Canada’s founding document, “Indians and land reserved for Indians” is just one item in a long list of things over which the federal government of Canada takes control. That is the only mention of Indigenous people. Federal and provincial governments are now “the Crown” in the legal sense of the term.
- **1870** *Manitoba Act*. In Manitoba’s founding documents, based on Métis proposals, there are provisions for French language rights, Catholic education rights, and land for Métis.
- **1871** The first of the “Numbered Treaties” begins to clear the Plains for the railway and for White settlement.
- **1876** The *Indian Act* (An Act to Amend and Consolidate the Laws Respecting Indians) is passed to regulate Status Indians on reserve.
- **1886** The *Indian Act* is amended to permit the government to compel attendance at residential schools.
- **1930** An additional *Constitution Act* confirms previous agreements giving British Columbia, Alberta, Saskatchewan and Manitoba resource and land rights similar to those of the other provinces. Indigenous rights over resources and lands are not contemplated. Indigenous people still have the right to pursue traditional activities on unoccupied Crown lands.
- **1939** In *Reference re. Eskimos*, the Supreme Court rules that Inuit people are “Indians” in the sense of the *Constitution Act* of 1867. They do not come under the jurisdiction of the *Indian Act*, however.
- **1951** Major amendments to the *Indian Act* restore various civil liberties to Status Indians.
- **1960** *An Act to Amend the Canada Elections Act* makes it possible for Status Indians to vote as Canadian citizens without losing their Indian Status.
- **1973** *Calder v. BC* The Supreme Court rules that Aboriginal Title is valid in Canadian law. Aboriginal Title is inherent, existing before European contact and the *Royal Proclamation* of 1763. The Supreme Court does not say which Indigenous groups have Title to which lands, what Title entails, or whether Aboriginal Title has ever been extinguished.
- **1975** The *James Bay and Northern Quebec Agreement* becomes the first modern treaty, securing

some degree of self-government for the Cree and Inuit involved.

- **1982** Section 35 (1-4) of the repatriated *Constitution Act* guarantees Aboriginal rights and Treaty rights, any rights resulting from land claims, and equal Aboriginal rights for men and women. There is no detail as to what Aboriginal and Treaty rights entail.
- **1984** *R. v. Guerin* In this case, the Supreme Court rules that the Crown has a fiduciary duty to ensure that reserve lands are used for the benefit of the Band.
- **1990** *R. v. Sparrow* In the context of Sparrow's claim of an Aboriginal right to fish in the Fraser River, the Supreme Court orders that section 35 of the *Constitution Act, 1982*, which lacks any detail as to what Aboriginal and Treaty rights entail, be interpreted generously.
- **1996** In *R. v. Van der Peet*, the Supreme Court rules that an Aboriginal right must be a practice, custom or tradition integral to pre-contact culture.
- **1997** In *R. v. Delgamuukw*, the Supreme Court rules that First Nations who can prove exclusive use of lands prior to European contact have Aboriginal Title to those lands. Aboriginal Title is an exclusive right to use and occupation. It is a collective right that must safeguard the value of the land for future generations. The ruling also affirmed the relevance of oral history. Note that the Crown can infringe on Aboriginal Title in some circumstances, with compensation.
- **1999** In *R. v. Marshall*, the Supreme Court rules that the eighteenth century Peace and Friendship Treaties (between Maritime First Nations and Britain) protect the right of Maritime First Nations to earn a moderate livelihood through fishing, hunting, and gathering.
- **1999** The new Territory of Nunavut is created, following land claims negotiations with the Inuit of that area.
- **2003** In *R. vs. Powley*, a dispute over hunting rights, the Supreme Court rules that a Métis is someone who self-identifies as such, who descends from a Métis community, and who is accepted by an historic Métis community.
- **2004** In *R. v. Haida Nation*, the Supreme Court rules that the Crown must consult and accommodate Indigenous peoples regarding land use, even if Aboriginal Title to that land has not yet been proven.
- **2007** The *UN Declaration on the Rights of Indigenous People* affirms various Indigenous rights. These rights include the right to self-determination and the need for governments to obtain free, prior, and informed consent from Indigenous peoples before using their traditional lands and resources. Canada tentatively adopted this Declaration in 2010 and officially adopted it in 2016. Canada has not yet integrated its terms into Canadian law.
- **2014** The Tsilhqot'in become the first First Nation to have their Aboriginal Title to traditional lands recognized by the Supreme Court of Canada in *R. v. Tsilhqot'in Nation*.
- **2014** The *Indian Act* is amended so that the government cannot compel Status Indian children to attend school.
- **2016** In *Daniels v. Canada*, the Supreme Court rules that Métis and non-Status Indians are "Indians" in the sense of the *Constitution Act* of 1867, and that the Crown has a fiduciary duty to protect their interests. The *Indian Act* does not apply to Métis or to non-Status Indians.<sup>1</sup>

1. Sources: The Canadian Encyclopedia ([www.thecanadianencyclopedia.ca/en](http://www.thecanadianencyclopedia.ca/en)); notes from Professor Hugo Choquette's Aboriginal Law (Law 202/702), Queen's University, 2019; Courchene (2018); and the legal documents themselves as available online.

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# Foreword

## *A Prelude to the Discussion*

The year was 1969 and Canada's First Nations were actively protesting Prime Minister Pierre Trudeau's latest policy document or "white paper". This particular paper proposed that Indian Status be eliminated and that the *Indian Act*, a document regulating First Nation reserves, be abolished. The White Paper envisioned that the provinces, not Ottawa, would provide services to First Nations, the same services that regular citizens receive; that reserves would be sold off by residents; that Indigenous land claims would be wrapped up; and that Treaties would be retired. In sum, after a period of compensation, there would be no more distinction between "Status Indian" and other citizens of Canada. There would be no more ghettoization of First Nations on reserves.

Still today, some Canadians believe that assimilation is the right approach to Indigenous economic development. But others are not willing to settle for assimilation. Not only are they skeptical that Indigenous people will be treated equally, but they are aware that Indigenous people possess unique legal rights, rights not yet fully actualized in Canadian law.

In 1970, First Nations pushed back against the White Paper with a “Red Paper” (Indian Association of Alberta), and a “Brown Paper” (Union of British Columbia Indian Chiefs) for example, declaring that the federal government has Treaty obligations to First Nations that it cannot ignore or pass on to the provinces, and that various Indigenous groups hold title to parts of Canadian land. Indian Status and the *Indian Act* may be legal anachronisms which have been used to subjugate First Nations for more than a century, but they at least provide for some compensation from government and some recognition of a complicated shared history.

After the pushback, the federal government abandoned the White Paper and oriented itself differently, in time for a 1973 Supreme Court decision (*R. v. Calder*) which made clear, for the first time, that where no Treaties have been made regarding the transfer of land rights, Indigenous land rights could still exist. This ruling ushered in a series of further rulings supporting and delineating Indigenous rights, rulings which continue into the present time.

Meanwhile, the Union of British Columbia Indian Chiefs went further than rhetoric to assert their land rights and political autonomy. In the late spring of 1975, they declared that BC First Nations would no longer accept government funds or programs. In this way they would have more control over the governance of their communities.

What happened? What happened is that six months later, the Chiefs had to relent. Encumbered by economic disadvantages which we will explore in this text, they were not able to be economically and financially independent. And thus, they could not be politically independent.

Although this experiment in self-government failed to achieve its immediate goals, it spurred First Nation leaders on to consider how their communities might become economically self-sufficient. Since then BC Chiefs have led the way in pursuing land rights via the Supreme Court, and in developing amendments to the *Indian Act* which facilitate economic development.



*"We have this paper... and it's white". Meme quote by: Unknown. Pierre Trudeau in his office in Ottawa with U.S. President Richard Nixon on April 14, 1972, two years after the White Paper policy was rejected. Photographer Oliver F. Atkins 1972. Credits to: US National Archives and Record Administration (Public Domain) [2]*

Economic growth and improved economic stability for Indigenous communities will undergird their political independence and creative development. Non-Indigenous Canadians too will benefit both culturally and financially. It has been estimated that closing the education, employment, and other gaps between Indigenous and non-Indigenous Canadians would improve GDP by 27.7 billion dollars per year, a 1.5% increase.<sup>1</sup>



*7th Annual General Assembly of Union of BC Indian Chiefs, April 1975. Source: Union of BC Indian Chief/ Library and Archives*

Chapters 1 and 2 introduce the Indigenous Peoples of Canada – First Nations, Métis and Inuit – and their current demographic and income statistics. Chapters 3-12 describe their cultures, economies and geopolitics up until the late twentieth century. Chapters 13 and 14 discuss how discrimination against minorities can be modeled and measured. Finally, Chapters 15+ describe present-day issues in the economic development of Indigenous communities.

## Objectives:

In this text we are going to explore the economic history and economic potential of Indigenous peoples in Canada. What institutional arrangements hold them back economically and what institutions assist them going forward? What norms do Indigenous communities hold that inform their priorities and economic behavior?

1. National Aboriginal Economic Development Board (2016), *Reconciliation: Growing Canada's Economy by \$27.7 B.*



***“Gratitude and reciprocity are the currency of a gift economy, and they have the remarkable property of multiplying with every exchange, their energy concentrating as they pass from hand to hand, a truly renewable resource. I accept the gift from the bush and then spread that gift with a dish of berries to my neighbor, who makes a pie to share with his friend, who feels so wealthy in food and friendship that he volunteers at the food pantry. You know how it goes. To name the world as gift is to feel one’s membership in the web of reciprocity. It makes you happy—and it makes you accountable.”***

~ from *The Serviceberry: An Economy of Abundance* by Robin Wall Kimmerer,  
member of Citizen Potawatomi Nation.  
Illustration by Christelle Enualt.

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PART I.

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**INTRODUCTION**

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# Chapter 1

## *The Indigenous Peoples of Canada*

### Summary:

Chapter 1 introduces the main groups of Indigenous peoples in Canada and familiarizes the readers with the proper terms, origins, and identities of the three main groups - First Nations, Métis, and Inuit.

### **Origins & Identities:**

Before there was Canada, there was Turtle Island – home to the first peoples of North America. Algonquin and Iroquoian peoples tell the story of a Sky woman falling toward the sea but finding refuge on Turtle, and of how a humble creature like Muskrat dove to the bottom of the sea to find the soil needed to build her a home on Turtle’s back. Today we recognize three groups indigenous to Canada, descended from the first peoples of Turtle Island: they are the Inuit, the First Nations, and the Métis.



*Snapping turtle emerging from hibernation. Photo credits to: Timothy C. Roth. Reproduced with exclusive permission from Timothy C. Roth II/Task Force Turtle [4]*

The Inuit are descended from people living north of the tree-line, in the Arctic areas of present-day Canada, prior to European contact. The First Nations are descendants of people living south of the tree-line. The Métis are descendants of multi-generational, intermarrying communities of mixed-race individuals, with Algonquian and

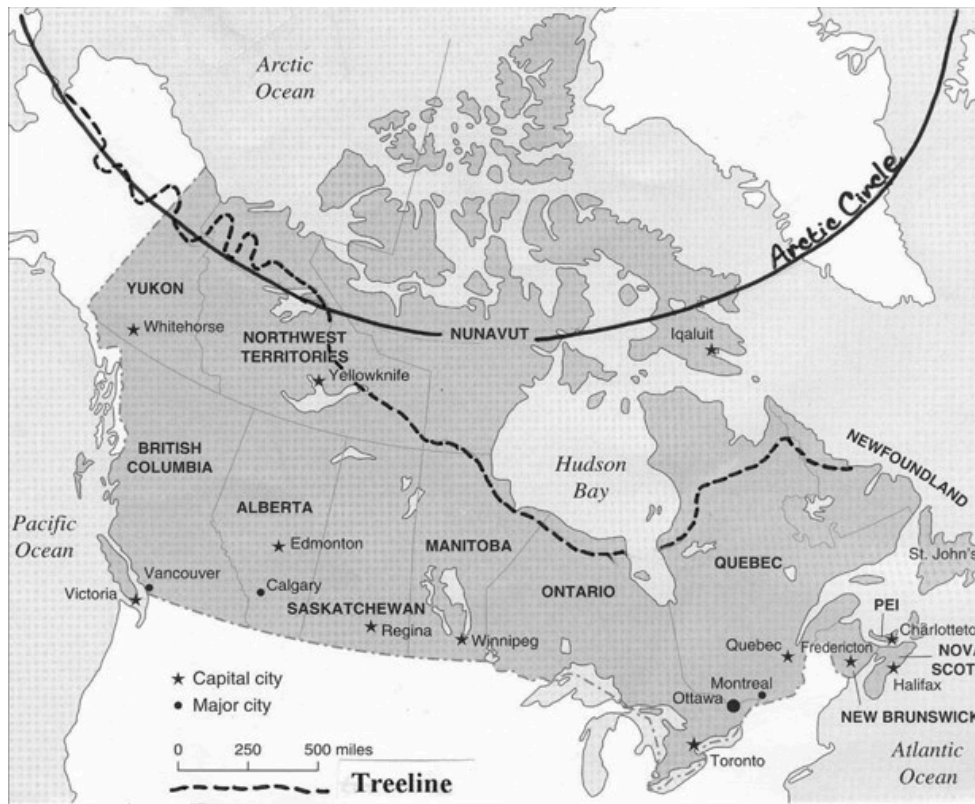
French heritages the most pronounced. The dotted line in the Figure below shows the tree-line, above which tree species can only attain the size of shrubs.

**Inuit:**

Inuit Territory or Inuit Nunangat is divided into four regions: Inuvialuit in the west, Nunavut, Nunavik in northern Quebec, and Nunatsiavut in Labrador. Land claim agreements have been signed in all four regions, and Nunavut is politically independent, like other provinces and territories of Canada. In 2016 there were approximately 65,000 Inuit representing 4% of Canada’s Indigenous population. They represent their interests through an organization called Inuit Tapiriit Kanatami. Although the Inuit had contact with Europeans early on, there was virtually no European settlement on their land, and their lifestyle was not greatly changed by choice or by government until the 1950s. More information on the Inuit and their economies will be presented in Chapters 3, 15, and 29.



Women of Iglulik, Nunavut wearing traditional clothing of seal (left) and caribou (right). 1999. Photo by: Ansgar Walk (CC BY 2.5) [6]



Map of Canada (black and white) depicting the approximate line of the Arctic Circle. Map by: U/ Chukotkaa. Credits to: Reddit.com [5]



Map of Inuit Nunangat (including Inuvialuit, Nunavut, and Nunatsiavut). Map Credits to: Statistics Canada , 2015. (Access 90 Open) [7]

### First Nations:

The First Nations comprise dozens of cultural groups and 9 language families – from east to west Algonqian, Iroquoian, Siouan, Dene, Xaad Kil (Haida), Ktunaxa (Kootenai), Salishan, Tsmishianic, and Wakashan. In 2016, First Nations individuals made up 58% of the self-identifying Indigenous people of Canada. While most First Nations people live in cities, there are over 600 recognized Bands – communities of historically-related First Nations families – which have lands allocated them known as “reserves”. It may interest you to know that the amount of land set aside as reserves is 0.2% of Canada’s land mass<sup>1</sup>. This does not include the larger territories negotiated in modern treaty agreements after 1975.

→ Consult the latest Canadian census for the number of Indigenous living in your community.

Many First Nations bands do not regard themselves as nations but as part of larger nations sharing a common culture. For example, the six Kanien’kehá:ka (Mohawk) communities in Ontario and Quebec all consider themselves Kanien’kehá:ka people, their nation itself a member of the Iroquois Confederacy or “Haudenosaunee”.

The composition of communities having First Nations members can vary widely. In large Canadian cities, First Nations individuals are a minority, a minority that may be quite marginalized by the non-Indigenous population. Social segregation is common. In rural and remote areas, community

1. National summary of the Mineral Resource Potential of Indian Reserve Lands report, Indigenous and Northern Affairs Canada (1991)

identity may be complicated too. Consider the case of Moose Factory Island, at the south of James Bay. Moose Factory Island is part of the traditional homeland of the Moose Cree, who gained title to part of the island in Treaty 9. However, the portion of the island where their hospital is located belongs to the federal government of Canada. And another section of the island, which includes the historic Hudson Bay trading post, belongs to Ontario.

The Moose Cree who live at Moose Factory do not all have “Indian Status”, a designation of the federal government. It’s possible to lose Status, usually after two or three successive generations marrying non-Status partners. We discuss Status rights in Chapter 11.

Living alongside the Moose Cree are the MoCreebec. They are Cree who moved to the island from Quebec after Treaty 9 was signed. None of them are covered by Treaty 9. Until the 1990s they were forced to squat on the Ontario portion of the Island in tents and shacks. In 2017 they joined the association of Cree communities on the Quebec side of James Bay, who are covered by the *James Bay and Northern Quebec Agreement*. This will provide the MoCreebec with administrative support and financial benefits. Also on the Island of Moose Factory are descendants of Moose Cree individuals who intermarried with non-Indigenous, in particular with British Hudson’s Bay Company fur traders. These people were denied Status in Treaty 9 because they lived in houses rather than the traditional mikwams. Meanwhile, across the river from Moose Cree First Nation is the Ontario town called Moosonee. Its population also is mostly Indigenous. In fact, two-thirds of Moosonee residents are Status persons. So what does a First Nations community look like? It’s impossible to generalize!



Moose Factory Island Satellite Image.  
Credits to: Google Maps, 2020.(CC BY 2.0) [8]

The Assembly of First Nations represents the interests of Status persons and their Bands to the broader Canadian public. The Congress of Aboriginal Peoples represents Non-Status Indians and Métis. In the recent past, the federal government did not recognize any obligation to the Non-Status Indians and Métis; however, the Supreme Court’s *Daniels v. Canada* decision in 2016 instructed the federal government that these two groups are also “Indians” in the sense of the Canadian Constitution.

**Métis:**

The Métis represented 35% of Canada’s self-identifying Indigenous people in 2016. Years ago, Métis was the name for children of French fathers and Indigenous mothers. “Country born” was the English expression for children of English fathers and Indigenous mothers. Nowadays, the word Métis has a more precise legal meaning. To be recognized by the government as Métis, you must:

- self-identify as a Métis (of course)
- have an ancestral connection to an historic Métis community
- be recognized as Métis by an established Métis community



Group celebrating Louis Riel Day. Louis Riel was the first prominent Métis leader. His actions precipitated the establishment of Manitoba as Canada’s 5th province. Photo: Sudbury.com, November 17, 2017 [9]

The Métis near present-day Winnipeg were promised land when Manitoba was created in the wake of the Red River Resistance, but the parceling out of land to individuals, often land far from home, served to fragment the community. Only in 1938, and only in Alberta, was land given to Métis communities, many of whom by that time had been reduced to living on the margins of roads and railways. The total amount of land currently assigned to the Métis is comparable to the land mass of PEI.

The Métis are represented by the Métis National Council. More on Métis history and culture is presented in Chapters 8 and 9. Besides the Métis National Council, the Assembly of First Nations, the Congress of Aboriginal Peoples, and the Inuit Tapiriit Kanatami, another important national Indigenous political organization is the Native Women’s Association of Canada, representing Indigenous women.

**Distribution of Inuit, First Nations and Métis:**

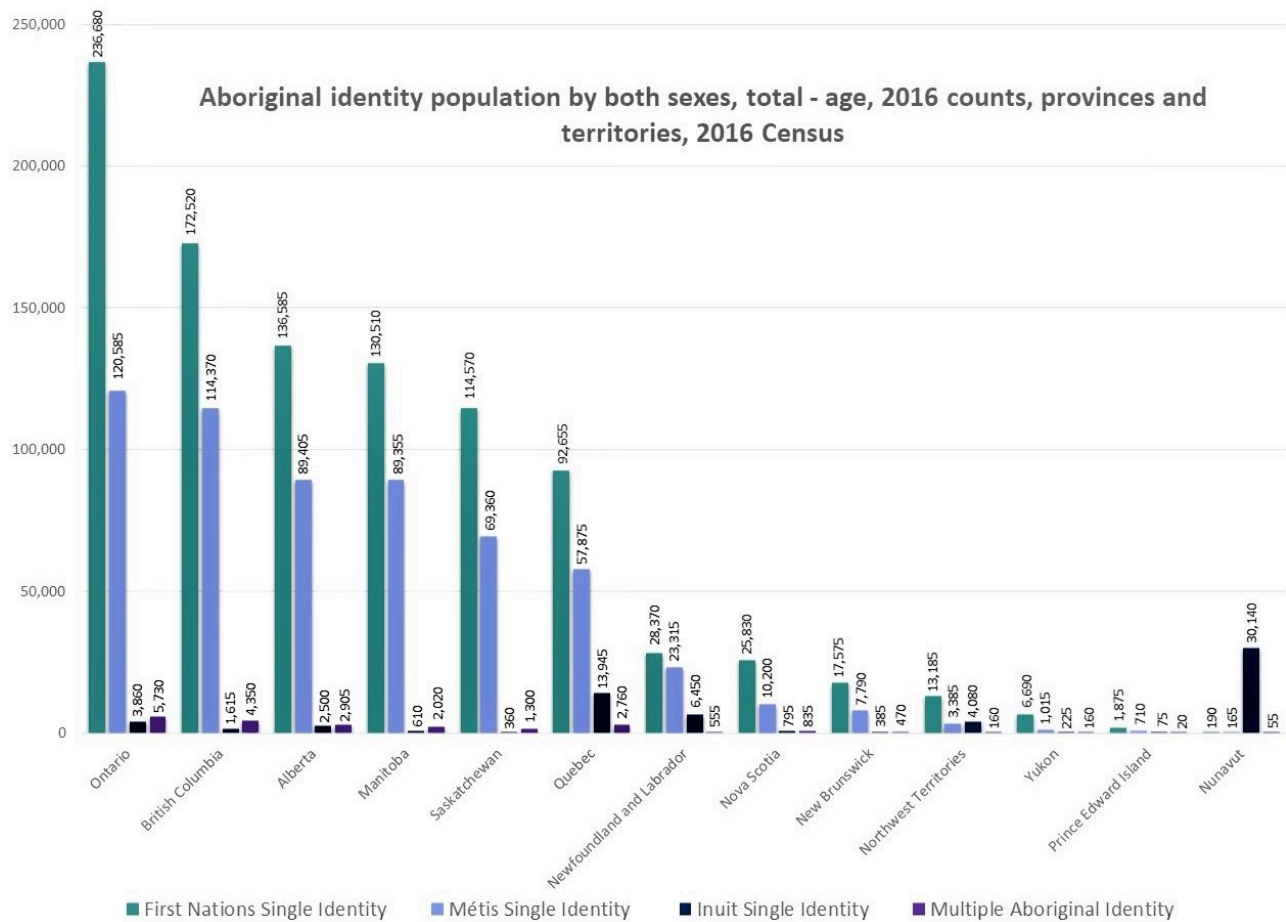
<b>CANADA</b>	<b>35.2 million</b>		
95%	Non- Indigenous	33.5 million	
5%	<b>Indigenous</b>	1.7 million	
	35%	Métis	588,000
	4%	Inuit	65,000
	58%	<b>First Nations</b>	978,000
	24%	Non-Status	233,000
	76%	<b>Status</b>	745,000 of which:
		44%	<b>On Reserve</b> 329,000
		56%	<b>Off Reserve</b> 416,000

Population breakdown, 2016 Census (rounded). Source: Statistics Canada. Table by: Anya Hageman [10]

The above Table shows us the distribution of the Canadian population with respect to Indigeneity,

Status, and residence on a reserve. We see that 588,000 Canadians identified as Métis in 2016. This includes many individuals who would not be considered Métis according to the current legal definition. However, it likely falls far short of the number of Canadians who have some degree of Indigenous ancestry.

→ Does this surprise you? What exposure do Indigenous people not living on reserve have in our media?



Aboriginal identity population by both sexes, total – age, 2016 counts, provinces and territories, 2016 Census. Data Source: Statistics Canada (2016) – Aboriginal Peoples Highlight Tables, 2016 Census. Analyzed and graphed by: Pauline Galoustian. [11]



On the chart above we present the self-identified Indigenous population by province and territory.

In a 2013 TED Talk, Gabrielle Scrimshaw speaks movingly about growing up Dene, and about the untapped potential of Canada's First Nation youth. In our next chapter we will discuss Indigenous demographics and well-being.

*Denesuline Canadian Gabrielle Scrimshaw - Indigenous Entrepreneur, Writer and Speaker. Photo credits to: Unknown. [12]*

### Suggested Activity:

- View an Indigenous-directed short film. What did you learn from its perspective?
- Discuss: What relevance do Indigenous culture and well-being have for you as a resident of Canada?



# Chapter 2

## *Income and Demographics*

### Summary:

Chapter 2 introduces the trends in demographics of First Nation, Métis and Inuit people. It discusses Indigenous data deficits and measures of Indigenous well-being.

### **Intro to the Demographics:**

We have looked at the number of First Nations, Métis and Inuit in Canada today. Let's delve a little further into their demographics. Let's also consider how well they are doing, materially speaking.

As of 2020, Canada does not collect birth or death statistics by race or ethnicity. Nevertheless, it is apparent that:

- Indigenous death rates are higher. Evidence is presented below.
- Indigenous population growth is higher (registered by the Census).
- Indigenous birth rates are higher (which must follow from the first two points).
- The Indigenous population is younger on average than the overall Canadian population



*Young Inuit child with husky puppy. Photo credits to: Nick Russill (CC BY 2.0) [13]*

(registered by the Census).

### The bad news first: evidence of higher death rates

Canada has not previously collected death rates by race, but it has linked various surveys together to try to infer death rates by race. Since the surveys do not adequately report births, which we need to compute infant mortality, the researchers have computed life expectancy at age 1, rather than life expectancy at birth.

#### Life years remaining, both sexes combined, First Nations, Métis, and Inuit, as of 2011, selected ages

Life years remaining	Non-Indigenous	Métis	First Nations	Inuit
At age 1	84.3	79.5	75.2	73
At age 20	65.5	60.9	56.8	55.5

Table listing life years remaining, both sexes combined, First Nations, Métis, and Inuit, as of 2011, selected ages. Source: Table A of Tjepkema et al. (2019).

We see a significant difference in life expectancies, close to ten years' reduction in the case of First Nations and Inuit. Note also that, if we could observe life expectancy at birth, we might see a "Paradox of the Life Table" whereby, due to high rates of infant mortality, life years remaining at age 1 is a larger number than life years remaining at birth. This was the case in 2011 for Nunavut, where 85% of the population is Inuit.

Randy Akee and Donna Feir (2016, 2018) used the federal government's Status Indian Register to compute mortality rates for Status Indians ages 5- 64. Akee and Feir found large discrepancies between the mortality rates of Status persons and the overall Canadian population, worse than those in the United States between Native Americans or African Americans and non-Hispanic Whites.

- Between 2010 and 2013, mortality rates among female Status Indians were 3-4 x higher than the rates for Canadian females generally, 5x in the case of young women ages 15-19 living on reserve. "Our estimate of excess mortality for Status women and girls is almost three times the number of all missing and murdered Indigenous women and girls reported by the RCMP."
- There has been no improvement in mortality for Status women and girls living on reserve in the last thirty years, resulting in a worsening of the gap between their rates and the rates for non-Indigenous females.
- Mortality rates among Status males are 2-3 x higher than for Canadian males.
- Mortality rates for Status people relative to all Canadians have not improved in 40 years.
- There are only 85 Status men (ages 20-55) for every 100 Status women (ages 20-55) recorded in the Census. This is not only because of higher death rates but also because so many Status men are homeless or incarcerated.
- Status men have higher mortality rates than Status women, but not as much higher as is normally the case between men and women. For ages 5-64, the ratio of male to female

mortality is fifteen percent less among Status persons than it is among Canadians generally.

We should note that, not only is high mortality distressing in its own right, it also results in a large number of orphans, a higher child dependency ratio<sup>1</sup> and disruption to the transmission of knowledge, culture, and values.

Akee and Feir (2016) found that Status Indian communities with a lower ratio of men to women had higher mortality for women. The gender gap likely leads to worse outcomes for children as well, and a higher rate of out-marriage of Status women, which makes it more likely that children will lose Status.

Previous studies summarized by Akee and Feir (2018) show that between 50-70 percent of the extra deaths experienced by the Status population are due to endocrine disease, digestive system disease, and deaths from external causes. The higher mortality rates are correlated with differences in income, education, occupation, and urban residence (Tjepkema et. al, 2009), explaining two thirds of the difference in mortality rates for men ages 25-75, but less than one third of the difference for women in that age group. We should also make note of suicide rates, which are five to six times higher for First Nations youth (ages 15-24) compared to non-Indigenous youth.

Let's have a look at income, education, and other factors that can explain some of the higher mortality rates. But first:

#### **Data Deficits:**

Until 2020, Canada did not collect race-specific statistics on income, unemployment, housing, and the like. But recently it has begun to make this a priority. For example, the 2019 federal budget allocated \$79 million<sup>2</sup> for surveys on education and health in Indigenous communities.

In a recent report completed by Shelly Trevethan of QMR Consulting for Indigenous Services Canada and the Assembly of First Nations, it was emphasized that there have been four general issues with data on First Nations, namely “poor coordination, lack of data access, lack of capacity, and complete unavailability of data.”<sup>3</sup>

There has been, generally, a lack of data to inform specialized programs. The 2018 Auditor General's *Report on Employment Training for Indigenous People*<sup>4</sup> concluded that Employment and Social Development Canada did not collect or use viable data. In fact, Employment and Social Development Canada based its 2017 financial decisions and funding allocations on data collected back in 1996.

1. The Child Dependency Ratio is the ratio of the number of children to the number of working-age adults

2. Indigenous Services Canada (2018)

3. Trevethan (2019) QMR Consulting, Indigenous Services Canada & AFN

4. Office of the Auditor General (2018)

→ Debate the collection of race-based data. What issues may come up during the collection process?

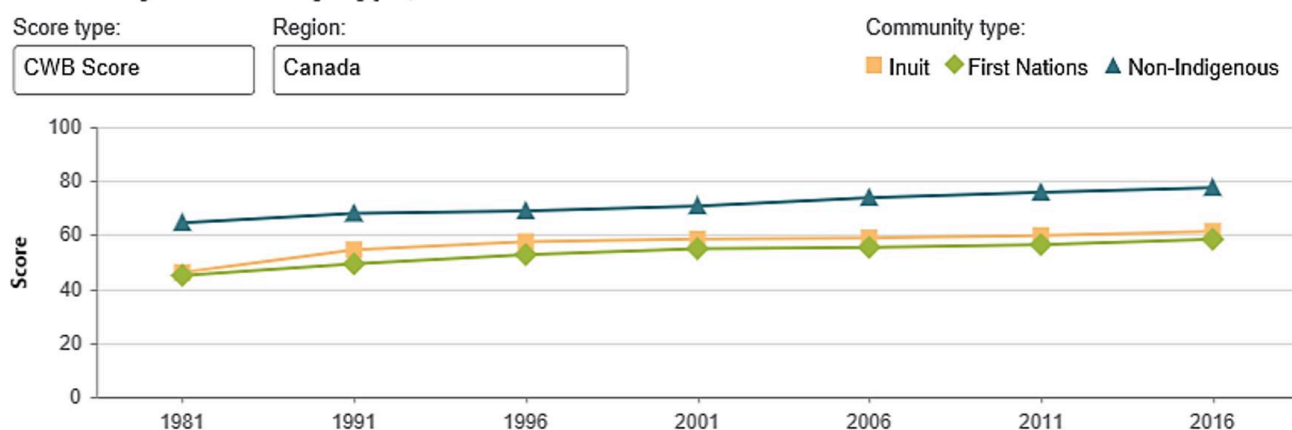
While race-based data could be put to useful work, we should be aware that race-based data can perpetuate stereotypes and fuel racism. During the Covid-19 pandemic, Sachil Singh (2020) warned of the dangers of collecting race-based data. If data showed that most positive cases of coronavirus in Canada were among people of a particular race, it could have served to plan effective interventions and curtail COVID-19 spread, but it could also have made health care workers more wary of treating people of that race, and exposed people of that race to racist attacks. Another consideration is that a person's race may not be easy to define.

Though data on individuals' race is rare, the Census of Canada collects information on communities' racial composition every five years. The Census also records languages spoken, income, education, housing and other socioeconomic variables, and this data can be analyzed to understand the socioeconomic situation of Indigenous people. Using census data we find that Indigenous communities have lower income, lower employment rates, and lower educational achievement. We also know from data collected by Children's Aid Societies and prisons that Indigenous people are over-represented in foster care and prison.

Since 1981 the federal government has used census data to compute a "**Community Well-Being Index**" for reserves and for non-reserves in Canada. The Community Well-Being Index is a score which is based equally on a community's income, its educational achievement, its housing, and its employment. Each of these in turn is an index of subcategories; for example, educational achievement is a weighted average of the proportion of the population over age 15 that graduated from grade 9 and the proportion over age 20 that graduated from high school.

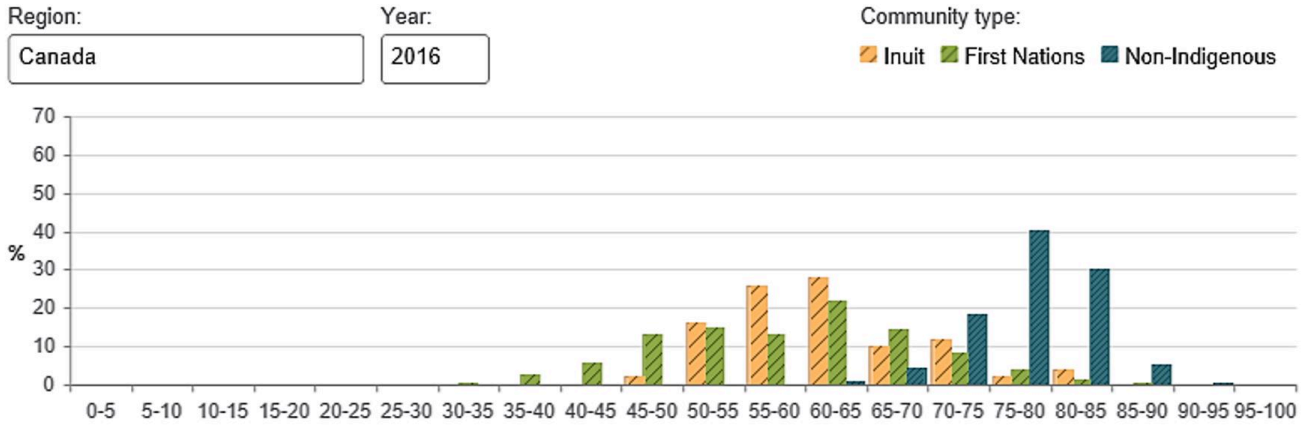
The Tables below compare the CWB scores for First Nations and Municipalities. Note that not all First Nations have a score, because some do not participate in the Census.

### Scores by Community Type, 1981-2016



Sources by Community Types, Canada. Source: Indigenous Services Canada (2019) (Access 90 Open) [14]

## Distribution of Community Well-Being Scores by Community Type



The Community Well-Being Index. First Nations, Inuit and Non-Aboriginal Report. Source: Indigenous Services Canada (2019) (Access 90 Open) [14]

- What do you note about the average CWB score for each type of community?
- What do you note about the spread of CWB scores for each type of community?
- How has the difference between scores been changing over time?

### Criticisms of the Community Well-Being Index:

In his 2018 report, *Socio-economic Gaps on First Nations Reserves*, the Auditor General of Canada

criticized the government for continuing to use the Community Well-Being Index, which was developed without consulting First Nations, and which leaves out important indicators of well-being such as health and culture. It seems to us that mortality rates and incarceration rates should be included as well.

The Auditor General noted that First Nations are required to provide reams and reams of data to Ottawa, but much of this data is not analyzed; when it is analyzed, the results are not shared with First Nations. He also found that the federal government has not meaningfully and regularly engaged with First Nations to see whether the quality of life is improving.

### Poverty Data:

“Canada is not tracking First Nations poverty on-reserve, so we did,” said Assembly of First Nations National Chief Perry Bellegarde regarding a study produced in 2019 by the Assembly of First Nations, the Canadian Center for Policy Alternatives, and Upstream. The report collected census data on income, number of children in the family, and indigeneity to compute child poverty rates. Statistics Canada cooperated by calculating poverty lines for reserves, something it does not normally publish. As the next Table shows, child poverty rates increase as they approach the least advantaged group, Status persons living on reserve.

## Child Poverty Rates, 2015 data as recorded in the 2016 Census:

CANADA	18%	<i>Non-recent immigrant, non-racialized, non-Indigenous Canadians:</i>		12%
Non- Indigenous	17%			
Indigenous	35% same score as recent immigrant children			
	Métis	22% same score as racialized children		
	Inuit	25%		
	First Nations	43%		
	Non-Status	32%		
	Status	47%		
		On Reserve	53%	
		Off Reserve	41%	

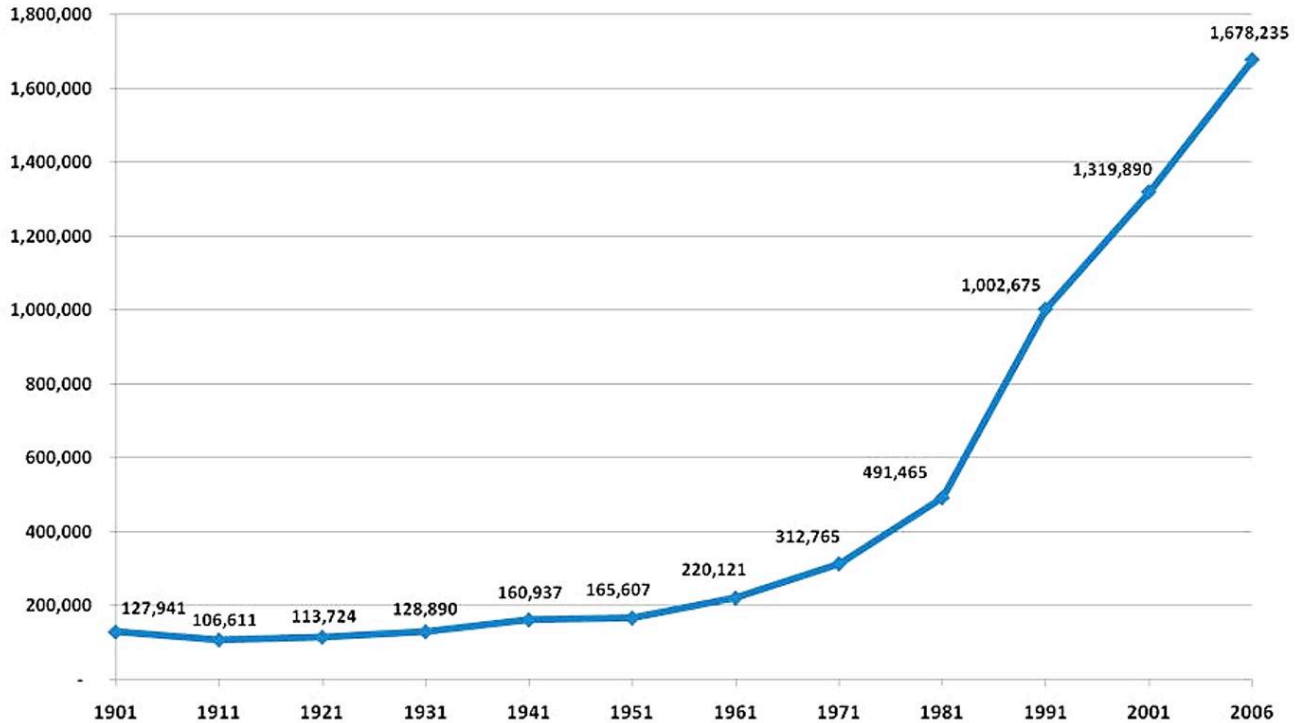
*Child Poverty Rates, 2015 data as recorded in the 2016 Census. Source: Beedie, Macdonald and Wilson (2019), with additional calculations by A. Hageman [15]*

The authors of this report make some recommendations, including that poverty lines be applied on reserves as a matter of course; that, with permission of First Nations governments, income and poverty should be measured annually, not just in census years; and that the federal government should commit to reducing poverty on reserves by the same percentages as announced in its 2018 federal poverty reduction strategy, *An Act Respecting the Reduction of Poverty*. These poverty data provide a strong motivation to study the Economics of Indigenous Communities.

### **Good news: Population Growth**

The Census reports that the number of Canadians reporting that they are Status persons grew 33% 9 between 2006 and 2016, while the overall Canadian population grew only 11%. There was no change to the definition of Status persons during this time.

## Self-reported Aboriginal Ancestry Graph:



*Self-reported Aboriginal Ancestry Graph. Indigenous and Northern Affairs Canada (2011): A Report to Parliament on the Readiness of First Nations Communities and Organizations to Comply with the Canadian Human Rights Act (Access 90 Open) [16]*

The number of Canadians identifying as First Nations grew 39%; as Métis, 51%; and as Inuit, 29%. Some of this is a greater interest in identifying as Indigenous, especially in the case of Métis.

Population growth represents resilience in the face of difficulties, difficulties such as the higher death rates and the relative poverty we have documented. This population growth is a marked contrast to what occurred during the first 300 years of colonization. In 1600, when sustained contact with Europe began, there were probably around 1.2 million Indigenous in Canada.<sup>5</sup> But by 1900 the population was estimated at a mere 130,000 people<sup>6</sup> – down 90%.

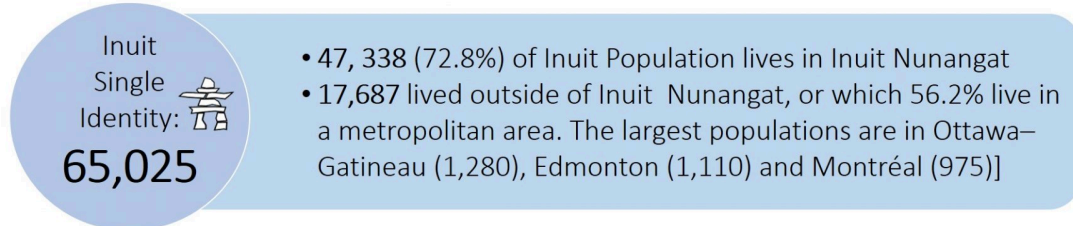
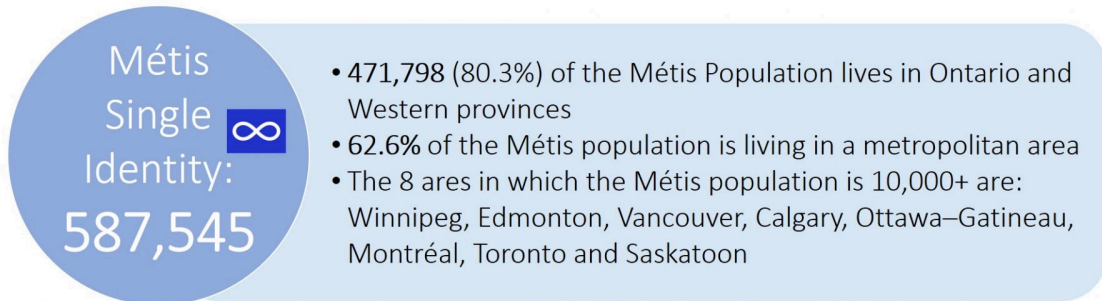
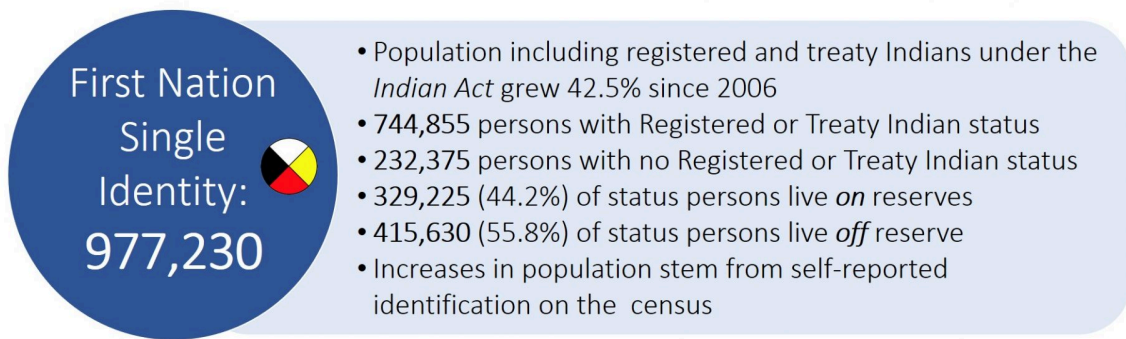
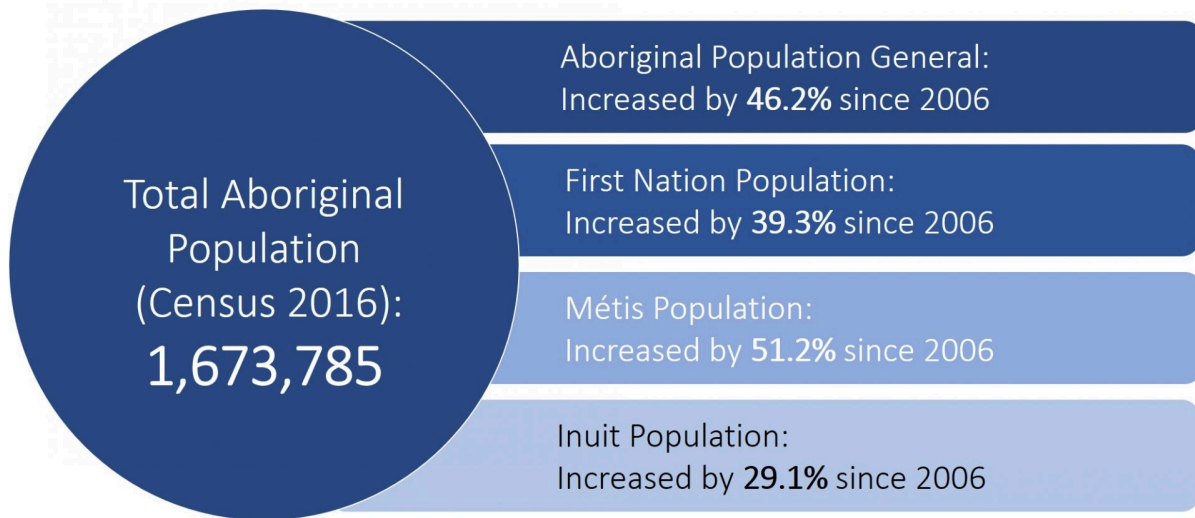
Over the forty years after 1900, the population would grow by 40,000, recovering very slowly. Death rates from epidemic infectious disease were lower, due to improved immunity, but death rates due to malnutrition and chronically poor living conditions were still high. Many children died at residential schools, as we will discuss in Chapter 10. During these years, most Status persons were confined to reserves, many requiring the permission of the local “Indian Agent” to leave reserve. Leaving the reserve permanently was a risky proposition given the racism of the day and the lack of social assistance at that time. Most First Nations people did not have the money to buy land elsewhere. Meanwhile, the size of the reserve land base was fixed. And funding to reserves was poor. Combined with the prospect of residential schools for the children, the conditions for starting a family were not good.

5. This is a rough median of many estimates that have been made, assuming present-day Canada's population was 10% of North America's.

6. Historical Atlas of Canada (1993)

# Canada's Aboriginal Population Infographic

(According to 2016 Census Data, Statistics Canada)



Canada's Aboriginal Population Infographic. Consolidated graphic by: Pauline Galoustian. Data Source: Statistics Canada (2016). *Aboriginal Peoples in Canada -Key results from the 2016 Census (Access 90 Open)* [17]

On the other hand, First Nations, Métis, and Inuit had few ways to save other than investing in their children. And children would represent joy, hope, and cultural survival. As the graph above suggests,



the Indigenous population of Canada grew rapidly after 1950. This reflects both falling mortality, rising fertility, and increased interest in identifying as Indigenous.

Morency, Caron-Malenfant, and Daignault (2018) provide some estimates of Indigenous fertility, particularly the Total Fertility Rate. The Total Fertility Rate (TFR) is a projection of how many live births each woman will experience if she proceeds through her child-bearing years at today's age-specific fertility rates. In 2011, when Canada's TFR was 1.61 children per woman, the TFR for Status Indian women was 2.63 children per woman, 3.25 if living on reserve. The TFR for women identifying as First Nation but without Status was 1.47 children per woman, and the TFR for self-identified Métis women was 1.81 children per woman. The TFR for Inuit generally was 2.75 children per woman, with records collected by Nunavut and the North-West Territories indicating a TFR of 3.02 children per Inuit woman living there.

### **The Consequences of Higher Fertility & Population Growth:**

High fertility and population growth bring both economic opportunities and economic challenges. While spending on children's health and education is a wise investment in the children's future, that spending comes at the expense of current investments in infrastructure, environmental clean-up, adult education, research, and other things that would promote economic growth and prosperity more immediately. Also, a larger ratio of children to adults means that existing income is spread over a large number of dependents, reducing the standard of living in the short run.

A growing population may put more pressures on reserves than non-reserves, because infrastructure is limiting; or it may relieve pressures, because transfers from the federal government to reserve are often based on the number of band members, reserve residents, or children on reserve. Hillel (2019) found that having younger populations was positively correlated with income growth and wellbeing on non-reserve communities in Alberta, but not on reserves. On reserves, median age was positively correlated with income growth and wellbeing. On reserve, having more adults and elders surviving can be a sign of prosperity and wellbeing and can contribute to the wellbeing of children and youth.

Indigenous population growth can confer greater political voice and can generate economic returns to scale. There will also be a large and growing labour force which will eventually improve the child dependency ratio and will, in the context of Canada's expected labour force decline, benefit from rising wages and higher job vacancies. In 2016 the average age of Indigenous individuals was 32.1 compared to 40.9 for Canada as a whole. The Indigenous population is younger and growing faster and will furnish an increasing proportion of Canada's labour force.

## **A Note on the Demographic Future of Reserves:**

The First Nation population has been growing both on reserve (12.8% between 2006 and 2016) and off-reserve (49.1%).<sup>7</sup> Amorevieta, Bourbeau and Robitaille (2015) find that the higher off-reserve growth is due to those people identifying as First Nation for the first time, or re-gaining Status they lost (see Chapter 11). They find that migration in and out of reserves is low, and that there are in fact more people moving to reserves than leaving reserves.

Ultimately, the survival of Indigenous Peoples is not tied to legal status or to their presence on the reserve lands others have designated for them. The true test of the survival of First Nations, Métis, and Inuit is that they flourish in body and spirit, interpreting their heritage and their future for themselves, equipped to protect the people and lands they value.

Now that we have a feel for the current demographic and economic situation of Indigenous peoples in Canada, let's learn how things came to be this way, beginning with an examination of Indigenous economies before European contact.



*Small children dancing at the Spirit of Our Nations Cultural Celebration and Powwow, Treaty 4 Territory, Regina. Photo credits to: Jim Hoffman (CC BY-NC-SA 2.0) [18]*

7. Statistics Canada (2017)

PART II.

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**ECONOMIES PRIOR TO THE LATE 20TH  
CENTURY**

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# Chapter 3

## *The Standard of Living Before European Settlement*

### Summary:

Chapter 3 introduces five different cultural groups, detailing their traditional way of life. Climate and location play an important role in shaping their resource endowments and their capacities to save, specialize, and trade.

Having apprised ourselves of current demographic and economic conditions, let's go back in time to consider the standard of living of Indigenous peoples before European contact. We will focus on five broadly-defined cultural groups: Pacific First Nations, Bison Hunting Peoples, Woodland Hunting Peoples, Arctic Peoples, and the Iroquois. Each cultural group developed production methods and economic norms which were influenced by the region it inhabited.

The map on the next page gives an approximate indication of the traditional territories of these cultural groups. One thing all these groups had in common is that their technologies were simple. Using those simple technologies they survived and often thrived across a wide variety of landscapes and climate zones.

## Stylized Map of Indigenous Cultural Groups in Canada:



*Stylized Map of Indigenous Cultural Groups in Canada. Created for the Open Text "Economic Aspect of the Indigenous Experience in Canada" by Dr. Anya Hageman 2020. Map graphic by: Pauline Galoustian. [19]*

### Indigenous Technologies:

Everywhere in present-day Canada, First Nations and Inuit relied heavily on stone and bone tools. Copper, however, was collected from various sites, heated, and worked into items such as ornaments and the arrow tips shown in the photo below.

There were iron tools among the Inuit at least since the thirteenth century, having been cold-forged from a meteoritic deposit in Greenland (Culligan, 2016) or being the result of trade between Inuit and others in the Far North, for example Norse colonists in Greenland. Yet rock, bone, and wood were the most important materials for making tools. Rock was used for knives, arrowheads, spear tips, even bowls and containers in the Arctic. Bone was used for knives, scrapers, fish hooks, and sewing needles.

Before European contact, there were no cart wheels, pottery wheels, or horses. The most important non-solar energy sources were fire, manpower, and dog power. In hunting, the prey animal's own energy could be used, as when bison were frightened into stampeding over a cliff.

The only fabric was found on the West Coast, woven from dog wool or cedar bark and other plant fibers. Clothing was usually made of leather and fur. Beads were made of shell. Porcupine quills as well as shell beads were used to decorate clothing.

Beads were important. In the west, dentalium shells were used as money. In the east, whelk and clam beads were woven into purple and white wampum belts which served either as precious gifts or records of treaties.

The cultures of Indigenous Canada were oral cultures, relying not on writing but on storytelling to pass on knowledge and values. Words spoken in treaty-making processes were taken as seriously as a written contract would be today.

Numeracy and math were not advanced.

However, Indigenous people were able to keep track of trade deals and borrowing obligations. Trade between First Nations was extensive. Without that trade, survival might not even have been possible for many groups.

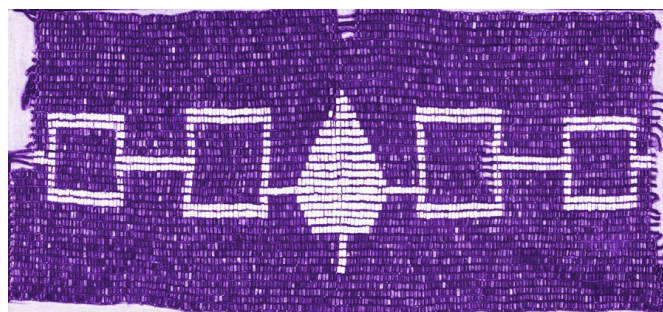
### Trade:

- Gives a community access to goods not available locally
- Gives a community a source of goods in bad years (drought, bad hunting outcomes, disease)
- Gives all participating communities some of the extra that can be produced when communities specialize

From early on, corn and fishing nets were exchanged for fur and fish around the St. Lawrence and Great Lakes. Soft pipestone from Minnesota was used throughout present-day Canada. Flint from northern Labrador and copper from Lake Superior were brought to the St. Lawrence River valley. Fish oil was traded up and down the west coast and into Alberta and Montana. And eventually, horses from the Spanish in Central America found their way to the Prairies through the Indigenous trading network.



*This arrow made of antler and tipped with 99.9% pure copper, is estimated to have been manufactured around 1080 AD. It was found in melting ice in 2016 on the traditional territory of the Carcross/Tagish First Nation south of Whitehorse, Yukon. Photo Credits: Government of Yukon [20]*



*This wampum belt, known as the Hiawatha belt, represents the coming together of the Seneca, Cayuga, Onondaga, Oneida and Kanien'kehá:ka (Mohawk) to form the Haudenosaunee. Photo credit: CUPE Ontario [21]*

## Specialities among Indigenous Peoples (sb = subgroup)

Algonquin → Hunting and trading	Nootka → Whaling and seal/otter hunting
Assiniboine → Skin preparation	Ojibwa → Hunting and trapping (beaver)
Beothuk → Fishing (seal hunting, fishing and shellfish collection)	Petun → Tobacco farming
Blackfoot → Elk-antler bow production	Potawatomi → Agriculture
Chipewyan → Ice fishing, agriculture (wheat)	Sarsi → Beaver hunting, agriculture (wheat)
Coast Salish → Iron extraction Copper	Shuswap sb. → Salmon fishing, trading, and oil preparation
Haida → Tobacco farming	Shuswap sb. → Iron extraction, cedar-root basket production
Haisla → Eulachon fishing and oil production	Skolahun → Fish-weir production
Wendat/Huron → Agriculture	Thompson → Cedar canoe production, agriculture (wheat)
Inuit → Copper (and soapstone) extraction	Tlingit → Copper extraction
Kutenai → Horse trading	Tsimshian → Abalone-shell accumulation
Kwakiutl → Wood-working/iron and metal extraction	Western → Woods Cree Pemmican production
Lillooet sb. → Orchard development	
Nisga'a → Eulachon fishing services	

Source: Adapted from table entitled "Historical Specialization Examples" in Chapter 1 of *Building a competitive First Nations Investment Climate*, 2014. [tulo.ca](http://tulo.ca)

An axe traded by American explorers Lewis and Clark made it to the west coast before they did (1806). In fact, it appears that goods were traded from northern Asia across the Bering Strait as recently as 1440-1480 AD. In 2021, American archeologists announced finding glass beads from Venice in three Alaskan sites dating to that period.

### On Specialization:

Note that, of the 26 entries in the previous table, most are Pacific Coast societies. Trade and specialization flourished along the resource-rich Coast, fueled by prosperity and fueling prosperity. In less prosperous, more isolated areas, trade was less of an engine for growth. Is that true today also? Why?

While economists usually assume that specialization is efficient, yielding more output to be divided between participants, diversification can be the more efficient choice when production is precarious and outcomes are uncertain. For example, when the environment provides only scanty biomass, and hunting and gathering is often unsuccessful, everyone needs to be on the lookout for edibles. No member of the tribe can be spared from this basic task.

Resource-poor areas had a triple disadvantage economically. First, they had fewer resources with which to work. That likely included a smaller "labor force" as well. Second, they could not risk

specialization, so their trading opportunities were limited. Finally, lack of trade would negatively impact their ability to discover new ways of doing things.

## Three Forces for Economic Growth

Economies can grow by:

1. **Acquiring more inputs** such as natural resources, workers, and capital goods. New inputs can be discovered, created through investing in their production, or (sadly) stolen.
2. **Using those inputs more efficiently.** Improvements in efficiency come from new technologies discovered by trial and error, investments in research, or trade with others. Improvements in efficiency can also come from greater care and effort, perhaps due to greater motivation, exigency, competition with trade rivals, or warfare.
3. **Specialization and trade.**

Let's now focus, one by one, on specific cultural groups and their material economies prior to European contact. We begin with the Peoples of the West Coast.

### **People of the Pacific Coast:**

Half of Canada's Indigenous language families are found on the Pacific Coast, suggesting that the Pacific Northwest has been inhabited for a longer time than anywhere else in Canada, and that this area could have been the cradle of nations that eventually migrated east and south. The first people on Turtle Island are thought to have come from Siberia over a land bridge exposed during the last great ice age. Another possibility is that Polynesians came to the Pacific Coast on boats carried by ocean currents and trade winds.



The recent discovery of a stone fishing weir, about 14,000 years old, under the waters around Haida Gwaii (Queen Charlotte Islands, BC), attests to millennia of human habitation on the Pacific Coast.

Although the First Nations along the coast of present-day British Columbia differ in significant ways, they all share a connection to the ocean or ocean-feeding rivers. Their lifestyles were similar and their economies were integrated. In what follows we will consider them a single cultural group.

Pacific Coast societies were blessed with a gentle climate and with rapidly renewing resources such as lumber, sea mammals, fish, and shellfish. Cedar and salmon were the two most important resources. Red cedar (*Thuja plicata*) is lightweight, strong, rot-resistant, and easy to split into planks, or carve. Its trunks were used for dugout canoes, its bark and roots for baskets and clothing, and its branches for rope.

Salmon, a large, nutritious fish which breeds in rivers, swims out to sea, and returns to rivers to spawn, was the other great boon. As McMillan and Yellowhorn (2004) explain, salmon arrived at predictable times and locations, and was abundant, easy to catch, and easy to preserve. Surplus salmon was dried for year-round use. The ocean and rivers provided a variety of other fish, sea mammals, and shellfish. Of special note is the eulachon, a fish that was fermented, then cooked to release a valuable oil used for food, medicine, lubrication, and fuel. Eulachon oil was traded extensively along the coast and into the interior of the continent. The language of commerce was based on Chinook, the language of a people living in present-day Oregon and Washington State.

### **The Prosperity of Pacific Culture:**

The prosperity of Pacific Coast Nations prior to European contact is evidenced by extensive arts and crafts, including highly ornamented everyday objects, many of which have survived. These imply leisure time, tools, and the uninterrupted intergenerational transmission of specialized skills.

Another indication of prosperity is the survival of villages at particular sites for hundreds of years. Communities tended to split up during the warmer months to visit prime fishing and sea mammal hunting places, returning in winter to their communal houses. Summer camps and winter houses persisted in the same locations.

Other signs of prosperity are the production of luxury goods and their distribution during feasts, extensive travel for social and diplomatic purposes, the production of goods for export, and innovations in production and finance.

Technical innovations include the intentional placement of fertilized salmon eggs in selected rivers and streams; extraction of fish oil; farming clams, crabs, urchins, kelp and fish by building rock walls



*A 200 year old fishing hook made of bone and plant fibers by members of Haida First Nation. Photographer: Thomas Quine/Credits: Royal Ontario Museum, 2017 (CC BY 2.0) [22]*

near the low tide line; and not fishing for salmon until two weeks after the first salmon arrived at freshwater streams from the ocean. This last custom would select for early-arriving salmon. (Anderson, 2016).

The **poverty trap** is the condition where a society is too poor to save. This was not operational here. Houses, boats, and even slaves were accumulated. After contact with the Hudson's Bay Company (HBC), homes across the region featured chests for storing HBC blankets. The blanket became the standard unit of money. Five-blanket cedar chests were used to store this currency.

Recall that economic growth requires inputs, efficiency, and trade. In terms of increasing inputs, these societies invested in the production of tools such as canoes, hooks, and fishing traps. We call such things capital because they provide services time and again. Tools, equipment, houses and boats are physical capital. There are also other kinds of capital such as human capital (knowledge, skills, experience) and natural capital (stocks of salmon and cedar).

West Coast Peoples took steps to selectively improve the salmon stock as explained earlier. There is no evidence that they overfished or overhunted marine stocks. Thus, their natural and physical capital stocks improved, providing a larger annual flow of inputs than before.

### **Fractured Land Hypothesis:**

Efficiency in production was likely fueled by competition – both economic and military – along the Coast. According to the **Fractured Land Hypothesis**, described by Jared Diamond in his book *Guns, Germs, and Steel* (1999), a jagged coastline fosters economic growth. Diamond contrasts the relatively smooth coast of China with the irregular coasts of Europe, arguing that the nooks and crannies in the European coastline made possible the proliferation of many competing city-states.

With many coastal fjords, bays, and islands offering safe havens and protected access to streams and rivers, the Pacific coast offered plenty of nooks in which a diversity of communities and an extensive network of trade could develop.

Production, specialization, and trade were promoted by the celebration of potlatch. This traditional feast served many functions, from peacemaking to money creation.

### ***The Potlatch – A many-splendored thing:***

The potlatch is a multi-day feast hosted by one community for its own members or for a visiting group. The potlatch may mark an important milestone such as a marriage, inheritance of a leadership position, or erection of a totem pole. All members of the community are invited, and all



*Haida Chest (bent box), pre 1901, approx. ½ meter high and wide. Source: UBC, Museum of Anthropology, Vancouver, British Columbia, Canada, 2017. Photo by: Thomas Quine (CC BY 2.0) [25]*

who attend bring items to give away. Traditionally, the host community's Chief would attempt to outdo himself and previous hosts by giving away more than was previously given and more than anyone else in attendance. Prestige was and is correlated with the amount given away. There is an expectation, however, that the recipient community will in future hold a potlatch of its own, where they will attempt to return and outdo the generosity they have just experienced. And recipients within a community will in future give back at least as much as what they have received.

Let's pause for a moment and imagine Canada or the international community following this principle – prestige from giving away. It is breathtaking.

Meanwhile, this principle might have led to some confusion at the point of European contact. A gift given by a Haida chief to a British official, for example, might have been interpreted by the British official as tribute, as the chief acknowledging the official's power. But the gift might have been intended by the chief to awe the official, by demonstrating the chief's wealth and power. The chief might interpret the official's acceptance of the gift as the official acknowledging the chief's dominance.



Peace dance at Kwaxalanukwame' 'Namugwis, Chief William T. Cranmer's potlatch, 1983. Photo by: Vickie Jensen, UPN-01458 [27]

→ Can you see that treaty-making with potlatch people might be complicated?

### **Economics of the Potlatch:**

Carlos and Lewis (2016), and Johnsen (2016), explain that the potlatch was not only an expression of the community's deepest values but also a vehicle for several economic and financial outcomes.

1. *Redistribution.* The potlatch provided gifts to be given to the poor. Since no one was forced to return or repay at the next potlatch, those who truly needed the gifts could hang on to them. The only cost was to your reputation, which served as your credit score.
2. *Allocation.* There is evidence that potlatches reinforced property rights to salmon streams and compensated those without ownership. During potlatches among the Southern Kwakiutl of BC, a chief asserted various privileges, and acceptance of his gifts implied that recipients had no objections to his claims.
3. *Resolution of conflicts.* As above, the potlatch provided an opportunity to compensate less privileged people or bands who might otherwise be upset by unequal distribution of assets and privileges.
4. *Conservation.* By confirming the right of certain individuals or families to particular streams, the potlatch helped prevent those streams from being over-exploited.

Another way the potlatch promoted conservation was that the prospect of attending another community's potlatch, or the ability to delay hosting a potlatch, could allow a community to refrain from overharvesting the few salmon that had arrived during a bad year.

5. *Borrowing.* If one person receives something from another, with the expectation that they will give back something at least as valuable in the future, we have a system of borrowing at a rate of interest. Large loans were made at potlatches using meter-high copper plates engraved with the family crest of the first person to sell the copper plate.

Each “**copper**” represented more money than what the copper itself was worth. The copper was like a bond, a statement of accounts receivable. The holders of these copper plates could ask for the money back at any time. More money, specifically HBC blankets, would have to be returned than what was last “paid” for the copper.

6. *Saving.* The one who lends to the borrower is the saver. I give now, perhaps only for the assurance that I will receive, with interest, in the future.
7. *Accounting.* The public witnessing of transactions eliminates the need for written contracts in a pre-literate society. The more elaborate the ceremony, the more likely it is to be remembered.
8. *Insurance.* The growing stock of items which are created but never actually used serves as insurance for times when those items might actually be needed.
9. *Implicit Money Creation.* Not only were copper plates created to represent more blankets than they were worth, but the borrowing and lending implicit in the potlatch meant that the gifts exchanged were only a fraction of the debt in existence. Physical money such as blankets was not available on that scale.



Haida Nation copper plate.  
Credits to: Canadian Museum of  
History Archives (CC BY-NC 2.0)  
[28]

## Questions:

- At what other times and places has one's reputation been like a credit score, and what social implications did that have?
- How does the distribution of gifts by the owner of a stream relate to the Coase Theorem in Economics?
- If a person who has rights to a stream is able to give large gifts to others, what does this imply about that person's stream-management ability?
- Review the common property/open access problem.

Leading anthropologist Franz Boas wrote about the Kwaikutl potlatch in 1897:

*“The contracting of debts...and the paying of debts...is the potlatch....This economic system has developed to such an extent that the capital possessed by all the individuals of the tribe combined exceeds many times the actual amount of cash that exists....The sudden abolition of this system...destroys therefore all the accumulated capital of the Indians....”*<sup>1</sup>

Boas also noted that blankets were lent out at high rates of interest among the Kwaikutl people, suggesting a shortage of credit. The rate of interest was around 25 blankets per year for every 100 borrowed. A person with a poor credit history could pawn his or her name and associated rights for one year in order to borrow a substantial number of blankets.

Credit scarcity has been associated with slavery by Fenske (2009), and there was indeed slavery among West Coast peoples. Pawning yourself or your children is a way to raise money. And enslavement is a way to resolve bankruptcy.

Slavery is also associated with places where there is little in the way of investment opportunities. The West Coast people seemed to have plenty of investment opportunities: they could build canoes and tools, fishing equipment and weirs, and they could manage rivers and streams.

But perhaps the investment opportunities were limited by the ability of the financial system to keep track of them and the limited amount of money to transact them. Potlatches may have been too infrequent to facilitate all the lending that was needed. Perhaps too many people were excluded from the investment opportunities associated with fishery management. Perhaps access to fishing grounds, sea mammal hunting grounds, canoes, equipment, and tools was very unequal.

Then common folk, as opposed to privileged members of society, would have few ways to acquire wealth other than to pawn themselves or their dependents for access to those capital goods. They might easily become slaves if they became unable to pay their debts.

The potlatch was practiced unchallenged for a long time after Europeans first penetrated the East Coast. For whatever reasons, in 1884 an amendment to the Indian Act outlawed the potlatch, as well as a traditional dance. Any person participating in, encouraging, or organizing a potlatch would be “guilty of a misdemeanor and shall be liable to imprisonment”. Not until 1951 could potlatches again be celebrated openly.<sup>2</sup>

→How do you think the potlatch ban affected the internal economies of First Nation communities?

→What economic functions could potlatches perform today?

1. Franz Boas, "The Social Organization and Secret Societies of the Kwaikutl Indians. Washington, D.C.: Government Printing Office, 1897.

2. ICT (2012)

We see that West Coast society was complex and furnished a healthy standard of living, though not all members of society shared equally in its prosperity.



*Modern Potlatch – Chief Alan Hunt's Potlatch Ceremony (people surrounding a fire and food), Kwakwaka'wakw First Nation. Photographer: Gregoire Dupond/BC TimeSlip, With permission from: Alan Hunt [29]*

On the Great Plains, societies were less complex and less prosperous, but fairly nutritionally secure, thanks to vast herds of bison.

Before we move on to consider the Great Plains, we should note some unique features of a cultural group living between the Great Plains and the Pacific Coast, on the Interior Plateau of present-day British Columbia.

Until 200 years ago, **Plateau First Nations** lived in villages of underground pithouses during the winter. The most important components of their diet were salmon and starchy root vegetables such as balsam root, nodding onion, riceroor, biscuitroot, and glacier lily.

These tubers, rhizomes and bulbs were harvested, then intentionally exposed to sunshine to convert some of the starch to sugar. When fully ripened, these products were cooked between hot rocks and burning foliage in pits. This further converted their starches to digestible carbohydrates.<sup>3</sup>

The Plateau peoples tended and improved berry patches and the places where they collected the starchy roots. For details of these quasi-agricultural activities, see Ignace and Ignace (2017, pp.

3. For details, see chapters 3 and 5 of *Secwépemc People, Land, and Laws* (2017)

190-1). The Plateau peoples used controlled burning to repel insects and weeds, and to create grasslands for deer and elk.

### **Bison Hunting Peoples:**

The Great Plains is a grassland two thousand kilometers across, from Alberta to Manitoba. This Prairie ecosystem continues into the United States all the way to Texas. Plains Nations who lived in present-day Canada at the time of European contact include the Assiniboine; Sioux Nations such as Blackfoot, Nakota and Lakota; Grosventre; Nêhiyawak; Plains Ojibwe; and Sarcee.

On the Great Plains roamed bison, as many as 30 million of them. For thousands of years the bison provided First Nations with meat, sinew, fat, hide, bone, horn, hair and dung. Even the hooves were used – boiled down to make glue.

The dried meat of the bison was pounded, then mixed with dried berries and bison fat. The resultant “trail mix” called pemmican could remain edible for three years. Pemmican was widely traded. The hide of the bison provided warm blankets, clothing, footwear, tent materials, and snares. It was also used as parchment to make pictographic records of natural events, weather, and food supply known as “Winter Counts”.

Bison were stalked and assailed with arrows or spears, herded into corrals known as “pounds”, or chased off cliffs. The arrival of the horse, which was established on the Plains by 1780, made bison hunting more efficient, selective and safe. But guns were not preferred by First Nations in bison hunting because of their noise and their tendency to stampede the herds.

Carter (1990) describes the annual calendar of the Nêhiyawak (Plains Cree). They would gather in prime bison grazing areas, on the southern grasslands, in the early summer. While they decided on their hunting strategy, members of the Cree Warrior Society would police the camp and make sure no hunter or mischief-maker scared away the nearby herds. When the timing was right, the hunters would surround a herd and drive it into a pound for slaughter. After a few weeks of hunting and processing the meat, the community, like the bison herd, dissolved into smaller groups which gradually moved toward winter territories in river valleys and wooded hills where the snow would remain soft enough for bison to dig. As the Nêhiyawak migrated, plants were gathered, especially the prairie turnip, which was dried and pounded into a vitamin C-rich flour. In the autumn and winter the Nêhiyawak continued to hunt bison in small groups, again by driving them into a pound, sometimes by using smoke or imitating the cry of a frightened bison calf.



*The Lone Dog winter count painted on cowhide. Photo credits to: National Museum of the American Indian (NMAI 21/8701) (CC BY-NC-SA 2.0) [30]*

Note that bison were hunted collectively. One reason had to be that hunting these massive herding animals would be difficult without help. Also, hunters coming at the herd from uncoordinated directions would scatter the herd, making bison more difficult to find and causing the bison more distress. Another reason, posited by Carlos and Lewis (2010), is that collective ownership with central decision-making minimizes overhunting.



*Plains Bison. Photo by: Daoud Alahmad (Public Domain) [31]*

In addition to bison, winter hunting bagged moose, elk, deer, and smaller animals. In the spring, fish were trapped in weirs, geese and ducks were hunted, and maple syrup was processed into sugar. The Plains peoples were among the tallest in the world (Feir, Geillizeau and Jones, 2017). This attests to the nutritious and plentiful bison meat available. The selective effect of war, hardships, and infanticide could also be part of the explanation.

There is evidence that intertribal conflict was frequent among the Nations of the Plains, even before contact. Treuer (2014) writes, “The Lakota and Nēhiyawak (Plains Cree) assumed powerful military positions. But it came with a price. The Plains offered very little geographical separation between tribal areas and very little natural protection for tribal populations. Everyone was vulnerable in times of war.”

Plains people were not able to live in permanent settlements, nor to devote as much time to artistry, nor to leave behind as many lasting artefacts as were Pacific Coast Peoples. We can conclude that their material standard of living was not as high. The same can be said of pre-contact Woodland Hunting Peoples. Some in the more southerly, biodiverse forests would have had standards of living similar to or better than the Bison Hunting Peoples, while others in more northerly forests would not.

### **Woodland Hunting Peoples:**

Like the Great Plains, the forests of Canada are more contiguous and open than Pacific Coast habitats, more exposed to rivals and less conducive to independent political and economic development. Resources are less abundant. While hunting, fishing, and gathering conditions are better in more southerly areas, such as the Maritimes, the St. Lawrence River Valley, and the vicinity of the Great Lakes, most of Canada’s woodlands lie above the 49th parallel and present considerable survival challenges.

According to Professor Kenneth Hare, “In the north, there is only a very limited number of species... and most of them are highly specific. They have exact requirements and they are adapted to a specific environment.”<sup>4</sup>

4. Library & Archives Canada, Kanatewat, Hare, AA-20, vol. 10, 42, 55.





*Aerial view of the lowlands of Wood Buffalo National Park. Attributed to: Louis Bockner/Sierra Club BC (CC BY-NC 2.0) [32]*

Not only is there a limited number of species, but animal and plant growth is limited by the cold climate and short growing season. Thus the density of game animals is low. It has been estimated by Carlos and Lewis (2012) that a population of 1000 moose is needed to sustainably yield enough meat to feed 83 human beings during the coldest six months of every year. 1000 moose in the Hudson Bay lowlands require two thousand square kilometers of habitat. Hence two thousand square kilometers for 83 people to live sustainably – one person per 24 kilometers squared. In the 1850s, an area of hundreds of thousands of square kilometers in present-day northern Quebec was estimated to be home to 135 hunters and their extended families.<sup>5</sup>

Many of the game animals, such as moose and deer, travel singly, so that a hunter cannot take more than one at a time. The long distances traveled, and the great exertion required for hunting, made hunting more dangerous, especially when hunters had to travel over ice.

→ How might low population density have been interpreted by Europeans?

The Cree living in the hinterlands of Hudson Bay and James Bay were one of the peoples mastering this lifestyle. Within their tribes, each family or group of families had territories they considered their own, to which they returned seasonally.

In addition to hunting, trapping and gathering, they shaped their environment by selectively burning forests to create grazing land for deer, caribou, and other ruminants. As described by Carlson (2008), Cree bands came together in the summer for fishing and socializing at particular locations, but in the autumn, they broke into groups of 2 or 3 families. After hunting geese along the shore of Hudson Bay or James Bay, these small hunting parties would travel to winter campsites while collecting fish and meat to dry for winter.

5. Ibid, p. 112

After a month at the first hunting site, the group would take advantage of waterways not yet frozen to travel to a new site, close to fur-animal hunting areas. Here they would build a communal lodge instead of tents or mikwams. Late fall is the best time to hunt for fur, before animals' fur becomes thinner and looser towards the end of winter.

In the middle of winter, the group would move again to a new site best for hunting large animals for meat. Deep snow makes game animals easier to track and chase. Snowshoes were developed for this purpose. Once spring arrived, it was important to get back to the canoes before the ice melted; otherwise walking would be muddy and slow. Once at their canoes, the group had to wait until the rivers were safe to travel back to their summer campsites. All in all, the distance traveled from winter camp back to summer camp could be more than 50 km. Indeed, much further distances were sometimes traveled for various reasons including finding husbands for daughters, trading, or giving one's hunting territory a rest.

Like the Cree, other woodland hunting peoples also alternated between intervals of "compact time", when bands or tribes came together at traditional locations to harvest seasonally abundant fish, geese, or caribou, and "diffuse time", when families struck out on their own.<sup>6</sup>

### **In the Arctic:**

In the Arctic, the hunting of sea and land mammals was the basis of the economy. At peak harvesting times, Inuit people, and the Thule people who preceded them, came together to hunt caribou, seals, geese, whales, and fish. At other times, groups split up, with several families of related men remaining together. To cope with the challenging climate and terrain they developed the winter igloo, the kayak, the dogsled, warm and waterproof parkas, sun goggles, and other inventions.

In general, populations were small and the quest for food imperative, offering little scope for specialization. The distance between communities limited trade. Oral and written histories of imperilment on the breaking ice and of starvation abound, attesting to a precarious



*Indigenous woman, possibly Innu, making snowshoes. Credit: Canada. Dept. of Interior / Library and Archives Canada / PA-044223 (Access 90 Open) MIKAN No. 3367092 [33]*



*Inuit kayaker. This traditional kayak as well as the kayaker's clothing are made out of thin seal skins. Photo by: David Stanley (CC BY 2.0) [34]*

6. 19 Bock, Philip K., "Social Time and Institutional Conflict", in H.F. McGee (1983) p. 153.

existence, at least after the climate began to cool in 1200 A.D. McMillan and Yellowhorn (2004) explain that this “Little Ice Age”, which lasted until 1850, caused sea ice to build up to such an extent that whale migration along the north coast was inhibited. There is evidence that Inuit communities became more isolated during the Little Ice Age.

### **Farming and the Iroquois:**

In southern Canada, Iroquoian peoples enhanced their food security by growing crops. These peoples included Petun, Neutral, and Wendat (formerly called “Huron”) living along the North Shore of Lake Ontario and between the Great Lakes, and other groups such as the Stadacona living along the shore of the St. Lawrence River. Before European contact, the Haudenosaunee, also farmers, were all living in present-day New York State.

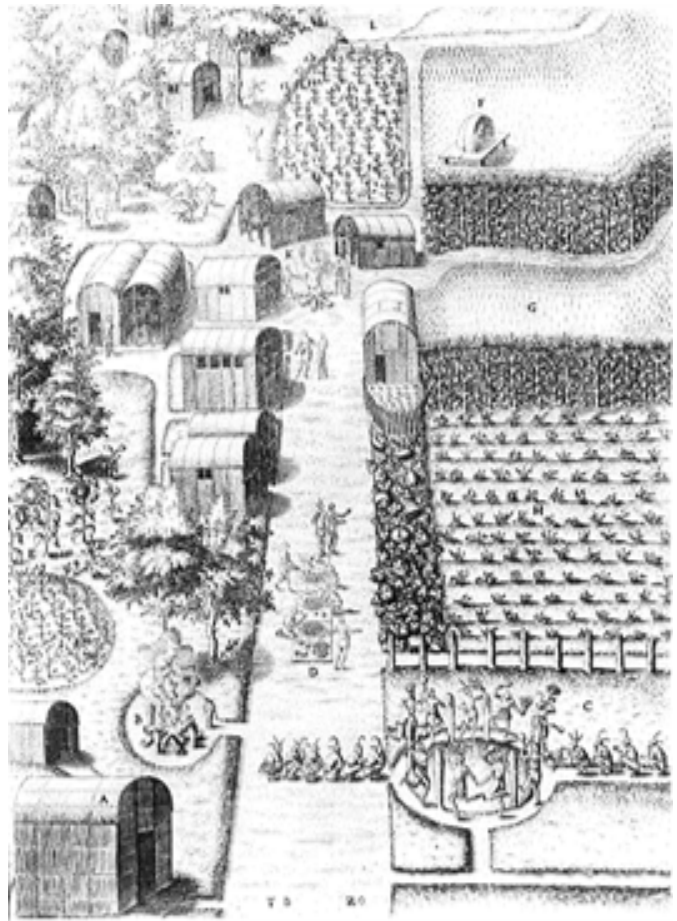
The Iroquois were the only Indigenous people in pre-contact Canada to make farmed goods the mainstay of their diet: corn, beans and squash accounted for about three-quarters of the calories they consumed (Tremblay, 2006). They also grew other plants including sunflowers and tobacco. After the land was cleared by girdling trees and burning the undergrowth, women managed the planting and did most of the farm work.

The Iroquois used the Three Sisters planting technology in which corn, beans, and squash are planted together: the corn acting as a support for the beans, the beans adding nitrogen to the soil, and the squash shading the ground, conserving moisture and retarding weed growth. The corn kernels were pre-soaked in an herbal mixture to make them sprout more quickly; then they were planted in mounds among burnt trees and stumps. These mounds improved drainage and provided a greater surface area, as well as higher elevation, for capturing the sun’s rays. Using the same mounds every year reduced soil erosion.

The Iroquois traded their crops for meat, furs, shells, flint and other goods. They also hunted and fished. Communities were semi-permanent; summer villages persisted until the cultivated land became depleted of nutrients. In winter, hunters and those family members able to travel would leave the village to hunt for meat and fur.

Oral history and post-contact written records attest to violent raiding among Iroquoian tribes and with other cultural groups; however, the Iroquois also signed treaties and left the legacy of the “Great Law of Peace”, the organizing principles of the Haudenosaunee Confederacy.

We have now familiarized ourselves with the basic features of the economies of West Coast Peoples, Bison Hunting Peoples, Woodland Hunting Peoples, Inuit, and Iroquois. We observe some similarities among them – simple technologies, reliance on natural resources, seasonality of activity and residence, and adaptation to the environment at hand. In our next Chapter we will look at how fertility, mortality and population growth might have been affected by this way of living, and how fertility, mortality and population growth might have affected the standard of living.



*Iroquoian Village Illustration (Public Domain). [35]*

## Suggested Activity:

→ Consult your campus or local art gallery to see whether they have artefacts or paintings relating to Indigenous life. Keep in mind that paintings made for the European market were often doctored to meet client expectations.



# Chapter 4

## *Pre-contact Demographics*

### Summary:

In this Chapter we consider what the life expectancy, family size, and standard of living may have been for pre-contact Indigenous peoples. We interpret so-called Indigenous “affluence” or leisure in a new way.

In our last chapter, we made some rough generalizations about the standard of living of five broad cultural groups. If we had to rank them in order of material prosperity, we might have a list like this: Pacific Coast peoples, Iroquoian agriculturalists, Woodland Hunters in southern regions, Bison Hunting Peoples, Woodland Hunters in northern regions, Inuit.

A copyrighted map in Treuer (2014) depicts the likely population density in pre-contact Canada, showing population densities that roughly correlate with the standards of living we have suggested. The most densely populated areas are the Pacific Coast near Vancouver Island and also inland from Haida Gwaii, in a broad swath around Lake Superior including north of Lake Huron, and the north shore of Lake Ontario.

Some readers might be asking, “Why does it have to be this way? Cannot a smaller group in a less resource-rich environment attain the same standard of living as a larger group is a more resource-rich environment?”

That’s a good point. When the economy is based completely on natural resources, restricting population size means more resources per person. This is the classic Malthusian tradeoff.

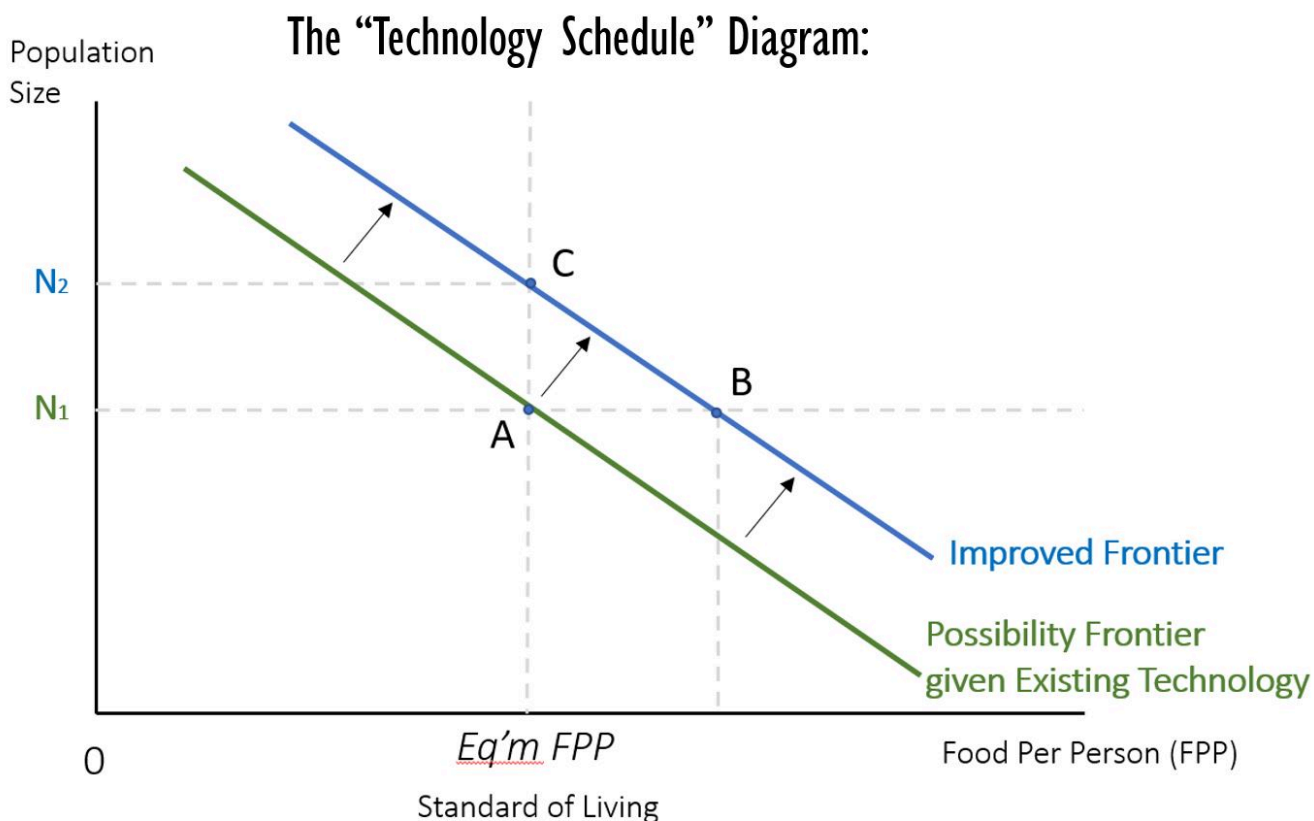
### **The Malthusian Trade-off:**

The model of Thomas Malthus (1798), incidentally the very first formal macroeconomic model and

the very first formal model of demographic processes, presupposes an exclusive reliance on natural resources for earning income. It also presumes that any improvements in technology are random. In this model, when food per person rises, birth rates rise and death rates fall, so that population grows. And when population grows, food per person decreases, because Malthus assumes that food production cannot keep up with population growth.

Hence, according to the Malthusian model, the standard of living does not rise except temporarily, and population growth always comes back to zero percent.

The “Technology Schedule” diagram below shows the possibilities available to a Malthusian economy. For any given level of technology, the society can either have low population (N) and high food per person (FPP), or vice versa. If technology were to suddenly improve, a given size population could enjoy more food per person, but then population size would grow and move food per person back to the original level. Try tracing this out on the diagram, A→B→C.



One thing Malthus did not take note of is that, while population is growing and food per person is rebalancing, there is a time of prosperity and, I’m assuming, happiness which could result in better health, time to produce capital goods, and time to learn and generate new technology. So improvements in the standard of living are not useless, even though they are temporary, because they improve human happiness and because they offer a chance to build the technical capacity of the economy.

History has also shown that increases in the standard of living can lead to reductions in the desired

number of children; this has occurred in one country after another since the Industrial Revolution. But in the Malthusian model, prosperity is assumed to lead to more children.

Nations in resource-rich areas are like nations with higher technology lines, able to produce more food per person for any given level of population. They are able to sustain larger populations at any given level of food-per-person than Nations in less resource-rich areas. This seems to be a good description of the situation in pre-contact Canada.

As for Nations living on relatively barren landscapes, they might increase their populations by reducing food per person, but as you know, there is only so low that food per person can go. Instead, it is likely that they took steps to reduce population growth so as to keep food per person high enough. Let's think about pre-contact fertility in this context.

### **Pre-contact Fertility and Mortality:**

The preponderance of accounts and descriptions of Indigenous families in the early contact period are consistent with a fairly low number of surviving children per couple.

One reason for a low number of children per family was higher birth intervals. As Diamond (2012) explains, only children over the age of four can walk fast enough to keep up with a family moving to a new site. A woman is not likely to be able to carry household necessities as well as more than one child under the age of four. Another reason for low fertility is that breast-feeding on demand helps space out pregnancies. Finally, there is evidence of past practice of infanticide among some First Nations living on the Plains, and among the Inuit. Selection of stronger, probably male infants would contribute to a physically stronger population with a higher proportion of successful hunters.

Also for reasons of group mobility, abandonment of the sick and elderly was practiced in many cultural groups when circumstances were pressing. In pre-contact Europe and England, life expectancy at birth was low, around 25 years. A baby surviving to age 5 or even 15 would still have an additional 25 years of life remaining, for infancy and childhood were very dangerous in Europe. Infancy and childhood were probably less dangerous on Turtle Island, with its clean drinking water, wide open spaces for toileting, and lack of epidemic infectious diseases. So while fewer Indigenous children may have been born or allowed to live, more of those children would have survived childhood.



*Three Inuit men after a hunt (L to R: Lucas, Bobbie and Johnnie) posing for a photograph outside, Port Burwell, Nunavut. Credits to: Library and Archives Canada (CC BY 2.0) [37]*

On Turtle Island, adult life was at least equally dangerous compared with European adult life. Most European men farmed using heavy tools and large draft animals. On Turtle Island, most men hunted with simple weapons requiring them to get close to very large and dangerous animals. As previously

mentioned, the hunt could take days and required endurance, exposure to the elements, exposure to predators, exposure to hostile neighboring tribes, and the possibility of drowning, getting lost, being struck by treefalls etc.

Some First Nations organized regular raids on other First Nations and were in regular danger of attack and the destruction of homes and food stores.

Inasmuch as men bore the brunt of casualties in hunting, long-distance trade expeditions, and armed conflict, we expect that the sex ratio (ratio of men to women) was significantly less than one for older teens and adults, despite any selection for male infants, and despite the dangers of childbirth to women of child-bearing age. This may explain the acceptance of polygamy in many Indigenous cultural groups including Plains First Nations and Inuit communities.

### **Indigenous Affluence?**

The economic historian Gregory Clark (2007 pp. 66-67) has suggested that, instead of restraining fertility in order to achieve more food per person, hunter-gatherers intentionally restrain the intensity and frequency of their work activity so as to restrain food per person and thus population growth which would impact food per person. They preemptively restrain food per person. He cites the work of Marshall Sahlins (1972).

Sahlins describes an affluence enjoyed by hunter-gatherer societies – not an affluence of material goods, but an affluence of leisure. He describes several case studies demonstrating that, in hunting and gathering societies in marginal natural environments, adults spend on average only three to five hours per day working in food production.

Consider, however, that it makes sense to explain limited food production not as a birth control strategy but as a conservation strategy.

Indeed, the aforementioned Sahlins, who is keen to reject microeconomics as a valid lens for understanding Indigenous societies, ironically makes use of the concept of diminishing marginal returns in hunting to explain the large amount of leisure time in such societies. The more that is hunted, the fewer animals remain and the more difficult they are to find. We should also consider that overhunting a species would impact its ability to grow back to its original population size.

The growth of an animal population is typically a logistic function of the number of individuals: when there are enough, but not too many individuals, the animal population grows rapidly, but as the species begins to crowd its habitat, the growth rate decreases, eventually going negative.

Anyone responsible for managing a renewable resource stock implicitly calculates how much can sustainably be harvested. They might choose to harvest the maximum sustainable yield, or they might choose to harvest less in order to give the stock a chance to grow larger.

But it's not even as simple as computing the sustainable yield for one species. Species interact with other species and with climate. Wild population stocks tend to cycle between over- and under-population.

Prey animals such as herbivores reproduce quickly and experience population surges when predator



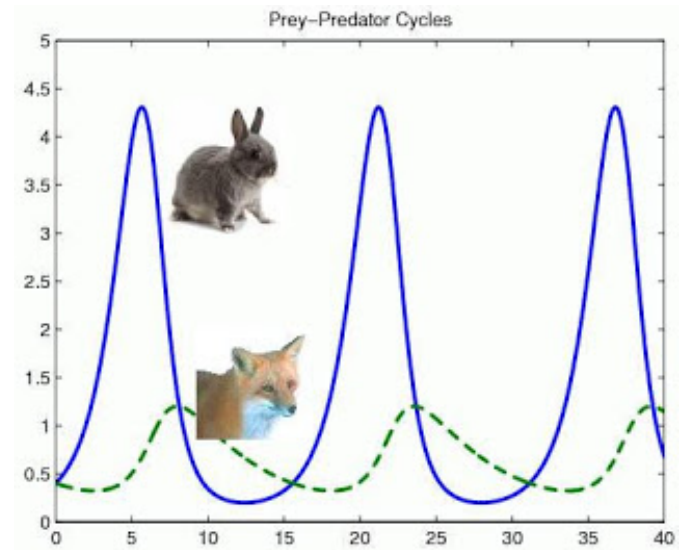
populations are lower than average. Predator numbers eventually rise in response to the available prey, but later fall as predators deplete the prey.

Incorporating this dynamic into the sustainable yield calculations complicates the analysis significantly. Add in the randomness of weather and disease, and human hunters can hardly predict or manage the impact of their hunting choices and family size choices. The conservative, survivalist approach would be to hunt less than you think is sustainable, and to have few children. This agrees with the widespread Indigenous norm of not taking more from nature than you need.

The so-called “leisure” commented upon by Clark could be something quite different from leisure: it could be conservation. The low-hunting, small families approach makes sense given a slow-growing, unpredictable resource base. Sahlins (1972) likes this idea too: “Mobility and moderation put hunters’ ends within range of their technical means.”

### Other Interpretations:

The so-called leisure observed in hunter/gatherer communities could also be the result of hunters saving their efforts for peak season. It could be knowing exactly when the sap is ready, the fish have spawned, or the geese are coming. It could also be a more holistic approach to life that prevents people from storing up food and other material goods.



An example of periodic activity generated by the Predator-Prey Model. Graph credits to: Vishal Raj [38]

## The Hidden Labour of Men:

Sahlins (1972) discusses the apparent leisure enjoyed by men in hunter/gatherer Societies. For example, among Bison Hunting Peoples, women were often the bearers of burdens when moving camp, while the men appeared to be free from responsibility. The apparent freedom of men is misleading, Sahlins believes. The absence of menial chores leaves men “free to react to the sudden opportunity of the chase or the sudden necessity of defense”.

Similarly, long hours of leisure of men at camp may be overrated because it is not “assured” leisure. The men know that at any time they may be called upon to respond to news of vital importance to the community.

We have seen that population density was likely correlated with what we guessed to be the standard of living among the different pre-contact Indigenous groups. This suggests that economies were very dependent on the resource base, and that the Malthusian model has relevance.



*Photo of Sioux family. The woman appears to be doing the heavy lifting. Photo source: Nokota Horses [40]*

Societies in resource-rich areas were able to have larger populations. Resource-poor areas had lower populations. Nations there had an incentive to hunt modestly, careful not to over-exploit the resource base. Families needed to be smaller.

In our next Chapter we will discuss traditional Indigenous values, many of which harmonize with the economic realities they faced. This will not be an exhaustive treatment of Indigenous values but will focus on those values closely related to productive activity and the distribution of goods.



# Chapter 5

## *Traditional Indigenous Values*

### Summary:

In this Chapter we describe the centrality of the Land to Indigenous spirituality. Norms of gratitude, restraint, quietness, sharing, collectivism, holistic development, consensus decision-making, and restorative justice persist to this day. There were also norms that celebrated daring and success in raiding.

Traditional Indigenous spirituality is rooted in the Land. It always seems to come back to the Land or “Mother Earth”. In Indigenous spirituality, the Land is not real estate, is not only territory, not only a source of vital resources; the Land is life on earth. The Land is the waters, the soil, the creatures, the winds, the stars, and what binds them together in relationship. All natural things have their own lives, feelings, choices, and purpose; like humans, they are represented and animated by spirits from the Spirit World.

For this reason the Kanien’kehá:ka (Mohawk) people begin and end each ceremony with the *Ohén:ton Kariwatehkwen*, the “Words Before All Else” which is a shout-out of greetings and thanks to all beings, to “all my relations”. A Cree elder has described it this way: “We didn’t worship the land; we honoured it.”<sup>1</sup>

1. Presentation to author by David Thunderbird Bear, Moose Cree First Nation, August 2018

Check it out:

OHEN:TON  
KARIWATEHKWEN

"WORDS BEFORE ALL ELSE"



[https://www.youtube.com/watch?v=eJH\\_5TXzCjw](https://www.youtube.com/watch?v=eJH_5TXzCjw)

The worldview indigenous to Turtle Island considers each thing that exists as a “being” with a spirit capable of making decisions. Thus, objects from the past are ancestors to be consulted as to where and how they are used and displayed. People were able to create these objects only because ancestral spirits gave up their form as stones, trees, or animals.

The Land is alive with spiritual guardians overseeing the weather, the animals, water, the medicine plants, the very soil. Spirits take shape and offer themselves to one another in a cycle of living and dying. What you eat gives itself to you; its sacrifice you must honour.

→ Read “Pike”, the brief 6<sup>th</sup> chapter in *Wenjack* by Joseph Boyden, which so beautifully illustrates this.

The Stó:lö tell how Xa:als the Transformer turned some of their early relatives into Salmon because they were so generous; as Salmon, they could continue to give to their people.

Gratitude is the appropriate response. Still today, First Nations and Métis throughout Canada preserve the custom of placing a gift of tobacco on the soil when harvesting plants. Scholars Marianne and Ronald Ignace state that *xyemstém*, being respectful, is at the core of Secwépemc beliefs about humanity’s relationship with the Land. People, including ancestors, animals, plants, land, sky, and waters are “reciprocally accountable.”

Vancouver community Elder and Anglican priest Vivian Seegers spent her early childhood years in the bush near Uranium City, Saskatchewan during the 1970s. One of the first instructions from her father was to walk without flattening plants or breaking twigs. He told her she was in the animals' house, and she shouldn't make it untidy. She also recalls her mother and aunts competing as to which one of them would leave her family's campsite most pristine. Each of them collected twigs, pinecones and pebbles to scatter over the campsite upon departure.



Walk in the forest. Two young children with their grandmother, BC.  
Photo credits to: Derek Gavey (CC BY 2.0) [40]

→ How would Europeans interpret a pristine-looking environment?

Since animal spirits take flesh and sacrifice themselves to people's needs, hunters must show respect and gratitude. Beardy and Coutts (2017, p. 123) record that among the Cree, it is wrong to light a fire at night, when geese might be irresistibly attracted. It is unfair to hunt geese when the air is calm and they cannot easily take off into the wind. Also, hunting in the dark is wrong because wounded or dead animals might not be found, thus their sacrifice would be wasted.

Recording the teachings of the Cree living on the western shores of James Bay, Hans Carlson (2008) writes:

*"The real hunt happened long before the hunter picked up his snowshoes to go to the bush. It happened when he communicated with the animals and asked for their help in feeding his family; their answer would be based on their knowledge of whether he had been grateful for what they had given in the past. Going out and killing an animal was the consummation of a covenant that had already been made.<sup>2</sup> This is the reason a Cree would stoically go without food for days, and would not rely on large stores of dried food. His or her patient abstinence was a token of faith in the spirit world."*

After the hunt, meat must be shared according to norms of generosity. Stingy people should not expect nature to be generous with them.<sup>3</sup> The remaining carcass is not discarded with indifference. As a sign of respect and thanks, fish remains are thrown back into the water, speeding the fish spirit back to its home; animal remains may be decorated or wrapped in cloth, then placed on racks or hung in trees. Another way of showing thanks for a very successful hunt is to feast and share food.

2. Ibid, p. 49

3. See the story told by Nellie Taylor in Ignace and Ignace (2017, p. 209)

→How might feasting be interpreted by Europeans? How about not storing the food?

Consider that storing food could be insulting to the spirit world. “Too large a store implies a loss of hope for the future of the human/other-than-human relationship, thereby jeopardizing the hunter’s luck.”<sup>4</sup>

We see that these hunting norms fit well with the material realities faced by hunters: a possible scarcity of prey; difficulty storing or transporting food; and needing to keep scavengers away from campsites. But instead of concluding that material realities shaped spiritual beliefs and practices, traditional Indigenous teachers would understand both the material and the spiritual to be manifestations of the same underlying reality.

In keeping with the non self-centered view of nature in Indigenous tradition, the rights to the things of nature are not considered personal. This is implicit in the Kanien’kehá:ka language, where you cannot say “my dog” in the same way as you say “my house”. The creatures found in the natural world do not exist for your pleasure.

The spirit world can be a dangerous world. There is hostility from offended spirits. There can be people who want or who are merely suspected of wanting to use spiritual power to harm others<sup>5</sup> So communities had and some still have their shamans who will enter trances in order to visit the spirit world and intervene on behalf of the living.

### **Traditional Values:**

Generosity and selfless action are values strongly encouraged in traditional Indigenous culture. For example, Carter (1993) describes the Worthy Young Men society of the Nêhiyawak, membership in which was earned by daring exploits. Once worthy young men had acquired enough possessions, they would be invited to join the Warrior Society or Okihcitaw, which, when translated, refers more to honourable actions than to fighting. Warriors were expected to give up their possessions for the community and to provide for the poor and for visitors.



*Crow Nation girl next to a pole of drying meat 1908. Credits to: Mathers Museum of World Cultures (CC BY-NC 2.0) [41]*

Among the Inuit “When a man killed a seal it was taken to his igloo, where his wife butchered it, giving different portions to the wives of the other hunters according to their specific relationship.

4. Page 45 of “Home is the Hunter (2008)” by Hans M. Carlson

5. . Oral tradition of Abel Chapman, Cree, recorded in Beardy and Coutts (2017).

The hunter kept little for himself but would share in all his partners' future kills." (Macmillan and Yellowhorn, 2004).

Ann Carlos and Frank Lewis (2010) describe the generosity prevalent among the Indigenous peoples of the Hudson Bay and James Bay hinterlands in the eighteenth century. Generosity means that you will feed and house visitors. From an economic point of view, this norm provides a kind of insurance. When you are in need, someone will help you, perhaps even the same person whom you have helped.

From a spiritual point of view, you take your turn sacrificing for another being who has no less a right to exist than yourself. Generosity may be implicit in the fact that several Indigenous languages, such as Anishinaabemowin (Ojibwe), Kanien'kéha (Mohawk), and Nêhiyawêwin (Cree), have no word for "please". How would you interpret this?

Norms of generosity, and of reciprocity for generosity, in some cases made Indigenous societies vulnerable to exploitation by European newcomers.

*"They say the Indians know nothing, and own nothing... This is how our guests have treated us, the brothers we received hospitably in our house." (Chiefs of the Secwépemc (Shuswap), Okanagan, and Couteau Tribes, 1910)*

In traditional and present-day Indigenous communities, relatives are not turned out onto the street, and children are informally adopted as needed.

### **Good Samaritan Principle:**

Related to generosity is what Carlos and Lewis call the Good Samaritan Principle. This is the principle that people who are hungry are allowed to enter your territory to hunt for food. This makes economic sense, because large game animals wander (moose, elk) or migrate (caribou, bison) over vast distances. Additionally, a wounded animal can cross territorial boundaries as it flees the hunter. You cannot keep wild game animals on your own territory.



*Inuit woman [and young girl, Marion Bolt (Hayohok)] tending the seal-oil inside an igloo in Western Arctic, N.W.T. [Nunavut], 1949  
Photo credits to: Richard Harrington / Canada. Dept. of Indian and Northern Affairs / Library and Archives Canada / PA-143237 (Open Access 90) MIKAN No. 3202745 (Access 90 Open) [42]*



Loon Crown. In Indigenous culture, the Loon is a symbol of peace and tranquility. The crown would have been worn by a Haida Nation Chief in Potlatch. Photo by: Thomas Quine. Credits to: UBC, Museum of Anthropology, Vancouver, BC 2017 (CC BY 2.0) [43]

Carlos and Lewis assert that the Good Samaritan principle allows neighboring First Nations to view the game animals as a shared resource, one that is a collective responsibility, rather than something for which to compete. On the other hand, knowing that you can cross boundaries to find food might incentivize you to take less care in your own domain. What do you think about this?

It has to be noted, however, that there were at times fierce rivalries and terrible hostilities among Indigenous peoples, between Cree and Inuit, for example. The Good Samaritan Principle had its limits. Many First Nations glorified war and raiding, valuing courage,

deceit, and the ability to undergo privation.

In his book, “The World Until Yesterday (2012)”, geographer Jared Diamond asserts that tribal societies typically engage in more warfare than state societies:

*“...the mass of archaeological evidence and oral accounts of war before European contact...makes it far-fetched to maintain that people were traditionally peaceful until those evil Europeans arrived and messed things up. There can be no doubt that European contacts or other forms of state government in the long run almost always end or reduce warfare, because all state governments don’t want wars disrupting the administration of their territory. [But] Studies of ethnographically observed cases make clear that, in the short run, the initiation of European contact may either increase or decrease fighting for reasons that include European-introduced weaponry, diseases, trade opportunities, and increases or decreases in the food supply.”*

Other reasons that a smaller, less economically complex population might be more inclined to warfare include the facts that the group has fewer material goods to lose from warfare, is more desperate for food, women, and children at times, and has less capacity to organize peacekeeping or to restrain rogues.

According to Diamond, traditional tribal warfare from around the world and throughout human history consists mostly of raiding, motivated by retaliation, procurement of women, children, slaves, and livestock, and access to territory for hunting and trapping. This is consistent with Indigenous oral history.<sup>6</sup> Indigenous oral history also attests to peacemaking through diplomatic ventures, treaty-making, intermarriage, and adoption.<sup>7</sup>

### **Trading and Profit:**

We have earlier noted the existence of extensive Indigenous trade networks. Some individuals and

6. See for example chapter 8 of *Sewépepmc People, Land, and Laws* (2017) by Marianne and Ronald Ignace

7. *Ibid* (2017)



some nations specialized in trade, acting as middlemen and looking for profit. For example, the Chinook people of present-day Washington State were so involved in trade that a version of their language became the language of commerce along the Pacific Coast and along the eulachon “grease trail”. Describing pre-contact culture among the Secwépemc (Shuswap), Marianne and Ronald Ignace explain that, “whereas the exchange protocols among [relatives] were based on the values of generosity, reciprocity and mutual support exemplified as *knucwentwécw* (helping one another)..., the protocols of *eykeminem* (trade something in payment for purchases) and *eyentwécw* (pay one another) involved barter or profit-seeking by individuals not closely related to the trader.”

Secwépemc exchange protocols also involved the idea of profit-making on items of surplus within one’s own group as well as the selling of such items to third parties for added value. Trade and barter concepts on the [western] Plateau also involved the idea of added value for processed and manufactured items.”<sup>8</sup>

### Property Rights:

Generally speaking, clothing, tools, weapons, dogs, horses, temporary housing, and domestic goods belonged to individuals. This did not mean that they thought of these things, these animals as personal property in the western sense. But an individual had the right to not have these things taken away from them. An individual’s right to the meat or roots or produce they had obtained through their own labour was moderated by the tradition and expectation of sharing with others. Longer-lasting houses, such as those built on the West Coast or in Iroquoian villages, were communally owned.



*Eulachon Grease Bowl shaped as a seal 1790 (Haida Nation feast bowl). Photo credits to: Thomas Quine. Credits to: UBC, Museum of Anthropology, Vancouver, British Columbia, Canada, 2017 (CC BY 2.0) [44]*

Similarly, the territory of a band was collectively owned and managed, with the exception of high-maintenance fishing sites on the Pacific Coast and in the Plateau east of the Rocky Mountains. Boundaries with other Nations were well understood.

### Who Were the Chiefs?

Public leaders were men<sup>9</sup> who had earned the community’s respect for skill in battle, trade, or hunting. Among the Nêhiyawak, a chief had to be wealthy and generous. “He freely gave his possessions to the needy, his wife distributed the choicest cuts of meat after a successful hunt to those short of food, and his household took in sons of the less affluent and orphans and treated them as members of the family. On occasions for ceremonial gift-giving and at a feast the chief was expected to donate the largest share... To ease tensions, he often had to bestow a gift upon the

8. Secwépemc People, Land, and Laws (2017), pp. 222-3

9. Among the matrilineal Iroquoian Nations, the male chiefs were chosen by female Clan Mothers

aggrieved person or replace from his own possessions an item an individual believed had been stolen.”<sup>10</sup>

Easing tensions in a small community is essential, since the breaking up of the community could imperil its survival. Consistent with the need to retain and empower each community member to take his or her place in society, traditional Indigenous legal systems emphasize restorative justice. Restorative justice is about reconciliation and rehabilitation rather than punishment.

Today, restorative justice is worked out using a “healing circle” in which offenders, victims, family members, community members and elders share their feelings and thoughts, coming to an agreement as to how the harmful behaviour should be remedied.

### **Consensus Decision-Making:**

While one or more chiefs led each tribe within a nation, the authority of chiefs was not absolute, nor did chiefdom automatically descend to a man’s sons. Instead, chiefs depended for their authority on the community’s approval. Via a process of consensus decision-making, chiefs were to appear to “rubber-stamp” the community council’s decision.<sup>11</sup>

Consensus decision-making is a common feature of Indigenous organization. This is illustrated today by the use of talking circles, where an entire group is seated in a circle. The circle represents equality and inclusion. As a feather or other sacred object is passed around the circle, the person holding the object has the opportunity to speak without interruption.

Consensus decision-making is also a feature of the Great Law of Peace<sup>12</sup>, that is, the guiding principles of the Haudenosaunee Confederacy. According to the Great Law of Peace, 50 chiefs from the participating Nations meet around a central fire maintained by the Onondaga. Each Council session begins with the *Ohén:ton Kariwatéhkwen* referenced earlier, and then discussions begin. Decisions are made in a gradual process to maximize the possibility of reaching consensus. First the Mohawk agree among themselves on the issue at hand; they then come to agreement with the Seneca. Once the Mohawk and Seneca agree, the Cayuga and Oneida come to an agreement between themselves. If the Cayuga-Oneida decision conflicts with the Mohawk -Seneca decision, then the Onondaga leaders make the tie-breaking vote; however, the Mohawk, who were the first to adopt the Great Law, have veto power.



*Statue of Tessouat, Algonquin Chief who controlled trade along the Ottawa River in the first half of the 17th century and who denied Champlain passage further west. Parliament buildings in the background. Credits to: Canadian Heritage [45]*



*Sacred feather , Tyendinaga First Nation. Photo by: P. Galoustian (Public Domain) [46]*

10. Carter (1990) p. 30

11. As relayed by Robert Manuel in Ignace and Ignace (2017), p. 370.

12. To read the Great Law, go to <http://www.ganienkeh.net/thelaw.html>

## **Suggested Activity:**

Find words from the “Trader” and “Raider” moral syndromes described by Jane Jacobs in her 2002 book *Systems of Survival* and sort the words into two competing value systems. Describe these value systems. In which spheres of life are each typically found?

### **Indigenous Values Today:**

Having surveyed broad aspects of traditional Indigenous culture, we may have a sense that Indigenous communities today will be oriented somewhat differently than mainstream western ones. Much of the community spirit, ethic of generosity, and respect for nature continues.

At this point in our text we have not yet discussed the many experiences of Indigenous peoples after contact. Suffice it to say that much has been suffered. There has also been significant assimilation, by intermarriage, by cultural influence, and by government design. Indigenous populations have been split, scattered, joined, and forced together by disease, war, intermarriage and adoption, environmental degradation, land expropriation, and government-mandated relocations.

One thing that remains is a more holistic approach to life. Many Indigenous people, from the various First Nations, Métis, and Inuit communities, will agree that the goals they set for themselves and their communities are multiple and interconnected.

Here the Medicine Wheel is a useful model. The Medicine wheel is a two-dimensional depiction of concentric circles radiating along and between the four directions. Progress is made by moving outward in all four directions at the same time. To judge progress, a 360 degree view of the situation is required.

### **Medicine Wheels in History:**

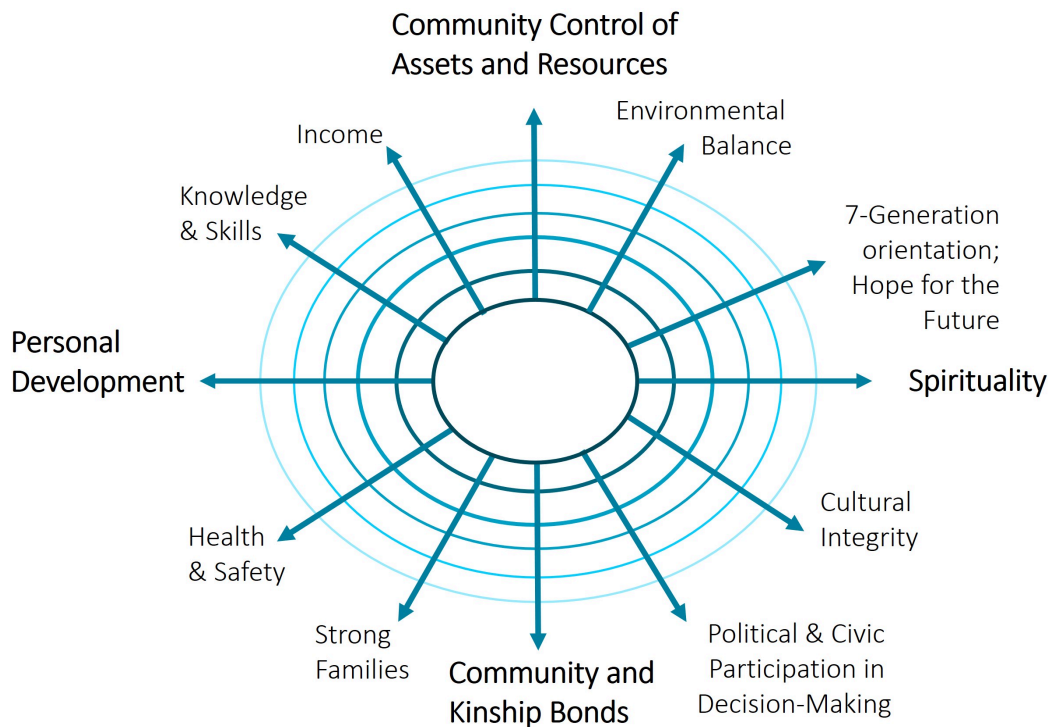
Medicine wheels appear to originate in the cultures of the First Nations of the Plains. In Canada these arrays of stones laid on the ground are found across the northwestern Plains, especially Alberta. Some were built as recently as the twentieth century by the Blackfoot, who describe them as memorials to warrior chiefs. The inner circle represents the tipi where the dead chief was laid. The spokes radiating outward indicate his influence and accomplishments. It may be the case that some wheels were used astronomically, or religiously – for example to depict a Sun Dance.



Medicine Wheel, Majorville, Alberta 2007. Credits to: Forgotten Alberta Archive (CC BY-NC 2.0) [47]

A similar wideness of perspective exists in the concept of *Etuaptmumk*: “Two-Eyed Seeing” which has been described by Mi’kmaw Elder Albert Marshall.<sup>13</sup> Two-eyed seeing means that more than one point of view must be taken, for example the native and non-native points of view.

Medicine wheel diagrams are used today to represent the worldview indigenous to Turtle Island. They are often divided into four colours, symbolizing the Four Directions, four stages of life, four seasons, four elements, Body-Mind-Heart-Soul, and more. Songs may be sung four times, once for each direction. Here is an application<sup>14</sup> of the medicine wheel to community goals.



This community’s development goals are met by promoting individual accomplishment, community

13. Institute for integrative Science and Health (2016)

14. Based on a wheel in Salway Black (1994) reported in Wuttunee (2004).

bonds, spirituality, and control of assets and resources. When individuals are empowered and community ties are strong, there will be healthy families and safe neighbourhoods. When community ties are strong, and spirituality is understood and practiced, there will be interest in and inspiration in decision making, and the culture will be preserved. When spirituality is strong, and there is control over resources, resources will be used in a responsible way to promote environmental health and sustainability; with faith and hope, individuals will not sell out now but invest for “7 generations”<sup>15</sup> into the future. When the community has control over resources, and individuals are empowered, skills and income will result.

The medicine wheel is about integrating multiple goals at the same time, rather than securing income first, subsequently protecting the environment, then later investing in community, which is more typical of mainstream priorities. Canadian federal and provincial elections are often focused on jobs, economic growth, and tax reduction to the exclusion of much else. And many models of economics used in research do not even consider environmental, cultural, or family conditions. Economic development reporting focuses on GDP<sup>16</sup> or GDP per person.

Economists have developed measurements such as Green Net Domestic Product and Genuine Savings, which adjust GDP and Investment, respectively, for changes in natural and environmental capital. But these measures are not commonly used.

#### **Alternative Measures of Economic Development:**

We previously discussed the *Community Well-Being Index* which is computed every five years by the federal ministry responsible for Indigenous Services. The Community Well-Being Index registers income, housing, education, and employment status. An alternative is the *Human Development Index*, developed by the United Nations. It is based on life expectancy, education, and income.

A more comprehensive index is the *Federation of Canadian Municipalities' Quality of Life Index*. This index is much more detailed, including statistics on voting, the natural environment, and the incidence of crime. A few of its indicators, like newspaper circulation and public transit costs, are more appropriate for cities than for smaller Indigenous communities, but it could be adapted and customized for smaller Indigenous communities. Some of its indicators are very relevant to Indigenous communities, particularly vacancy rates, water consumption, and suicides.

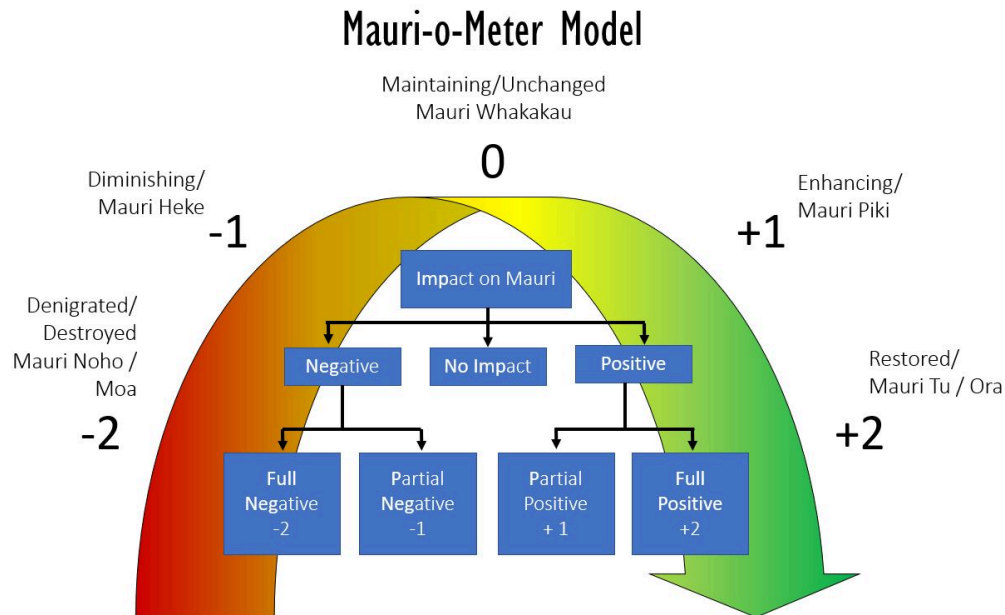
An index of wellbeing for an Indigenous community should include indicators for all the community's highest priorities, possibly such things as the number of speakers of the community's traditional language, the use of wild foods, the degree of income inequality, the number of Indigenous-owned businesses, the number of people living with diabetes, and the number of community service organizations.

Such indexes have been developed for urban settings as well as reserve settings. For a detailed list and description of various indices, see Bruce et al (2013).

15. Both Mi'kmaw and Kanien'kehá:ka speakers refer to the 7-generations principle.

16. GDP, or gross domestic product, is a measure of the value of all the final goods and services produced within Canada's borders during a year

All indexes are weighted averages formed by choosing different indicators and then multiplying each indicator by a fraction between 0 and 1, called the “weight”. The weights must add up to 1.



Mauri-o-Meter Scale. Graphic by Pauline Galoustian (Public Domain) [49]

The **Mauri-O-Meter** is a tool developed by Maori in New Zealand to help users evaluate projects from a holistic point of view. It basically creates an index to give a project an overall rating. Users choose indicators and then measure those indicators on a scale of -2 to +2. The software weights each indicator equally to produce an overall project rating, but users can change the weighting scheme.

Any measure of Indigenous well-being should be holistic. The following quotations illustrate the holistic way of thinking:

*“I am not against development or all construction over economic activity and all the rest. That is not the position of the Crees of northern Quebec. We know that some development is necessary, and we understand that there is value in progress and advancement. We are not attempting to avoid high technology, machinery, electricity, and other signs of progress. But I must ask if every project, if every new structure, every new highway, if every dam is really ‘development.’” ~ Grand Chief Matthew Coon Come, 1992*

*“And it’s so easy when you are a businessman. Cultural shock does not show on your statement of profit and loss. It’s so plain when you are a politician – you know what the voters want, you have your ears to the grass-roots and hear the voices from business, unions, political alliances.*

*But you do not hear the voices talking in a strange tongue in ways you have never really considered. It’s cut and dried when you are an economist – you can put it all down in black and white, prove just how beneficial it is and will be.*

*An abstraction such as “cultural genocide” belongs in the university – an academic question. As a priest, you are bound to see some things from a different angle...what is the real cost of the kilowatt of electric*

*power; of a carload of newsprint or a board-foot of lumber; of a ton of copper-ore; ....not only what it will do for people, but also what it does to people.*

*You wonder, and you are glad when you hear people asking such questions as “Is it worth it? What’s more important, people or things?” for these should be asked.*

*And you wonder, too, why [western] society, which has created the bulldozer, so often has to act like one: why it all has to be so loud, overpowering, callous, heavy-handed, cold and impersonal...*

*You wonder if it all could not be humanized a bit, our politics, our business, our economics, if we couldn’t be a little more gentle – gentle as the people we meet in that land?”*

~ Hugo Muller, a former Hudson’s Bay Company worker and later, an Anglican priest living in Northern Quebec, 1975.

An Indigenous understanding of development is multidimensional – empowering people, strengthening families, building community, honouring the Land, remembering traditions.

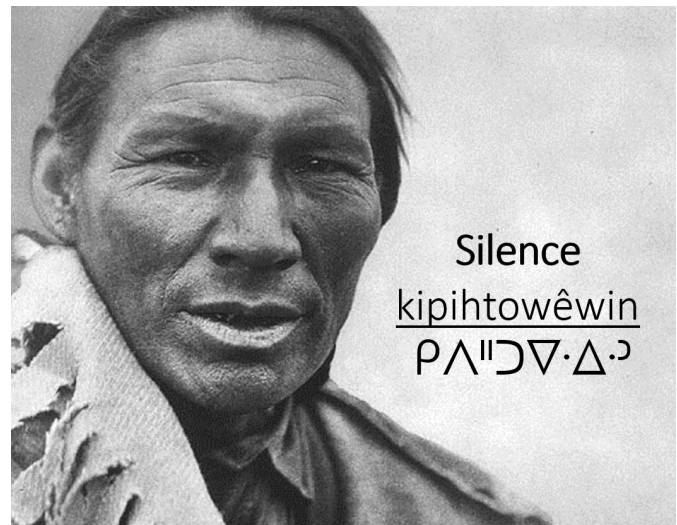
This is something to keep in mind as we study the economics of Indigenous communities past and present.

### **The Gift of Silence:**

Indigenous communication styles are often different from what is mainstream in non-Indigenous culture. Often, Indigenous people are uncomfortable with self-promotion; with telling others what to do; with saying “no”; with explicitly explaining the moral of a story; and with continuous conversation.

“A blabbering hunter is a hungry hunter”<sup>17</sup> could be part of the explanation for a style of conversation that is quieter and more reserved. Another way that silence and discretion fit traditional Indigenous living is that, when people live and work closely together, it is necessary to respect personal boundaries to avoid misunderstandings, resentments, and conflict.

Silence also makes room for the focused observation and listening that is vital to relationship with the Land.



*A Cree man from Lac des Isles, Saskatchewan / Un Cri du Lac des Isles (Saskatchewan), 1928. Photo credits to: Edward S. Curtis/Library and Archives Canada, PA-039702. (Access 90 Open) MIKAN 3195149, 3629810. Silence in Cree language is - kipihtowêwin according to the Dictionary of Cree Languages. [50]*

17. Bryan Simonee, quoted in Nerberg (2019)

# Chapter 6

## *Early Years of Contact, Trade & Settlement*

### Summary:

Chapter 6 traces the impact of colonization in terms of trade, disease, military alliances, and geopolitics. We learn about early treaties, European immigration, and the deteriorating social and political status of First Nations after 1812.

In this Chapter we'll discuss the early years of contact and move all the way through the eighteenth century to cover trade, conflict, and treaty-making.

The very first contacts between the Indigenous Peoples of present-day Canada and Europeans were probably sporadic and tentative. The Inuit traded iron with the Norse in Greenland. Vikings lived briefly in what is now Newfoundland before apparently being driven away by the Inuit or Innu.

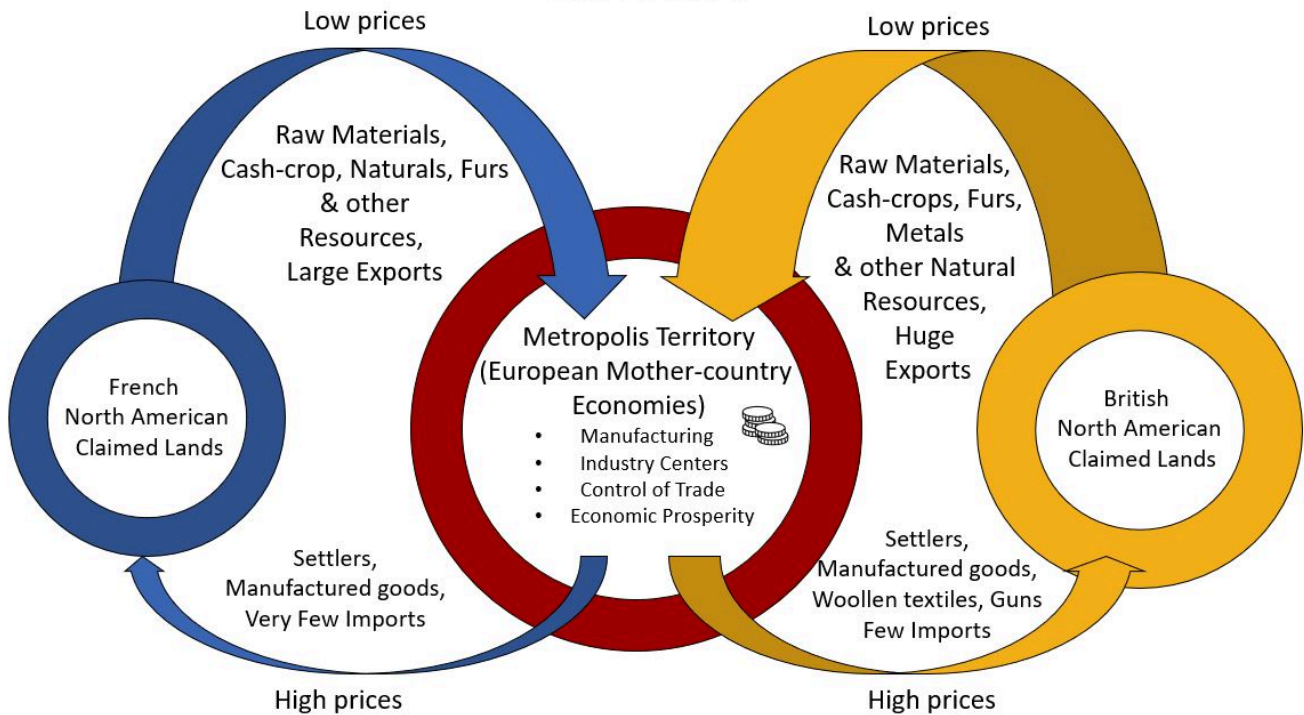
In the fifteenth century, Europeans began to venture further from home. By 1500, Columbus had landed in the Bahamas and various Europeans – Basque, Bretons, Normans, English, and Portuguese – were fishing for cod in Newfoundland's waters. No settlement on Turtle Island had yet been established.

That would soon change as European states continued to fund explorations with the goal of expanding trade routes and establishing colonies. They were driven by **Mercantilism**, so named by the first academic economist, Adam Smith. Mercantilism is the belief that there is one winner in every transaction: the seller. The goal of trade is therefore to acquire the most money. What do *you* think is the goal of trade?



# Colonial Mercantilism

(1600's to 1800's)



*Colonial Mercantilism (1600's to 1800's) flow chart. The two primary countries practicing colonial mercantilism in Canada as commonplace policy were France and the British Empire. This policy prevailed for more than two centuries. Content and Graphic Credits to: Pauline Galoustian.(CC BY 2.0) [51]*

According to the mercantile way of thinking, a nation wants its terms of trade (the value of its exports divided by the value of its imports) to be as high as possible. Thus, each colonial power attempted to be the exclusive purchaser of raw materials from its colonies and the exclusive seller of finished products to its colonies. This led to intense conflict between the French and British on Turtle Island, into which conflict Indigenous people were recruited. First Nations themselves understood the value of trade routes and monopoly power and vied with each other to control access to trading opportunities.

In 1534, Jacques Cartier of France entered the Gulf of St. Lawrence. He and his companions met members of the Wabanaki Confederacy, which comprises the Mi'kmaq, Maliseet, Passamaquoddy, Penobscot and Abenaki, traditional inhabitants of the Gulf of St. Lawrence. He also met the Stadacona, an Iroquoian people living further west along the St. Lawrence River. He annoyed the Stadacona by setting up a large cross in the name of the King of France.

Cartier came back a second time, admiring farms at the Stadacona base (now Quebec City) and at Hochelaga (now Montreal). He kidnapped several Stadacona and took them to France, where most died. When he came back for a third time, the Stadacona were no longer friendly – surprise, surprise – and sabotaged his attempts to establish a French settlement at “Kébec”.

By this time European diseases may have taken hold of the Stadacona. About 70 years after Jacques

Cartier, Samuel de Champlain of France would explore the St. Lawrence River and find no Iroquoian people whatsoever. Let's pause to consider the terrible toll that contagious disease took on Indigenous peoples.

### **Disease from Europe:**

Diamond (2012) explains that Europeans carried a particular class of diseases that can only be sustained by large populations. A “**Crowd Disease**” or “Acute Immunizing Crowd Epidemic Infectious Disease”, such as smallpox and measles, survives only in human bodies. Victims either rapidly die or acquire lifetime immunity, so the pathogen must stay alive by moving from one area to another searching for new victims. That is why the pathogen can only survive in large populations. Do you think COVID-19 is such a disease?

Cobb (2016) and others claim that some epidemics triggered by newcomers to Turtle Island resulted in mortality rates as high as 75%.

But such high mortality rates have never been officially documented anywhere in the world and would leave so few survivors that most communities would rapidly disintegrate. A more reasonable estimate can be found in Carlos and Lewis (2012), who use four different techniques to conclude that roughly 18% died during a virgin soil<sup>1</sup> smallpox episode near Hudson Bay in 1781.<sup>2</sup> Wave after wave of 18% mortality – first from smallpox, then from whooping cough, then from measles for example – could do enough damage to explain rapidly declining Indigenous populations. A calculation, assuming no breaks between epidemics, illustrates this:



*Engraving showing a Native American medicine man caring for an ill Native American 1857. Credits to: Captain Samuel Eastman/National Library of Medicine. (Public Domain) [52]*

1. A virgin soil epidemic is one that takes place in a population that has never previously been exposed to that pathogen

2. Carlos, Ann M. & Lewis, Frank D., 2012. "Smallpox and Native American mortality: The 1780s epidemic in the Hudson Bay region," *Explorations in Economic History*, Elsevier, vol. 49(3), pages 277-290.

## Population Remaining After Back-to-Back Disease Episodes:

After each wave:	Percent remaining, 18% mortality rate	Percent remaining, 75% mortality rate
Original population	1000 people	1000 people
First virgin-soil episode e.g., smallpox	820	250
Second e.g., whooping cough	672	63
Third	551	16
Fourth	452	4
Fifth	371	1
Sixth	304	0

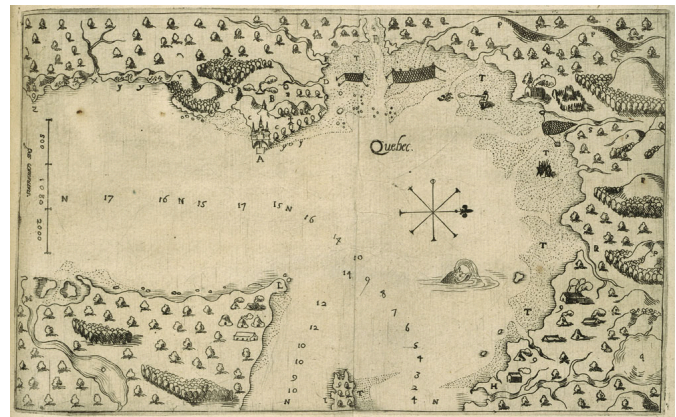
Ignace and Ignace (2017, p. 457) record an account of 59 deaths from the Spanish flu (1918) in a Secwépemc village of about three times that many people, implying a 33% death rate. That very large mortality rate could be accurate; factors such as poverty, treatments, or concurrent crises may have compounded what otherwise would have been a lower mortality rate.

The successive waves of epidemics did indeed lead to terrible population losses. For example, the Secwépemc population declined by 67% between 1850 and 1900, according to a careful study by ethnographer James Teit (1909, pp 464-6).

### First Settlements:

The seventeenth century was the century of permanent European settlements on Turtle Island. In 1604, Samuel de Champlain of France began to establish French settlements, first at “Acadia” (Nova Scotia) and then at “Kébec” (Quebec City).<sup>3</sup>

In 1609 Henry Hudson (working for the Netherlands) landed at what would be called first Nieuw Amsterdam, then later, New York City. The Dutch negotiated the first European-Indigenous treaty in North America. This, the **Two-Row Wampum Treaty** of 1613, was a treaty of non-interference with the Kanienkehá:ka and their allies within the Haudenosaunee.



Map of Quebec City, drawn by Samuel de Champlain in 1608. Credits to: Library and Archives Canada (Access 90 Open) MIKAN No. e010764752 [53]

3. He would explore Hudson Bay the following year, and be left to die by his crew in 1611.



Onondaga Nation Chief Irving Powless Jr. displaying the two row wampum belt. Photo by Mike Greenlar/ Syracuse Peace Council (CC BY-NC-SA 2.0) [54]

The wampum belts made for the occasion depict two nations, each going down its respective path, side-by-side, but separate. The Haudenosaunee became trading partners of the Dutch. When in 1667 the *Treaty of Breda* gave Dutch territory on Turtle Island to the English, the Haudenosaunee became English allies. The English gave the Haudenosaunee three silver links representing Peace, Friendship, and Respect, and a wampum belt known as the ***Covenant Chain***.

With guns obtained first from the Dutch and then from the English, the Haudenosaunee began a period of territorial expansion at the expense of First Nations allied with the French, who were based at Kebec. Though the French eventually armed their First Nations allies with guns as well, the Haudenosaunee were able to push the Ojibwe, Odawa and Potawatomi from the area south of Lake Michigan. They attacked Anishinaabe peoples along the St. Lawrence. And they pulverized the Wendat Confederacy occupying the area between Lake Ontario and Georgian Bay. Dutch, English and French representatives were supportive of these conflicts as they wished to secure the lucrative fur trade for their home countries.

### **A Note on Trade:**

As soon as the Dutch, French, and English began trading with First Nations along the Atlantic coast of Turtle Island, European goods began to make their way to the Pacific coast along cross-continental Indigenous trade networks. Many of these were paid for with fur.

Besides fur, many other valuable commodities were traded from Turtle Island to Europe. Corn, potatoes, tomatoes, tobacco, peanuts, squash, and cocoa were some of the items never before seen in Europe.

Meanwhile Turtle Island received new species from Europe, including wheat, rice, apples, lettuce, dandelions, turf grasses, cotton, cattle, sheep, chickens, rats, honey bees and earthworms.

- Consider the significance of the potato to European history.
- Consider the transformative influence of the species entering Turtle Island from Europe.

### The Beaver Wars:

Between 1650 and 1701, the conflict between the Haudenosaunee and the Indigenous allies of the French was intense. The *Great Peace of Montreal* (1701) mostly ended these “Beaver Wars”; however, Britain recruited Kanien’kehá:ka warriors to subdue the Mi’kmaq in Nova Scotia as late as 1711-1712.<sup>4</sup>

The Beaver Wars were not just about competition over beaver fur supply chains, but also about replacing dead friends and family who had succumbed to European diseases. “Mourning Wars” were low-casualty, precision raids intended to acquire captives.

By 1701, the Kanien’kehá:ka lifestyle was very much changed from its traditional mode. Most Kanien’kehá:ka, still based in what is currently New York State, were living as nuclear families in individual houses, whereas they had traditionally lived in clan-specific longhouses. Hunting and trapping for fur locally was no longer possible, because the beaver stock was so depleted. Many Kanien’kehá:ka were Christians. Many could speak English. Such changes had also occurred among Maritime First Nations who had signed “**Peace and Friendship**” treaties with Britain, similar in implication to the *Two-Row Wampum*.

Kanien’kehá:ka living in the New York area who converted to Catholicism were convinced by Jesuit priests to settle along the St. Lawrence River near present-day Cornwall and Montreal. These communities are now Akwesasne (Ontario), Kahnawake (Quebec), Kanesatake (Quebec) and Wahta (Ontario). The rest of the Mohawk Nation stayed in the Mohawk River valley, from which they had driven the Mahican. They enter Canada’s history later on.

Sadly the Beothuk, off the imperial radar, were being killed by British colonists in what is now Newfoundland, and would eventually disappear as a distinct community.

Whalers had entered Arctic waters, but not until 1850 would they set up on shore.

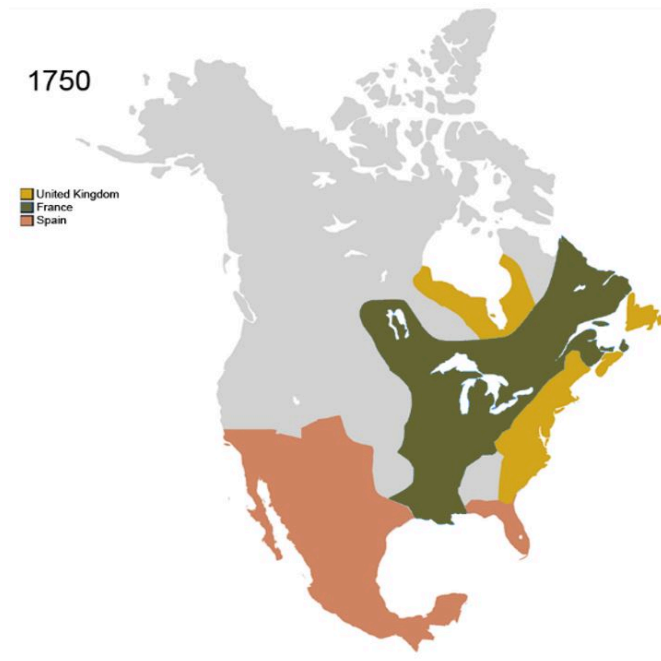
The English were active in Hudson Bay, where the Hudson’s Bay Company (HBC) had set up shop in 1670. HBC traders gradually moved inland, south and west, competing with *voyageurs* sent across the Great Lakes from Montreal and Quebec City.

So British and French rivalry in the Fur Trade continued after the Great Peace of Montreal, coming to a head in the so-called French and Indian War (1754-1763), which corresponded to the inter-

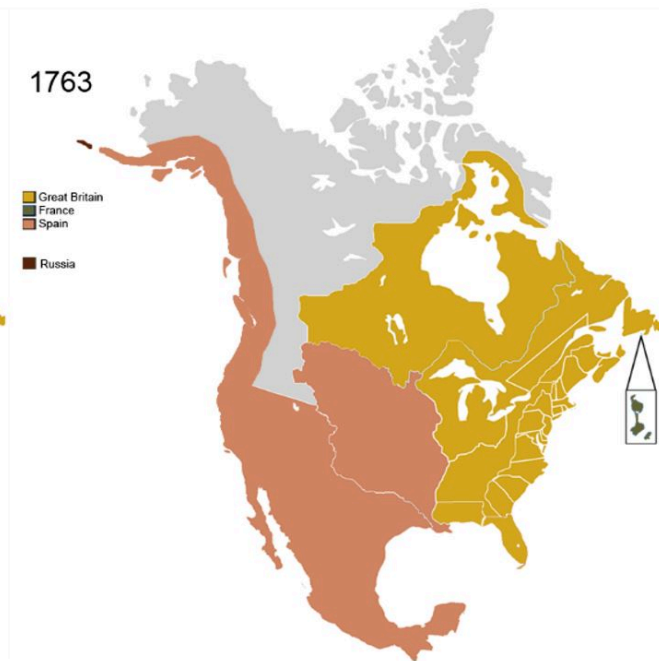
4. Wallis, W.D. and R. S. Wallis, “Culture Loss and Culture Change among the Micmac of the Canadian Maritime Provinces, 1912-1950,” in McGee (1983) p. 143”, Also MacFarlane, O., “British Indian Policy in Nova Scotia to 1760”, in McGee (1983) pp. 51-52

European conflict called the Seven Years' War. Its conclusion, a decisive British victory, was a momentous event for the future of Canada and for Crown-Indigenous relations.

### Colonial distribution of power before the Seven-Years' War/French-Indian War:



### Colonial distribution of power after the Seven-Years' War/French-Indian War:



Colonial distribution of Power Before & After the Seven-Year's War/ French-Indian War. Credits to: Esemono Maps, 2009 (Public Domain) [55]

### Consequences of the Seven-Years' War/ French-Indian War:

Both the Seven Years' War and the French and Indian War ended in 1763 with Britain obtaining all of France's colonies on Turtle Island. Some Indigenous French Allies, led by Pontiac, Chief of the Odawa, refused to accept defeat and continued to fight after 1763, extending the French and Indian War. However, France did not send reinforcements.

To better understand why Britain was able to negotiate a takeover of all French possessions on Turtle Island, consider that Britain was more heavily invested in Turtle Island than France. In 1730, 9% of British imports came from (mainland) North America compared to 5% of French imports coming from mainland North America. By 1760, 1 in 6 British people was living on Turtle Island, compared to 1 in 285 French.<sup>5</sup>

It may surprise you to learn that one of the first acts of the British government after the Seven Years' War was to issue a **Royal Proclamation** concerning Turtle Island's Indigenous people. Their interests had not escaped the attention of Britain; moreover, Indigenous leaders had visited England to protest what was happening to their traditional territories and freedoms.

5. Statistics from Canada: A People's History (2006); The Canadian Encyclopedia [www.thecanadianencyclopedia.ca](http://www.thecanadianencyclopedia.ca); the Historical Atlas of Canada (1987); and Le Commerce a Place Royale sous le Regime Francais (1984).

In 1711, three Kanien:kehá:ka leaders and a Mahican leader had traveled to England to ask Queen Anne for military aid and a missionary. The Queen treated the visitors with great respect and authorized the building of a Royal Chapel in the Mohawk Valley. She also gave a gift of silver communion dishes which are still used today by the Mohawks of the Bay of Quinte (Tyendinaga, Ontario) and the Six Nations of the Grand River (Brantford, Ontario).

The 1763 *Royal Proclamation*, issued by King George the Third, instructed settlers to desist from staking out territory west of the Appalachian mountains. It asked any settlers already west of this line to move back east.

Any Indigenous land desired for settlement would now have to be purchased from the (British) Crown. The Crown would be the only party with the right to purchase lands from Indigenous Peoples:

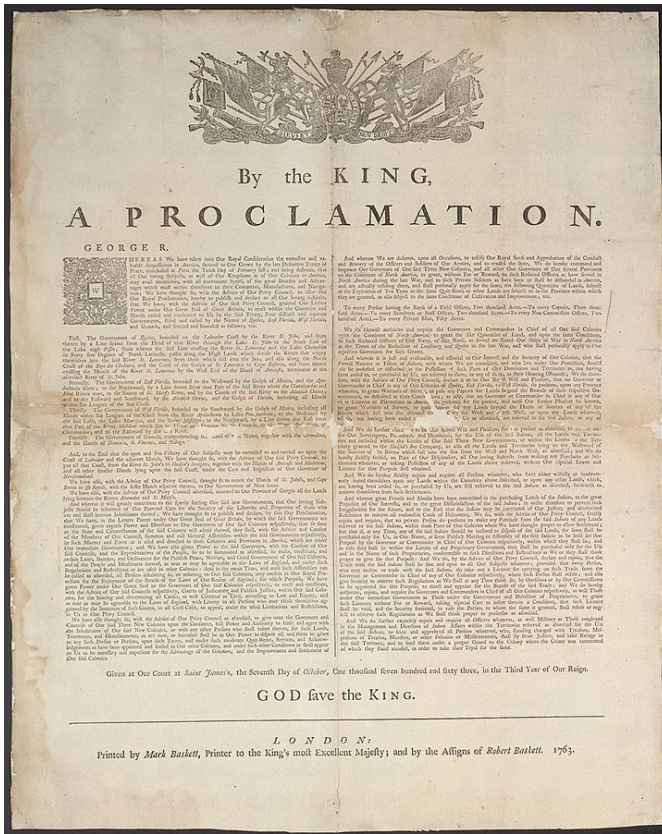
*“And We do further declare it to be Our Royal Will and Pleasure... to reserve under our Sovereignty, Protection, and Dominion, for the use of the said Indians, all the Lands and Territories not included within the Limits of Our said Three new Governments, or within the Limits of the Territory granted to the Hudson’s Bay Company, as also all the Lands and Territories lying to the Westward of the Sources of the Rivers which fall into the Sea from the West and North West as aforesaid.*

*And We do hereby strictly forbid, on Pain of our Displeasure, all our loving Subjects from making any Purchases or Settlements whatever, or taking Possession of any of the Lands above reserved, without our especial leave and License for that Purpose first obtained.”*

*“And whereas great Frauds and Abuses have been committed in purchasing Lands of the Indians, to the great Prejudice of our Interests and to the great Dissatisfaction of the said Indians: In order, therefore, to prevent such Irregularities for the future, and to the end that the Indians may be convinced of our Justice and determined Resolution to remove all reasonable Cause of Discontent, We do, with the Advice of our Privy Council strictly enjoin and require, that no private Person do presume to make any purchase from the said Indians of any Lands reserved to the said Indians, within those parts of our Colonies where We have thought proper to allow Settlement: but that, if at any Time any of the Said Indians should be inclined to dispose of the said Lands, the same shall be Purchased only for Us, in our Name, at some public Meeting or Assembly of the said Indians, to be held for that Purpose by the Governor or Commander in Chief of our Colony respectively within which they shall lie....”*



Another Queen Anne silver communion service, St. Paul’s Church, Halifax, Nova Scotia. Photo by: Francis Garthone. Credits to: Hantsheroes (Public Domain) [56]



Royal Proclamation Document 1763. Photo by: Josh S. Waldorf. Credits to: Library and Archives Canada (Access 90 Open) [57]

hunt and fish in ceded areas. Loft (2019) writes:

“Canada was and continues to be in a state of conflict of interest: on one hand to protect Indians and land reserved for Indians [the terminology of the Constitution Act], while at the same time negotiating treaties and the sale of Indian land for the Crown.”

She notes that 89% of Canada’s land mass is Crown land.

→ What do you make of that?  
 → Debate the value to First Nations of having to transact land sales through the Crown.

Meanwhile, many settlers were unhappy with the message of the Royal Proclamation. This was one of the triggers of the American Revolution.

This document is significant for several reasons. First, the Crown appears to have good will and a sense of responsibility toward Indigenous People. Second, it sets the precedent of the Crown reserving lands for First Nations. Third, it requires that formal treaties be made before Indigenous land can be settled. This will not always happen going forward, but it is the law.

After the Royal Proclamation, representatives of the British colonial government began to make treaties with various Indigenous groups for specific tracts of lands desired by settlers. This kind of piecemeal treaty-making went on until the late nineteenth century. Britain was able to secure land very cheaply, partly because Indigenous groups felt there was vacant land elsewhere for them to occupy. But the land base was shrinking deceptively quickly. It seems likely that many groups did not realize how soon they would be trapped on the least desirable land available, or that they had effectively surrendered forever the ability to



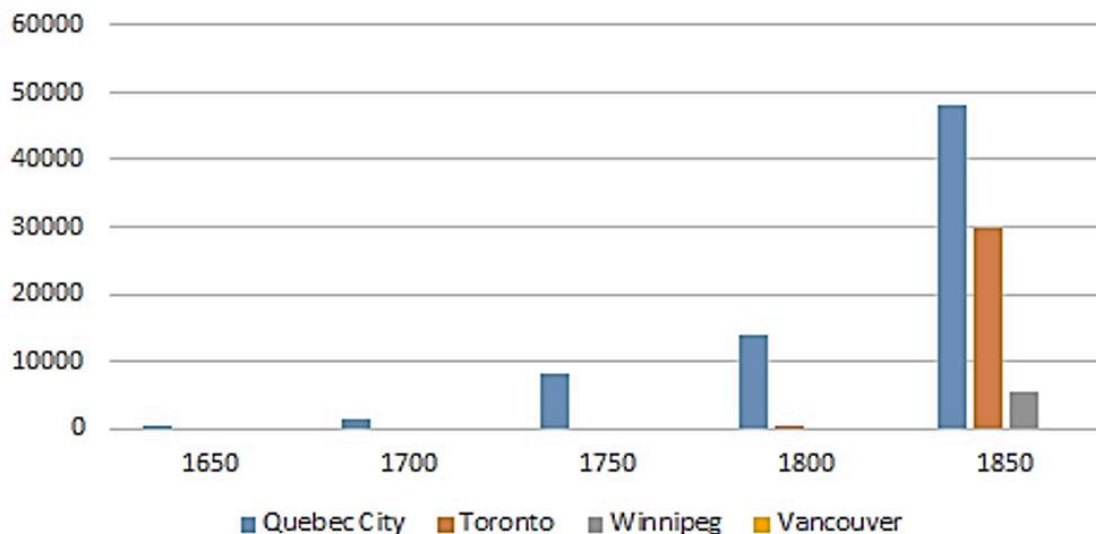
## Quick Treaty Summary, Canadian context:

- Prior to 1763 Non-interference or military alliance treaties. No formal land surrenders.
- 1763+ Ad hoc Treaties to acquire land which are negotiated by representatives of the Crown. However, surrenders of land from existing reserves were often not negotiated by Crown representatives.
- 1871 – 1926 the “Numbered Treaties” (see Chapter 9)
- 1975 + the “Modern Treaties” (see Chapter 15)

### **The American Revolution and its Aftermath:**

The American Revolution (1775-1783) resulted in Britain losing control of its colonies south of the Great Lakes. It also resulted in losses and expulsion for those Indigenous peoples who had been living in what is now the United States but who had fought for Britain. Loyalist Kanien'kehá:ka and Wolastoqiyik (Maliseet) moved north to what is now Canada. The Kanien'kehá:ka were awarded lands of their choosing for resettlement.

### **City Populations by Year**



*City Populations by year, Canada. Data source: The Historical Atlas of Canada (1987) [59]*

At the end of the American Revolutionary War, European territorial expansion on Turtle Island continued where it had left off, if indeed it had left off. The Americans, no longer impeded by the *Royal Proclamation*, continued to move West. In Canada, the Hudson's Bay Company to the north and the voyageurs out of Montreal cultivated their Indigenous fur-trading networks in the West, but

European settlement was still pretty much confined to the East. Consider that in 1800, Toronto was the settlement furthest west, with fewer than 300 people! Kingston came in at 500 people; Montreal at 8,000; Quebec City at 14,000; and Newfoundland at 14,000.<sup>6</sup> Acadia (Halifax), which had had more than 15,000 inhabitants in 1750, might not have had any more than that in the year 1800, due to the loss of 8000 Catholic persons deported by the British in 1755.

The Historical Atlas of Canada estimates that the settler population of “Eastern Canada” was 340,000 total in 1800. The population table above shows that, west of the Atlantic provinces, the population of Canada was largely Quebecois until after the American Revolution.<sup>7</sup>

### The War of 1812 and its Aftermath:

The United States faced off against Britain, with its Canadian and Indigenous allies, one more time. This collection of battles, known as the War of 1812, ended with the US- British North American border remaining more or less unchanged. Geopolitical matters between the US and Britain were wrapped up. But this had serious consequences for First Nations and Métis, as Poelzer and Coates (2015) emphasize.

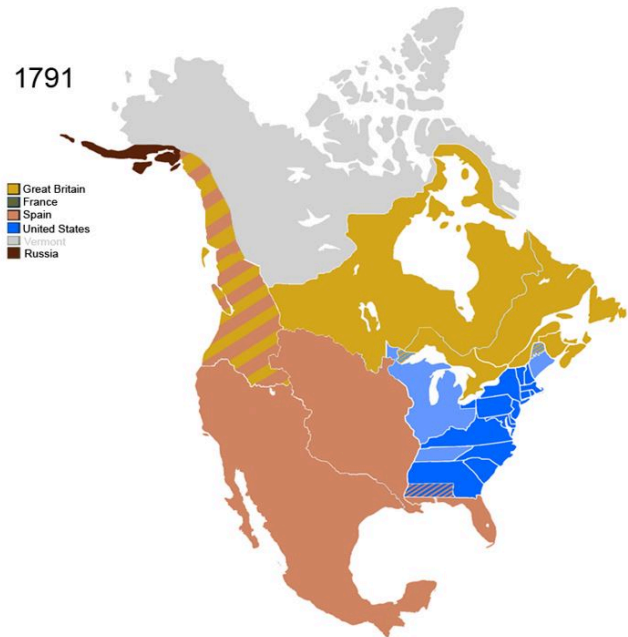
First, the role of First Nations and Métis as military allies to the British became obsolete, notwithstanding their valiant service during the War of 1812, where 1,000 died in combat and a further 9,000 died of related causes.<sup>8</sup>

Second, the British felt that the borders were settled and it was now time to consolidate administration of Indigenous Affairs and other colonial business.

Third, the apparent geopolitical stability encouraged a tidal wave of British immigration. Between 1815-1850, eight hundred thousand people entered British North America on a base population probably half that size, so that, by 1851, with babies being born all the while, the total population was 2.4 million. Many immigrants came out of need, impelled by Highland Clearances (Scotland) or the Potato Famine (Ireland). This immigration period became known as the “Great Migration”. But for Indigenous Peoples, it was not so great.

With increasing pressure from settlers, and less interest in military assistance from First Nations, the colonial government made the protection of First Nations rights less of a priority.

### Colonial distribution of power 1791:



Colonial distribution of power in 1791. Credits to: Esemomo Maps, 2009 (Public Domain) [58]

6. 43 Population statistics from Canada: A People's History (2006); The Canadian Encyclopedia [www.thecanadianencyclopedia.ca](http://www.thecanadianencyclopedia.ca); the Historical Atlas of Canada (1987).

7. This includes population increase due to births net of deaths. Concise Historical Atlas of Canada (1998), pp.3-4.

8. Clodfelter (2017)

Moreover, the presence of so many British, especially British women, likely changed the culture of anglophone Canada, substituting more refined Victorian manners for more relaxed, mixed-heritage traditions.

In particular, the custom of having Indigenous wives and girlfriends was pushed out of polite society. First Nations and mixed-race people were marginalized and moved westward by social and economic pressures. At this point in time the Fur Trade was no longer the most important commercial activity in the East. Lumber and farming were ascendant. Montreal was still an important depot for fur sales to Europe, but the fur was coming from what was then called “the West”: the Great Plains, what is now central Canada.

The far West of present-day Canada was just a small part of the European fur trade, except on the Coast. Since 1770 British and Spanish ships had been visiting the Pacific Coast. Their quest: sea otter fur pelts, for sale to China. The Russians had been establishing a series of forts, colonies and trading posts north of the Haida Gwaii. Treuer (2014) describes the Russian presence as brutal, driving the Tlingit people of Sitka to rebel against forced labour and forced marriage at the Battle of Sitka (1804). Later (1867), the United States would purchase Russia’s holdings on the Pacific Coast, and that is why today the boundaries of Alaska extend part way down the west side of British Columbia. By 1812 the North West Company had a trading post near present-day Kamloops, British Columbia.

In our next chapter we will pause to take a detailed look at the fur trade.

# Chapter 7

## *Economics of the Fur Trade*

### Summary:

Chapter 7 describes how traders moved westward in search of beaver fur for European fur markets, and how the Hudson's Bay Company established itself across a huge territory. It considers why an initial increase in the standard of living of First Nations selling fur was not part of a lasting upward trend in income. The depletion of beaver stocks is explained, as is the legacy of beaver conservation zones for the first modern treaty.

It was the fur trade that most energized the colonization of Canada by Europeans, and it was beaver pelts that were most sought after. Even the beaver skins that had been worn for a year or two as clothing had their value, because it was not the long shiny outer hairs that were useful, but the softer, shorter inner hairs, which could be pressed into felt. For *three hundred years* (1550-1850) beaver felt hats were fashionable in Europe.

After Britain took control of French colonies, rivalry in the fur trade in what is now Eastern and Central Canada was no longer between colonial powers but between companies. Companies based in Montreal, and independent entrepreneurs, set out across the Great Lakes, and from Lake Winnipeg up the Saskatchewan River, ever westward in search of fur. Further north, the Hudson's Bay Company held sway.



*The North American beaver. Photo by: S. Steve (CC BY-SA 2.0) [60]*

### Check it out:

Check out this company which has been making beaver felt and other fur felt hats since 1773.

CHRISTYS'  
LONDON



Sadly, we must pause to remember that, as traders and European goods moved west and north, diseases such as smallpox, whooping cough, and influenza spread also. The low population density in the north would have reduced the impact of these diseases, but as Indigenous-European trading networks spread, stabilized, and involved more and more participants, diseases took a terrible toll.

We know that about 18% of the population around York Factory died in the first smallpox epidemic, 1781-2.<sup>1</sup> In another incident, during the summer of 1858, Whooping Cough killed 30 out of fewer than 200 people at Moose Factory. Other crisis death years in the region were 1884, 1885, 1891, and 1898. Epidemics would exploit malnourished populations and would also contribute to malnutrition by weakening or killing hunters and knowledge-keepers.

### **The Influence of the Hudson's Bay Company:**

The Hudson's Bay Company (HBC) came to dominate the fur trade in present-day Canada because of Rupert's Land, the vast expanse of territory it controlled. The British Crown had given the company a monopoly on commerce in Rupert's Land.

Despite its official monopoly, the Hudson's Bay Company could not ignore competition from voyageurs based in Montreal. Beginning in the 1770s, HBC felt it necessary to set up trading posts inland rather than solely on the shores of Hudson Bay and James Bay. The many deaths of Cree wholesale fur suppliers from smallpox in the 1780s gave even more reason for this strategy.<sup>2</sup> Later, HBC faced stiff competition from the rogue North West Company (1779-1821), with which it eventually merged. HBC reach expanded beyond Rupert's land, all the way to British Columbia by 1827.

In many ways, the dominance of the HBC in Rupert's Land was probably preferable to a more competitive fur-trading environment. The period of time when the North West Company was competing with HBC for furs in what are now Manitoba and Saskatchewan was difficult for the First Nations – who were bullied and plied with alcohol – and on the stock of fur-bearing animals.

By contrast, when monopoly conditions prevailed, the HBC kept an eye on sustainability and discouraged traders from unscrupulous activity. It attempted to hold the behaviour of its employees to a high standard. It discouraged alcohol consumption. It vaccinated Indigenous communities. Eventually it required its employees to pay insurance that would support Indigenous wives, girlfriends and children who might be abandoned when those employees returned to England.

1. Carlos and Lewis (2012)

2. Brown (2020)

On the other hand, the HBC used its monopoly power to keep fur prices favourably low for itself. We see this in the fact that Indigenous suppliers were paid for fur, or for their service to the post<sup>3</sup>, with credit. The amount of credit was measured in “made beaver”, the value of a prime beaver pelt. Because they were paid in credit, Indigenous suppliers were forced to use their earnings to acquire goods at the post to which they sold their furs. And they were forced to sell fur to the posts where they wished to buy goods. If they had been paid in cash, they could have shopped around for better prices. Not until the late nineteenth century, when the railroad was bringing rival traders much nearer, did HBC pay Indigenous people in cash.

→For economics students: The HBC was both a monopoly and a monopsony in the areas it controlled. Explain.

→Debate the pros and cons of the HBC monopoly. Explain your reasoning.

### The fur trade's initial boost to First Nations' standard of living:

Ann Carlos and Frank Lewis (2010) have scrutinized the fur trade of the 1700s at the HBC post called York Factory, which is at the mouth of the Nelson River on Hudson Bay. Here HBC was collecting furs from Assiniboine, Cree, Chipewyan and other native suppliers.

Carlos and Lewis believe that the material standard of living of the local First Nations at this time would have been higher than before contact with Europeans, because of the new goods they now could acquire in exchange for fur: guns, ammunition, nets, sewing needles, knives, kettles, and pots. What do most of these objects have in common?

Using HBC records and diaries, Carlos and Lewis demonstrate that:

- Local hunters were strong bargainers and choosy consumers, and the HBC took pains to anticipate and respond to their shopping preferences.
- By 1770, local hunters who traded at the York Factory post were spending 34% of their earnings on guns, tools, nets, and other producer goods; 7% on household goods, 13% on alcohol, 20% on tobacco, and 27% on non-alcohol and non-tobacco luxury goods such as tea and jewelry. They purchased no food at all. What does that suggest to you?
- Local hunters were interested in raising their incomes. They responded to higher fur prices by



Map of Rupert's Land, showing the location of York Factory. Credits to: BlankMap-USA-states-Canada-provinces.svg: Lokal\_Profil; Wpdms\_ruperts\_land.jpg: en:User: Decumanus; Derivative work by: Themightyquill (talk) (CC BY-SA 3.0) [61]

3. Trading posts were served by “home Indians” who supplied the posts with meat and manual labour

supplying more fur.

- Local hunters and their families enjoyed a good standard of living. Their diet, which was diverse and protein-rich, was better than the diet of most people living in England at the time. Their clothing was at least as valuable as the average English wardrobe. Their housing, however, consisted of necessarily temporary structures which were much less comfortable than the housing of even low-wage English.

Overall, local hunters and their families consumed a package of goods that was similar in value to that of ordinary English families. How do Carlos and Lewis come to this conclusion?

Since First Nations did not purchase food at the posts in the 1700s, Carlos and Lewis determine how much meat was absolutely necessary for survival by First Nations given the other foods they could count on, such as fish, wild vegetables, fruits, berries, sap etc. This amount of meat, valued at English prices, would have been completely unaffordable to most people in England; and the English did demonstrate a preference for a meatier diet when they could afford it. The fresh, wild meat eaten by First Nations was a cut above much of the meat products – sausage, haggis, head cheese – consumed by poorer British households.

To value clothing, the authors ignore labour costs and focus on the number of moose hides needed for clothing and the number of deerskins needed for footwear over the course of a year. They then price these hides by how much they were worth in made beaver at York Factory.

In 1740, the year of comparison, beaver pelts were selling for at least 5 shillings in England, and Carlos and Lewis use this to estimate that an Indigenous family of five would have £13 worth

of clothing compared to £1.2 for a low-wage worker's family in England. I think you'll agree, however, that it is questionable whether English people would have wanted to be dressed in leather. We could instead have asked how much it would cost for an Indigenous family to purchase the fabric worn by English families. This forces us to realize that people adjust to higher prices by choosing different goods to eat and to wear.



*Pre-1873 child's dress from Dene Nation (Athapaskan language group). Collection of Agnes Etherington Art Centre at Queen's University (CC BY 2.0) [63]*

→ Is there evidence in your family of previous generations eating lower quality food?

Meat is arguably better than potatoes, and leather than fabric, but each group was consuming the goods most readily available and inexpensive, and the ones to which they were accustomed. The foreign goods would necessarily have been more expensive, and not necessarily preferred.

Carlos and Lewis decide to create a measure of the cost of living using those two points of view, namely, using the consumption preferences of each group. They impute the amount of food that First Nations hunted, since during the 1700s First Nations did not buy food at the post. Other than that, they do not consider any food or other goods produced at home by Indigenous and English families. Moreover, not knowing spending details for the average family, they go with spending shares, which they can observe from trading post and British shopping records. So they are not comparing incomes, and what each group could afford to buy. They are comparing how much a typical consumption bundle would cost in two different countries and currencies. First they look at how much a native consumption bundle would cost in the Hudson Bay area or in England, and then they look at how much an English consumption bundle would cost in the Hudson Bay area or in England.



The pelt above is a standard "made beaver" valued at 1 mb. Photo: Anya Hageman, taken at Fort Langley Museum, BC. (Public Domain) [62]

*Cost of living =*

$$= \left(\frac{F}{Y}\right) * (\text{Cost of Food}) + \left(\frac{C}{Y}\right) * (\text{Cost of Clothing}) + \left(\frac{S}{Y}\right) * (\text{Cost of Shelter})$$

$$+ \left(\frac{L}{Y}\right) * (\text{Cost of Luxuries})$$

*Y=Total income*

*S=Amount Spent on Shelter*

*F=Amount Spent on Food*

*L=Amount Spent on Luxuries*

*C=Amount Spent on Clothing*

They compute something like the calculation shown above. Their actual calculation is a little more detailed, with a spending share for meat and a spending share for potatoes etc. They perform this calculation twice, once using the spending shares that are typical for Hudson Bay area Indigenous families, and once for the spending shares typical of English families. They find that using Indigenous spending shares, with a heavy emphasis on meat and leather, Indigenous families' cost of living was 8-22% more expensive. But when they use the spending shares of the English, with a



heavier emphasis on shelter and luxuries, they find that the Indigenous cost of living was 10-24% less expensive. So perhaps the cost of living was not too dissimilar between the two groups. Carlos and Lewis conclude:

“Natives certainly lived frugally by later standards, as did most people in the mid-eighteenth century. Still, the introduction of European goods into the life of these hunter-gatherers did allow them a higher standard of living, perhaps the equal of most English workers and above that of most Europeans. Moreover, their “biological” standard of living was especially high because of their meat consumption and generally healthy environment. By such a measure, which was reflected in their stature, Native Americans in the first seven decades of the eighteenth century might very well have been living in a golden age. Unfortunately, that golden age was short lived. The commercial trade initially provided benefits to native communities, but it did not promote long-run economic growth. This failure was largely due to the nature of the fur trade itself, which was based on an animal [beaver] that was limited in scope by its habitat. As such the trade could offer no more than the constraints dictated by that habitat.”

→What do Carlos and Lewis mean by “biological standard of living”?

→Why, according to Carlos and Lewis, could the fur trade not be a basis for long-run economic growth?

→Can you think of an alternative way to compare living standards in Turtle Island and Britain?

### **The Fur Trade and Economic Development:**

As Carlos and Lewis said in the quotation above, biology limits the expansion of wild fur collection. For the fur trade to promote economic growth, it would have to have significant spin-offs into other industries.

The **Staples Approach** is a way of analyzing trade in commodities by evaluating the quality of those spin-offs. This approach was developed in the 1920s by Queen’s Professor W.A. Macintosh and University of Toronto Professor Harold Innis. The Staples Approach organizes Canadian economic history by the most important commodity collected from more remote areas to be sold to more industrialized areas. The Staples Approach analyzes the unique impact of each era’s staple commodity – fish, fur, lumber, wheat, minerals – on the economy of the time.

Each staple which is traded makes particular demands on inputs such as the various kinds of labour required and supporting industries. Each staple attracts and advances particular classes of people and institutions. These are called **backward linkages**. Each staple also potentially allows for further processing of the staple and the development of industries that use it. The staple also provides local income which is spent in particular ways, stimulating other industries and activities. These are called **forward linkages**.

### The Beaver Fur Industry:

- |                                   |                            |
|-----------------------------------|----------------------------|
| A. Hunting and Trapping           | E. Shipping Fur to England |
| B. Sorting and Treating the Pelts | F. Using Fur to Make Felt  |
| C. Delivering Fur to Post         | G. Using Felt to Make Hats |
| D. Selling Fur to Post            | H. Selling Hats            |

→ Consider the list in the box above. At each step, ask which inputs, people, and skills would be used and what the consequences for Indigenous society and Indigenous economic growth would be. At each step, ask what new skills, incomes, and technologies could be generated and what the consequences for Indigenous society and economic growth would be.

Note that hat-making did not take place on Turtle Island. France and Britain discouraged manufacturing in their colonies. Colonies were to be cultivated as sources of cheap raw materials and as markets for the goods manufactured in Europe.

Carleton University Professor Mel Watkins believes that First Nations were neither very much harmed nor helped by the fur trade. Not much harmed, because they were able to sell fur autonomously, individually, and independently; they were not much helped, because the fur was exported to foreign shores where most of the value of the final product was added. In his book *Dene Nation: The Colony Within* (1977)<sup>4</sup>, Watkins writes:

“The Hudson’s Bay Company appropriated such enormous surpluses from the fur trade that it is now a major retailer, real estate developer, and shareholder in the oil and gas industry. Indeed, beyond that, the fortunes that originated in the fur trade went on to spawn yet greater fortunes in banking and railways. Of what benefit has this been to the northern aboriginal peoples who produced the fur?”

### **Beaver Depletion:**

The fur trade put severe pressure on the stock of fur bearing animals, even in remote areas. Beaver in particular were almost completely exterminated from the Hudson Bay area several times: during 1733-1763<sup>5</sup>, 1800<sup>6</sup>, the early 1820’s<sup>7</sup>, and the 1930s. Ray (1974) notes that although hunting and trapping were primarily responsible, beaver diseases, forest fires, and droughts at times aggravated the depletion of beaver.

4. The following discussion is from the Preface of the book, published in Grant and Wolfe, eds. (2006)

5. Carlos and Lewis (2010), Chapter 6.

6. Carlos and Lewis (2010), Epilogue.

7. Ray (1974), Chapter 6.

In an earlier chapter we discussed Indigenous values and hunting norms. How is it possible that Indigenous peoples who so respected nature, and who believed that taking more than is needed is offensive to animal spirits, could have hunted beaver to the point of extinction? Three explanations of overhunting come to mind.



*Antique Beaver Top Hats, made in the late 1830's. Kelowna Heritage Museum, Kelowna, British Columbia. Photo credits to: Thomas Quine (CC BY 2.0) [64]*

One explanation is migration. The introduction of new trading opportunities, guns, new diseases, and European settlement triggered both voluntary migrations and intertribal conflicts which resulted in migrations. For example, some Cree moved west and north, while others moved southwest. Inuit moved south and Chipewyan moved southeast. Anishinaabe moved northwest. Even within tribes, families reorganized due to deaths, marriages, and the coming to adulthood of children. As territories changed, new sets of hunters had to learn the locations, habits, and stock size of the different animals on their territories. Migration would reduce hunters' knowledge of the land and perhaps their feeling of being spiritually tied to it. Another explanation of overhunting is trespassing, stealthy or overt, by rival Indigenous groups or by white hunters.

There is also the profit motive, to which no human is entirely immune. Demand for fur was steady, so the pressure to hunt was relentless, despite the beaver population cycling in a natural rhythm. Carlos and Lewis (2010) argue that the traditions and norms around territorial ownership among the local hunters, norms like the Ethic of Generosity, and the Good Samaritan Principle discussed earlier, were useful in preserving game animals such as deer, moose and caribou, which are hunted for meat and which were essential to survival, but not sufficiently useful in protecting fur-bearing

animals. The Table shows the differential effect on deer and beaver of hunting norms and hunting incentives.

Factors affecting conservation	Deer, Moose, Caribou	Beaver
Incentive to hunt	Hunted primarily for meat and hides, to feed local families and whites living at the trading posts. Hides and bones might be inferior goods, replaced to some degree by European goods as incomes rose. Economics students: review the terms “inferior”, “normal”, and “luxury”.	During the fur trade era, beaver were hunted primarily for sale. Demand from the trading posts was limitless. Items which could be purchased with beaver pelts included many necessities not made in Canada, such as guns, and many luxury goods, such as tea.
The tradition of Generosity and gift-giving	—	Beaver were essential to a Chief’s ability to share European goods.
The Good Samaritan Principle by which strangers in need are allowed to hunt for food on one’s territory.	Because the animals range across territories, and may flee across territories, and because they are essential to survival, allowing anyone to hunt for personal use in times of need, without taking more than needed, makes sense.	Beaver do not move across territories, so the Good Samaritan Principle makes less sense in this case. There is less incentive to conserve the beaver on your territory if you know that others can enter your territory and hunt beaver when needed.

**Beaver Conservation:**

During the Great Depression of the 1930s, consumer spending crashed. Fur prices, like other prices, fell. Coincidentally, animal populations in the Hudson Bay region were very low. This was a time of great poverty for fur-hunters and trappers in Ontario and Quebec.

In response, James Watt of the Hudson’s Bay Company, other HBC representatives, Cree leaders, and the governments of Quebec and Canada devised a system of beaver reserves in Northern Quebec. Beaver conservation areas were assigned to specific Cree bands. Only the Cree themselves would be permitted to hunt and trap on these lands, while respecting a quota set by the government using data that the Cree themselves would report. Reserve guardians would be paid by the government to monitor beaver levels, and this money would help them pay their bills until the beaver stocks rebounded. Hunters and government officials would meet once a year to discuss stock management. The beaver populations recovered quickly, doubling every year from the initial stock of existing beavers or re-introduced beavers!

Today, the Cree of northern Quebec’s right to hunt beaver and other animals sustainably for fur and meat is protected by the 1975 *James Bay and Northern Quebec Agreement*, an agreement which basically converted those beaver conservation areas to self-governed Cree lands. The *James Bay and Northern Quebec Agreement* includes many self-governance provisions for the Cree, and also for local Inuit. This first Modern Treaty, and its principles of territorial rights and Nation-to-Nation cooperation, were foreshadowed by the earlier beaver conservation plan.



# Chapter 8

## *The Dispossession of the Métis and the Destruction of the Bison*

### Summary:

In this Chapter we focus on mixed-race individuals and trace the development of the Métis Nation. After Confederation, in the context of increased white settlement and the disappearance of the bison, the Métis asserted their land and self-government rights. These actions led to the creation of Manitoba and Saskatchewan but did not prevent the dispossession of the Métis.

Let's pick up the historical thread in 1800, where we left off at the end of Chapter 6. By 1800, fur was no longer the staple export from British-controlled Turtle Island; logging had become its dominant industry and timber its primary export. While the East was busy with logging and farming, the centre of fur collection had moved to northern Manitoba.

Gradually traders and trading posts had penetrated the West. But beyond Toronto, population 300, there was no European-style settlement in Western Canada at all except for a community of mixed ancestry living at the junction of the Red River and Assiniboine River where Winnipeg stands today. This was the birthplace of the Métis Nation.

We have previously spoken about the lifestyle of the Bison Hunting Peoples indigenous to this region. Now a few words about the Métis. It is not generally appreciated that it was mixed race individuals, not so much Europeans, who on behalf of European interests explored Canada and opened it to trade. This had to be the case due to the fact that there were almost no white women in Canada for a hundred years after first contact. John Bentley Mays (2002) writes:

*“...in 1791, Ontario’s British population...was concentrated at Kingston and Niagara-on-the-Lake, with a sprinkling of new towns and farming communities near the Bay of Quinte. In the rocky wilderness beyond the fertile hill*

*country of the lower Great Lakes basin lay only a handful of towns – if one can call a huddle of cabins a town. As recently as the 1860s, the outposts of Sault Ste. Marie, Fort William [now Thunder Bay], Fort Frances and Rat Portage – as Kenora was known then – were among the very few settlements in that northern vastness.*

*But this is certainly not to say that those endless tracts of swamp, lake and thicket were innocent of human life. The Aboriginal people knew and loved this country. So did the spiritual offspring of Étienne Brûlé, those trappers and hunters who had once been French but had long since melted into the forests and become a race of folk more Christian than pagan. Too distant from the institutions of French Christian civilization to think much about them, most nevertheless kept the names of their French ancestors – Chevrette, Boyer, Côté, Cadieux...- who had been coming up from Montreal along the Ottawa River in their shallow-draft boats to Lake Huron since 1608, when Champlain dispatched Brûlé to make the first, critical contact with the western Wendat. The voyageurs brought from the western edges of European civilization the trade goods valued by the ancient nations dwelling inland: guns, buckshot, bullets and gunpowder above all, but also copper chaudières, iron tools, wire.*

*They also hauled daintier things, much treasured by the inland peoples: the porcelain beads known as rasade, mirrors and bells, combs and earrings. They hauled over the portages, then downriver to Ville-Marie [Montreal] the precious pelts that shaped the economy of New France.”*

Meanwhile, in the vicinity of Hudson Bay, HBC traders were having children with Indigenous women. These “Country Born” mixed ancestry children stayed closer to home. Writes the Canadian Geographic<sup>1</sup>: “Many sons of HBC traders also became fur trade employees, serving in a variety of positions such as clerks, postmen and factors. These English or British Métis were less likely to be involved in labouring positions such as manning York boats than their French Métis compatriots.”



Métis Traders on the Plains 1872-1873. Credits to: Library and Archives Canada (Access 90 Open) [65]

1. Canadian Geographic Atlas of Indigenous Peoples, Métis volume, 2018

It was mixed race people moving west, not Europeans, who were the first non-First Nations to settle in the confluence of the Red River and Assiniboine River, at present-day Winnipeg.

In the first half of the nineteenth century, intermarriage resulted in a fusion of French-Indigenous and Country-Born lineages. The two groups recognized common cause against the encroachment of settlers and the monopoly of HBC on trade.

The new Métis culture merged French, Algonquin, other Indigenous, Irish, and Scottish traditions. Dancing, fiddling, decorated clothing and horse tack, and a language (Michif) incorporating French nouns and Cree or Ojibway verbs are noted elements.<sup>2</sup>



Métis Family at Osnaburg House, Ontario. Photo by: Robert Bell. Credits to: Library and Archives Canada (Access 90 Open) [66]

## Population of the Red River Valley:

Year	Métis Population	From rest of Canada – race not specified	Mixed English-Indigenous parentage	Total Biracial	European
1843	571 families	152 families	—	—	139 families
1857	—	—	—	6000 persons	1000 persons
1870	5720 persons	4080 biracial and Indigenous persons	—	—	1600 persons

*Population of the Red River Valley. Redbird (1980).*

Métis spiritual beliefs have traditionally aligned with Catholic Christianity, influenced by native, particularly Algonquian spirituality as can be seen in the Michif words for God: Li Bon Jeu (French: The Good God), Kitche Manitou (Algonquin languages: The Great Spirit), and Not Kriiteur (French: Our Creator).<sup>3</sup>

The original Métis lifestyle was flexible and diverse. Trapping, hunting, fishing, bison hunting, pemmican (dried meat trail mix) production, and farming were among the occupations chosen. The Métis were also traders, and providers of canoe and cart transportation.

2. Redbird (1980)

3. Ibid., p. 20

It is likely that the presence of Métis would have interfered with First Nations' hunting and fishing, especially in the prime hunting and fishing grounds along the Red River and southern Lake Winnipeg. Maureen Matthews (2017) writes that the Métis living here often conflicted with the Assiniboine on the prairies. Thus when Selkirk brought British settlers to the Red River area, "he introduced a destabilizing element into an already unstable and occasionally violent social situation," one in which Métis, allied with the North West Company, competed with Assiniboine, Cree and Ojibwe peoples, traditional HBC clients.

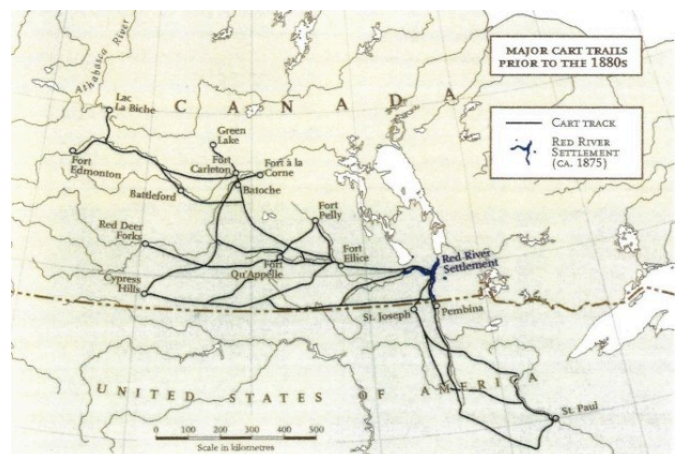
Lord Selkirk was a Scottish lawyer and social activist intent on settling Scottish farmers who had lost their lands in the wave of evictions known as the Highland Clearances. He generously used his own inheritance to buy land in what are now Prince Edward Island and Ontario for the refugees. He also purchased enough shares in the Hudson's Bay Company to help him negotiate 116,000 square miles of the Red River valley for Scottish settlement, with the first settlers arriving in 1811 and the Scots/Irish settler population numbering about 221 in 1821.<sup>4</sup> Unfortunately, Selkirk's plans did not include consulting or compensating the Métis living there. In the coming years Métis property boundaries would be ignored and Métis hunting and trapping and commercial activity would be constrained and regulated. The response of the Métis alternated between patient petitioning and restrained shows of force.

## Confederation:

In 1867, the provinces of New Brunswick, Nova Scotia, and "Canada" (a.k.a. Ontario and Quebec) united to become a Nation independent of Britain. This new country was the Dominion of Canada. Canada's new constitution, the British North America Act, asserted that the government of Canada would now have authority over "Indians, and lands reserved for Indians". "Indians and lands reserved for Indians" was the twenty-fourth item in a list of 29 items coming under federal jurisdiction. The list also included the Census,



*Métis Sashes. These bright finger-woven sashes are worn either around the waist or over the shoulder. The complex patterns represent the complex history of the Métis. Photo by: Chris Corrigan (CC BY-NC-SA 2.0) [67]*



*Major Transportation Trails used by the Métis before 1880s. Source: Canadian Geographic Atlas of Indigenous Peoples, Métis volume, 2018. (CC BY 2.0) [68]*

4. Manitoba Historical Society (1962)



banking, and the postal service. No other mention was made of Indigenous peoples in this Constitution.

Tom Courchene (2018) has noted that the government has tended to interpret its legislative powers and responsibility as pertaining to “Indians, *on* lands reserved for Indians”, ignoring Indigenous people who are not on reserves.

Two years after Confederation, the Hudson’s Bay Company surrendered Rupert’s Land to the British Crown, which gave the land to Canada. The HBC received \$1.5 million and got to keep its trading posts plus 20% of the farmland. No Indigenous people were involved in this negotiation.

Without Rupert’s Land, the new Canada would have ended in Ontario, and excluded most of what is today northern Ontario and Quebec. With Rupert’s Land, Canada became a much larger country, on the same scale as the United States, a country potentially stretching all the way to the Pacific Ocean.

Even before the deal was signed, surveyors began to divide up the new territory for immigrant farmers from eastern Canada, in complete disregard for First Nations or Métis rights. So it was that, in the fall of 1869, a young man named Louis Riel stopped surveyors from continuing their work on Métis property.

He formed the “National Committee of the Métis of the Red River” shortly thereafter, and with a force of 500 men he non-violently took over the local colonial office and the local Hudson’s Bay Company administrative office at Fort Garry. The group proceeded to form a local government and draft a Bill of Rights.

Within a year, Ottawa responded by negotiating the creation of the province of Manitoba, recognizing the Métis’ Bill of Rights and promising 1,400,000 acres of land to the Métis. The only fatality of what is now called the Red River Resistance<sup>5</sup> was a prisoner named Thomas Scott who was executed by the Métis. Mostly because of this execution, many voters in Eastern Canada looked with dis-favour on the Métis and believed that the government had been too soft on “rebels”.

With the establishment of Manitoba, settlement of the West accelerated and tensions rose. That very year, one thousand soldiers under Colonel Wolseley were sent to the Red River to calm things down. Instead of stabilizing the situation, Wolseley’s force wreaked havoc among the Métis, including rape and murder. About half the Métis left Manitoba for what was then called the “North West Territories,” an area comprising what is now northern Manitoba, Saskatchewan, Alberta, and the



The North-West Territories (Rupert’s Land and the North-Western Territory) are acquired by Canada from the Hudson’s Bay Company. From part of them Manitoba is created as the fifth province.

*The Dominion of Canada before the purchase of Rupert’s Land.  
Credits to: Library and Archives Canada (Access 90 Open) [69]*

5. Formerly known as the Red River Rebellion

Northwest Territories. In 1875 this area was organized under its own Act, as usual without any recognition of Métis presence. In the years to come, Métis living there would petition the government for formal title to their lands, and for political representation, to no avail.

Meanwhile the promised distribution of land in Manitoba to Métis was disappointing. New lands, not original properties, and lands separated by miles, were dispensed on an individual basis, often in new territory west of the Red River.

As a result, the Métis ended up with a small fraction of the land intended for them. The Supreme Court would rule in 2013 that Canada failed in its commitment to the Manitoba Métis.



*Louis Riel with members of his council in 1870. Photo by: William James Topley, Topley Studio. Credits to: Library and Archives Canada (Access 90 Open)[70]*

### **The Demise of the Bison:**

It is during this time, the 1870s, that the virtual extinction of the Bison was taking place. In about twenty years the great herds were finished off. Settlers and their cattle were pouring into bison habitat, especially south of the border via the United States' new Northern Pacific Railroad, completed in 1876. Some rode the train just to shoot at bison. The US Army tolerated or encouraged the killing of bison as it sought to control the South West. Treuer (2014) claims that both soldiers and American civilians were paid bounties for each bison killed, with the skulls presented as evidence.



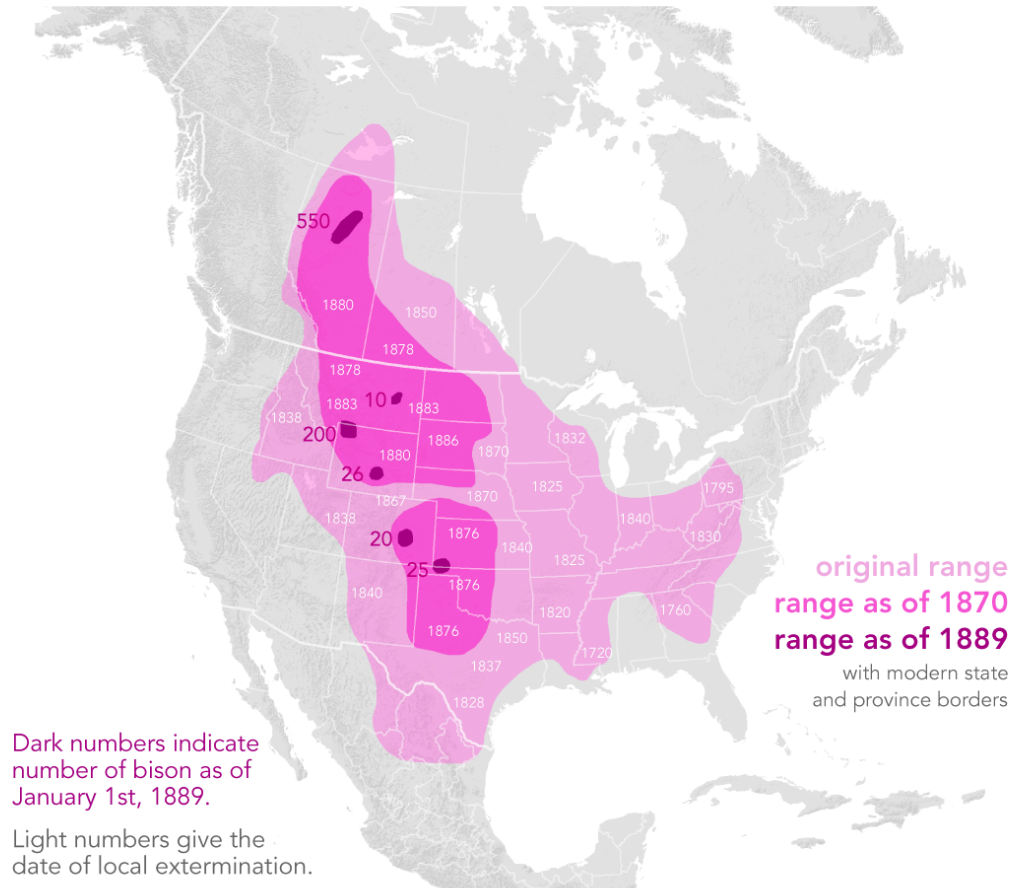
*Bison Skeletons, Gulf Lake, SK, circa 1890's (Ref. 17161); Credits to: Canadian Pacific Railway. (CC BY 2.0) [71]*

Moreover, a new method of tanning bison hides had been developed, so that bison leather could be used to make belts for steam engines. Where no hides at all had been exported in 1870, one million hides were exported to Britain and France five years later.

- What had prevented overhunting in the past?
- What had changed?

The decrease in bison numbers between 1730 and 1889 is shown by the map below. Some areas had lost bison gradually, possibly due to the arrival of rifles, horses, and European cattle diseases. Other areas lost the bison rapidly in the surge of settlement and industrial hunting just described. Carter (1993) asserts that by the 1870s, many reports from various sources were warning the federal government that bison were endangered. The government was advised, for example, to restrict bison hunting to Indigenous people, and to prohibit the export of processed bison products. It did not.

# The Extermination of the American Bison to 1889



Based on "Map Illustrating the Extermination of the American Bison" by W. T. Hornaday, available at Library of Congress, Geography and Map Division. (CC BY-SA 3.0) [72]

In their paper *The Slaughter of the Bison and a Reversal of Fortunes on the Great Plains* (2017), Feir, Gillezeau and Jones estimate the short- and long-term impacts on Plains Nations from the loss of the bison and the deprivations which followed.

First, they analyze data on the height of Indigenous North Americans and Siberians collected by the anthropologist Franz Boas between 1889 and 1903. Men from communities whose traditional territories overlapped the original bison range by more than 60 percent had a height advantage of more than three centimeters over men from non-bison-dependent communities. However, if these men were born after 1870, they were no taller than the other Indigenous men. This means that within one generation, lack of nutrition literally cut down formerly bison-dependent Plains people. Given that the most stunted people would have died and not been included in the sample, the decrease in height understates average nutrition loss. Feir et al. then look at American data and find that:

- In the year 2000, formerly bison-dependent communities earned approximately 30% less

GDP per person than other Indigenous communities

- Using satellite night-time light data to proxy GDP for small communities (which do not publish GDP data) yields the same conclusion.
- Even individuals identifying as members of formerly bison-dependent tribes who are no longer living on reserve have lower incomes than other Indigenous individuals.
- Nations that lost the bison slowly had lower occupation rankings in the 1910 and 1930 censuses than other Indigenous nations, but by the 1990s had rankings similar to the US national average.
- Nations that lost the bison quickly had lower occupation rankings in the 1910 and 1930 census than other Indigenous nations and still have lower occupation rankings, though the differences have moderated over time.
- Nations that lost the bison quickly were more likely to be in the news between 1991-2000 for social conflict and/or corruption in the community

The authors conclude: “This finding suggests that the rapid loss of the bison acted as an immediate shock to well-being and that this shock was transmitted intergenerationally”.

### Interesting Fact:

Incredibly, in 1887 a Select Committee of the Senate on the Existing Natural Food Products of the North-West Territories recommended that bison not be re-introduced, as it would distract the First Nations from agriculture, and interfere with the farming and herding operations of settlers. (Carter (1993), Chapter 4 p. 141).

Evidence of past and ongoing problems on the Canadian Prairies is found in the lower Community Well-Being scores of Prairie First Nations. In 2016, Prairie First Nations had the lowest CWB scores in all of Canada, and the highest gaps vis-à-vis non-Indigenous communities.<sup>6</sup>

The Prairie disadvantage also shows up in the mortality rate research of Akee and Feir (2018). The chart on the next page, based on their data, shows mortality rates across Canadian provinces, for ages 5-64. The mortality rate has been age-standardized to account for the fact that some provinces have fewer young people and more older people than other provinces.

- Discuss ways in which a shock can be transmitted intergenerationally.
- Are social problems more visible in the Indigenous population?
- Do social problems like alcoholism obviate the need for economic development?

The highest mortality category is between 270 and 300 deaths per 1000 per year. Only Status men living in Alberta, Saskatchewan, and Manitoba have rates that high.

The next highest category is between 200-270 for men and 195-225 for women. That only occurs for men in BC, Ontario and the Maritimes, and for women in Alberta and Saskatchewan. Akee and Feir show that economic and social conditions explain the mortality issues in Alberta and Saskatchewan for Status women, but cannot explain the high mortality for Status men in Alberta. Alberta is one of the safest provinces for non-Status men.

Status men and women are doing better in Quebec, the only province where they have death rates similar to non-Status men and women. Akee and Feir find that Quebec mortality rates are lower for Status people even after adjusting for social and economic conditions. Similar to these results are those of Beedie, Macdonald and Wilson (2019), who find that 2015 Indigenous child poverty rates are highest in Saskatchewan and Manitoba, and lowest in Quebec.

### Location of Highest Mortality Rates, by Sex and Status, 2010-2013 :

Age-standardized deaths per 1000 people per year	Status Women	Status Men	Non-Status Women	Non-Status Men
270-300 for men 195-225 for women	Alberta, Saskatchewan	Alberta, Saskatchewan, Manitoba	None of the provinces	None of the provinces
200-270 for men 135-195 for women	BC, Manitoba, Ontario, Maritimes	BC, Ontario, Maritimes	None of the provinces	None of the provinces
170-200 for men, 105-135 for women	Quebec	Quebec	Saskatchewan, Manitoba, Quebec, Maritimes	BC, Saskatchewan, Manitoba, Quebec, Maritimes
140-170 for men, 60-105 for women	None	None	BC, Alberta, Ontario	Alberta, Ontario

Location of Highest Mortality Rates, by Sex and Status, 2010-2013 : Data source: Figure 4, Akee and Feir (2018)

About forty per cent of Canada’s First Nations live on the Prairies. When we think about intergenerational trauma, we usually think of something bad happening that affects parents, who therefore are less able to provide a positive experience for their children, who grow up to be parents with less to offer, and so on. We sometimes forget that subsequent generations may be experiencing

new shocks of their own. This was indeed the case on the Plains. The extirpation of the bison was followed by policies which served to lock subsequent generations into poverty. These will be the subject of our next chapter.



## Summary:

This Chapter runs parallel to the previous one, focusing on what happened to the First Nations of the Plains shortly after Confederation. These First Nations were moved away from land coveted for the railways by means of the Numbered Treaties and the creation of reserves. Desperately poor without bison to sustain them, First Nations of the Plains saw promised help with agriculture evaporate. Self-government and basic human rights were denied to reserve communities everywhere in Canada as the provisions of the *Indian Act* (1876) became more and more draconian.

During the 1870s, the traditional way of life of Plains Peoples became less and less possible. For one thing, the bison were rapidly disappearing. First Nations were losing their main source of food, clothing, footwear, and shelter. A culture grounded in bison hunting was losing its organizing principle.

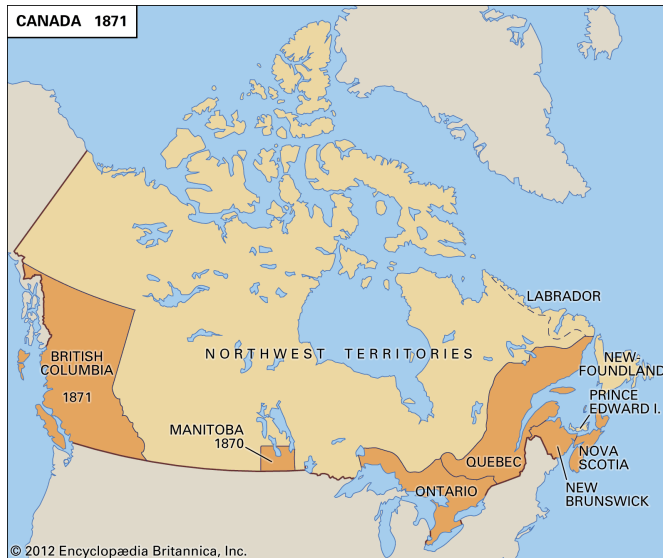
Secondly, settlers were arriving in great numbers. As police did not exist in western Canada until 1874, when the Northwest Mounted Police (today's RCMP) arrived, and since the area was weeks away from Ottawa, a "Wild West" culture of lawlessness that had characterized the later fur trade continued to threaten Indigenous well-being.

Writes Daschuk (2013), "Predations against First Nations are well documented in the years before the arrival of Canadian law in the west in 1874. The grisly murder of Kainai chief Calf Shirt, and the massacres of Assiniboines at the Sweet Grass and Cypress Hills, are bloody examples. Occasionally, First Nations turned on their neighbours in the increasingly desperate and hostile environment of the northern plains."

The government of Canada could hardly control the western movement of settlers, and anyway it was eager to expand the nation from Sea to Sea as proclaimed in Canada's motto *Ad Mare Usque Ad*



Mare.<sup>1</sup> The map below shows how isolated British Columbia was from Eastern Canada. British Columbia had finally joined Confederation in 1871 based on the promise that a railway would be built to connect it to Eastern Canada within 10 years. As explained by the *Canadian Encyclopedia*, the young Canada established itself, and bolstered itself against potential American ambitions, by building the Canadian Pacific Railway from North Bay, Ontario to Port Moody, British Columbia, and settling towns along the railroad's path.



While settlers often crowded out or pushed out First Nations, the Canadian government itself appeared to follow the correct procedure to acquire land for settlement. As mandated by King George's Royal Proclamation made a century earlier, the Crown negotiated treaties to obtain Indigenous land, then provided this land to the railway.

In the context of Euro-Canadian settlement and the disappearance of bison, First Nations of the Plains were under heavy pressure to sign treaties that might provide some kind of economic security.

Map of Canada 1871. Credits to: Encyclopedia Britannica (CC BY 2.0) [74]

### The Numbered Treaties 1871 + :

The treaty-making process which secured Indigenous land for the railway and for settlement was welcomed – in principle – by many of the First Nations involved. First Nations were concerned about what so many settlers meant for their way of life and for their personal safety. They were also unsure how they would manage without bison and hoped that treaties would come with some form of assistance for transitioning to agriculture.

*Treaty 1* was signed in 1871 between Canada and the Anishinaabe and Swampy Cree living in southern Manitoba.

After this, the Numbered Treaties moved roughly east to west and south to north, ending with the adherence to *Treaty 9* in northern Ontario in 1929-30.

The signatories of *Treaty 1* were concerned about receiving assistance to transition to agriculture. According to the *Canadian Encyclopedia*, one of their representatives felt it unfair that the acreage per individual would be similar to the amount granted to white settlers, since First Nations had no money or tools with which to farm.



Historic Indian Treaties Map, 2007. Credits to: Government of Canada. (Access 90 Open) [75]

The Anishinaabe and Cree of *Treaty 1* ended up ceding a huge part of southern Manitoba – including the Red River Valley and what is now Winnipeg – in exchange for 160 acres for each family of five, \$3 per person per year, and a school with teachers. No mention of agricultural support was included in the written version of the Treaty, but after the Anishinaabe and Cree complained about not seeing what they were promised verbally, the Treaty was eventually modified to include animals and equipment. Recall that this treaty was signed two years after the Red River Resistance and the formation of Manitoba. Métis rights were to be delivered through the *Manitoba Act*; the Métis were not part of the Numbered Treaty process.

- Examine the text of Treaty 1.
- In the map above, where are Treaties absent?

The Salteaux involved in *Treaty 3* rejected two draft treaties until they received a promise of agricultural assistance, and all subsequent Numbered Treaties included gifts of farm tools and farm

animals. The gifts were not lavish. In the case of Treaty Four, the band was to be given one square mile, two hoes, one spade, one scythe, and one axe per family of five. Every ten families would get a plough and two harrows, and every Chief would get one yoke of oxen, one bull, four cows, a chest of carpenter's tools, five hand-saws, five augers, one cross-cut saw, files, and a grindstone.

A new provision in *Treaty 6* was the provision that the Indian Agent, the local official representing the federal government to the Band, would keep a "medicine chest" for the benefit of the community. This has been interpreted as an obligation on the part of the federal government to provide health care to First Nations. Over time, these various obligations – education, health care, economic development support – have become standard for all reserve communities across Canada.

Note that the Numbered Treaties were all negotiated without proper legal representation for the First Nations involved. Translation too may have been an issue. Many First Nations have argued that the written Treaties leave out guarantees that were made verbally, guarantees of hunting and fishing privileges outside the reserve's boundaries. They argue that mineral rights were never part of the deal; despite Treaty texts indicating that First Nations were giving up "all their rights, titles, and privileges, whatsoever, to the lands included..."(*Treaty 6*), First Nations recall understanding that the land would be used for agriculture to the depth of a plow. From that point of view, they should have been consulted when, in 1930, Canada awarded Manitoba, Saskatchewan, and Alberta rights to the natural resources within their provincial boundaries.<sup>2</sup>



*Treaty Medals. Both sides of a commemorative coin, Chief's Medal, presented to commemorate Treaty Numbers 3, 4, 5, 6 and 7, 1986. Credits to: Library and Archives Canada 1986-79-1638 (Access 90 Open) [76]*

Writes former Siksika Nation Chief Leroy Paul Wolf Collar, "Although some people suggest that the treaties were land surrenders, First Nations disagree. They contend that their grandfathers, who were signatories to the historic treaties, did not receive such an understanding from the treaty talks, never gave up their inherent right to the lands and resources, and did not give up their right to govern themselves."<sup>3</sup>

The Treaty Commissioners did not warn the First Nations of *Treaty 7* (1877) and *Treaty 8* (1899) that their reserves and economic activity would soon be subject to federal government control as per the *Indian Act* (1876). "So all the while... government officials appeared to negotiate the treaties in good faith, they had, in fact, withheld information about the *Indian Act*."<sup>4</sup>

Mention of the *Indian Act* continued to be omitted from the Numbered Treaties.

### **Involuntary Reservation:**

2. Coates (2015)

3. Wolf Collar (2020), p. 9

4. Wolf Collar (2020), p. 10

Though many First Nations leaders were ready to participate in treaty-making, even if that involved a reserve, others wanted nothing to do with the process. One of these, Cree Chief Big Bear, held off joining other Cree in *Treaty 6* for six years. He eventually signed on due to hunger, but refused to choose a reserve.

Daschuk (2013), in his prize-winning book *Clearing the Plains*, documents how the federal government used hunger to break the independence of Plains First Nations. Starvation was already an issue in the signing of *Treaty 4* in 1874.

In the United States, where treaties were not being made, several epic battles, massacres, and mass deportations resulted from the attempt by the US Army to control and confine First Nations. Some of these tribes moved to Canada. Today there is still a close relationship between communities on each side of the border.



Mistahi Maskwa (Big Bear) ca. 1825-1888, the Plains Cree chief during his time in prison. Photo by: O.B. Buell. Credits to: Library and Archives Canada/ C-001873 MIKAN No. 3192597 (Access 90 Open) [77]

### **Problems with Agriculture:**

Once First Nations were on reserve, they found that they were worse off in several ways. First, the reserves were much smaller than their traditional territories, so could not support traditional hunting, fishing, and trapping. Reserves were also unlikely to be prime agricultural land. First Nations could not sell this land and move to better land, or land closer to markets.

If they moved off the reserve, they moved without land and without any assistance from government. Not only that, but between 1889 and 1930 Indigenous people on the Canadian Plains and elsewhere were literally forbidden to leave their reserves without a pass given by the Indian Agent appointed to administer their reserve. Government became more and more controlling.

→ Were travel passes required for people living on reserves in your region?

First Nations also found that their attempts to adopt agriculture were thwarted. While officially the federal government promoted agriculture on reserves, and did indeed promise assistance with agriculture in the Numbered Treaties, in practice the support did not come through. Sarah Carter (1993), in her book *Lost Harvests*, concludes:

*“That the Indians might become agriculturalists provided justification for limiting the Indians’ land base*

and isolating them on reserves. Once these goals were accomplished, the Indians were largely left on their own.” (Ch. 1).

“But from the beginning it was the Indians that showed the greater willingness and inclination to farm and the government that displayed little serious intent to see agricultural established on the reserves.”(Ch. 2).

Here are various ways in which the Canadian government failed Indigenous agriculture:

- **The government gave First Nations low-quality land.** “The reserves associated with the numbered treaties may not be all rock and sand and muskeg...but on the Prairies they are often nowhere near prime agricultural land and they are usually bereft of other resources...”<sup>5</sup>
- **Government incompetence or indifference.** No assistance was available until the reserve was surveyed and agriculture had begun. The limited amount of assistance promised did not always arrive, or arrived too late to be useful for that season. The tools and animals provided were often inferior in quality. At first, equipment and seed arrived that was unsuited to western agriculture.
- **Government interference.** Until 1882, the government discouraged the use of machinery on reserves. Most reserves did not own a mill for grinding wheat, but off-reserve millers were notorious for taking a large cut of the flour they produced from clients’ wheat. Blacksmith services could be difficult to access. From 1881 on, the Indian Agent had the right to control all sales, bartering, exchanging or gifting of agricultural produce and other goods belonging to Treaty Indians or Indian bands.
- **Corruption.** The farm instructors sent out between 1878 and 1882 were often political appointees with no experience of Indigenous culture or Prairie farming. They had little means to visit reserves, which were often distant.
- **Lack of credit.** The government failed to extend credit to reserves. Private credit was usually not available due to the fact that creditors cannot seize Indigenous lands if borrowers default on loans.
- **Government protection of White agriculture.** From 1889 the *Indian Act* included a provision making it illegal for western reserve communities to sell agricultural products to non-reserve communities without special permission of the Indian agent. This provision was not removed from the *Indian Act* until 2014.

First Nations also suffered from outright abuse by the Indian Agents assigned to them. Like feudal lords taking advantage of serfs, some government employees took what they wanted from First Nations, including money and sex.

“An Indian girl more or less didn’t matter; and I’ve seen rations held back six months till girls of thirteen were handed across as wives to that...brute.”<sup>6</sup>

The Indian Agent role persisted until the early 1970s. Leroy Paul Wolf Collar writes:

*“An Elder in my community told me that their hard-earned incomes generated from their farmlands and ranching businesses were often pocketed by the Indian Agent. Many reserve lands were sold by Indian agents without the approval of the Chief and Council, and in some cases without their knowledge.”*<sup>7</sup>



Farming on Reserves – A Blackfoot family, from a reserve near Raymond, Alberta, working as farm labourers on a sugar beet farm in Raymond, circa 1910. Photo by: John Woodruff, 1859-1914 Credits to: Library and Archives Canada (CC BY 2.0) [78]

Back in the 1880s, when the government provided rations of flour, tea, and pork to hungry people in return for work, these rations were often moldy or rotting, unfit to eat. It was determined that rations suppliers were behaving corruptly, but none was ever prosecuted. Daschuck (2013) writes:

*“Management of the increasingly serious food situation and Indian Affairs generally shifted from a position of “relative ignorance” under the Liberals to one of outright malevolence during the Macdonald regime [1878+]. The Conservatives, with Prime Minister John A Macdonald himself becoming superintendent of Indian Affairs, moved very slowly to provide food relief, waiting until the brink of starvation to lower government expenditures, and withholding food until bands not yet signatories to treaties signed on.”*

Compounding the inadequacy of rations and reserve agriculture, the disappearance of the bison, and overfishing of lakes and rivers, a series of natural disasters gripped the region during the 1870s and 1880s. This included an extensive wildfire (1877), locusts, a series of droughts (1887-1896), and even a volcanic eruption in Indonesia (1883) which affected the global climate for several years. The situation on the Plains was desperate and potentially explosive. Daschuk continues (2013):

Things appeared quiet on reserves at the beginning of 1885, but tension seethed beneath the surface. Just days before the outbreak of violence in the spring of 1885, the Saskatchewan Herald castigated the government for its misguided ration policy and its role in making the indigenous population sick: *“Everyone here knows that almost all of the Indians in the districts suffer from [tuberculosis] and dyspepsia... Their policy seems to be comprised in these six words: feed one day, starve the next.”*

Little wonder that a series of killings erupted in 1885. The perpetrators were quickly hunted down and executed. Poundmaker and Big Bear, Cree Chiefs, were imprisoned because of rogue band members who had taken part in the violence.

6. Testimony against a sub-agent for the Department of Indian Affairs, recorded in Daschuk (2013), Chapter 8

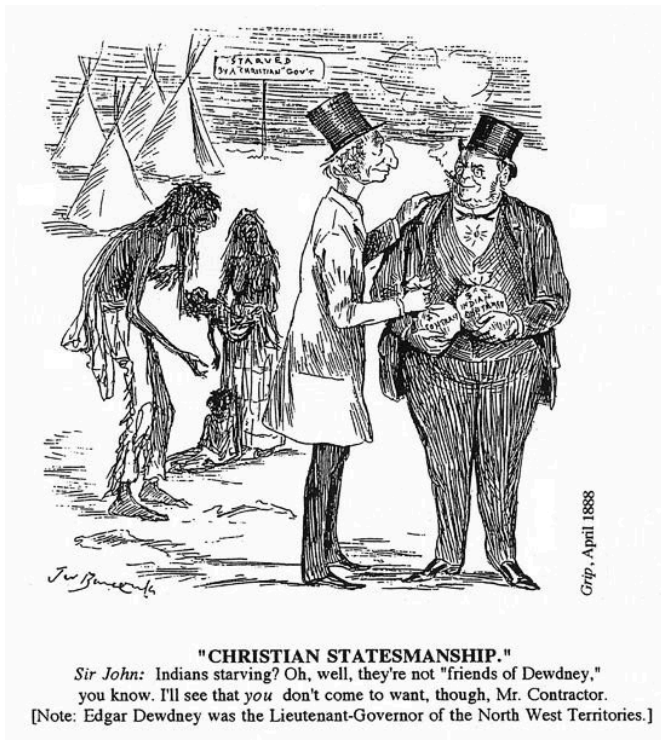
7. Wolf Collar (2020) p. 83

These killings took place while a somewhat separate conflict, the 1885 Northwest Resistance, or “Northwest Rebellion” as it was formerly known, was underway. Once again Louis Riel was leading the movement. Riel called on First Nations to rise up and join him, and some did.

## Suggested Activity:

→ Search the internet for the painting of Chief Poundmaker and Chief Big Bear in “Subjugation of Truth” by Kent Monkman, 2016.

The Métis near Saskatoon, Saskatchewan had been re-living the dispossession they had experienced in the Red River Valley. Once again there was a standoff, an occupation, and a provisional government. But this time most Métis did not engage, nor did most First Nations. After three battles, in which at least 30 men including 10 Métis died, the conflict ended, resulting in the creation of a new province, Saskatchewan. The federal government took a much harder line with the instigators than it had in 1869. Louis Riel and eight Indigenous leaders were hanged. Another serious consequence was the institution of the pass system forbidding First Nations from leaving their reserves without permission.



Artist: John Wilson Bengough. Source: *The Grip*, April 1888. Credits to: Sir John A. Macdonald Library (Public Domain) [79]

their culture alive and pursuing land claims. The first Métis-specific advocacy group, L'Union Métisse St. Joseph, got started in 1887.

Much later, 1938, Alberta created 12 Métis settlements, 8 of which persist today. These are Buffalo

To most non-Indigenous Canadians, all Métis were now rebels, which added to the discrimination they faced as non-whites. Redbird (1980; p. 25) writes: “The Métis movement disintegrated after the hanging of Louis Riel. The people subsided into their private lives as settlers began to pour into the west. The Métis lands were re-surveyed and the “carpetbaggers” juggled land claims and in general swindled the Métis out of what little they had left. Some adapted and a few adept Métis even prospered; some slipped into the white mainstream and others fled south to the United States. ...and some journeyed north “where you can live and die and never see a white man”.

After their disinheritance from early Manitoba and now Saskatchewan, many Métis were taking up residence on marginal lands such as road allowances. But they persevered, keeping

Lake, East Prairie, Elizabeth, Fishing Lake, Gift Lake, Kikino, Paddle Prairie, and Peavine. These are similar to reserves. Until 1990 there was not much self-government on these settlements.

The situation was worse in Saskatchewan, where Métis were neglected, except for an ugly episode when they were forcibly relocated to farms run by government managers.

Though the federal government had maintained that Métis are not a federal responsibility, the Supreme Court (*Daniels vs. Canada*, 2016) has settled the debate in the affirmative. Métis are Indigenous people and the federal government has the same fiduciary responsibility towards them as it has to all who are “Indians” in the sense of 1763 *Royal Proclamation* and the constitution acts of 1867 and 1982.

It is in some ways a blessing for the Métis that they were ignored by the federal government after 1885. Our next chapter describes various indignities experienced by the First Nations who survived the terrible 1870s and 1880s only to be trapped in poverty on reserves for generations. Even First Nations communities in eastern Canada who had long lived independently were turned into reserves and made to submit to *Indian Act* regulations. For example, the Kanien’kehá:ka who had come to Canada as Loyalists and who had been awarded lands in southern Ontario almost 100 years before Confederation became vassals of the Department of Indian Affairs, under the thumb of an Indian Agent until around 1970. Their traditional political structure, where clan mothers choose chiefs to lead the community<sup>8</sup>, was outlawed.



*A Métis family at their camp with a Red River Cart in Manitoba.*  
Credits to: Rice Studio / Library and Archives Canada / c001644,  
MIKAN: 3392788 (Access 90 Open) [80]

The Oneida community of The Thames, which had come to what is now Ontario from the United States after purchasing land with permission of the local government, was also turned into a reserve under *Indian Act* management.

8. Non-Indigenous Canadian women were not allowed to vote until 1918. First Nations men and women were not allowed to vote until 1960



# Chapter 10

## *The Indian Act*



### Summary:

The Indian Act of 1876 is still in effect today for many First Nations communities. In this Chapter we run through its articles, focusing on those relevant to economic activity. The bottom line is that the Minister of Indigenous Affairs has final say over the management of a reserve community, especially over financial matters. We take time to explore the lasting damage done by compelling children to attend Residential Schools.

Nine years after Confederation, while the Numbered Treaties were being negotiated, the *Indian Act* (1876) was passed. This, “An Act to Amend and Consolidate the Laws Respecting Indians”, is still with us today. Can you think of any other racialized laws in Canada?

The *Indian Act* has been amended dozens of times since its creation, for example in 2015 and 2017. There are 4 main things to know about the *Indian Act*:

1. The *Indian Act* does not outline the government’s obligations to First Nations. Obligations toward First Nations, arising from the Treaties, are not set forth in the *Indian Act* or anywhere else.
2. The *Indian Act* pertains only to Status Indians. Status Indians are descendants of First Nations who signed Treaties or who became members of reserve communities, if they meet certain criteria related to having married only other Status Indians. The government keeps the Indian Register, a list of Status Indians.
3. In a nutshell, the *Indian Act* protects the reserve land base and authorizes the federal government to manage any money that might be earned from the reserve or that might

otherwise accrue to the Band. There are regulations concerning fair distribution of land use revenues among Status Indians, for passing money to the heirs of Status Indians, for democratic representation of Status Indians at the Band level, and for maintaining good living conditions on reserve.

4. The *Indian Act* specifies how Chief and Council are to be elected.

The bottom line is this:

*“In the event of any conflict between any regulation made by the Superintendent General and any rule or regulation made by any band, the regulations made by the Superintendent General shall prevail.”*  
(1914 Ch. 35 s. 6).

### **Reserve Lands:**

The *Indian Act* protects reserve lands and their minerals, trees and wildlife from trespassing and exploitation. In 1906 a provision was added forbidding anyone from taking totem poles and other art works from a reserve without the written consent of the government.

This is critical because many First Nations’ reserves, such as the Kaniien’kehá:ka’s in Tyendinaga, had shrunk considerably through unscrupulous contracts made without the oversight of representatives of the Crown. Even after the *Indian Act* was passed, reserves in mainland British Columbia shrank drastically as settlers encroached. One example is that of the Squamish Nation which used to dwell in that part of Vancouver now known as False Creek.



*Air view of Indian Reserve, Split Lake, Manitoba. c 1925 Credits to: Dept. of Interior. Library and Archives Canada, PA-041572 (CC BY 2.0) [81]*

The *Indian Act* did not prevent the federal government from relocating Bands to areas it preferred for them. For example, the Peguis First Nation, a signatory of Treaty 1, was enticed by the government in 1907 to leave their prime location near present-day Winnipeg for a larger piece of land 190 km north. In 1998 Canada admitted it had violated the *Indian Act* and agreed to compensate the Peguis \$126 million. Peguis has since acquired two reserves in Winnipeg. (See Chapter 25 for more on urban reserves.) Some Inuit communities, not covered by the *Indian Act*, also have been subject to forced relocation.

## Suggested Activity:

→ Watch this timeline to see what happened to the community at False Creek :



The *Indian Act* specifies ways to grant individual members portions of land for their own use. (More on this in Chapter 24.) It protects reserve lands, and the assets of Status persons living on reserves, from seizure by creditors, and from federal or provincial taxation. It also has clauses to protect the inheritances of widows and orphans.

To avoid conflict of interest, missionaries, educators, and government agents are prohibited from doing business with First Nations unless they have written permission from the government.

In 1886 the Act's Section 2 declares that the reserve includes all the trees, wood, timber, soil, stone, subsurface minerals, metals and other valuables thereon or therein. However, previous and future Acts have made it clear that no removal of timber (or other resources, presumably) can be done without a license from the government.

In 1938 a revolving loan fund was set up for First Nations individuals, groups, or bands for agricultural, fishing, handicrafts or other ventures. The money comes from federal tax revenues.

## Interesting Fact:

In 1884 an "Indian Advancement Act" was also passed. Its aim was to train "more advanced bands" to manage themselves as municipalities. It repeats the provisions of section 74 outlining what bylaws Chiefs may create. It also allows Band Councils to raise funds for these governance purposes by 1) taxing lands owned by enfranchised persons or 2) taxing reserve lands assigned to individual band members. The local Indian Agent would manage the money, receiving the tax revenues and paying the expenses of enforcing the bylaws. This Act seems to have gone nowhere, necessitating the Kamloops Amendment (1988) to accomplish the same goal.

## **Controlling Measures:**

### Control of First Nations' Moneys:

*70. The Governor in Council may, subject to the provisions of this Act, direct how, and in what manner, and by whom the moneys arising from sales of Indian lands, and from the property held to or be held in trust for the Indians, or from any timber of Indian lands or reserves, or from any other source for the benefit of Indians (with the exception of any small sum...), shall be invested from time to time, and how the payments or assistance to which the Indians may be entitled shall be made or given, and may provide for the general management of such moneys, and direct what percentage or proportion thereof shall be set apart from time to time, to cover the cost of and attendant upon management of reserves, lands, property and moneys under the provisions of this Act, and for the construction or repair of roads passing through such reserve or lands, and by way of contribution to schools frequented by such Indians.*

*71. The proceeds arising from the sale or lease of any Indian lands, or from the timber, hay, stone, minerals or other valuables thereon, or on a reserve, shall be paid to the Receiver-General to the credit of the Indian fund.*

There are still similar provisions in the *Indian Act* in 2017, such as section 61 which reads:

**61. (1)** *Indian moneys shall be expended only for the benefit of the Indians or bands for whose use and benefit in common the moneys are received or held, and subject to this Act and to the terms of any treaty or surrender, the Governor in Council may determine whether any purpose for which Indian moneys are used or are to be used is for the use and benefit of the band.*

**61. (2)** *Interest on Indian moneys held in the Consolidated Revenue Fund shall be allowed at a rate to be fixed from time to time by the Governor in Council.*

These provisions are still in effect. For example, every year the Kanien'kehá:ka of the Bay of Quinte in Tyendinaga, Ontario, receive money from Enbridge Inc. for a gas pipeline that runs through land that once belonged to their reserve. This money goes directly to the Consolidated Revenue Fund referred to above. The Band must request the money from Ottawa if it wants to spend it.

Flanagan (2019) reports that financial settlements of Specific Claims<sup>1</sup> are also usually held in trust for First Nations, who require permission to spend the principal.

The Consolidated Revenue Fund, or more specifically the Indian Moneys Trust Fund, held 767 million dollars of First Nations money in March, 2016. The money earns interest at a low rate set by the federal government (the rate on 10-year Canadian government bonds). Over time, some of this Trust money has been lent to non-Indigenous people by the federal government, and has not been returned.

1. Specific Claims are not Land Claims but are claims that the government has failed to meet its Treaty or other promises to an Indigenous group.

## Suggested Activity:

→ Click here to see the story of how McGill University used this money in 1860:



In 1918 the government is permitted to spend the band's money on any construction, land, cattle, or machinery deemed to be in the band's interests, even if the band does not consent. This is eventually repealed.

In 1918 the government permits itself to lease out unused agricultural land on reserves, or hire people to cultivate those lands, without the consent of the band, and to spend band money on improvements to that land or on inputs used to cultivate that land. By 2002 this has been softened to "with the consent of the Band".

In 1919, section 141 allows the government to reduce the rent on leased reserve land, or reduce the price charged or interest collected on the sale of lands. Eventually softened to "with the consent of the band".

### Control of First Nations' Economic Activity:

In 1876 Status or non-Status Indians are forbidden to acquire a new homestead on the western frontier.

In 1881, chapter 17 sections 1-3, the Governor in Council may now prohibit or regulate sales of "grain or root crops, or other produce grown upon any Indian Reserve" in Manitoba and beyond. These are explicitly applied to Saskatchewan and Alberta in 1906.

*(1) The Governor in Council may make such provisions and regulations as may, from time to time, seem advisable for prohibiting or regulating the sale, barter, exchange or gift, by any band or irregular band of Indians, or by any Indian of any band or irregular band, in the North-West Territories, the Province of Manitoba, or the District of Keewatin, of any grain or root crops, or other produce grown upon any Indian Reserve...*

*(2) Any person who buys or otherwise acquires from any such Indian, or band, or irregular band of Indians, contrary to any provisions or regulation made by the Governor in Council under this Act, is guilty of an offence, and is punishable, upon summary conviction, by fine, not exceeding one hundred dollars, or by imprisonment for a period not exceeding three months, in any place of confinement other than a penitentiary, or by both fine and imprisonment.*

Also in 1886, no non-band member is allowed on reserve to trade or barter goods unless licensed by the government. The government may apply provincial hunting regulations to Indians.

In 1930 the agricultural trade prohibitions are still in force and now include livestock.

In 1940 Indians, whether Status or not, are prohibited from selling wild animals or parts of wild animals, presumably including meat and hides.

In 1951 the trade restrictions are limited to the Prairie Provinces:

*32. (1) A transaction of any kind whereby a band or a member thereof purports to sell, barter, exchange, give or otherwise dispose of cattle or other animals, grain or hay, whether wild or cultivated, or root crops or plants or their products from a reserve in Manitoba, Saskatchewan or Alberta, to a person other than a member of that band, is void unless the superintendent approves the transaction in writing.*

*32. (2) The Minister may at any time by order exempt a band and the members thereof or any member thereof from the operation of this section and may revoke any such order.*

These restrictions were gradually loosened and repealed, but the restriction on agricultural sales was not removed from the *Indian Act* until 2014.

#### Miscellaneous Controls:

In 1881 the *Indian Act* proclaims every Indian Commissioner, Assistant Indian Commissioner, Indian Superintendent, Indian Inspector or Indian Agent a Justice of the Peace for the purposes of carrying out the regulations in the *Indian Act*.

In 1884 the Act specifies that any group of three or more First Nations or Métis who make requests or demands to officials in a disorderly or threatening manner be liable to two years imprisonment with or without hard labour.

1884 It gives the government authority to prohibit the sale or gift of ammunition to First Nations.

1884 Indian men become automatically enfranchised upon receiving a university degree, or becoming a minister or lawyer. That means that they lose their Indian Status, whether they want to or not. Wife and minor children also lose their Status. We will discuss enfranchisement more in Chapter 11.

1884 “Any Indian or other person who engages in or assists in celebrating the Indian festival known as the “Potlatch” or in the Indian dance known as the “Tamanawas” is guilty of a misdemeanor, and shall be liable to imprisonment for a term of not more than six nor less than two months...” This and other cultural laws are removed in 1951.

In 1927 we have “Any Indian [in the West or Northwest] who participates in any Indian dance



*Group in position of power, Fort Pitt. Left to Right: Thomas Trueman Quinn, Indian Agent; HBC, Fort Pitt, 1884 Credits to: Library and Archives Canada (Access 90 Open) [82]*

outside the bounds of his own reserve, or who participates in any show, exhibition, performance, stampede or pageant in aboriginal costume without the consent of the Superintendent General or his authorized agent...shall on summary conviction be liable to a penalty not exceeding twenty-five dollars, or to imprisonment for one month, or to both penalty and imprisonment. This rule was still in the Act in 1970.

The 1886 edition removes band membership from any member who leaves Canada for more than five years without the permission of the government.

From 1881 on, Status Indians have the right to sue for debts owed to them, but in 1927 other legislation forbids them to hire lawyers to sue the federal government.

### Schooling:

In 1886 the *Indian Act* permits the government to compel school attendance at a school of the government's choice.

*138. The Governor in Council may establish an industrial school or a boarding school for Indians, or may declare any existing Indian school to be such industrial school or boarding school for the purposes of this section.*

*138. (2) The Governor in Council may make regulations, which shall have the force of law, for the committal by justices or Indian agents of children of Indian blood under the age of sixteen years, to such industrial school or boarding school, there to be kept, cared for and educated for a period not extending beyond the time at which such children shall reach the age of eighteen years.*

Section 138 also gives the government permission to fund the school with annuity payments or interest on moneys held in trust for the children. Later this money may only be used specifically for maintenance of the children at the school.

Section 137 speaks of fines and imprisonment for parents and guardians who do not cause their children to attend school. Later versions of the *Indian Act* give truant officers the right to compel attendance. In 2013 this is still in the Act:

*119. (6) A truant officer may take into custody a child whom he believes on reasonable grounds to be absent from school contrary to this Act and may convey the child to school, using as much force as the circumstances require.*

Ultimately, the *Indian Act* is amended in 2014 to end the government's involvement with religious schools, prevent the government from using a child's trust money for school fees, allow youth over 16 years of age to drop-out of school, and prevent the government from coercing students into attending school.

### **Residential Schools:**

Residential schools were introduced in the early 1880s. These were to be places run by churches that would teach the English language, the Christian religion, western manners and customs, and trades. As we just learned, the *Indian Act* gave the federal government permission to compel attendance.

Though most First Nations youth did not go to residential schools, of those that did (more than 30% of school aged children in 1944-5)<sup>2</sup>, many were whisked away from unwilling parents, usually moving far from home.

As if this separation from family and culture were not enough, residential schools became known for unsafe construction, inadequate heating, crowding, inadequate food, high mortality rates from illness, zero tolerance by staff of First Nations language and customs, separation of siblings, corporal punishment, and sexual abuse. Justice Murray Sinclair has estimated that as many as 6,000 children may have died at school. About ten years after the last school closed its doors (1997), Canada commissioned a Truth and Reconciliation team, led by Justice Sinclair, to fully expose and address this history. Its 2015 report shocked Canadians with accounts of the maltreatment of First Nations children (some Métis and Inuit children included), and of how devastated the children and their communities were when they returned from residential schools emotionally wounded, unable to speak their own language, conditioned to western norms, and having very little experience of good parenting.



*Burning of St. Anne's Residential School. From Ashes to Ashes: Sweet Justice for Residential School Survivors. Credits to: Susan G. Enberg / Cultural Survival [83]*

Reserves closer to cities often had church-run day schools, not residential schools. Many of these also disregarded Indigenous culture and student welfare.

To help understand how this could have happened, we must recall that for centuries, the wealthiest people in Britain and later, in Canada, sent their children to residential schools. It was not considered unkind. It was also not generally known that collections of parentless children are magnets for sadists and perverts. And schools in remote and isolated areas attract troubled people who cannot be employed anywhere else. Now that we know, let us never forget this.

Residential schools, orphanages, and monasteries full of children continue to exist around the world.



*Group of female students [7th from left Josephine Gillis (nee Hamilton), 8th from left Eleanor Halcrow (nee Ross)] and a nun (Sister Antoine) in a classroom at Cross Lake Indian Residential School, Cross Lake, Manitoba, February 1940. Credits to: Canada Dept. Indian and Northern Affairs/ Reuters / Library and Archives Canada / e011080274. MIKAN No. 4673899 (Access 90 Open) [84]*

The tragedy of family separation did not end when residential schools closed. While the schools

2. Final Report of the Truth and Reconciliation Commission of Canada, Volume 1: Summary, page 62



began closing in the 1960s, more and more Indigenous children were placed for adoption by White families, an event now called “The Sixties Scoop”.



Portrait of Peter Henderson Bryce taken in 1890. Dr. Peter Bryce was a whistleblower whose 1907 report found a 25% per year death rate at some residential schools in Manitoba and the North West Territories. Photo supplied by: David G. Bryce. Credits to: Lancefields of Ottawa (Public Domain) [85]

Of course, there may be some cases when fostering or adoption outside the Indigenous community is the only way to help a neglected or abused Indigenous child. But every time an agency would rather pay non-Indigenous caregivers than assist struggling Indigenous families, we have a continuation of the residential school legacy.

There are currently three hundred per cent more Indigenous children in foster care than there were in residential school at any one time.<sup>3</sup> In Alberta, between 1999 and mid-2013, 59% of all children in care were Indigenous, and 78% of children who died in care were Indigenous.<sup>4</sup>

Things have been changing for the better. Since 1990, each First Nation has managed its own branch of First Nation Child and Family Services, with funding from government. It was hoped that care would be more culturally sensitive. But hampered by lack of funds, FNCFS branches have not been able to keep all children in the home community. Finally, in February 2018, Indigenous Services Minister Dr. Jane Philpott authorized FNCFS Agencies to spend whatever is necessary to keep children safe in their own communities.

Such a decision answers the first Call to Action in the *Final Report of the Truth and Reconciliation Committee*. The last call to action is the 94th:

***We call upon the Government of Canada to replace the Oath of Citizenship with the following: “I swear (or affirm) that I will be faithful and bear true allegiance to Her Majesty Queen Elizabeth II, Queen of Canada, Her Heirs and Successors, and that I will faithfully observe the laws of Canada including Treaties with Indigenous Peoples, and fulfill my duties as a Canadian citizen.”***

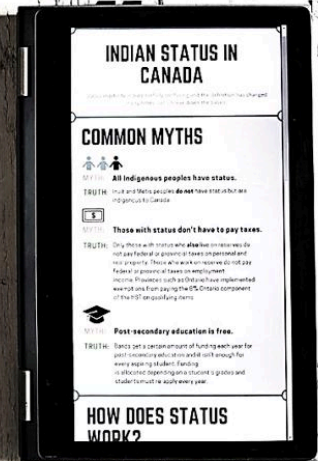
- Independently look up the Calls to Action.
- Which speaks to you most?

3. C. Blackstock (2007)

4. *Final Report of the Truth and Reconciliation Commission of Canada*, Volume 1: Summary, page 141.

# Chapter 11

## The Indian Act & the Status Indian



### Summary:

First Nations people with Indian Status have a Treaty relationship with Canada. We will take a look at how Status has been and currently is assigned. We discuss tax exemptions that pertain to Status Indians, and the rationales behind them.

The Indian Act does not apply to Inuit and Métis persons. It applies only to descendants of First Nations who continue to have legal “Status” under the Indian Act.



Sample Secure Certificate of Indian Status Card, issued centrally by Indigenous Services Canada (2019). Credits to: ISC, Government of Canada. (Access 90 Open) [86]

The federal government maintains the Status registry, deciding by its own rules who is Indian enough for Status benefits.

### How can Status be lost?

For many years, roughly 1830-1960, it was the aim of the Canadian government to reduce the

official number of “Status Indians” or “Registered Indians” either by removing Status from women who married non-Status men, or by replacing Status with regular Canadian citizenship in a process known as Enfranchisement.

A man who became enfranchised would cause his wife and children to lose their Status also. A portion of the band’s assets were to be transferred to him.<sup>1</sup> Enfranchisement was automatic if a person became a doctor, lawyer, or Christian minister, or if he (or she) otherwise earned a university degree. Leaving the reserve to fight for Canada in WWI or WWII could also require or result in a loss of Indian Status. Anyone living outside Canada for more than 5 years without permission was enfranchised.

Since 1869, Status women who married anyone other than a Status man lost their status, but white women who married Status men became Status women.

- What reasons might the government have for wanting to reduce the number of Status persons?
- How has enfranchisement altered the composition of the Status population?
- How could enfranchisement have harmed formerly Status persons?

In 1951, a restriction for men was added to the *Indian Act*: if the man’s mother had been non-Status, and if his wife was non-Status, then the husband’s status would not be enough to give his child status after age of 21. This new rule was not retroactive; it only applied to children whose parents married after the amendment was passed. Note that the sex discrimination was not eliminated. If a woman married out, she and her children lost Status immediately. If a man married out, and his son also married out, the grandchildren would lose Status after age 21.

One important consequence of losing Status is that, depending on the Band’s wishes, the person might lose their right to live on reserve. Federal funding has been in proportion to the number of Status people living on reserve, and non-Status residents are sometimes resented for using the scarce resources on reserve.

1. Wolf Collar (2020), p. 33

After years of Indigenous litigation against the government, in Canada and before the United Nations, the federal government was forced to undo this sex discrimination with Bills C-31 (1985) and S-31 (2017, in force 2019). These pieces of legislation amend the *Indian Act* so that:



*Lnu Mi'kmaw wedding in Miawpukek First Nation held by Chief Joe.  
Photo by: John Jeddore (CC BY-NC 2.0) [87]*

- There is no more enfranchisement. A Status person can never lose their status.
- Status women who married non-Status men after 1951 (Bill C-31) or 1869-1951 (Bill S-31) regain their Status. This affects the status of their descendants.
- Children born after 1951 to a Status parent and a non-Status parent have Status, but it is only half-Status in the sense that, if they also marry a non-Status person when they become adults, their children will have no Status. This is the “second generation cut-off rule.”

So, after 1951 there was a first-generation cut-off rule for women and a second-generation cut-off for men. After Bill C-31 (1985) there is a second-generation cut-off rule for both men and women.

→Would Bill C-31 result in more or fewer Status people?

→What are some likely consequences of the “Marry out, get out” rule in Kahnawake?

Because of Bill C-31, more than 114,000 people successfully reclaimed their Status between 1985 and 2000.

The Parliamentary Budget Office (2017) estimates that about 300,000 new persons will be registered with Status because of Bill S-31.

It is expected that, at most, only 2% of new S-31 registrants will move to a reserve.<sup>2</sup> Bands with their own membership rules can decide whether they want to accept new members or not. In any case, people with Status are eligible to receive health and education benefits which we discuss in Chapter 17.<sup>3</sup>

The government’s hesitation over Bill S-31 has been attributed to concerns about money.

As just mentioned, a Band can deprive Status persons of band membership, which means that a Band can have criteria which deny certain people the privilege of living on reserve, owning property on reserve, sharing in Band assets, and voting in Band elections and referenda.<sup>4</sup>

2. Parliamentary Budget Office (2017)

3. Parliamentary Budget Office (2017)

4. Parliamentary Budget Office (2017)

(Children do have the right to live with their parents or guardians on reserve, whether the children are members of the Band or not.)

For example, a Band can remove membership privileges from a Status person who marries a non-Status person. This is happening in the Kanien'kehá:ka Band of Kahnawake (Quebec).

As of May 2018, About 43% of bands maintain their own membership list.<sup>5</sup>

### **Economic Rights Associated with Status:**

A great deal of misinformation exists regarding the rights of Status persons. For example, it is believed that Status people on reserve get free housing, and that Status people off-reserve get free education. The reality is more complex.

Bands receive funding from federal and provincial or territorial governments for housing, education, and health care. However, as we will discuss later in this book, that money apparently does not suffice. The housing, educational achievement, physical health, and dental health of Status persons on reserve is well below average compared with Canadians generally. There is supplementary health and dental care available to Status people living off-reserve, but their health and dental outcomes are also below-average. Bands receive money for post-secondary education for their members whether on or off-reserve, but not all post-secondary students receive funding.

In Chapter 17 we will consider how the government allocates money to Indigenous people, and whether it is sufficient, well targeted, and well spent.

### **Treaty Payments:**

Once a year, each Status Indian is eligible to receive money from the federal government. Don't hold your breath – these payments are in the five-dollar range. There was never any promise in the Treaties that the annual payments would be adjusted for inflation!

In 2021, the government of Ontario was appealing a recent court victory by First Nations who signed the *Robinson-Huron Treaty* of 1850. According to the text of this treaty, the First Nations gave up control of a very mineral rich area of Ontario, north of Lake Huron, where the nickel mines of Sudbury are located. In return, the Bands would be entitled to reserves, fishing rights, and hunting rights, and a roughly \$2 per person annual payment which could increase based on the income generated by resource extraction. The payment was indeed increased to \$4 in 1874, at which level it remains to this day (August 2020).



*Treaty Payments being made in 1930. Credits to: Library and Archives Canada MIKAN No. 3348407 (Access 90 Open) [88]*

5. Assembly of First Nations (AFN) (2020)

*“The said William Benjamin Robinson, on behalf of Her Majesty, who desires to deal liberally and justly with all her subjects, further promises and agrees, that should the Territory hereby ceded by the parties of the second part at any future period produce such an amount as will enable the Government of this Province, without incurring loss, to increase the annuity hereby secured to them, then and in that case the same shall be augmented from time to time, provided that the amount paid to each individual shall not exceed the sum of one pound Provincial Currency in any one year, or such further sum as Her Majesty may be graciously pleased to order; and provided further that the number of Indians entitled to the benefit of this treaty shall amount to two-thirds of their present number, which is fourteen hundred and twenty-two, to entitle them to claim the full benefit thereof.”<sup>6</sup>*

This treaty and its sister treaty, the *Robinson-Superior Treaty*, set the precedent of an “annuity clause” in which the Crown agreed to pay annuities perpetually in relation to the revenues made by resource extraction on the land in question. The eventual decision in this court case will have implications for other treaties which have annuity clauses.

### **Sales Taxes:**

Status persons are rumored to pay no taxes. The reality is more complex. Sales tax, excise tax, and income tax may need to be paid. Status persons must pay GST (the federal sales tax) on goods purchased off-reserve which are not intended for life on a reserve. They must pay PST as well, except in Ontario.

As Loft (2019) details, Courts have generally allowed Band-owned corporations to pay no sales tax if profits are going to community purposes. Otherwise, incorporated Band-owned businesses with sales over \$30,000 must pay GST and PST.

### **Excise Taxes:**

What about taxes on gasoline, cigarettes, cannabis, and alcohol? For these items, “excise taxes” are supposed to be paid. The excise tax is charged to the producer when the item is sold. Neither Status nor non-Status customers need to be charged the excise tax.

It is not always clear whether this excise tax has indeed been paid by producers supplying Bands. Some Bands, like the Kanien'kehá:ka of the Bay of Quinte, Tyendinaga, have treaties which they believe exempt them from any and all taxes.

In most cases, the revenue collected by the federal government from excise taxes is not shared with Bands. However, the province of Ontario does share a portion of its tax revenues with Bands who are monitoring sales and enforcing regulations regarding production, packaging, and advertising. Even when revenues are shared, First Nations may object to sales and excise taxes because these taxes are imposed upon them in violation of their sovereignty and jurisdiction; because they force the Band to act as an arm of an outside government; and because they reduce the price advantage that reserves can offer to off-reserve customers.<sup>7</sup>

6. Crown Representative (1964)

7. According to Loft (2019), these concerns were expressed at the 2018 Annual General Meeting of the AIAI (Association of Iroquois and Allied Nations)

→ Is it desirable that reserve vendors have a price advantage over off-reserve vendors?

The issue of taxes on tobacco and other sensitive goods is complicated by the geographic position of the Akwesasne, a reserve which straddles the Canada:US border.

According to the 1794 *Jay Treaty* between Britain and the United States, which was never actually passed by the British Parliament, First Nations are permitted to enter the US freely and bring personal items across the border without paying tax.

This was intended to preserve Britain's access to fur. Today, Canadians with at least 50% Indigenous ancestry are allowed to cross the US Border, live, and work in the United States. The Canadian government no longer wants anyone to bring goods into Canada duty free, and the Supreme Court has ruled that duty-free border crossing is not an Aboriginal Right.

However, there is no customs station between the Canadian and America side of Akwesasne.<sup>8</sup> A quick internet news search confirms that goods and even human beings have been smuggled through Akwesasne.

### **Income Taxes:**

The *Indian Act* has always exempted band members who live on reserve from paying income tax. At the time the Indian Act was first issued, 1876, Canadian citizens did not pay income tax. Canadians began to pay federal income tax in 1917. Stacia Loft (2019) has a cynical explanation for why Status persons were exempted from income tax under the Indian Act:

*"The government did not expect or intend that Indians would earn an income from the commercial mainstream..."*

But more benign explanations exist, such as wanting to protect reserve land from seizure for non-payment of taxes, respecting First Nations autonomy, wanting to support income and enterprise on reserve, and not complicating transfers *to* reserves with tax collection *from* reserves.

Today, Status persons pay no income tax on income earned on reserve, but they must pay income tax on any income earned off reserve that is not related to maintaining Indigenous culture. This includes business income.

8. Sutherland (2017)

Again, Band-owned corporations pay no income if profits are going to the community. Otherwise incorporated Band-owned businesses with sales over \$30,000 must pay income tax.

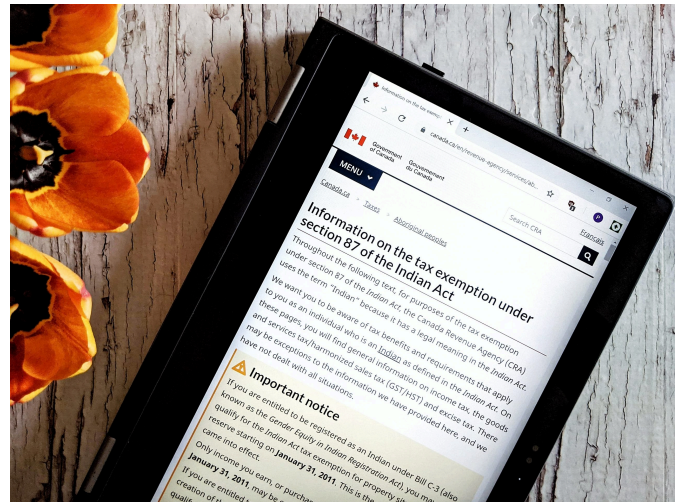
The National Indigenous Economic Development Board (2019; p. 63) has noted that the fact that corporations are not income tax exempt disincentivizes band members or bands from incorporating their businesses, which may impede growth.

It's also likely that, at the margin of deciding whether or not to join the mainstream economy, the income tax exemption encourages businesses, individuals, and families to stay on the reserve.

Is it unfair that Status persons and unincorporated businesses pay no taxes on reserve income? According to Canada's *Income Tax Act* section 149, the following do not have to pay income taxes either:

- Employees or officers of governments other than Canada who are required to reside in Canada, and the members of their families
- Municipal authorities
- Crown Corporations (businesses owned by the federal or provincial governments)
- Agricultural Organizations
- Registered Charities
- Registered Amateur Athletic Organizations
- Organization of Universities and Colleges in Canada
- Some Housing Corporations
- Non-profit Research Corporations
- Labour Organizations
- Non-profit Organizations
- Mutual Insurance Corporations
- Housing Companies
- Pension Trusts and Corporations
- Active military and police personnel receive large income tax exemptions

Stacia Loft argues that, since First Nations' original territories were much larger than reserves; since



Information on Income Tax exemption for Status persons, under Section 87 of the Indian Act. Photo by: Pauline Galoustian (Public Domain) [89]



reserves were harmful to First Nations; and since they could not make a livelihood on reserve but rather had to leave the reserve to prosper; for these reasons income tax exemption should apply not only on reserve but anywhere Status persons go / have had to go.

→ Would the same argument apply to Inuit and Métis?

Ultimately, Loft believes that First Nations should be exempt of all taxes for four reasons: sovereignty; jurisdiction deriving from that sovereignty; their title to lands in which to exercise that sovereignty; and the fiduciary obligation of the Crown to protect Indigenous interests.

Regarding sovereignty, the federal government under Justin Trudeau has promised a Nation-to-Nation relationship with First Nations; clearly, one Nation does not tax another Nation. Regarding jurisdiction, a sovereign nation should decide on its own tax scheme.

Regarding title to lands, the amount of compensation owed to First Nations for the last two hundred years, compounded by interest, must by far exceed the amount of income taxes that could be collected.

Meanwhile, Treaties pertaining to the limited amount of land that is reserve land have typically assumed zero taxation of First Nations.

For example:

- The first Euro-Indigenous Treaty, the *Two-Row Wampum* (1664), famously depicts two Nations moving independently in all respects. This was extended to the British with the *Covenant Chain Treaty* (1744). The *Treaty of Niagara* (1764) was negotiated independently with 25 First Nations in the same spirit.
- The *Royal Proclamation* of 1763 set forth that trade between Indigenous and non-Indigenous should be free and open, aside from any regulations made, such as the prohibition on purchasing land from First Nations.
- *Treaty 3.5* of 1793 specified that Kanien'kehá:ka settlers could enjoy “undisturbed possession and enjoyment” of their territories in Brantford and Tyendinaga, and would be free of rents, fines, and services.

The United Province of Canada passed an 1850 Declaration guaranteeing general tax exemption for Status persons living on reserves or traditional territories not (yet) ceded to the Crown.

The tenor of historic treaties suggest that exemptions were intended not just for income tax but for on-reserve sales tax, excise taxes, and import tariffs as well.

Flanagan (2019) suggests that the income-tax-free status of reserves can assist them in promoting business development, much like tax-free enterprise zones in China and other countries.

On the other hand, if it can be shown that tax revenues are being collected in order to purchase public goods which benefit First Nations, an argument could be made for them. The absence of

federal income tax collection on reserve likely reduces the federal government's sense of responsibility to provide public goods to reserve communities.

→ Debate tax exemptions on reserve.

So far, we have discussed federal and provincial taxation of First Nations. First Nations can also tax their own members. We will discuss this in Chapter 28.

In our next chapter, we'll take a look at Casinos and Cannabis, two industries that some First Nations have been involved in, both legally and illegally (from the point of view of contemporaneous Canadian law).



# Chapter 12

## *Casinos & Cannabis*

### Summary:

On the basis of Treaty relationships and tax exemptions, some First Nations have ventured into operating casinos or selling cannabis. We consider both businesses, which share several characteristics including provincial government involvement.

We have just reviewed the unique taxation considerations for Status persons. These considerations help explain how some reserves have been able to sell alcohol and cigarettes at a discount to the general public. More recently, cannabis has been added to the mix. Some First Nations have also established casinos.

This Chapter, which discusses casinos and cannabis sales, is not in historical sequence, but continues the previous Chapter's discussion of taxation and treaty. Instructors may wish to leave this Chapter until later in the course. Briefly, here is what casinos and cannabis have in common:

- for much of Canada's history, gambling and cannabis use were considered vices; there is still some stigma attached to them.
- gambling and cannabis use have associated social problems including addiction
- First Nations' ambiguous legal status helped them offer gambling and cannabis when these were still illegal for non-Indigenous Canadians; these services were in short supply and therefore profitable;
- gambling and cannabis have been legalized fairly recently
- provinces and territories have authority to license casinos and cannabis vendors

- First Nations are not allowed to regulate their own casinos or cannabis vendors
- provinces are in charge of regulating casinos and cannabis, but some provinces also run casinos and sell cannabis, creating a conflict of interest
- the provincial governments' stake in casinos and cannabis likely reduces government's attention to social problems associated with the two industries
- the provinces do not allow much competition in these two businesses

### Casinos:

Let's begin with casinos, which were legalized before cannabis was legalized. This section on casinos relies heavily on Tom Flanagan's paper "Cartels and Casinos: First Nations' Gaming in Canada" (2020). Flanagan tells us that gambling was illegal in Canada until 1985, but some forms of gambling, such as horse racing, charitable fundraisers, and games of chance at county fairs and exhibitions were permitted. In 1985 the Provinces were given the right to decide for themselves whether and how to legalize gambling. All the provinces chose to legalize gambling, and to give themselves the right to license and regulate the industry.



Casino Rama, Mnjikaning First Nation Reserve, Ontario, Canada.  
Photo by: P199 (CC BY-SA 3.0) [90]

One reason that casinos require regulation and monitoring is the potential for "money laundering". Money laundering is the exchange of money earned in crime for money that cannot be traced to a crime. At casinos, criminals can buy gambling tokens known as chips with their dirty money, then cash in the chips for clean money.

Other problems associated with casinos are citizens gambling irresponsibly and impoverishing themselves and their families, and the activities of thieves, prostitutes, pimps, drug dealers and con artists attracted to a scene of extravagant spending. After the provinces legalized gambling in 1985, several First Nations opened their own casinos, citing Canada's newly repatriated *Constitution Act* (1982), an update to the *British North America Act* (1867) that created Canada. Section 35 of this Act safeguards "aboriginal, treaty or other rights that pertain to the aboriginal people of Canada". However, in 1996 the Canadian Supreme Court ruled that high-stakes gambling was not a traditional practice and thus not an Aboriginal right.

There being no longer a legal grey zone for First Nations casinos, First Nations had to negotiate with the Provinces to keep their casinos legal (under contemporaneous Canadian law). Provinces can decide whether a casino may operate, where it may operate, how many and what kind of games it can offer, how much it can profit from games, and what proportion of profits it can keep for itself.

Meanwhile, several provinces operate their own casinos. These provinces have an extra reason to reduce the number of casino licenses granted. They also have an incentive to keep the best locations

for themselves. Most Canadian cities do not have a First Nations full-service casino; Calgary and Edmonton are the two exceptions.

## Map of Active Casinos Hosted by First Nations (2020):



*This map shows the locations for the 17 Casinos which are hosted by First Nations across Canada. Created by: Pauline Galoustian. Credits to: My Google Maps 2020. Data Source: [https://www.500nations.com/Canada\\_Casinos.asp](https://www.500nations.com/Canada_Casinos.asp) [91]*

Generally, provinces take a significant chunk of casino profits. For example, Alberta takes 30% of net revenue from slot machines on reserves, while Saskatchewan takes 25% of total net revenues from casinos on reserve. In Ontario and Saskatchewan, earnings from Indigenous casinos is shared with reserves that don't have a casino. In Saskatchewan, Bands also receive a share of the earnings of non-Indigenous casinos. Saskatchewan is unique in that, while the province decides which casinos may open, and takes a share of net revenues, all the First Nations' casinos are owned and managed by the Saskatchewan Indian Gaming Authority (SIGA). SIGA itself is owned and controlled by the 74 First Nations in Saskatchewan.

## Casinos offering table games, by location and listed ownership, as per the World Casino Directory:

Province/Territory	First-Nations Casinos	Government-Owned Casinos	Other Casinos
Yukon Territory	0	0	1
British Columbia	1	0	17
Alberta	3	0	18
Saskatchewan	7	1	0
Manitoba	1	1	0
Ontario	2	7	11
Quebec	1 (but it is illegal)	2	2
Nova Scotia	0	0	2
New Brunswick	2 (but they are outlets of a non-indigenous-owned casino)	0	1
PEI	0	0	1
<b>Total</b>	<b>16</b>	<b>12</b>	<b>53</b>

*Casinos offering table games, by location and listed ownership. Source: World Casino Directory, <https://www.worldcasinodirectory.com/> data downloaded June 8, 2020 [92]*

Belanger (2018) determined that in 2016, after provinces took their share of profits from gaming, 750 million dollars remained with gaming First Nations, was put in Trust for those First Nations, or was shared with other First Nations. About 300 communities in total were impacted. In Saskatchewan in 2019, the average grant to a First Nation from shared gaming profits was likely around \$700,000, “a welcome addition to a band’s budget but not a game changer” (Flanagan 2020).

For First Nations hosting large casinos within or not too far from major cities, the revenues may be more significant. Enoch Cree First Nation, home of River Cree Casino in Edmonton, reported an operating surplus of 32.3 million dollars in 2019. Tsuut’ina First Nation, which hosts Grey Eagle Casino in Calgary, reported a 2015 operating surplus of 34.1 million. In Orillia, Ontario, the Chippewas of Rama likely made about 32 million in gross revenues from Casino Rama in 2019.

Flanagan examines whether having a casino gives a First Nation better income, employment, housing, and educational achievement as summarized by the Community Well-Being Index (see chapter 2 for a review of the CWB). There is not enough data for statistical regression analysis, but tracking a community’s CWB over time and how it changed after the community opened a casino, Flanagan tentatively concludes that successful casinos contribute to First Nations’ well-being. Communities

which benefited the most are those which have casinos in or near urban centres, and/or casinos located with a resort or multiple other business developments nearby.

He concludes by urging the government to allow First Nations to open and manage gaming as they please, presumably with shared oversight related to crime and addiction prevention; if not that, to free up the market to all entrepreneurs; if not that, to allow First Nations more access to urban and resort locations for their casinos; and if not that to at least allow First Nations to keep a greater share of gaming revenues.

The first recommendation would privilege First Nations over other casino operators, and we could reasonably debate the merits of that proposal. The other three recommendations are more egalitarian. What do you think?

### **Cannabis:**

Cannabis is an herbaceous plant from Central Asia. The subspecies of Cannabis known as “marijuana”, “pot”, or “weed” contains the medicinal and psychotropic chemical tetrahydrocannabinol (THC).

In 1910, during the Mexican revolution, recreational use of cannabis spread into North America, so that by 1923 Canada had made the use of cannabis illegal. In the 1960s recreational cannabis use became popular. In 2001 it was legalized for medicinal purposes. At this point some First Nations began to sell cannabis on reserve to both on-reserve and off-reserve customers, often not requiring any assurance that the cannabis would be used medicinally.

The Mohawks of the Bay of Quinte were one such Band. In 2019 the owner of Legacy 420, the largest cannabis retailer there, told a visiting class of students that he believes the Simcoe Treaty (*Treaty 3.5*) gives him the right to run his business without a license from the province of Ontario, “freely and clearly of and from all and all manner of Rents, Fines or Services.” The *Two-Row Wampum* and *Treaty of Niagara* may imply similar independence.

Other First Nations, who did not sign treaties that might be interpreted as giving them a right to free enterprise, might interpret cannabis growing and sharing as a natural extension of their traditional practice of growing medicines, and thus a specific Aboriginal right. Or they might argue that cannabis growing and sales are supported by a generic right to use traditional lands in keeping with the early Treaties, inherent rights to self-government as per section 35 of the *Constitution Act* (1982), and inherent rights to self-determination as per Article 3 of the United Nations Declaration on the Rights of Indigenous Peoples (2007).



*A number of Kanien'kehá:ka (Mohawk) representatives elected to the inaugural board of the National Indigenous Medical Cannabis Association, 2017. Photo credits to and with permission from: Clifton Nicholas (CC BY 2.0) [93]*

Aware of these interpretations, the federal government chose not to prosecute First Nations cannabis vendors. This decision might also have been motivated by a willingness to see business, any kind of business, thrive on reserve.

In 2018, Canada legalized the recreational use of cannabis. There was now an opportunity to legalize all growing and selling that was already taking place. Instead, only government-sanctioned growers and sellers of cannabis have been legalized. Health Canada licenses growers, and the Provinces and Territories license vendors.

Unfortunately, seven provinces have elected to run their own cannabis retail outlets, which means they are trying to make money selling cannabis for themselves while supposedly treating all vendors equally. The provinces which run retail outlets now have an incentive to restrict the number of licenses they issue, and to keep the most favourable locations for themselves.

Licensed growers must pay the federal government 15% of the value of the product when they first sell it. None of this excise tax is shared with First Nations.

While the Cannabis Act (2018) allows for the government to negotiate all aspects (growing, marketing, selling, taxation) of the cannabis trade with First Nations, it did not consult First Nations prior to the creation and implementation of the Act, nor had it yet come to any general agreement with First Nations two years later.



However, in 2020 Williams Lake First Nation became the first First Nation to have a business licensed to grow cannabis. Meanwhile, many First Nation businesses have been licensed to sell cannabis. In Ontario, 8 of the 65 licenses issued before 2020 were for First Nations.

Flanagan's proposals for casino deregulation could be applied to the cannabis market: that the government allow First Nations to grow and sell cannabis as they please, with some joint oversight on quality of product and advertising norms; if not that, to free up the market to all entrepreneurs; if not that, to allow First Nations more access to urban locations for their cannabis businesses; and if not that, to share excise tax revenues with First Nations or formally exempt them from excise taxes.

It seems reasonable that provinces could give up some of their control and revenue in favour of economically-disadvantaged First Nations.

However, there are also arguments to be made for discouraging these two industries, with their attendant social problems, wherever they operate. Casinos and cannabis are likely to remain controversial.

Having surveyed the history of Indigenous economies prior to the twentieth century, and having examined the Indian Act and its implications, it seems right to pause and consider the role of racism and discrimination in economic outcomes. That is the focus of our next two chapters.

PART III.

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**DISCRIMINATION**

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# Chapter 13

## *Exploring Discrimination Using Economics*

### Summary:

In this Chapter we define discrimination, and we explore four different models of discrimination: as a costly expression of employer prejudice; as a strategic ploy by employers to divide the workforce; as strategically employed by privileged people to gain and maintain privilege; and as the manifestation of a typical pattern of inequality associated with economic development.

Discrimination means treating people differently on the basis of characteristics which are not relevant to their character or their ability to perform a task. Discrimination may be intentional, the result of consciously articulated prejudice or dislike; it may be unintentional, the result of unconscious bias; and it may be due to a network of institutional arrangements and cultural practices which result in systemic discrimination.

We may give preferential treatment to those who are similar to ourselves (endophilia), or we may treat unfairly those who are different (exophobia).<sup>1</sup>



Barbara Kentner, above (left), died July 4, 2017 after been hit in the kidneys by a trailer hitch thrown from a passing car in Thunder Bay, Ontario. The perpetrator, now charged with 2nd degree murder, called out, "O I got one." Credits to: Jody Porter / CBC News. [94]

1. Feld, J., Salamanca, N., and D. Hamermesh (2015)

Thomas Schelling (1971) has shown that even small degrees of endophilia, such as wanting 30 percent of one's neighbours to have the same cultural background as oneself, can lead to highly unequal or highly segregated outcomes. Using nickels and dimes representing people of two different races, and laying the nickels and dimes on a chessboard, he showed that if dissatisfied people are allowed to switch places with each other, and the game continues until each player is satisfied, then even a slight preference for having neighbours similar to oneself can lead to a highly segregated distribution of nickels and dimes.

### Suggested Activity:

→ Play the game for Schelling's Model of Segregation and watch the following simulation:

<http://nifty.stanford.edu/2014/mccown-schelling-model-segregation/>

X	X	O	X	O
	O	O	O	O
X	X			
X	O	X	X	X
X	O	O		O

Speaking of segregation, in a 2018 poll only 30% of Canadian respondents said they had spent time on a reserve, with 38% never having even driven through a reserve. 68% of those interviewed said they had no Indigenous friends or acquaintances.<sup>2</sup>

Ironically, endophilia and exophilia may be more common in places where the population is already very homogeneous. Doug Saunders, columnist for the *Globe and Mail*, has observed that anti-immigration sentiment is most prevalent in places where there are hardly any immigrants or minorities. "With very few exceptions, the only places where you'll find more than fringe levels of support for candidates opposed to immigration are places where less than 5 percent of the population are from immigrant or racial-minority families....White people living in "majority-minority" cities – those who could be said to be numerically or culturally "threatened" – do not vote for such candidates in more than minuscule numbers."<sup>3</sup>

Who we hang around with makes a systemic difference. A lot of jobs are found by word-of-mouth. Employers tend to recruit from the same agencies and areas they always have. And minorities may be tempted to avoid risk of rejection by applying only to employers already known to hire minorities. What we just said about jobs also applies to educational programs, housing, recreational opportunities and more.

The 2020 worldwide Black Lives Matter protests, triggered by the killing of George Floyd, highlighted the degree to which exophilia and endophilia are systemic in law enforcement and other social institutions. During that time, a police car dash-cam video<sup>4</sup> emerged of Athabasca Chipewyan First Nation Chief Allan Adam being suddenly knocked over and beaten by a police officer arriving on the scene, while he was calmly standing and cooperating with the first police officer. Before the

2. March 20-27 online survey by Angus Reid Institute, reported in Maclean's Magazine, July 2018

3. Saunders (2020)

4. <https://www.youtube.com/watch?v=3WCpEsxBSi8>

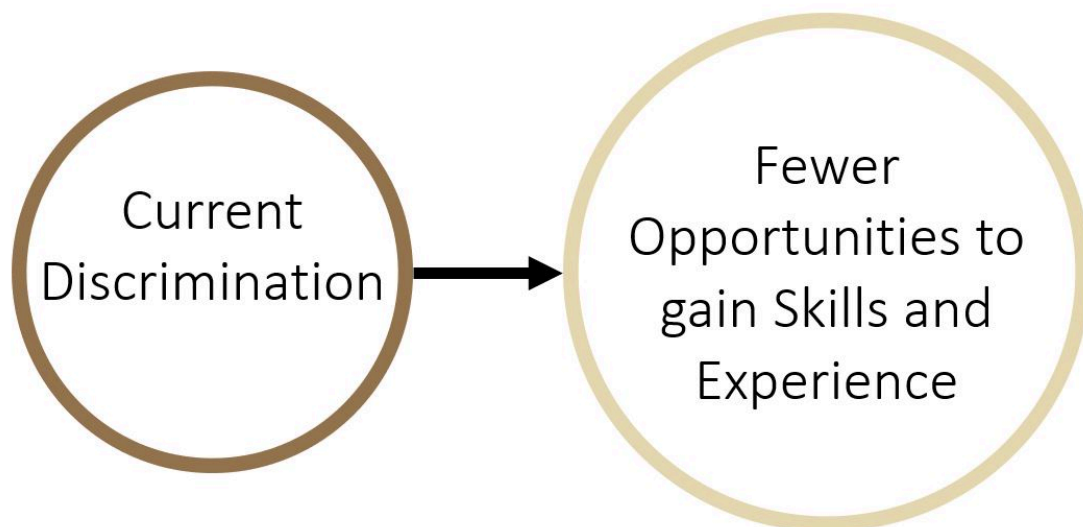
public saw the video, the RCMP told the public that they had reviewed the video and “it was determined that the [police officer’s] actions were reasonable.”

Discrimination can literally mean the difference between life and death. It also has an impact on employment and earnings.

**Lower Earnings for Minorities:**

Schiller (1973) noted that the earnings gap between non-minorities and minorities is not just due to lower wages for minorities. Minority workers are “hired less often, for fewer hours, for less desirable jobs, and at lower wages.”

What can explain this package? There may have been past discrimination which accounts for minorities having poorer housing, education and health backgrounds, which affects their employability. There may be present-time discrimination against minorities. Discrimination in the present leads to minorities achieving less experience and less skill accumulation due to lack of opportunity, leading to reduced job opportunities in the future.



In our next Chapter we’ll use econometric techniques to measure the extent of discrimination. In this Chapter we use economic theory to describe and explain discrimination. Our first economic model of discrimination is the model of employer preference.

**Model 1: Discrimination as an Expression of Employers’ Preferences**

This model, first put forward by Gary Becker in his 1957 book entitled *The Economics of Discrimination*, assumes that many employers dislike visible minorities. Their demand for minority workers is less than their demand for majority workers, so they will pay minorities a lower wage.

That means that the greater the number of visible minority workers employed, the higher the prejudice of the marginal employer (the employer not yet ready but just about ready to hire minority workers). By the same token, the greater the number of visible minority workers employed, the higher the wage gap between the two kinds of workers. How counterintuitive is this to you?

Charles and Guryan (2008) used US state data between 1972 and 2004 to confirm that the hourly wage for Black employees relative to White employees was negatively correlated with the prejudice of the marginal, rather than the average, White person who participated in the General Social Survey.<sup>5</sup>

Inasmuch as minority employees are just as capable as the non-minority employees, employers who refuse to hire minorities are artificially restricting their own access to employees and artificially raising the wages of the non-minority employees they hire. The non-minority workers benefit from this, but the employers do not. Employers are paying a higher wage than otherwise, to workers who are less qualified than otherwise.

→ Why is the marginal non-minority worker hired less qualified than would be the case without discrimination?

In this model, non-minority workers have a strong stake in maintaining the status quo, so that they can continue to earn a wage that is higher than it otherwise would be.

Minority workers obviously suffer from being shut out of opportunities to work, likely forced into occupations they would not have chosen, and competing for the limited number of jobs available to them.

The employers who are not prejudiced may preferentially hire minority workers, because their wage is lower. What do we have so far?

**Many employers reluctant to hire minorities → lower wages for minorities → Some employers preferring to hire minorities because of their lower wages**

... you can see the possibility of an equilibrium emerging.

Arrow (1972) showed that the employers who are not prejudiced will be able to earn more profits than employers who are prejudiced, driving the prejudiced employers out of business.

But we do not observe discriminating employers always forced out of business by more profitable non-discriminating competitors. This could be because the labour market is not competitive: employers have market power and are able to underpay even non-minority workers. Another explanation for the persistence of discriminating employers is



*Interview process. Photo by: Stefanie Cassidy. Credits to: [www.amtec.us.com](http://www.amtec.us.com) (All Rights Reserved) [95]*

5. The “marginal” White person in a state where x% of the workforce is Black would be the White individual x% from the bottom in a ranking of White survey respondents according to level of prejudice

that they are rewarded for their discriminating behaviour by customer loyalty, employee loyalty, or favours from the local government.

In a 2020 paper, Ricard Gil and Justin Marion study racial segregation in movie theatres in American cities of the mid-South and West Coast during the decade 1945-55. They find that in Washington DC, where theatres were desegregated in 1953, theatre revenues fell after desegregation. Their analysis leads them to conclude that the decline in revenue was because White customers were unhappy with the theatres for desegregating.

→ Relate the Becker-Arrow model to the Canadian Indigenous experience.

## Model 2: Strategic Discrimination

In his 1971 chapter *The Economics of Racism*, Michael Reich argues against the Becker/Arrow model. He does not believe that discrimination represents a cost to employers and a benefit to non-minority workers. Reich believes that racism benefits employers, who use it to “divide and conquer” the working class. In his model, firms have a strategic interest in maintaining a wage gap between minority and non-minority workers. Implicit in his argument is the belief that firms have market power, power to pay both categories of worker a wage below the value of their marginal product. Non-minority workers will not complain because at least their wage is higher than the wage of visible minorities.

Robin Diangelo, author of *White Fragility: why it's so hard for white people to talk about racism*, agrees: “If poor whites were focused on feeling superior to those below them in status, they were less focused on those above.”<sup>6</sup> You may be able to name some politicians who exploit this dynamic.



Selection. Photo by: Amtec Photos.  
Credits to: [www.amtec.us.com](http://www.amtec.us.com) (CC BY-SA 2.0) [96]

Because the working class is divided racially:

- Union growth is inhibited. Cooperation between unions is inhibited.
- Low wages are blamed, not on employers, but on minorities who work for a lower wage than non-minorities.
- Low wage majority workers are less dissatisfied with their poverty when they observe minority workers in worse condition.
- Low wage majority workers sometimes take out their frustrations in violence against minorities.
- Again, because workers are divided, they do not cooperate to get better schools even when they live in the same neighborhood.

6. Diangelo (2018), p. 19

- Low wage majority workers, who are more likely to live near minorities than near high wage workers, live in areas with low tax revenues and low-quality public schools.
- Low wage majority workers are more likely to tolerate poor schools so long as they are better than the schools which minorities attend.

You can see from the points above that workers in the majority group are likely to be worse off because of the discrimination which privileges them with higher wages than minorities receive.

Reich wondered how to measure racism, particularly white:black racism. Many authors measure the difference in wages between African Americans and White Americans, after accounting for worker characteristics such as education, health, age, and other factors. But Reich believes that the only reason these characteristics are different in the first place is because of past discrimination. Thus, he measures racism by the overall difference in wages between the two races.

→ Do you think this is an accurate way to measure racism? We will discuss this more in the next chapter.

Reich collected statistics for various standard metropolitan areas in the United States in 1960. He found that, after accounting for differences in cities' average incomes, industrial structure, occupational structure, and region, the degree of racism in a city could predict several things. The greater the degree of racism, i.e. the lower was the median Black wage compared to the White wage, the smaller the percentage of the labour force that was unionized. The more racism there was in a city, the greater the inequality of educational achievement among White men ages 25-29. And the more racism there was in a city, the more unequally income would be distributed among Whites: the top 1% of White earners would receive a larger fraction of White-earned income, and the city's Gini coefficient would be higher.

### Suggested Activity:

- Learn about the Gini coefficient.
- Relate this model to the situation in universities which have one union for support staff, one union for tenured and tenure-track faculty, and yet another union for contract faculty.
- Relate this model to the Canadian Indigenous experience.

### **Model 3: Purposeful Discrimination**

I would like to propose a third way of looking at discrimination, where we consider that discrimination might be motivated by a particular goal. The underlying racism (or sexism etc.) might serve the purpose of justifying and facilitating the acquisition of land, slaves, or economic and social privilege.

As Diangelo (2018, p. 16) asserts, "The idea of racial inferiority was created to justify unequal



treatment; belief in racial inferiority is not what triggered unequal treatment. Nor was fear of difference. As Ta-Nehisi Coates states, ‘But race is the child of racism, not the father.’<sup>7</sup>

Let’s consider how racism fits into a model of the demand and supply for a resource like Indigenous land. Recall that the cost of producing or acquiring one more unit of something traces out its Supply Curve. Similarly, the benefit to consumers from each new unit of the good traces out its Demand Curve.

When there are large numbers of producers and consumers trading freely in a market, the price that prevails balances the marginal cost and the marginal benefit to the people participating in the market.

- Whose preferences are not registered in the demand curve?
- What costs are not registered in the supply curve?

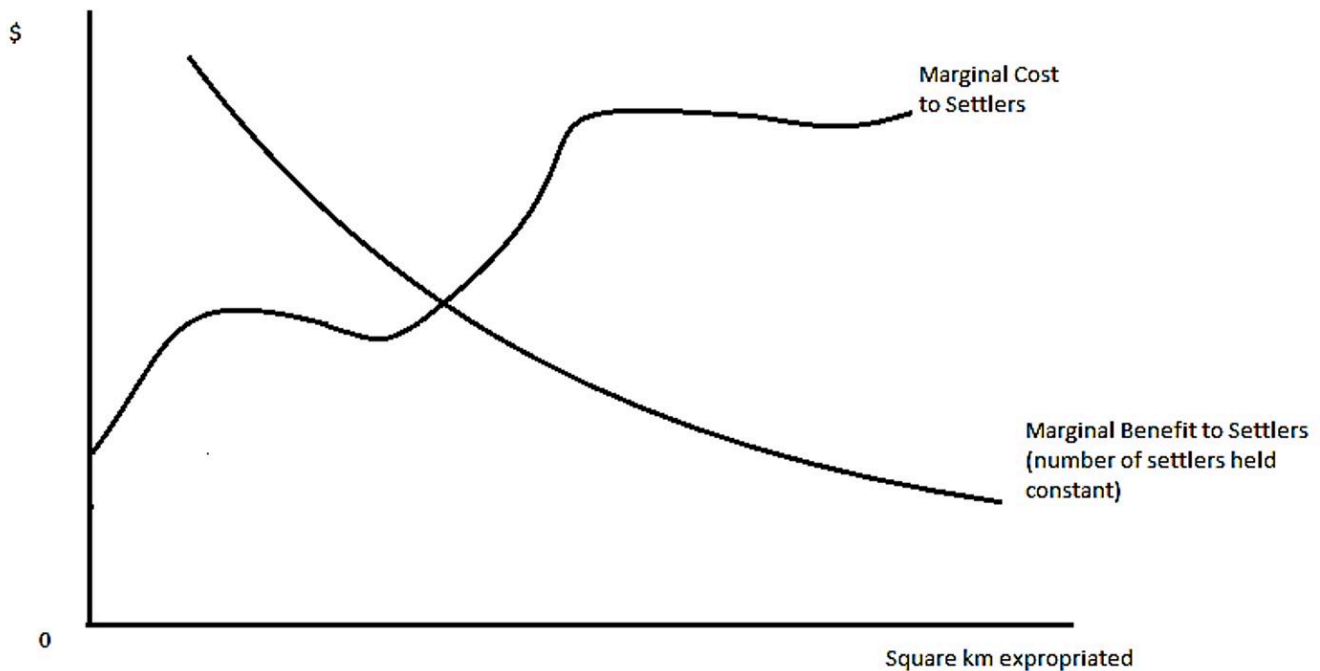
Let’s think about drawing a Demand and Supply diagram, from the point of view of settlers only, for the activity of dispossessing Indigenous peoples. It makes sense to consider settlers’ point of view inasmuch as they usually have the upper hand and are able to do as they wish.

How might we draw the marginal benefit to settlers of dispossessing Indigenous peoples? Let’s put acres of land expropriated on the horizontal axis, and marginal benefits, measured in dollars, on the vertical axis. We must hold the number of settlers constant to isolate the relationship between quantity expropriated and marginal benefit, and when we do we expect to see a downward-sloping line, because the first acre is most desperately wanted and evokes the highest willingness-to-pay.

Observe the graph below. The downward-sloping Demand curve shifts to the right as more settlers arrive: more land is desired at any level of price.

On the supply side, we graph the marginal cost of expropriating the land. This would generally rise as the lands which are easiest to expropriate are expropriated first, and the more difficult and expensive lands, later. There may be some regions on the horizontal axis where the marginal cost falls; at these points, due to intimidation of Indigenous peoples, Indigenous peoples vacate areas and make expropriation easier. There also may be some regions where marginal costs surge, shooting up vertically.

## Marginal Benefits and Costs to Settlers of Indigenous Land



These could represent points where an Indigenous group is pushed to the point of resistance, either violent resistance or a nonviolent diplomatic campaign. There could be points in time where the government, or non-Indigenous citizens, or foreign governments and citizens are finally outraged by what has happened and take actions to protect Indigenous rights.

- What are sometimes in Canadian history when the marginal cost of expropriation has increased dramatically? How long did it last?
- What can we do that would shift the demand line left and reduce the efficient level of dispossession?
- What can we do that would shift the supply line left and reduce the efficient level of dispossession?

### **Where Discrimination fits in:**

In the model we have just created, discrimination and the racism underlying it can be understood in three ways.

- First, there is racism and discrimination in the complete disregard for the Indigenous people who are being impacted by the expropriation.
- Second, we could think of racism and discrimination as a technology people adopt to reduce the cost of dispossession and shift the supply curve down and to the right. The more people who are racist, the easier it is to bend the laws that might exist or create new ones that facilitate expropriation. Racism reduces the psychic or emotional cost to the perpetrator of

having to do something nasty to acquire land, because the racist worldview rationalizes away the nastiness. Indigenous people themselves might subconsciously absorb the racist attitudes and lose the will to resist.

- In the third way of looking at racism, racism is a byproduct of expropriation, an external cost – to the settlers – of expropriation. A racist way of thinking is a moral injury that is incurred as a consequence of pushing forward with one’s own desire for land, and justifying one’s actions afterward. This racism has long-lasting consequences, damaging for generations the opportunity to relate to and learn from Indigenous peoples.

Many non-Indigenous Canadians say that they should not be held responsible for what happened to the lands and the lives of the Indigenous peoples of Canada.

Any fraudulent or coercive land transactions happened long ago. To quote Diangelo (2018) once more:

“While I am aware that race has been used unfairly against people of color, I haven’t been taught to see this problem as any responsibility of mine; as long as I personally haven’t done anything I am aware of, racism is a non-issue. This freedom from responsibility gives me a level of racial relaxation and emotional and intellectual space that people of color are not afforded as they move through their day.”

Yet, if we have benefited from the racism of the past, if we enjoy any privilege inherent in existing institutions, traditions, and expressions of culture without working to include the marginalized, then we perpetuate the injustice.

### **Suggested Activity:**

→ Try this exercise suggested by Diangelo:  
(If you are white, substitute the word “white” for the variable Y. If you are not white, think of another way in which you are privileged socially.)

*“I am Y. I have had X experience. How did X shape me as a result of also being Y?”*

### **Model 4: A Social Kuznets Curve**

When we consider the history of Indigenous: Settler relations in Canada, we might describe an initial respect and mutual consideration, based on the idea that each could be a trading partner and military ally of the other. Later, however, with trading routes and political borders established, and many more settlers having arrived, racism on the part of the settlers began to increase. After more than a century of severe discrimination, settler attitudes began to improve. The most recent period represents the most rapid repudiation of racist thinking and policies.



*Economics Nobel Prize winner, Dr. Simon Kuznets, 1971. Credits to: Associated Press (Public Domain) [98]*

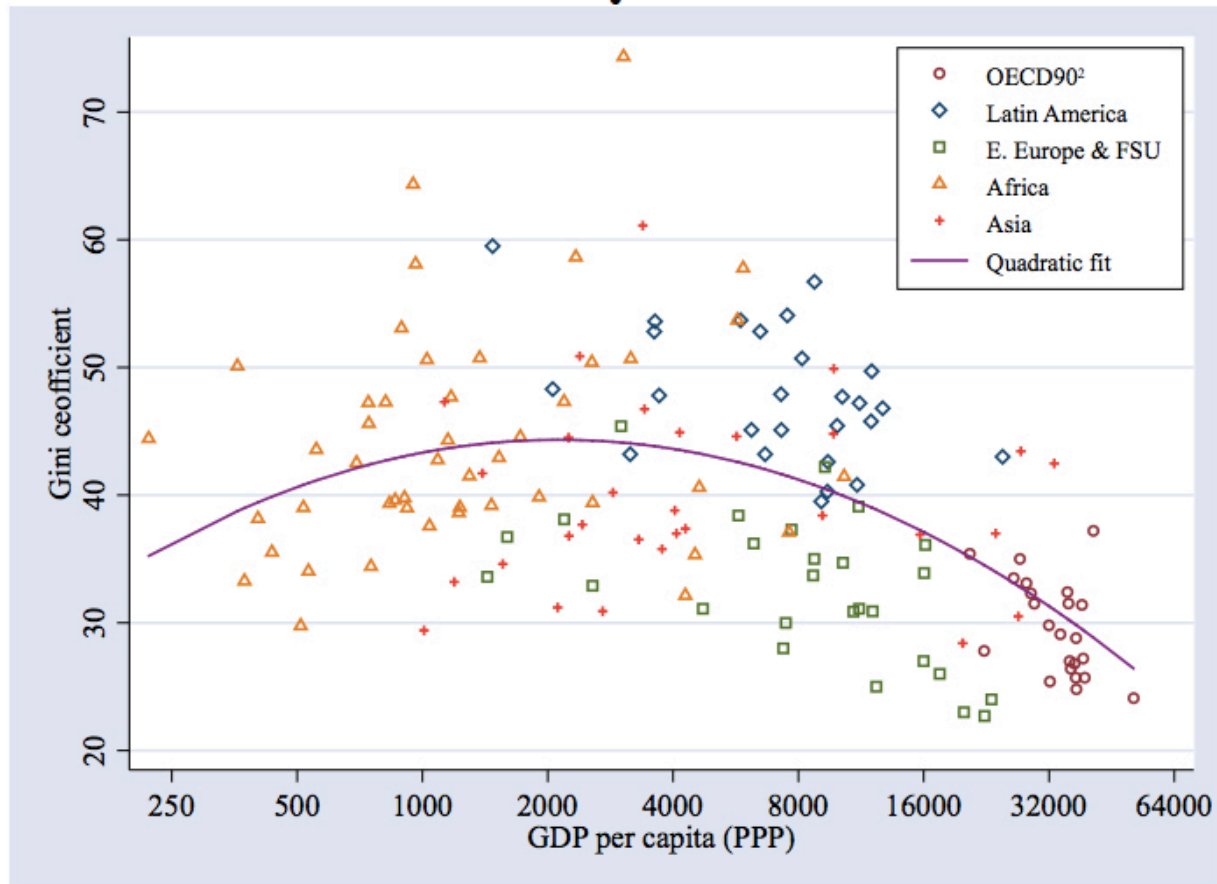
This suggests a racism: time function or a racism: economic development function in the shape of an inverted U – the classic pattern known as the Kuznets Curve.

Simon Kuznets, writing in 1955, proposed a U-shaped relationship between a country's GDP per person and the degree of income inequality within the country. Figure 3 on the next page is an international Kuznets curve created by Gallup (2012) using 2010 data.<sup>8</sup> While Gallup has found a fairly convincing Kuznets curve across countries in 2010, he concludes that a Kuznets curve does not well represent patterns of inequality for individual countries over time.

The Kuznets curve has been used to correlate pollution with economic development, specifically local, non-accumulating pollution such as smog. At low levels of economic development, there is not much industry and not much pollution. As industrialization occurs, pollution is tolerated for the sake of economic development. In the third stage, voters feel sufficiently economically secure to be willing to pay for environmental cleanup.

8. Gallup, J. L. (2012)

Figure 3: Inequality in a Cross Section of Countries with a Quadratic Fit



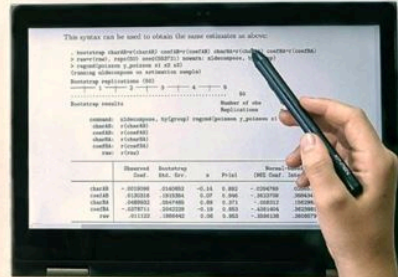
*Inequality in a Cross Section of Countries with a Quadratic Fit, 2012. Credits to: Gallup [99]*

- What does GDP/person represent?
- Why might there be an inverted U-shape between inequality and GDP/person across countries?
- Do you feel like this model has relevance for the treatment of Indigenous Peoples in Canada?

The four models of discrimination we have discussed in this chapter offer only a partial understanding of discrimination or dispossession, because Economics can only slice into a problem according to its own, limited way of looking at the world, one that analyzes material benefits and costs. Nevertheless, I'm sure you'll agree we have learned a lot about discrimination this way.

# Chapter 14

## Exploring Discrimination Using Econometrics



### Summary:

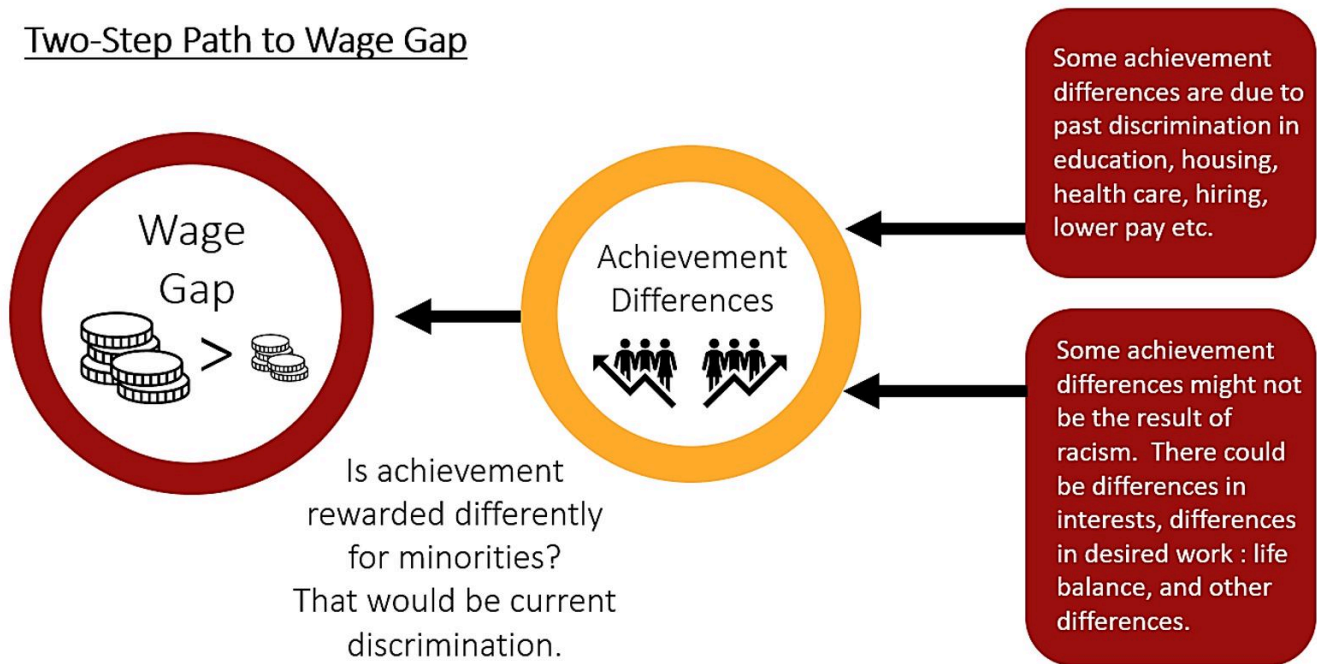
In this Chapter we introduce Regression Analysis or “Econometrics” in simple terms. We learn how to interpret regression results. We use regression results to explain an income gap between reserves and municipalities in terms of differences in community characteristics AND in terms of differential reward for those characteristics depending on whether the community is a reserve or a municipality.

In the previous chapter we learned that Reich (1971) wanted to measure the degree of discrimination between two groups by comparing their wages. He took the entire difference in wages to be the result of discrimination. He basically said, “even if some of the non-minority wage premium is due to higher education, the fact that non-minorities have higher education is due to discrimination also.”

Schiller (1973) agreed with Reich that the wage gap is all due to discrimination, estimating that about one half the White:Black wage gap in 1970 was due to past discrimination in education and housing, one quarter was due to past discrimination by employers resulting in lower work skills and experience, and one quarter was due to current discrimination against Black people regardless of their education, housing, current work skills, or experience.

We can think of the wage gap is being made up of two factors, achievement differences (possibly due to past discrimination as per Reich and Schiller), and current discrimination that rewards achievement differently depending racial or other identity.

## Two-Step Path to Wage Gap



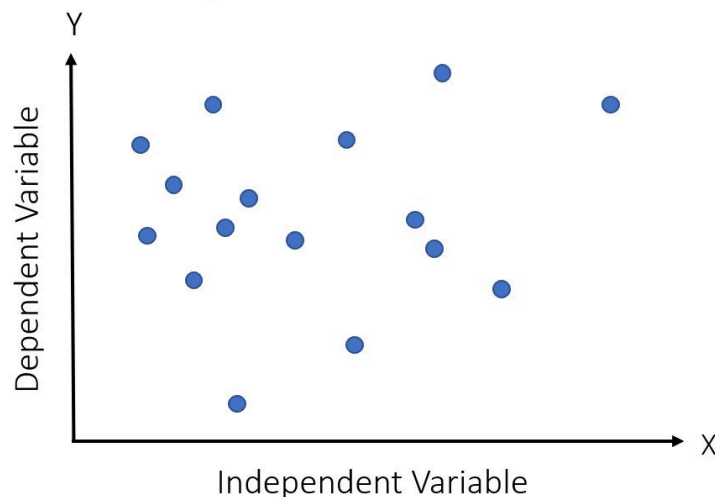
*Two-Step Path to Wage Gap. Text by: Anya Hageman. Graphic by: Pauline Galoustian (Public Domain) [100]*

The figure above shows a two-step path to the wage gap. First, each group achieves different levels of education, health, skills, experience, and other relevant characteristics. Second, each group is offered a wage supposedly based on those achievements. We will quantify these two effects using Econometrics.

### What is Econometrics?

Econometrics is the use of statistics to model, explain and predict economic data. Its most powerful tool is **regression analysis**. Regression analysis finds best-fit lines or equations to describe data, as though the **dependent variable** is a function of various **explanatory variables**.

### Sample Data Points:



For example, if we had data on weight and height for many individuals, we could run a regression which tries to relate weight (the **dependent** variable) to height (the **explanatory** variable or independent variable).

The regression software would find a best-fit line through all the data points, something like:  $W_i = 90 + 1.05 H_i + \varepsilon_i$  (with weight in pounds and height in inches) where  $W_i$  is the weight of person  $i$ , 90 is the vertical intercept (representing 90 pounds), and  $H_i$  is the height of that same individual. 1.05 is the **coefficient** in front of  $H$ , meaning it is the **slope** of the best-fit line; it is the **marginal effect** of height on weight. We can't really think of it as the degree to which height explains weight, because it will be a different size depending on which units we use for height, whether inches or centimeters or whatever.  $\varepsilon_i$  is a random **error** for person  $i$ .

Not all observations, not all people will be on the best-fit line. When  $90 + 1.05 H_i$  is not the same as  $W_i$ , we call the difference the error,  $\varepsilon_i$ . Using the equation of the best-fit line, we "explain" weight in terms of height. And we can also predict your weight based on your height. The **expectation** of your weight using your height is just  $90 + 1.05 * \text{your height}$ .

Have we proved that height causes weight? This is the essence of econometrics. Pretty easy, right?

In the example above, we used just one independent variable to explain weight. In real life, your weight depends on more than just your height. It depends on your age, your gender, and the calories you consume each day. Regression analysis can handle that. Regression analysis can compute a multi-dimensional best-fit line, a best-fit space.

### **Best-fit:**

How does the regression analysis software find the best-fit line or best-fit space? The most basic technique is called ordinary least squares (OLS). In OLS, the software finds the line which minimizes the distance between itself and the data points.

More precisely, the best-fit line is the line that minimizes the sum of squared deviations from the line; that is, the line that minimizes the sum of squared errors.

A "**deviation**" is the error  $\varepsilon_i$ , the difference between our dependent variable, call it  $Y$ , and our expectation of what  $Y$  will be based on the explanatory variables.

$$\textit{The Sum of Squared Deviations} = \sum_i (Y_i - \hat{Y}_i)^2$$

The "hat" sign above the  $Y$  stands for **expectation**, or estimate. Why do we square the deviations?

Two reasons. First, we don't care if the deviation is positive or negative, below the line or above it. They both matter and we don't want to subtract the negative ones from the positive ones. Squaring means we are counting them all.

Second, we care more about the really far out mistakes than the slight mistakes. Squaring makes the really far out deviations count more.



Here is a checklist for performing regressions.

### How to do Regression Analysis:

1. Researcher checks data. Maybe there are some freaky far-out data points that are just typos, mistakes on the part of data collectors. Remove them.
2. Researcher specifies the form of the equation. e.g.  $Weight_i = a + b Height_i + \epsilon_i$   
The chosen specification is supposed to be informed by economic theory and by the kind of explanatory variables you have. Most importantly, each of the explanatory variables like Height, Age, Calories etc. should be independent of the other.
3. The regression software finds the coefficients “a” and “b” that minimize the sum of squared deviations.
4. The software reports what percentage of the total variance in Y (e.g. weight) can be explained by variation in  $\hat{Y}$  (e.g.  $a + b Height$ ). This is called “R-squared”. A high R-squared means a successful regression. You can see that the R-squared is the same as the variance in Y minus the variance in the errors i.e. the sum of squared errors which the best-fit line was trying to minimize.
5. The software computes, for each coefficient, its standard error. The standard error is simply equal to the square root of the coefficient’s variance. Then, for each estimated coefficient the statistical package computes a “t-statistic” or a “p-value” based on the standard error
  - a) For t-statistics, the higher the better. If you have at least 20 data points or “observations”, a t-statistic greater than 2.0 means there is less than a 5% chance that the coefficient should actually be zero and that the explanatory variable (e.g. height) doesn’t really influence the dependent variable (e.g. weight).
  - b) For p-values, the lower the better. The p value is the chance that the coefficient is actually zero and unable to influence the dependent variable. P-values should not be higher than 5% or 0.05.

→ **Instructors:** Show a normal distribution and how t-values, p-values inform the confidence interval around an estimated coefficient.

→ **Instructors:** Show your class some regression output and lead them through an interpretation of the results.

### **Dummy Variables:**

Sometimes we want to use qualitative information in our regression. In our Weight regression example, we could use Gender to explain weight, not just Height. But what number do we type in for Gender?

Qualitative variables like Gender become “dummy variables”, either equal to one or to zero. In the case of Gender, we ask if the person is male yes/no. Or we could ask if the person is female yes/no. Either way. If the answer is yes, we type in “1”. And if the answer is no, we type in “0”.

Let’s say we perform the regression:

$$W_i = \alpha + \beta_1 H_i + \beta_2 \text{ male yes/no} + \varepsilon_i$$

Our regression software might tell us that the best-fit coefficients are:

$$\alpha = 70 \qquad \beta_1 = 1.0 \qquad \beta_2 = 20$$

So, for girls,  $W = 70 + 1.0 * H$

But for boys  $W = 90 + 1.0 * H$  because we add on  $\beta_2$  multiplied by 1 because male = yes

### **An Example from Automobile Insurance:**

Robinson, Sloan, and Eldred (2018) use a regression to relate the probability of a car accident to driver characteristics which are known by the insurance company. They used data from four American states in 2010-2012. Their results are displayed below.

## Probability of Having Had an Accident During the Past Year

	Marginal Effects	(Standard Errors)
Male < 25 years old	0.006	(0.059)
Female < 25 years old	0.061*	(0.036)
Currently married	-0.016	(0.018)
Miles > 15,000 per year	0.034	(0.021)
Drives to work	0.008	(0.021)
Drives for work	0.046***	(0.017)
Previous Speeding citations	0.003	(0.006)
Previous Arrests for Drinking While Intoxicated	-0.057	(0.060)
Having had any car accidents in previous 3 years	0.071***	(0.018)
N	1,155	
Pseudo R-squared	0.07	

The N tells us that there were 1,155 data points, 1,155 people in the study. The R-squared is very low, suggesting that some important explanatory variables have been left out of the regression. It's called a "Pseudo" R-squared as this is a different kind of regression, where the dependent variable is a dummy variable (accident yes = 1, accident no = 0).

→ Which characteristics are positively correlated with the probability of having an accident?

We see that being a young man is positively correlated with having an accident. But look at the standard error! It is just about the same size as the coefficient, the marginal effect. So we can't really be sure about the correlation.

When we look at young women, we see an effect that is larger in relation to its standard error. It has an asterisk next to it, indicating that its p value is less than 0.10. That means that there is less than a 10% chance that this is a false positive. That's still higher than the 5%-or-less chance we like to see, though, so we don't put much confidence in this correlation.

Driving for work, and having had a car accident in the previous three years, are correlations we can be more confident about. They are more statistically significant predictors of having had a car accident in the past year. They have three asterisks next to them, indicating a p value of less than 0.01.

## **Professor Feir's Analysis of Earnings and Discrimination:**

Donna Feir (2013), for her paper entitled, *Size, Structure, and Change: Exploring the Sources of Aboriginal Earnings Gaps in 1995 and 2005*, collected data on Canadians aged 25-55 who make more than \$100 per year in wages and salaries. With that data, she compared the yearly earnings of Métis and Status persons living off reserve to the yearly earnings of non-minority Canadians. Just using the fact that annual earnings is equal to weekly earnings multiplied by the number of weeks worked, she found that about half the gap between the two groups was due to Métis and Status persons working fewer weeks per years than non-minority Canadians.

Then, using 1995 and also 2005 data, she analyzed the weekly earnings of different racial groups when they were employed. Feir found, first of all, that the Indigenous weekly earnings were lower than the weekly earnings of non-Indigenous, non-immigrant, non-minority Canadians. Non-Indigenous, non-immigrant, and non-minority men made 36% more than First Nations-identifying men who live off reserve.

(On a happier note, data from TD Bank<sup>1</sup> indicates that the wages of Indigenous people grew faster than those of non-Indigenous people between 2007 and 2014. In 2014 Indigenous men had an average weekly wage of \$973 compared to \$1,024 for non-Indigenous; Indigenous women had \$697 compared to \$773.)

### **Feir's Analysis**

Feir then asked how much of the difference in weekly earnings between Indigenous and non-Indigenous workers was due to differences in characteristics like age, education, number of children, language spoken, and other explanatory variables. How much of the weekly earnings gap was due to differences in characteristics, and how much was due to those characteristics being rewarded differently depending on race?

Comparing First Nations men off-reserve to non-minority Canadians, she found that about half the difference in weekly earnings in 2005 was due to characteristics being rewarded differently. It was the same for women.

Comparing First Nations off-reserve to First Nations on-reserve, 90% of the difference for men was due to difference in rewards, and 84% of the difference for women was due to difference in rewards.

How did Feir calculate this? She used a technique called Blinder Oaxaca Decomposition.

### **Blinder-Oaxaca Decomposition (BOD):**

BOD involves running two regressions, one for the minority group, and one for the non-minority. With the data for the two groups, and the coefficients estimated by the software for the two groups, you can separate the wage gap into its two components – differences in achievement, and differences in how achievement is rewarded.

Here is a simple example using data collected by a group of students at Queen's University for

1. TD Bank (2015)

various First Nations and municipalities of similar size and location in Ontario. The data excludes fly-in communities.

→**Instructors:** Have your class do the same thing. Each student should collect census data for one First Nation and one Municipality of approximately the same population size and region.

Here are the average values of the data used in the regressions:

Community Average (2016 Census data)	First Nations (14 of them)	Municipalities (16 of them)
MEDINC (Median Income)	\$20,398.56	\$30,973.64
EMPLOY (percent employed)	45.47	52.98
MEDAGE (median age)	36.03	50.69
ASSIST (percent on social assistance)	26.2	15.51

As you can see from the Table above, First Nations in the sample had lower median income, lower employment rates, lower median age, and higher rates of social assistance compared to municipalities.

Now let's run two regressions, one for the First Nations and one for the municipalities. In each regression, median income is the dependent variable which we are trying to explain, and the explanatory variables are percentage of the community's adults<sup>2</sup> employed, median age, and percentage of the community's adults on social assistance. Those explanatory variables are the "characteristics" or "achievements". Each regression, one for the First Nations, and one for the municipalities, generates coefficients which show the marginal effect of each characteristic on the group's median income.

It is questionable whether EMPLOY and ASSIST are truly independent of one another, as independent variables should be; however, let us proceed as though they were tested and found to be sufficiently independent.

**The First Nations** regression yields the following output:

2. (ages 15 and over)

$$1) \text{ MEDINC} = 181.28 * \text{EMPLOY} + 715.47 * \text{MEDAGE} + 518.71 * \text{ASSIST}$$

Think of Equation 1) as  $\text{MEDINC}_F = \mathbf{b}_F \mathbf{X}_F$  where  $\mathbf{b}_F$  is the vector of estimated coefficients, and  $\mathbf{X}_F$  is the vector of explanatory variables.

$$\text{So, } \mathbf{b}_F = (181.28, 715.47, -518.71)$$

If we multiplied these b's by the average level of the "X"s reported in the Table, we would get the average level of Median Income for First Nations, \$20,398.56

$$181.28 \times 45.47 + 715.47 \times 36.03 - 518.71 \times 2.62 = \mathbf{20,398.56!}$$

**For Municipalities**, a regression yields:

$$2) \text{ MEDINC} = 473.42 * \text{EMPLOY} + 125.57 * \text{MEDAGE} - 32.8 * \text{ASSIST}$$

Think of equation 2) as  $\text{MEDINC}_M = \mathbf{b}_M \mathbf{X}_M$

So, the betas are (473.42, 125.57, -32.8), quite different from the betas in the first regression.

Blinder and Oaxaca showed that, assuming that First Nations, but not Municipalities, are experiencing discrimination, we ignore interaction effects and write the difference in average MEDINC this way:

$$\text{MEDINC}_M - \text{MEDINC}_F = \mathbf{b}_M \mathbf{X}_M - \mathbf{b}_F \mathbf{X}_F$$

$$\text{Next, } \text{MEDINC}_M - \text{MEDINC}_F = \mathbf{b}_M \mathbf{X}_M - \mathbf{b}_M \mathbf{X}_F + \mathbf{b}_M \mathbf{X}_F - \mathbf{b}_F \mathbf{X}_F$$

(because we can just randomly add and subtract the term  $\mathbf{b}_M \mathbf{X}_F$  to the right-hand side of the equation without changing its value.)

Rearranging,

$$MEDINC_M - MEDINC_F = b_M (X_M - X_F) + X_F (b_M - b_F) =$$

*= the result of having different characteristics/achievements plus the result of the same characteristics/achievements being rewarded differently*

This equation tells us that the difference in median income between the two kinds of communities depends NOT ONLY on the differences in the Xs (i.e. differences in employment rates, age, social assistance levels) BUT ALSO on the fact that, even if the communities had exactly the same Xs, the betas of the municipalities differ from the betas of the First Nations and translate characteristics into a higher level of median income.

Is that because of discrimination? We can't be sure. We have left some relevant explanatory variables out of our regression, and our omissions could result in this apparent failure to reward characteristics equally for First Nations and municipalities.

Looking at the difference in the coefficients for the two groups, we see that municipalities seem to benefit more from employment and be hurt less by social assistance rates, for no obvious reason.

Let's compute some actual numbers. Difference between MEDINC for the two kinds of communities:

$$\mathbf{\$30,973.64 - \$20,398.56 = \$10,575}$$

So the average First Nation in this sample has a median income more than \$10,000 below the average Municipality in this sample.

We're about to calculate the fact that only 55% of that difference can be explained by differences in levels of employment, median age, and social assistance.

First, we calculate the difference in achievements between Municipalities and First Nations using  $b_M$  ( $X_M - X_F$ ):

$$473.42 (52.98-45.47) + 125.57 (50.69-36.03) - 32.8 (15.51-26.2) = \mathbf{\$5,756.71}$$

or about 55% of the \$10,575

→ Municipalities have higher employment and median age, which are positively correlated with income, and less social assistance, which is negatively correlated with income.

Second, we calculate the difference in the way achievements are rewarded using  $X_F (b_M - b_F)$ :

$$45.45 (473.42-181.28) + 36.03(125.57-715.47) + 26.2(-32.8-518.71) = \$4,760.41$$

or about 45% of the total

- for some reason FN get less of a bang for their EMPLOY
- for some reason FN get way more of a bang for their MEDAGE
- for some reason FN are much more hurt by their ASSIST

So, there is a significant gap in median income between these Ontario municipalities and reserves. 55% of that gap comes from differences in characteristics (employment, median age, and social assistance rate). 45% of the income gap comes from different rewards for employment, median age, and social assistance.

- How much of this difference in characteristics could be due to past discrimination? We could perform a separate regression to relate each one of the characteristics to past policies and other explanatory variables.
- Could any of this differential reward be unrelated to discrimination?

We have now seen how regression analysis and Blinder-Oaxaca Decomposition can be employed to make sense of wage gaps, pointing to likely channels of discrimination. We now leave our study of discrimination and return to our chronology of the Indigenous experience in Canada.

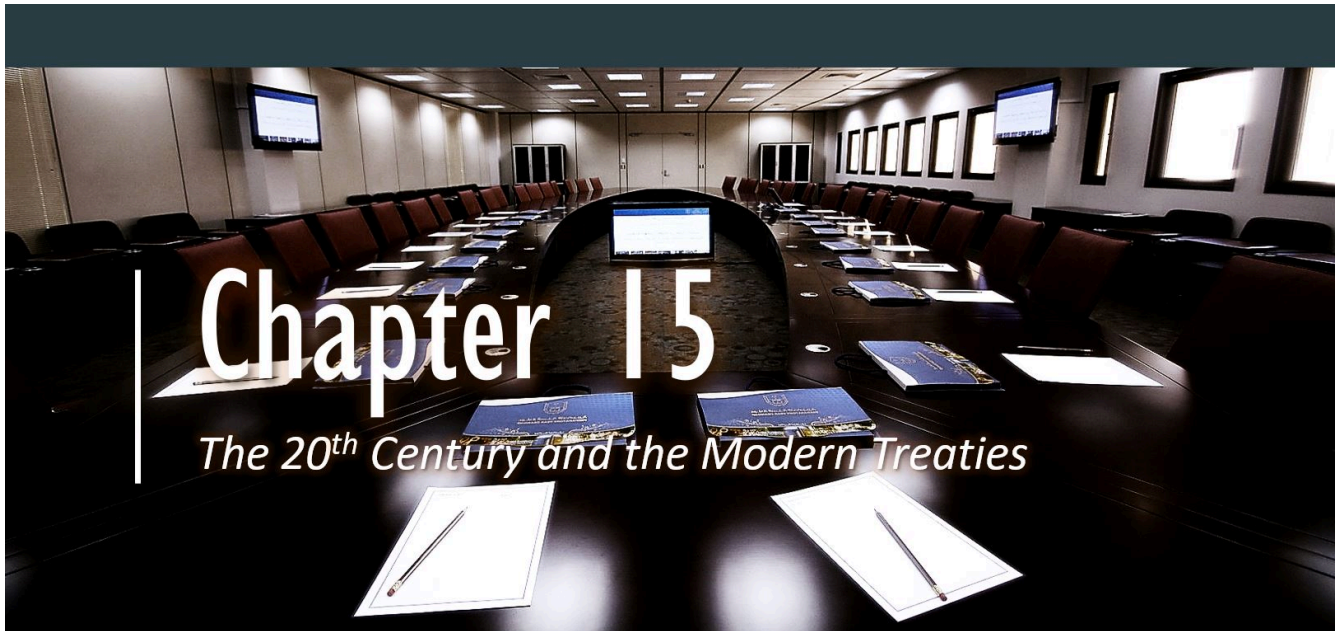


PART IV.

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**THE MODERN TREATY ERA**

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### Summary:

After the 1973 Supreme Court ruling *R. v. Calder*, the federal government and provincial governments realized they had to negotiate with the Quebec Cree, the Inuit, and most British Columbia First Nations regarding land rights. The fact that these Indigenous groups had never signed any treaties gave them the chance to negotiate modern treaties containing self-government clauses. In this Chapter we detail the actions taken to obtain these treaties and to secure amendments to the Indian Act for Nations without modern treaties.

We know that by 1900, First Nations on the Plains were locked down on Reserves. First Nations in Eastern Canada that occupied areas protected by early treaties were also subjected to the reserve system and the *Indian Act*.

The Métis as yet had no land base. What about other Indigenous groups in Canada? The Cree in northwestern Quebec, the Inuit, and the First Nations of British Columbia and the Yukon – these groups had never signed any treaties. They would eventually negotiate what we call **Modern Treaties** – treaties where the Indigenous signatories had proper legal representation, which include self-government agreements, and which override some articles of the *Indian Act*.

### **The Last of the Numbered Treaties:**

The Cree on the Ontario side of Hudson Bay and James Bay, being very aware of the steady influx of settlers competing with them in hunting, trapping, and fishing, signed Treaties 5 and 9 in 1905. At this time the governments of Canada and Ontario were interested in securing land for settlers, mining, and railways. *Treaty 9* was extended in 1929, doubling the territory ceded.

Treaties 5 and 9 were the old-style treaties, where it is unclear whether First Nations fully understood the degree to which they would be limited to their reserves. *Treaty 9* (1905) is like many early treaties in that the Cree believed they would be able to continue hunting, trapping and fishing in the area ceded.<sup>1</sup>

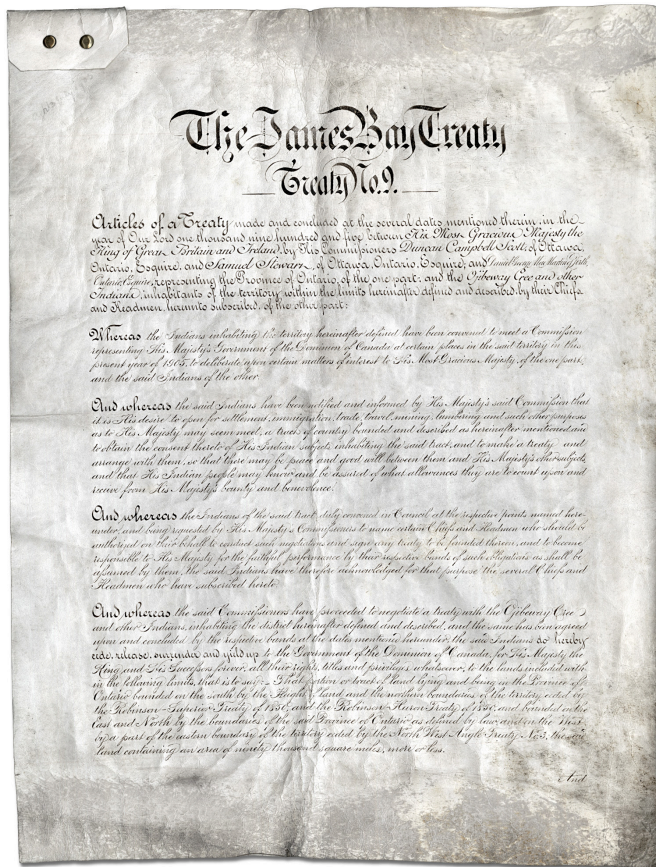


*Indian Treaty No. 9 Commission, 1905. 1st row: Rae and Miendl. 2nd row: Stewart, MacMartin and Scott 3rd row: Dominion Police Constables Vanasse and Parkinson. Credits to: Library and Archives Canada MIKAN #: 3367550 (Access 90 Open) [101]*

*“Missabay, the recognized chief of the band, then spoke, expressing the fear of the Indians that, if they signed the treaty, they would be compelled to reside upon the reserve to be set apart for them, and would be deprived of the fishing and hunting privileges which they now enjoy. On being informed that their fears in regard to both these matters were groundless, as their present manner of making their livelihood would in no way be interfered with, the Indians talked the matter over among themselves, and then asked to be given till the following day to prepare their reply.”<sup>2</sup>*

1. [http://mushkegowuk.com/documents/jamesbaytreaty9\\_realoralagreement.pdf](http://mushkegowuk.com/documents/jamesbaytreaty9_realoralagreement.pdf)

2. James (1986) relying on a 1964 federal publication entitled James Bay Treaty: Treaty Number Nine



The first page of Treaty No. 9. Reference Code: F 775, (1905) [Item 13]; Credits to: Archives of Ontario (Access 90 Open) [102]

But the written Treaty contained a massive loophole:

*“And His Majesty the King hereby agrees with the said Indians that they shall have the right to pursue their usual vocations of hunting, trapping and fishing throughout the tract surrendered as heretofore described, subject to such regulations as may from time to time be made by the government of the country, acting under the authority of His Majesty, and saving and excepting such tracts as may be required or taken up from time to time for settlement, mining, lumbering, trading or other purposes.”*

It is relevant that, of 76 Indigenous signatories to Treaty 9 (1905 version), 54 made their signatures using a mark, 20 used Cree syllabics, and 2 wrote in English. The Cree had no legal representation; and in at least one case the interpreter may not have been able to speak the local dialect.<sup>3</sup>

→ Find a photo of an early Treaty and its signatures.

→ Fast forward to the first modern treaty, the *James Bay and Northern Quebec Treaty*. Have a look.

→ Compare and contrast!

What happened between 1929 and 1975 – only a 46-year period – that could explain how treaties went from short, imprecise documents to massive legal tomes? Explore these changes more fully on your own.

- Increased literacy in English of Indigenous persons
- Greater sense of responsibility for social welfare on part of citizens and government
- 1951 *Indian Act* amendments removing prohibition on Indians hiring lawyers to argue with Crown
- 1960 right of Status persons and Inuit to vote
- Civil Rights movements in the United States and Canada

3. James (1986), between footnotes 209 and 210  
148 ANYA HAGEMAN AND PAULINE GALOUSTIAN

- American Indian Movement (AIM)
- Supreme Court rulings in support of Aboriginal title

### **The First Modern Treaty:**

No treaties were made on the Quebec side of James Bay and Hudson Bay at the time of Treaties 5 and 9, but as time went by, pressures on traditional Cree and Inuit territory became more intense.



*The spillway of the Robert-Bourassa Dam (formerly La Grande-2). This dam was one of the dams in the James Bay Projects. Photo by: P199 at Wikimedia Commons. (CC BY 2.5) & (CC BY-SA 3.0) [104]*

Then, in the early 1970s the Quebec government announced plans for a giant hydroelectric project on Cree territory – four dams on the La Grande River, plus eighteen spillways and control structures, along with 130 kilometers of dykes.

At this point the Cree of northern Quebec, numbering about 10,000, organized themselves as a nation on People’s Land or **Eeyou Istchee**. It is represented by the Grand Council of the Crees. Likely encouraged by the 1973 Supreme Court ruling *R. v. Calder*, the Grand Council of the Crees took the Quebec government to court over the proposed hydroelectric project.

## **Problems Associated with Damming:**

When rivers are dammed, the flow of water downstream from the dam greatly diminishes, affecting fish and wildlife. The size of boats, and the load they can carry, is restricted. Spring flooding is much reduced, so riverbanks receive less silt, making them less fertile. Less mud and silt flow onto the ice, so the ice melts more slowly, and fish spawning is reduced.

Other problems occur in the area flooded to create the reservoir behind the dam. Trees which have drowned might become uprooted and shoot to the surface of the reservoir. Moreover, the decomposition of the wood produces mercury, poisoning people who eat fish from the lake.

Carlson (2008) writes,

“What [the Cree] were bewildered by was a system of knowledge and a concept of nature that would use the power of technology to create this particular kind of dam. They were bewildered by a definition of progress that their land be used in this way, by a definition of progress that disregarded the totality of their land in order to reshape it for strictly human use.” (p. 228)

The Grand Council of the Crees argued that their territorial rights had never been extinguished or negotiated away by a treaty. The Quebec court agreed that the balance of convenience should be with the Cree who had been using the land since time immemorial, giving the Cree the leverage they needed to get Quebec and Canada to the negotiating table. The resulting *James Bay and Northern Quebec Agreement* (1975) was an historic first, the first Modern Treaty.

### **The Manuel-Derrickson Critique:**

While the modern treaty negotiation process is an improvement over past processes, and while modern treaties offer more than past treaties, Arthur Manuel and Grand Chief Ronald Derrickson argue that they share the same flaw as past treaties. Writing in *The Reconciliation Manifesto* (2017), Manuel and Derrickson argue that the *James Bay and Northern Quebec Agreement* (JBNQA) was cut from the same cloth as earlier treaties because it required the Cree to give up land rights to most of their territory, and left them with only partial control of the remaining territory. They write:

“After the UN criticized Canada for requiring the Cree to give up title to the land in the James Bay and Northern Quebec Agreement (1975), the government has continued to require the same, but calls it “modification” or “surrender and grant back” or, recently, “reconciliation”. They still require extinguishment of our title as the first principle of any land deal.”

### **Details of the Agreement:**

In return for allowing Quebec to build the La Grande hydroelectric project, the Cree received \$130 million dollars (\$13,000 per person) and the right to a regional government called the Cree Regional Authority. Inuit communities along the Quebec coast of James Bay, Hudson Bay, and Ungava Bay were also included in the agreement, receiving financial compensation and a regional government named Kativik.

The Cree Regional Authority and Kativik will receive ongoing federal transfers to help them oversee health and social services delivery, education, and local law enforcement. The funding for health care comes from Quebec and includes some health services not included in provincial programs for the general public. The funding for Education comes from both Quebec and Canada. The regional school boards can, in cooperation with the province of Quebec, decide on alternative school calendars, teacher qualifications, courses, textbooks, and programs; also the first language of instruction is Cree or Inuktitut.



*Signing of the James Bay Agreement: (l. to r.) Roland Giroux, Jean Cournoyer, John Ciaccia, Billy Diamond, Judd Buchanan, Premier Bourassa, Gérard D. Levesque, Charlie Watt, Robert A. Boyd, Charles Boulva. Credits to: Canada. Dept. of Indian Affairs and Northern Dev. / Library and Archives Canada / PA-143013. MIKAN No. 3202097 (Access 90 Open) [105]*

As indicated in light green on the map of Quebec at right, the *James Bay and Northern Quebec Agreement* (JBNQA) covers more than a million square kilometres, two-thirds of the province of Quebec. JBNQA divides these lands into three categories. On Category III lands, both Indigenous and non-Indigenous persons may trap and fish for personal or commercial purposes, but some species are reserved for Indigenous use only. Indigenous people may hunt for personal or community use, without a permit. Non-Indigenous people require permits.

On Category II lands, only Indigenous persons may trap and fish for personal or commercial purposes. They may hunt for personal or community use.

Category I lands are for the exclusive use of the Cree (or Inuit). They represent about 1% of the total lands in the JBNQA area. Again, they can only be hunted, trapped or fished by Indigenous people. Again, hunting can only be for personal or community use. On Category I lands, Indigenous people may run or own commercial forestry operations, subject to provincial government approval.



Map of Indigenous Nations, Quebec & Labrador (2005). Map credits to: Carl Brisson (Historical Research Group, University of Quebec at Chicoutimi)/Electronic Atlas of Saguenay-Lac-Saint-Jean (CC BY-NC-SA 2.0 CA) [106]

### Interesting Fact:

The Cree Village Eco-lodge at Moose Factory, Ontario cannot serve wild meats to tourists, since Indigenous hunters can only hunt for personal or community use. For more on resource rights, see Chapter 26.

### Suggested Activity:

- Debate the justice of JBNQA with and without *La Paix des Braves*. Apply the Manuel-Derrickson critique.
- What vibe did you get from the comments made by the Premier of Quebec in 1975?



Quebec retains reversionary title<sup>4</sup> to all lands, even Category I lands. Quebec retains forestry rights on Category II and III lands, and ownership of all mineral and subsurface resources in the entire JBNQA area. This was walked back a bit in 2002, when a new agreement between the Grand Council of the Crees and the province of Quebec was signed. *La Paix des Braves* gives the Cree joint management of forestry, mining, and hydroelectric projects on Category II and III lands, as well as a share of the revenues into the future.

The representative of the Premier of Quebec made these comments in 1975:

“Now to see the Category I lands in their proper perspective, it must be realized that they represent a tiny proportion of the whole territory. Approximately 3,250 square miles are to be allocated to the use of the Inuit, and 2,158 square miles to the use of the Crees. Thus, although these lands are vital to the native peoples and they constitute an essential element of the Quebec Government’s policy of protecting their traditional economy and culture, you will agree that they are of minimal importance in relation to the total economy of Quebec.”

Successive additions to the agreement have given more funds to both the Cree Regional Authority and to Kativik as more dams have been added to the hydroelectric project.

### **East versus West:**

We have learned that the Cree of northern Quebec have the JBNQA and *La Paix des Braves*, while the Cree of northern Ontario have Treaties 5 and 9. Which group has fared better?

Generally, the Cree of Treaties 5 and 9 have not been compensated for hydroelectric projects along their waterways. They also have some of the poorest reserves in the nation, such as Attawapiskat and Kashechewan. Recall the Community Well-Being Index<sup>5</sup> which we discussed in Chapter 2. In 2011, only one community on the Ontario side of James Bay provided sufficient data – and it scored in the 1-49 category.

By contrast, on the Quebec side of James Bay, four communities provided enough data to form a score – and scored between 60-69. (The average First Nation community in Canada scored 59; the average municipality scored 79.)

Things have improved in Ontario since then. In 2016, all five communities hugging the Ontario shore of James Bay and Hudson Bay reported data, and the scores ranged between 48 and 67. (On the Quebec side, scores continued to range between 60 and 68.)<sup>6</sup>

As the legal landscape changes in favour of First Nations, giving them Aboriginal Title to traditional lands (discussed in Chapter 25), Ontario First Nations are asserting their rights. As reported by Heaps (2019), the Moose Cree helped cancel plans to build the Smokey Falls Hydro Station, and Ontario Power Generation negotiated with them for four years before doubling generation along the Lower Mattagami River. One result was that the Moose Cree were “permitted” and assisted to buy a 25% share in the Mattagami upgrade. Ontario Power Generation lent them part of the money at

4. Reversionary Title is default ownership should the current occupant of the land die or be unable to occupy the land.

5. Indigenous Services Canada (June 2019)

6. Aboriginal Affairs and Northern Development Canada (2011-2015)

regular commercial interest rates, and the rest of the money was lent by Ontario's Aboriginal Loan Guarantee Program.

→Are there any revenue risks associated with hydroelectric projects? What do you think about the appropriateness of the Moose Cree deal?

### The Twentieth Century and the Inuit:

The Inuit lifestyle was largely unchanged by contact with non-Indigenous people until the 1850s, when permanent whaling stations were established on the shores of northern Hudson Bay. European epidemic diseases began to spread. Alcohol, the exploitation of women for sex, and sexually transmitted diseases took a heavy toll.

#### Suggested Activity:

To see the contrast between First Nations with and without the JBNQA, watch the March 2019 episode of "Political Blind Date" featuring Members of Parliament Don Rusnak and Romeo Saganash:

<https://www.tvo.org/video/documentaries/ep-4-indigenous-rights>



Overhunting of whales became critical, so that after 1910 whaling was replaced with buying fox pelts from the Inuit. The allure of trapping to acquire European trade goods motivated some Inuit to branch out on their own to manage traplines, in areas not necessarily ideal for hunting food. Guns were a mixed blessing, making hunting easier but facilitating the overhunting of caribou and musk oxen.

Fur collection stations along the coast became places where Inuit art and crafts were traded, including sculptures of soapstone and ivory. Like fur, these beautiful objects are small and lightweight relative to their market value, so they can be profitably traded south. In the early 1950s, artist James Houston began to promote Inuit Art with the help of the federal government and the Hudson Bay Company. Inuit sculpture and printmaking are now thriving industries.

Until the end of the Second World War, neither the federal government nor provincial governments had had much to do with the Inuit. White settlers tended to form their own, separate communities. Missionaries, clergy, traders, and entrepreneurs from the south were more likely than others to integrate into Inuit communities, but they comprised a small minority.

During the 1950s, Canada partnered with the United States to install research and communications stations, radar lines, and airfields across the Arctic. The federal government also turned its attention

to developing the northern resource economy and facilitating mining. It determined to bring modern amenities and services to communities in the north.

Programs such as social assistance, medical care, subsidized housing, and education were offered; In fact, education of children became mandatory. This led to the Inuit becoming more settled, usually voluntarily, and being clustered around towns where government services were provided. In some cases, the government forced communities to locate to particular areas which would help establish Canada's sovereignty in the North.

“Many of the communities that emerged or started to grow during the 1950s and 1960s were developed in places that Indigenous peoples had used in their annual migrations. Some, however, brought together people who had little to do with one another historically, meaning that building a “community” took some time to achieve... In some instances, such as at Grise Ford and Resolute Bay, communities were created through dramatic and harsh relocations, a particular challenge in the subsequent building of resilient, confident communities.”<sup>7</sup>

The transition to a less hunting-oriented lifestyle, the separation of children and parents because of schooling, the novelty of paying rent for housing and working for wages, the more frequent and intense encounters with non-Inuit, new social values via television, and environmental pressures from mining were challenges that eroded some of the gains of modernization to the Inuit. However, there were substantial gains, including the benefits of education, the possibility of a variety of careers, reduced dependence on the harvesting of fur (prices for which declined during the 1950s), more predictable incomes, and health care.

As you know, the Inuit of northern Quebec were included in the *James Bay and Northern Quebec Agreement*. The Inuit region covered by JBNQA is named **Nunavik**. All residents of Nunavik can vote in elections which determine the leaders of various agencies. Nunavik also has a seat in the Quebec Legislative Assembly.

The JBNQA provided funds for Nunavik's economic development through a new company called the Makivik Corporation.

The second Modern Treaty also involved Inuit. It covers the region known as **Inuvialuit**, the westernmost Inuit region.

Formerly part of the North West Territories, Inuvialuit was returned to Inuit control in 1984, giving them the complete slate of resource rights, subject to sharing wildlife and environmental management decisions with the federal government. Inuvialuit has a public government which represents all residents of whatever ancestry. It also has Inuvialuit Regional Corporation to actualize Inuvialuit self-government of their health, education, language revitalization, economic development, and other concerns.

7. MacPherson (2015)



*Kangiassualujuaq, Nunavik. Photo credits to: Richard Wetzel. (Public Domain) [107]*

In 1999 the third Inuit region, **Nunavut**, was defined, also from the North West Territories. The Inuit of Nunavut chose to have a public rather than Indigenous-only government, with nineteen members of parliament, each running independent of any political party. 18% of Nunavut land has been transferred to the Inuit specifically, not the Nunavut government, through the new corporation Nunavut Tunngavik Inc.(NTI). NTI gets all resource taxes (known as royalties) for extraction done on its land, and also a portion of the royalties arising from extraction done elsewhere in Nunavut. NTI has also been given cash as part of the 1993 Nunavut Land Claims Agreement.

Unfortunately, most of the land in Nunavut which is not owned by the Inuit through NTI is still owned by the federal government, so the government of Nunavut gets very little income from resource royalties. Courchene (2018) argues that if it could earn royalties, it would not need the large federal transfers that it now receives, approximately \$40,000 per person in 2016.

In 2005 the fourth and final Inuit region was created, **Nunatsiavut**, along the coastline of northern Quebec and northern Labrador. In Nunatsiavut only Inuit can be elected to government. There are seven constituencies – two of which are outside of Nunatsiavut! One is a town in central Labrador, and the other constituency consists of all Nunatsiavut citizens who reside in the rest of Canada. The Nunatsiavut government collects property taxes, personal income taxes, resource royalties, and a

portion of federal excise taxes (alcohol, cigarettes, gasoline); however, federal transfers are an even larger source of revenues for Nunatsiavut.

### **The Twentieth Century in British Columbia and the Yukon:**

For most of the twentieth century, British Columbia (BC) and the Yukon were largely devoid of treaties.

Treaties were made on Vancouver Island, BC during the 1850s. The Hudson's Bay Company had been given the right to trade there on the condition that it would welcome settlers. It negotiated the *Douglas Treaties* with the First Nations on Vancouver Island to facilitate settlement. But these were not modern treaties; these were old-style treaties without modern legal representation of First Nations.

The Colony of British Columbia was established on the mainland in 1858 in response to a rush to mine gold along the Fraser River. This gold rush brought thousands of American and Canadian miners into the BC interior and north. The miners and their retinue began settling on the most favourable agricultural land. According to the Supreme Court (2018), this prompted several First Nations Chiefs to consider armed conflict. However, Governor Douglas assured them that their villages and fields would be noted and protected.

In 1860 Douglas issued a Proclamation that settlers could acquire un-surveyed land, but only if it was not part of an existing or proposed town, a gold mining site or an "Indian reserve or settlement".

Sadly, this Proclamation was ignored, and White settlement was favoured. A law in 1866 under governor Frederick Seymour specified that no Indigenous person could pre-empt or buy land, except with special permission from the governor. While some lands were promised to First Nations, these were not formally surveyed or backed by legal documents, and were gradually eroded by settlement or even – in for example the case of the T'exelc – completely eliminated.

No treaties were negotiated with mainland First Nations except *Treaty 8* (1899). *Treaty 8* covers parts of northeastern BC and Alberta. It was arranged in the context of the Klondike Gold Rush.

Generally, BC First Nations on the mainland were displaced and confined to areas which were by no means safe from further encroachment or division. For example,

“Beginning in the late 1870s with the establishment of the Kamloops-Okanagan [Indian] Agency, ...the Secwépemc nation was split into agencies that combined some Secwépemc communities with Syilx, others with Nlaka'pamux and Lillooet, and Northern Secwépemc with Tsilhqot'in and Carrier. Indian agents began to assert their control over individual communities and continued the nucleation of the nation into bands and reserves.”<sup>8</sup>

The literal fencing out of the Secwépemc Nations from the places they depended on for fish, roots, berries, meat, game, meetings, rituals and so forth is compellingly relayed in *The Unfolding of Dispossession*, chapter twelve of *Secwépemc People, Land and Laws* (Ignace & Ignace, 2018).

8. Ignace and Ignace (2017), p. 456



*Coyote's Sweathouse, near Alexis Creek, BC, an old boundary marker between the Secwépemc and Tsilhqot'in, in 2013. It was moved by a settler-farmer, who perceived it to be in the way of cultivating his field. Source: Figure 8.2 of Ignace and Ignace (2018). Photo credits to: Chief Ronald E. Ignace/Shuswap Nation Tribal Council (CC BY-NC-SA 2.0) [108]*

In 2018 the Supreme Court of Canada (*R. v. Williams Lake Indian Band*) ruled in favour of the T'exelc, whose village – at what is now downtown Williams Lake, BC – and traditional lands were entirely taken over by settlers. The Court ruled that it had been Canada's responsibility to reverse this expropriation even though it occurred before Confederation.

Because of the relentless encroachment of settlers, pressure on the First Nations was intense. There is evidence that potlatches became ever more competitive and extravagant, with Chiefs actually breaking coppers and burning whole canoes and boxes of eulachon oil during the potlatch (McMillan and Yellowhorn 2004, p. 209). The destruction of wealth at these later potlatches may be one reason that the potlatch was banned under the *Indian Act* between 1885 and 1951.

Despite cultural bans, much cultural knowledge has been retained, helped by the fact that colonization occurred much later for BC First Nations than for eastern First Nations. BC First Nations became leading advocates of First Nation sovereignty. For example, in a daring move the BC

Union of Indian Chiefs refused federal funding and federal supervision in 1975, as described in our Foreword. The same spirit of resistance fueled the Chiefs to participate in several lawsuits that have dramatically changed the legal and political landscape for Indigenous Peoples.

Perhaps the most important Supreme Court ruling instigated by BC First Nations, one that paved the way for many others, was *R. v. Calder* (1973). This ruling was in response to the Nisga'a asserting their claim to the lands they have traditionally occupied. The Supreme Court ruled that Aboriginal Title is a valid concept in Canadian law and, in parts of Canada where treaties have not been made, Aboriginal Title could still exist. As Courchene (2018) expounds, this completely contradicted the view of then Prime Minister Trudeau whose 1969 White Paper would have erased distinctions between Indigenous and other Canadians. The federal government immediately took note of this ruling and opened the Office of Native Land Claims the next year, 1974. This must have helped bring about the *James Bay and Northern Quebec Agreement* (1975).

When Canada sought to become completely independent of Great Britain by means of a new Constitution, some Indigenous groups were opposed, fearing that Canada without Britain would not be as invested in a nation-to-nation relationship with Indigenous people. Others saw an opportunity to secure recognition of Aboriginal rights. Provinces, especially Quebec, and other interest groups also vied for greater recognition and influence. In 1982, without First Nations, Inuit or Métis having any vote, the new *Constitution Act* and accompanying *Charter of Rights and Freedoms* were passed by parliament. Section 35 of the constitution contains clauses affirming Aboriginal and Treaty Rights, including rights derived from present and future land claims.

Though the new constitution affirmed Aboriginal Rights, details were lacking. Very little progress was being made with respect to land claims or self-government.

Modern Treaties finally arrived in the West in 1993 with the *Yukon First Nations Agreements* covering 12 of Yukon's 14 First Nations. The First Nation signatories control citizenship, adoption, custody, education, dispute resolution, administration of justice in accordance with Yukon law, business licensing, local taxation, environmental protection, and resource extraction on their lands. They accepted financial compensation, some of



*Resolving the Nisga'a Land Question. L-R: Dr. Frank Calder, Hubert Doolan, Senator Guy Williams, Eli Gosnell, unknown, William McKay, and James Gosnell. Photo and Text Credits to: Nisga'a Lisims Government. (CC BY-NC 2.0) [109]*



*Dr. Frank Calder, Nisga'a President Emeritus, after whom the famous Calder Case is named, outside the Supreme Court of Canada, 1999. Photo by: Gary Fiegehen. Photo and Text Credits to: Nisga'a Lisims Government.(CC BY-NC 2.0) [110]*

which was to compensate them for agreeing to collect federal income taxes so that both native and non-native residents will be taxed the same way.

What about the Nisga'a in British Columbia, whose land rights aspirations had led to *R. v. Calder* and launched the Modern Treaty era? In 2000 their turn came. *The Nisga'a Treaty Agreement*, the first Modern Treaty in BC, returned to the Nisga'a about 2000 square kilometres, 8% of the territory claimed. Existing non-Nisga'a owners of lands are allowed to keep their properties. The Nisga'a land is for the Nisga'a to manage, mine or sell; some provincial or federal industrial standards, harvesting limits, and environmental laws apply. Remarkably, Nisga'a village governments may allocate land to Nisga'a citizens in fee simple, which means the new owners are free to sell the land to anyone, even to non-Nisga'a or non-Indigenous buyers. We discuss fee simple land ownership in Chapter 24. The Nisga'a must pay provincial and federal income taxes on income earned on these lands. The Nisga'a administer their communities themselves and have their own police force to keep the peace according to provincial and federal laws. They have also received \$190,000,000 in installments.

Subsequent modern treaties within British Columbia include the *Westbank First Nation Self-government Agreement* (2005), the *Tsawwassen First Nation Final Agreement* (2009), and the *Maa-Nulth First Nations Final Agreement* (2011).

### **Amending the *Indian Act* to Improve Reserve Economies:**

BC First Nations have been economically innovative. After the resistance of the BC Union of Indian Chiefs, Kamloops Chief Manny Jules and others began to engage with one another and the federal government to bypass the *Indian Act* in certain respects. The fruits of their labours include:

- The *Kamloops Amendment to the Indian Act* (1988). Affirms that reserve lands leased to non-Indigenous people are still part of a Nation's reserve. Permits First Nations to tax band members and non band-member leaseholders.
- The *First Nations Land Management Act* (1999). Participating First Nations have the right to manage their own lands and set up land ownership rules.
- The *First Nations Fiscal Management Act* (2005). Establishes the First Nations Tax Commission, the First Nations Financial Management Board, and the First Nations Finance Authority to assist First Nations in collecting taxes, becoming credit-worthy, and obtaining loans.

The possibilities afforded by these new Acts will be discussed in later chapters.

### **Métis Settlements:**

There are 8 officially-recognized Métis settlements in Alberta. The *Metis Settlement Act* (1990) specifies that a General Council, funded by the province, will represent the residents and will manage the money paid into its Consolidated Fund by the province. Between 1997 and 2007, the Métis Settlements General Council was managing \$10 million annually from the government in accordance with the *Métis Settlements Accord Implementation Act*.<sup>9</sup>

9. Province of Alberta (2019)



The General Council owns all Métis Settlement lands in “fee simple”, which means full ownership of land including the right to develop, rent, or sell it. However, such decisions must be made as a community.

Although the Métis do not have ownership of minerals or oil and gas on their settlements, they have a Co-Management Agreement with the Province which allows them to negotiate royalties for resource extraction on their lands and become part or full owners in mineral companies.

In 2013, the Council negotiated with the Province to increase its potential ownership stakes in mineral companies and to obtain 85 million dollars from the Province for improved governance, education, employment opportunities, policing, and other measures.<sup>10</sup>

In our next Chapter we’ll summarize how various Indigenous communities are faring financially, before moving on to consider their funding, governance, sources of capital, and business development in more detail.



*Métis Nation delegates at the meeting between Indigenous leaders and Canadian First Ministers 2016 (left to right) Métis elder Oliver Boulette, MNO President Margaret Froh, MNA President Audrey Poitras, MNC President Clément Chartier, MNBC President Clara Morin Dal Col, MMF President David Chartrand and MN-S Vice-President Gerald Morin. Photo and Text credits to: Métis Nation of Ontario.[111]*

10. Province of Alberta (2020)



# Chapter 16

## *The Economic Situation of Indigenous Communities Today*

### Summary:

Before moving on to analyze the economic challenges facing Indigenous communities today, we pause to assess their economic situation. Lack of detail on the finances of non-reserve communities constrains us to rely on Census data as we did in Chapter 2; the results are consistent with the broad pattern that Métis and off-reserve Status Indians fare better than Inuit, who fare better than Status Indians on reserve. Self-government agreements appear to weakly correlate with higher Community Well-Being scores.

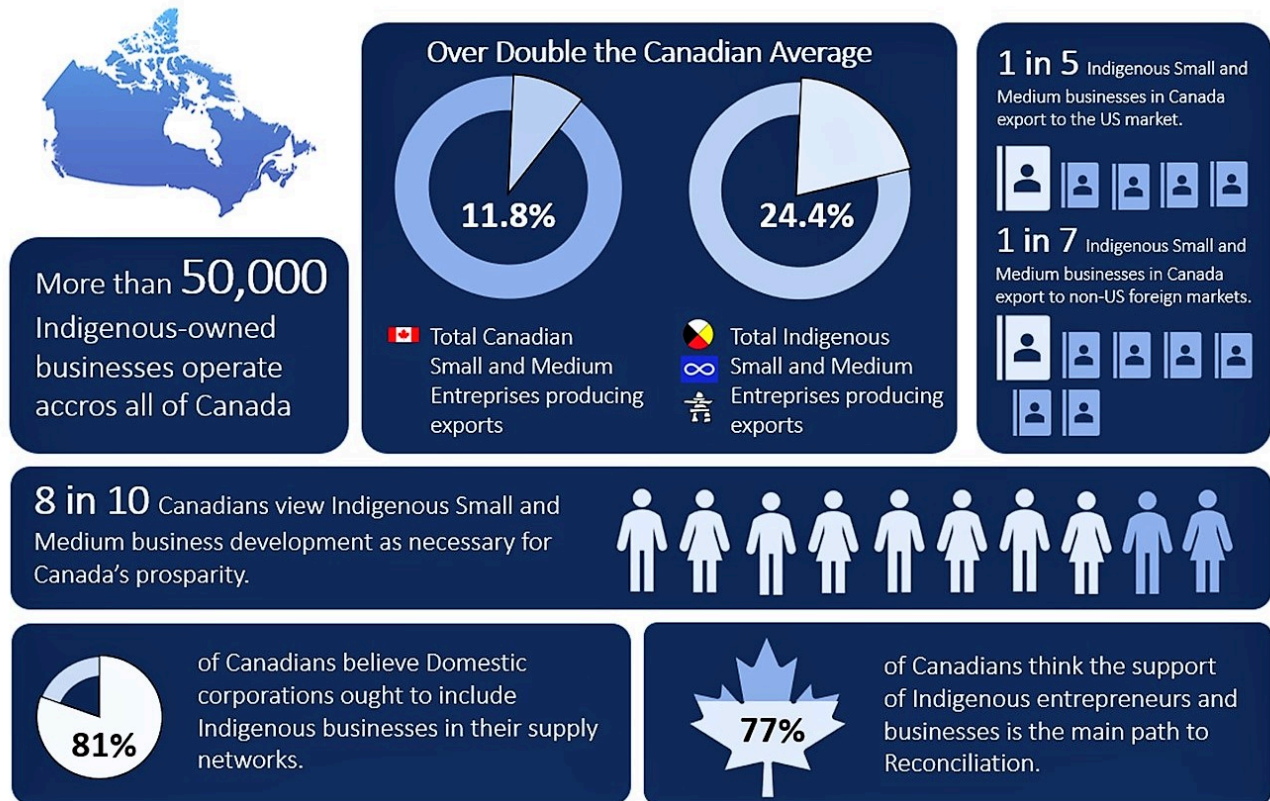
We now know about the great variety of Indigenous Communities. There are people in regular cities, towns, and rural areas across Canada: perhaps geographically isolated from one another (Toronto), perhaps living in distinct neighbourhoods (Winnipeg), perhaps forming the majority of the population (Moosonee). There are traditional reserves, which may or may not be using some of the Amendments to the *Indian Act* to increase their financial options. There are Métis settlements. Then there are the communities governed by different kinds of regional authorities created by Modern Treaties.

This variety serves as an extensive natural experiment as to which forms of organization, governance, and financing best promote well-being. In years to come the data from these various communities will be mined for insights by researchers, perhaps by you! For now, the data is limited.

In this chapter we'll briefly present each category of community and its economic situation. Then in the following chapters we will go into detail about economic challenges and opportunities, especially for reserve communities.

## Statistics on Canada's Indigenous Small and Medium Exporting and Non-Exporting Businesses 2017:

Indigenous Business Infographic based on reports done by CCAB, Global Affairs Canada, and the Sodexo Indigenous Business Survey (2016-17)



Statistics on Canada's Indigenous Small and Medium Exporting and Non-Exporting Business, 2017. Graphic compiled by: Pauline Galoustian [112]

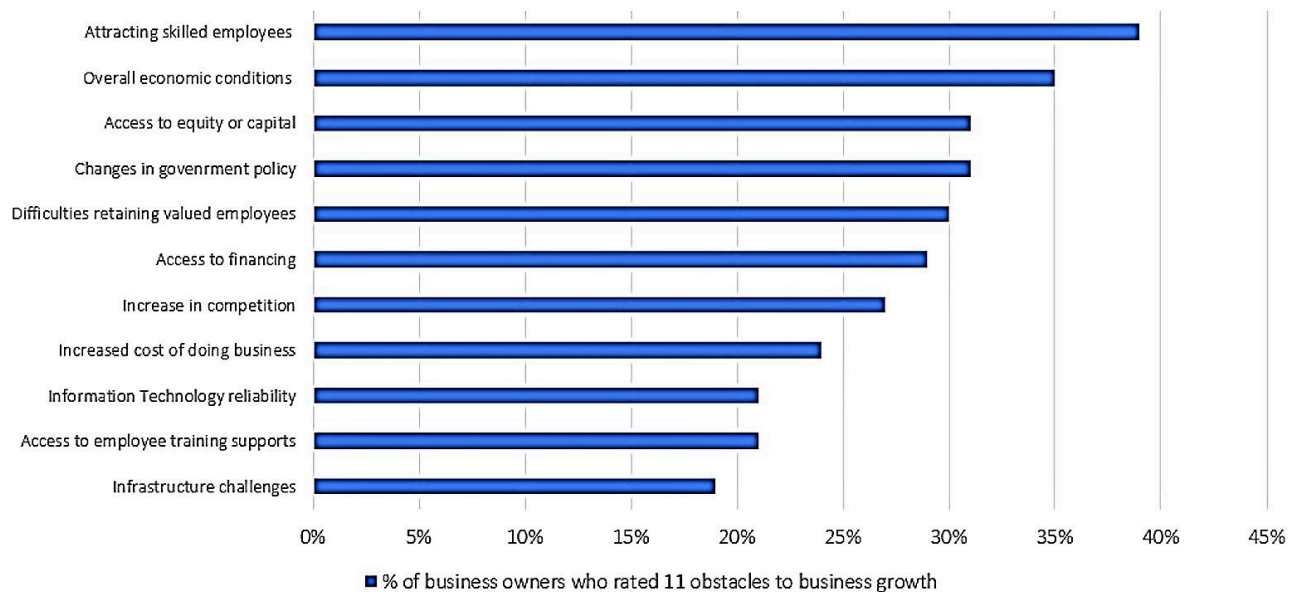
### **Indigenous Business Generally:**

According to reportage in the Spring 2019 edition of *Corporate Knights*, Indigenous business represents about 1.4% of the Canadian economy. This falls short of the number it should represent if it were proportional to population, but is still quite an accomplishment considering the history. Indigenous business comprises about 45,000 firms generating 30 billion dollars. The *Corporate Knights* estimate roughly agrees with the Canadian Council for Aboriginal Business's estimate of 50,000 aboriginal-owned businesses.

In terms of businesses located within Indigenous communities, in 2017 there were "over 19,000 businesses located in Indigenous communities (17,000 on First Nations territory and 2,000 on Inuit lands) generating over \$10 billion in revenue".<sup>1</sup>

1. Haaris and Alasia (2019)

## Top 11 Obstacles to Growth of Small and Medium Indigenous Businesses in Canada 2017:



*Statistics on Canada's Indigenous Small and Medium Exporting and Non-Exporting Business, 2017. Graphic compiled by: Pauline Galoustian [112]*

### **First Nations Reserves:**

Many reserves are faring well economically, and host some of the Indigenous businesses we have just described. For example, Membertou First Nation near Sydney, Nova Scotia boasts ISO 9000 designation<sup>2</sup>, an international standard of management quality, and its Development Corporation was named one of Canada's best-managed companies in 2019. In 2020, Membertou joined with other Mik'maq communities and with Premium Brands Holdings Corporation in a billion-dollar deal to purchase Clearwater Seafoods Incorporated, the largest holder of shellfish licenses and quotas in Canada. The Community Well-Being score for Membertou First Nation in 2016 was 70, not far from the average score for non-Indigenous communities, 77.5.

There are also nineteen First Nation reserves and other First Nation communities whose 2016 Community Well-Being scores exceeded 77.5, according to data available from Indigenous Services Canada (June 2019). Not all of these communities are near large urban centres; the list includes Opaskwayak Cree Nation (near Le Pas, Manitoba), Matsqui First Nation (near Abbotsford, British Columbia), and Shuswap Indian Band (in eastern British Columbia).

At the same time there are many reserves where poverty is endemic. Almost one quarter of First Nations are receiving some kind of intervention to help them pay their debts.<sup>3</sup> According to Flanagan (2019), the first step is to require communities to create a plan for addressing their budget deficits and debts. The second step, if needed, is to require the community to hire an external accountant to co-manage finances. Finally, Indigenous Services Canada imposes third-party

2. Withers (2020)

3. National Indigenous Economic Development Board (2019)

management on the band: a person outside the community is hired to run the finances . There were only seven reserves under third party management in 2018.<sup>4</sup>

Flanagan (2019) found that whether or not a community was under default management correlated strongly (and inversely) with its Community Well-Being Index score, even when accounting for own source revenue, remoteness, and existence or not of a property tax system.

This suggests that, while poverty may contribute to financial disarray, the causation is likely to be more in the reverse direction; that is, financial disarray contributes to poverty.

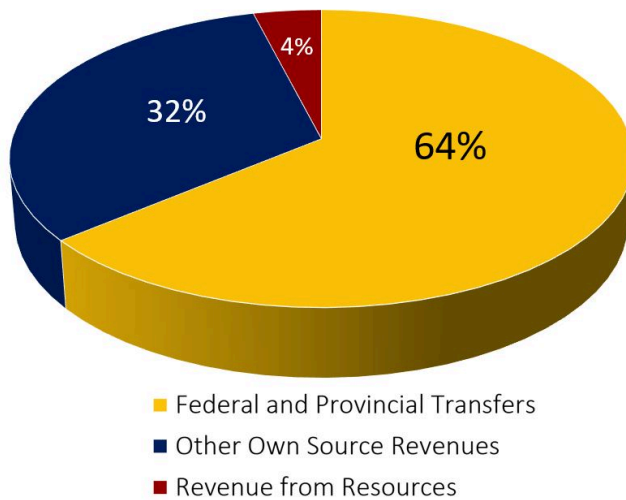
On reserve, between 2005/6 and 2015/6<sup>5</sup> :

- the employment rate, which is the fraction of working-age adults who are employed, decreased
- the labour participation rate decreased
- the unemployment rate was about the same (increased for men; decreased for women)
- the fraction of people whose main source of income was government assistance rose but
- median income rose faster than non-Indigenous median income
- median income was still more than \$17,500 below non-Indigenous income
- female median income continued to be higher than male median income
- the high school completion rate for youth rose by from 38.9% to 48.4%
- the proportion of people living in dwelling needing major repairs stayed at about 44%

4. National Indigenous Economic Development Board (2019)

5. Census 2016 data reported in National Indigenous Economic Development Board (2019), Annex A

## First Nation Revenues by Source, 500 First Nations in Canada 2015-16 (Flanagan 2019)



*First Nation Revenues by Source, 500 First Nations in Canada 2015-16. Data credits to: Flanagan 2019. Graphic by: Pauline Galoustian [113]*

### **Métis and First Nations living off reserve:**

Although Métis have higher median income than off-reserve First Nations, and typically score better on other economic indicators as well, both groups experience some of the same economic pressures. For both groups between 2005/6 and 2015/16<sup>6</sup>:

- the employment rate decreased
- the labour participation rate decreased
- the unemployment rate increased for men in both groups, but stayed the same for women in both groups; the gap with non-Indigenous men shrank, however
- the fraction of people whose main source of income was government assistance stayed about the same
- median income rose faster than non-Indigenous median income and was only \$2,700 below non-Indigenous median income for Métis and about \$9,500 below non-Indigenous median income for off-reserve First Nations
- the high school completion rate for youth ages 20-24 rose by 12% for First Nations off reserve

In 2015/6, about 64% of First Nations' revenues came from the federal and, to a much lesser degree, provincial and territorial governments. The rest came from own-source revenue (OSR). Own-source revenue is income from Band-owned businesses, royalties from resource extraction, rents from leased land, payments from Impact Benefit Agreements, and interest on trust funds. The ten highest-earning First Nations accounted for 18% of the total own-source revenue. Concludes Flanagan (2019), "OSR is about as unequally distributed as income in the larger Canadian society".

### **Métis Settlements:**

In our last chapter we described the funding and rights of the eight Métis Settlements in Alberta. While census data is available, the Community Wellbeing Index is not computed for them.



*University of Fraser Valley – Métis Nation, BC Joint Education Development Project Announcement-27. Photo credits to: University of Fraser Valley [114]*

6. National Indigenous Economic Development Board (2019), Annex A

and 9% for Métis, narrowing the gap with non-Indigenous graduation rates to 49.3%

- the fraction of the population living in dwellings in need of major repair fell by about 3 percentage points for each group, to 13.8% for off-reserve First Nations and 11.3% for Métis.

### **Inuit Communities:**

Most Inuit are living in areas covered by Inuit self-government agreements: Nunavut, Nunavik, Inuvik, and Inuvialuit. For Inuit between 2005/6 and 2015/6<sup>7</sup>

- the employment rate increased overall but decreased for men; the gap with the non-Indigenous employment rate shrank
- the labour participation rate increased; the gap with non-Indigenous labour participation shrank
- the unemployment rate increased
- the fraction of people whose main source of income was government assistance rose slightly
- median income rose at about the same rate as non-Indigenous median income and was about \$10,000 below non-Indigenous median income
- the high school completion rate for youth ages 20-24 rose to 49.3% from 39.8%
- the fraction of the population living in dwellings in need of major repair decreased slightly to 26.2%

### **First Nations and Inuit with Modern Treaties:**

There are currently at least 25 modern treaties with self-government agreements, involving at least 43 Indigenous communities. Because of their autonomy, their financial statements are not published for or by Indigenous Services Canada. It is not obvious how to find each entity's financial statements.

Instead, let's have a look at their Community Well-Being scores. We'll use the 2016 scores published by Indigenous Services Canada (2020a, 2020b). Recall that the Community Well-Being Index (CWB) is a weighted average of indicators about income, employment, housing, and educational achievement.

7. Census 2016 data reported in National Indigenous Economic Development Board (2019), Annex A



*Inuit hunter feeds his child with meat from freshly hunted ring seal, Pond Inlet, Canada. Photo credits to: GRID-Arendal (CC BY-NC-SA 2.0) [115]*

In the Yukon, there are more than a dozen First Nations covered by the same Umbrella Final Agreement. Unfortunately, their Community Well-Being scores have not been computed, probably owing to the communities' small sizes. In the Northwest Territories, the four communities in the Tlicho Final Agreement have scores ranging between 56 and 64. These scores are lower than the 66.3 which is the average for First Nations communities in the Northwest Territories and Yukon.

The four out of five communities under the Sahtu Dene and Métis Comprehensive Land Claim Agreement for which CWB scores were found have scores between 59 and 66, a little higher yet still slightly below average.

The six Inuit communities of the Northwest Territories, organized as Inuvialuit, have scores ranging between 63 and 80. The score for the Inuit of Inuvialuit and Nunavut combined is 60.7, implying that Nunavut scores are lower than those in Inuvialuit.





*IRC, Government of Canada and Government of Northwest Territories signed a Self-Government Agreement-in-Principle, 2015. Credits to: Inuvialuit Regional Corporation [116]*

The Inuit communities of Nunatsiavut in Newfoundland-Labrador have scores ranging from 62 to 71. Those in Nunavik, part of the James Bay and Northern Quebec Agreement and its derivatives, have scores between 53 and 76, a lower average but a wider range. The 76 for Kuujuaq is an outlier since the second highest score is 65. Kuujuaq is the largest community in Nunavik and its administrative capital. Since all the Inuit have self-government agreements, we cannot compare their Community Well-Being scores to those of Inuit without such agreements.

We do know that for Canada overall, the average Inuit community score (61.3) is higher than the average First Nation community score (58.4), despite Inuit populations being smaller on average, and their communities being located further north. This suggests a positive impact from self-government agreements.

On the west side of James Bay and Hudson Bay, the self-governing Cree communities of northern Quebec have 2016 CWB scores which are higher and less variable than the Nunavik scores: they range from 60 to 68. Among the five communities on the Ontario shores of James Bay and Hudson Bay, which do not have a modern treaty, scores range from 48 to 67.

The following Table shows (outdated) CWB scores by Treaty from the document *Community Well-Being and Treaties: Trends for First Nation Historic and Modern Treaties*, (2011-2015).

## Community Well-Being Scores, 2006

Modern Treaties	
Tsawwassen First Nation Agreement	89
Yukon Umbrella Agreement	75
Sahtu Dene and Métis Agreement	67
Nisga'a Agreement	65
James Bay and Northern Quebec Agreement	65
Gwich'in Comprehensive Land Claim Agreement	64
Maa-nulth First Nations Agreement	61
Tlicho	59
Northeastern Quebec Agreement	54

Historic Treaties	
Williams Treaties/Upper Canada Treaties	89
Robinson-Huron	75
Douglas Treaties	67
Peace & Friendship Treaties	65
Treaty 11	65
Treaty 3	64
Robinson-Superior	61
Treaty 9	59
Treaty 8	54
Treaty 4	52
Treaty 7	50
Treaty 5	49
Treaty 1	49
Treaty 10	49
Treaty 6	47
Treaty 2	46

*Community Well-Being Scores, 2006; Source: Aboriginal Affairs and Northern Development Canada*

Based on these data, which do show an advantage for communities with modern treaties, the authors were not overly excited about the Modern Treaties. They noted the favourable location of many First

Nations having a modern treaty. They also point out that, if Prairie First Nations were excluded, Historic Treaty community scores would look better than Modern Treaty community scores.

In British Columbia, many of the First Nations who obtained self-government agreements are located in the south and were already doing well prior to obtaining a modern treaty. Data on two of these Nations, Tsawwassen with a score of 83 and Nisga'a with a score of 64, show they were doing better in 2016 than the average BC First Nation (score of 62.9).

We observe that the self-governing Inuit and Cree, as well as Sioux Valley Dakota First Nation and two communities in BC with modern treaties, appear to be doing better economically than they might be otherwise. This accords with Flanagan and Johnson(2015), who found a statistical correlation between CWB scores and self-government agreements for Canada's First Nations. However, evidence from the Northwest Territories is not as positive. Clearly self-government agreements are not a ticket to instant prosperity. Our Chapters 24-29 describe some of the hard work that needs to be done to bring prosperity to small, often isolated communities which in many cases suffered a hundred years of dispossession and interference.

**A note on Economic Inequality:**

We now have a feel for the current economic status of the various Indigenous communities in Canada. What about the distribution of income within the communities?

A detailed look at inter-community income distribution is beyond the scope of this book, but we do have data to suggest that income inequality is not extreme.

Data from the 2016 Census	Perfect Equality	Métis	Inuit	Non-Indigenous	First Nations	Perfect Inequality
2015 Gini Index	0	0.372	0.374	0.394	0.417	1

2015 Gini Index (based on Census 2016). Data source: Census 2016, reported in NIEDB (2020)[117]

As we see in the table above, data from the 2016 Census indicates that income inequality in Indigenous communities is roughly the same as in non-Indigenous communities. However, we should note that the distribution of income is less equal on reserves. On reserves we typically have a dozen high-paying jobs associated with Chief and Council, perhaps a dozen more associated with the heads of various portfolios, but not many other high-paying jobs or high earners on reserve.

In one university class, students tasked with selecting reserves and comparably sized municipalities, similarly distant from a major city, in Ontario and Manitoba, found that Gini coefficients were three times as high for reserves as for municipalities.<sup>8</sup>

For more insights into on-reserve inequality, see our chapters on Governance and Employment. Employment and wage data may be more favourable for women than for men on reserve, owing to the prevalence of women in the types of occupations likely to receive government funding. In our next chapter we explore government funding and whether it is sufficient for its purpose.

8. 16 First Nations and 16 municipalities in Ontario, 18 each in Manitoba, computed using 2015 data from the 2016 Census

# Chapter 17

## *Are Federal Transfers Sufficient?*



### Summary:

Any and all federal transfers were very small at the beginning of the twentieth century and rose steadily after World War II. In this Chapter we learn that federal transfers to Indigenous people in 2015-2016 were in rough proportion to Indigenous population and location and have increased significantly since then. The impact of this money is reduced by the fraction spent on non-Indigenous service providers and moreover by the apparent inefficiency and lack of transparency of programs.

In this Chapter we'll consider how much money Canada's federal government allocates to Indigenous individuals and communities. Some of this could be considered obligatory, in keeping with treaty responsibilities or in compensation for past wrongs. Some could be considered part of the government's aspiration to enhance all citizens' well-being. In this day and age, we expect social spending from the government.

### **Some History:**

At the time of Confederation, Canada had no social assistance as we know it today: no publicly-funded medical care or schools, and no public pensions. A very different mentality prevailed. The federal government at that time had no intentions regarding the Inuit, no inkling of duty towards Métis communities, and no willingness to spend a nickel more on First Nations than was promised in the various Treaties or that was necessitated by emergencies such as famine.

It might be said that the federal government's sense of responsibility to provide a social safety net for anyone, Indigenous or non-Indigenous, awoke during the Great Depression and became quite energized as soldiers returned home after World War II.

While the provinces and territories took on the responsibility to deliver health care, education, and social assistance to Canadians not living on reserves, the federal government expanded its service delivery to Status Indians on reserves. It now funds health care, education, income support, child welfare, and infrastructure on all reserves. There is, however, no formal statement of what this support entails, and the funding that individual reserves and other Indigenous communities receive has evolved in an ad-hoc manner.

Over and over again we hear people ask the question: Where does the money go? Why does our government spend billions and billions of dollars on Indigenous communities, with so little to show for it?

An important question indeed. One that has been ignored for years by academics.

- Why do you think academic economists have done more research regarding developing countries than regarding Canada's Indigenous communities?
- Do Indigenous people appear to be thriving?
- Does the government spend on anything without strong pressure from voters?

In this chapter we shall argue that the government of Canada does not spend an excessive amount on Indigenous peoples; that the spending has not been transparent; that much of it goes to non-Indigenous service providers; and that the government has been largely unaccountable for how it spends the money.

### **Spending on Indigenous People – not that much:**

Before we use data to make the case that the Canadian government hasn't spent as much as we might like to think on Indigenous communities, consider the logic. Is a marginalized group, often living far from the public eye, for generations associated with unfavourable stereotypes and racist slurs, likely to have received appropriate support from non-Indigenous voters or the governments elected by those voters?

A quotation from Sherlock Holmes comes to mind, something the fictional character said when traveling through the English countryside<sup>1</sup> :

*"The pressure of public opinion can do in the town what the law cannot accomplish. There is no lane so vile that the scream of a tortured child, or the thud of a drunkard's blow, does not beget sympathy and indignation among the neighbours, and then the whole machinery of justice is ever so close that a word of complaint can set it going, and there is but a step between the crime and the dock. But look at these lonely houses, each in its own fields, filled for the most part with poor ignorant folk who know little of the law.*

1. From "The Adventure of the Copper Beeches" by Sir Arthur Conan Doyle

*Think of the deeds of hellish cruelty, the hidden wickedness which may go on, year in, year out, in such places, and none the wiser.”*

Think indeed of the con artists, the predatory professionals, the incompetents who consider remote communities easy marks. Think of the suffering and poverty which may go on, year in, year out, in such places, and none the wiser. Which did go on in Residential Schools, and which few non-Indigenous people knew about, nor were they inquiring.

Now to the data.

In 2015-2016, the federal government allocated approximately 4% of its program expenses on Indigenous people.<sup>2</sup> Since Indigenous people made up 5% of the Canadian population in 2016, this does not seem unreasonable.

In 2018-9, it was 5%.<sup>3</sup>

For the twenty years before 2016, while the Status population on reserve was growing, probably by over 1 percent per year, the federal government funding to First Nations reserves was capped to grow at a rate of 2% per year, similar to the average rate of inflation (1.9%).

### **Spending on Reserves compared to Spending on Provinces and Territories:**

It is the long-standing policy of the government of Canada to distribute money to Provinces and Territories based on how much their needed spending exceeds their tax revenues. Distributing money to reserves can be thought of as much the same exercise, except that reserves are not expected to raise their own tax revenues. Recall our discussion of tax exemptions in Chapter 11.

All provinces receive some amount of Canada Health Transfer (for healthcare) and Canada Social Transfer (for social assistance, childcare, and post-secondary education); less prosperous provinces also receive the more general “Equalization Payment”. The purpose of Equalization Payments is to ensure the same standard of living for all Canadians.

The table below compares the total amount of money transferred by the federal government to various entities. Prince Edward Island is the province that typically receives the highest per capita transfer from Ottawa.

The 2016 number for reserves comes from the Parliamentary Budget Office (2017). The 2019 number for reserves comes from the financial statements of Indigenous Services Canada (ISC) as detailed in the first pie chart later in this chapter.<sup>4</sup>

2. Total INAC spending of 11.2 billion (Department of Finance, 2017, p. 172), divided by total federal spending before debt charges, 271 billion (Annual Financial Report of the Government of Canada).

3. Total ISC and CIRNAC spending of 16 billion (Report Builder - Expenditures by Standard Object 2018-19 – Indigenous Services Canada, and Crown Indigenous Relations and Northern Affairs Canada) divided by total federal spending before debt charges, 322.9 billion (Annual Financial Report of the Government of Canada).

4. From the 9,787,946, 287 spent by Indigenous Services Canada (ISC) in 2018-9 we subtract 1,799,071,172 in non-transfers (presumably salaries, transportation and overhead for ISC) and 51,241,658 in urban programming as well as 233,731,994 which is one-tenth of education spending, our estimate of education spending off-reserve. This leaves us with 7,703,901,463 which is \$22,588 per person.

## Federal Transfers 2015-16 contrasted to 2018-19:

Regions/Provinces	Federal Transfer per person (2015-16)	Federal Transfers as Percentage of Total Revenue (2015-16)	Federal Transfers Per Person (2018-19)
Nunavut	\$41,090	89%	\$42,985
North West Territories	\$29,247	78%	\$29,227
Yukon	\$24,796	76%	\$24,898
First Nations Reserves	\$18,400	Varies, but typically, higher than 75%.	\$22,588
Prince Edward Island	\$3,775	37%	\$4,163
New Brunswick	\$3,526	35.2%	\$3,858
Nova Scotia	\$3,242	34.6%	\$3,370
Manitoba	\$2,656	25.5%	\$2,932
Quebec	\$2,467	18.9%	\$2,826
Ontario	\$1,484	17%	\$1,493
Alberta <sup>1</sup>	\$1,313	16.8%	\$1,425
Saskatchewan	\$1,313	15.8%	\$1,425
Newfoundland & Labrador	\$ 1,312	17.7%	\$1,425
British Columbia	\$1,312	16.1%	\$1,425

*Consolidated Table of Federal Transfers (by Region/Province) for 2015-16 compared to 2018-19. Based on Reference Tables and Reports of the Department of Finance, 2017. Consolidated by: Anya Hageman & Pauline Galoustian [118]*

We see that the amount reserves receive seems in line with what northern territories receive, and rose almost 25% between 2015-6 and 2018-9, more than enough to cover inflation and population growth. This is in keeping with the Trudeau government's promise to honour treaty commitments and invest in reserves.

In addition to the \$22,588 per person spent on reserves by Indigenous Services Canada, Crown-Indigenous relations and Northern Affairs Canada contributes an additional \$6,337 per person to fund land claim negotiations, treaty settlements, northern nutrition, and northern development.<sup>5</sup>

→ Would \$22,588 cover what *you* use each year in terms of education, medical treatment, and infrastructure? Does it seem like a reasonable amount of money?

5. This amount is calculated by taking total CIRNAC spending and subtracting spending on non-transfers (presumably salaries etc.), the Federal Interlocutor Program for non-Status persons, Northern Contaminated Sites, the Canadian High Arctic Research Station, and 60% of the spending on programs which don't just apply to Status persons on reserve: Land, Natural Resources and Environmental Management; Economic Development Capacity; Northern and Arctic Governance; Nutrition North; Consultation and Policy Development; Climate Change Adaptation; Basic Organizational Capacity; Individual Affairs; Northern and Arctic Environmental Sustainability; and Northern Regulatory and Legislative Frameworks.

According to the Parliamentary Budget Office, of the \$18,400 per person allocated to reserves in 2016:

- 2% was not actually given, but was included to make up for the fact that reserves do not pay income tax to the federal government
- 16% funded Band governments
- 16% was for social benefits
- 66% was for infrastructure and programs

### Did you know?

Before being split into “Indigenous Services Canada” and “Crown Indigenous Relations”, the federal department responsible for Indigenous issues was called “Indigenous and Northern Affairs Canada” or INAC. It has had many names; for a long time, it was known as “Indian Affairs”.

#### **Spending on off-reserve Status persons:**

The federal government also spends on Status persons who do not live on reserve. According to the Parliamentary Budget Office (2017), in 2015-6 the federal government spent about \$1,860 per Status person not living on reserve. \$1,388 went to supplementary health care and \$415 to postsecondary education.

The Parliamentary Budget Office noted that 35% of the health care spending goes to transportation costs, leaving \$902 per person. Besides transportation to hospital, medication, dental care, vision care, medical supplies, and mental health counselling are covered. Status persons, and also Inuit, can receive supplementary health care at any health care facility; the federal government will then reimburse the facility. The postsecondary money goes to paying for students’ tuition, books, travel to school, and living expenses, and also to the *Indspire* program, which provides scholarships and educational programs.

- How much supplementary health care does \$902 per person cover?
- Would we expect health and education expenses to be higher for Indigenous people?

Status persons also can benefit from administration of the estates of deceased persons (\$5 per person per year) and support for entrepreneurs (\$50 per person per year).

#### **Spending on Indigenous People Generally:**



In 2016 we had the federal government spending \$1,800 per Status person not living on reserve multiplied by 416,000 individuals, plus \$18,400 per Status person on reserve multiplied by 329,999 individuals, amounting to \$6.8 billion. But in 2015-6 Ottawa spent over \$11 billion on Indigenous people, almost twice as much. It was not clear what Departments the rest of the money was coming from or on what that money was being spent. The Department of Indigenous and Northern Affairs' financial statements conflated spending on on-reserve, off-reserve, non-Status, and non-Indigenous programs. Since then, the Department of Indigenous and Northern Affairs Canada has been split into two Distinct Departments: Indigenous Services Canada, and Crown-Indigenous Relations and Northern Affairs Canada.

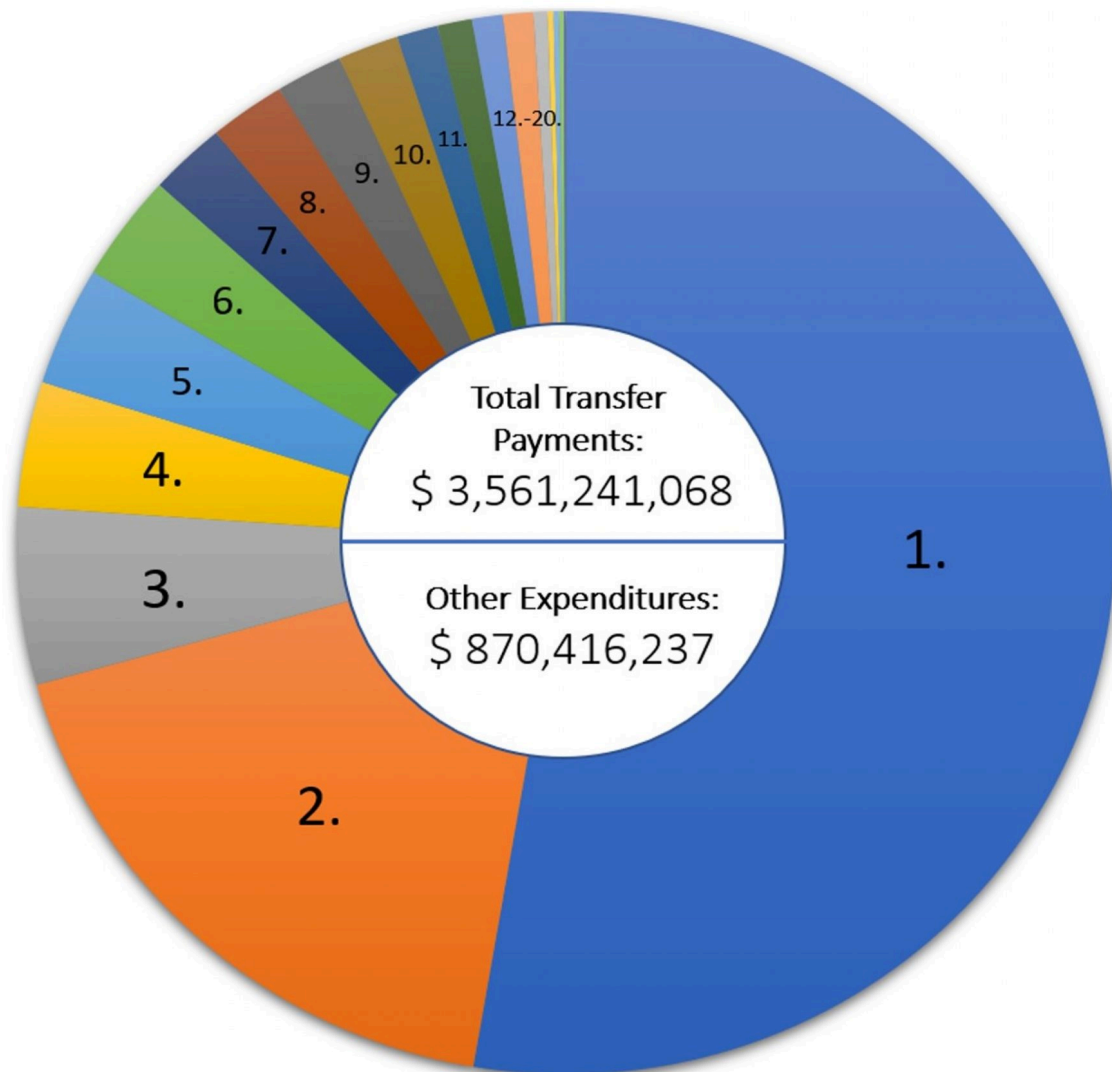
**Crown-Indigenous relations and Northern Affairs Canada (CIRNAC)** is mostly responsible for general spending categories such as environment, land claim negotiations, governance, resource development, and reconciliation strategy.

**Indigenous Services Canada Department (ISC)** has a much more service-oriented function and is the source of funding for most categories directly related to Indigenous people's immediate material well-being.

Figures 1 and Figure 2 below, we show a breakdown of the spending of these two federal departments in 2018-19, from biggest to smallest spending category.

As of 2021, the most up-to-date information on expenditure categories and the amounts allocated within federal departments can be found in the Government of Canada's InfoBase, which combines data from sources such as Departmental Reports, the Treasury Board of Canada, and Statistics Canada.

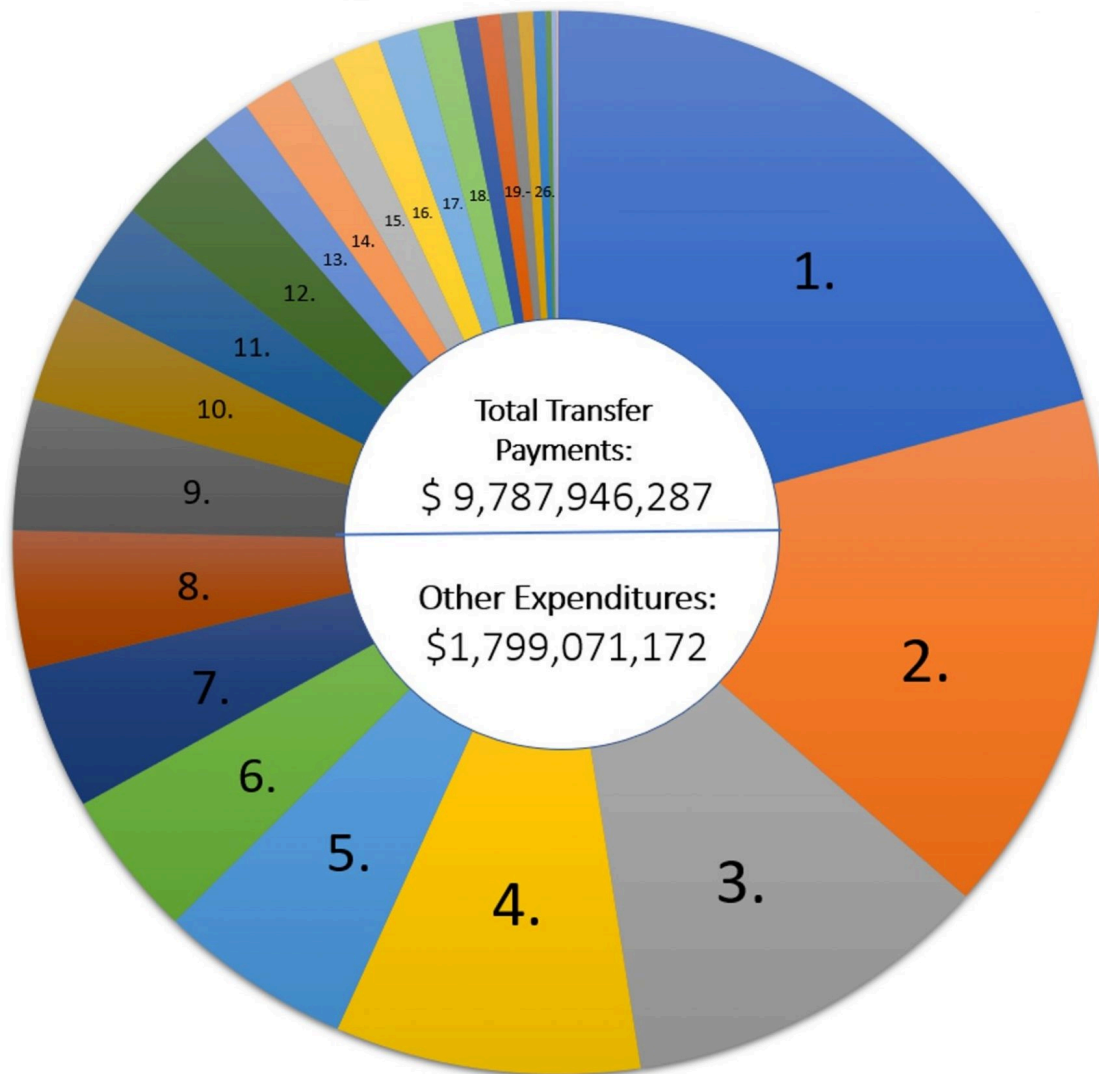
## Transfer Payments and Other Expenditures by Category 2018-2019 (Actual Spending) - Crown-Indigenous Relations and Northern Affairs Canada:



- 1. Management and Implementation of Agreements and Treaties (\$1,876,714,896)
- 2. Specific Claims (\$640,801,773)
- 3. Land, Natural Resources and Environmental Management (\$191,920,379)
- 4. Negotiations of Claims and Self-Government Agreements (\$135,491,528)
- 5. Economic Development Capacity and Readiness (\$128,770,366)
- 6. Northern and Arctic Governance and Partnerships (\$115,535,327)
- 7. Federal Interlocutor's Contribution Program (\$80,563,946)
- 8. Nutrition North (\$80,410,690)
- 9. Northern Contaminated Sites (\$70,137,614)
- 10. First Nation Jurisdiction over Land and Fiscal Management (\$63,946,411)
- 11. Indigenous Entrepreneurship and Business Development (\$43,232,842)
- 12. Consultation and Policy Development (\$36,124,830)
- 13. Climate Change Adaptation and Clean Energy (\$32,324,794)
- 14. Basic Organizational Capacity (\$31,709,199)
- 15. Individual Affairs (\$14,746,143)
- 16. Northern and Arctic Environmental Sustainability (\$6,035,298)
- 17. Residential Schools Resolutions (\$5,700,000)
- 18. Consultation and Accommodation (\$5,291,546)
- 19. Northern Regulatory and Legislative Frameworks (\$1,708,126)
- 20. Canadian High Arctic Research Station (\$75,361)

Data compiled from: Report Builder - Expenditures by Standard Object - Crown-Indigenous Relations and Northern Affairs Canada. Chart by: Pauline Galoustian; [119]

## Transfer Payments and Other Expenditures by Category 2018-2019 (Actual Spending) – Indigenous Services Canada:



■ 1. Education (\$2,337,319,935)	■ 14. Healthy Child Development (\$168,942,033)
■ 2. Expenditures in the "Other" Payments Category (Non-Transfers) (\$1,799,071,172)	■ 15. Emergency Management Assistance (\$161,181,198)
■ 3. First Nations Child and Family Services (\$1,243,577,611)	■ 16. Health Facilities (\$159,268,016)
■ 4. Income Assistance (\$1,023,200,958)	■ 17. Home and Community Care (\$136,195,424)
■ 5. Water and Wastewater (\$651,094,838)	■ 18. Assisted Living (\$122,761,913)
■ 6. Other Community Infrastructure and Activities (\$500,726,746)	■ 19. Healthy Living (\$78,447,028)
■ 7. British Columbia Tripartite Health Governance (\$491,076,435)	■ 20. Clinical and Client Care (\$77,081,264)
■ 8. Indigenous Governance and Capacity (\$475,483,985)	■ 21. Communicable Diseases Control and Management (\$56,688,351)
■ 9. Education Facilities (\$451,559,367)	■ 22. Urban Programming for Indigenous (\$51,241,658)
■ 10. Child First Initiative – Jordan's Principle (\$366,402,383)	■ 23. Family Violence Prevention (\$41,375,483)
■ 11. Housing (\$354,148,163)	■ 24. e-Health Infostructure(\$19,194,073)
■ 12. Mental Wellness (\$346,192,446)	■ 25. Environmental Public Health (\$17,669,896)
■ 13. Health Planning, Quality Management and Systems Integration (\$171,861,366)	■ 26. Health Human Resources (\$5,044,744)

Data compiled from: Report Builder – Expenditures by Standard Object – Indigenous Services Canada. Chart by: Pauline Galoustian;[120]

Some of the categories of spending do overlap. Both CIRNAC and ISC spend on governance, climate, education and facilities.

In aggregate, for the year 2018-19, Indigenous Services Canada spent \$11,587,017,459 total (72%) and Crown-Indigenous Services and Northern Affairs spent \$ 4,431,657,305 (28%) for a total of \$16,018,674,764. This total is 50% higher than the 2012-3 amount.

### **Money Spent on Non-Indigenous Service Providers:**

Not all the 16 billion spent in 2018-9 went directly to Indigenous communities. A significant chunk was designated as “other expenditures”. 18% of ISC money and 24% of CIRNAC money goes to “other expenditures”, relating to Department salaries, transportation, legal services, and other overhead expenditures. It has long been noted that a lot of money intended for Indigenous needs benefits non-Indigenous service providers. In 1975, Hugo Muller wrote:

*“I am not a statistician, but if I were, I would have a very interesting time figuring out exactly what percentage of the huge Indian Affairs budget is really spent by Indians on Indians.*

*Let me give just one example. At a certain period of this decade, a number of Indian students from James Bay were sent out to places [like] Noranda, Quebec, in order to attend high school there....There was a time when we had over a hundred students in Noranda, let's take 100 for easy figuring.*

*Foster parents boarding the students were paid \$100 a month, and clothing vouchers issued three times a year amounted to \$125 a season. Tuition was \$820 per year per student, paid to the School Board. For ten months, the cost per student was \$1,945 – for one hundred students \$194,500. And that does not include the transportation charges (they were flown in and out, since there are no roads in that area). That would be over two hundred thousand dollars in all.*

*This was money spent for Indian education from the Indian Affairs budget, and only [comprised] a small part of the total cost of educating the high school students. But all this money ultimately ended up in the cash-registers, bank accounts and pockets of the white people living in the Noranda region.*

*The Indians did not benefit from it – as a people. If all these students had been educated in their hometowns, and all these hundreds of thousands of dollars would have flowed into the Indian community, providing jobs and services and generating development in their own surroundings, then, and only then could we begin to say it was beneficial to them.*

*...And until we see a dramatic change in that emphasis, we cannot complain that we are spending too much on the Indians where most of the money flows back into the pockets of merchants in Noranda, pilots in Val D'Or, civil servants in Ottawa, teachers in Hull, officer planners in Toronto, and so on. It helps our economy. Not the Indian economy. And as long as we do this, we cannot really ask the Indian, “Why don't you stand on your own feet?” especially when we are forever telling him to move there, go to school here, not to live there, not to move around so much, and whatever else we can find to say to him.”*

Another example of misplaced spending is the tendency, on the part of many child welfare agencies, to pay foster parents rather than spend money supporting birth families with coaching, counselling, rent payments etc. This tendency has impacted thousands of Indigenous and non-Indigenous children. As we will learn in our next Chapter, First Nations (and other Indigenous communities) have been taking Child and Family services into their own hands to remedy the situation. Change is happening

in non-Indigenous communities too. For example, in 2019, Kingston, Ontario's Family and Child Services announced "the biggest change in more than 125 years of service":

*"... in the past, such as with Indigenous peoples, we've sometimes failed to look beyond the child to how the child is connected to family, culture and community. We've come to believe that these connections are essential to a child's wellbeing, too. Every child needs to know where they come from and who they're connected to. The outcomes for the kids we serve are always better when these bonds are strengthened. That's why we're refocusing our work so that we see every child in the context of their connections to family, culture and community. And we will preserve and promote those connections. For that we will need to make fundamental changes to what we do and how we do it. That's why this is such a monumental change for our Agency."<sup>6</sup>*

### **Lack of Accountability in the Federal Government:**

We mentioned in a previous Chapter that there is no document, not even the *Indian Act*, that spells out the federal government's obligations to Indigenous people. This was a focus of criticism when the Auditor General, Canada's spending watchdog, reviewed the federal government's delivery of programs for First Nations on reserve in 2011. The Auditor General wrote:

*While the federal government has funded the delivery of many programs and services, it has not clearly defined the type and level of services it supports. Mainly through INAC [Indigenous and Northern Affairs Canada], the federal government supports many services on reserves that are normally provided by provincial and municipal governments off reserves. It is not always evident whether the federal government is committed to [funding] services on reserves of the same range and quality as those provided to other communities across Canada.*

And,

*The federal government has often developed programs to support First Nations communities without establishing a legislative or regulatory framework for them. Therefore, for First Nations living on reserves, there is no legislation supporting programs in important areas such as education, health, and drinking water. Instead, the federal government has developed programs and services for First Nations on the basis of policy. As a result, the services delivered under these programs are not always well defined and there is confusion about federal responsibility for funding them adequately.*

The Auditor General also noted that most money is provided under contribution agreements which are specific to each First Nation. Many agreements must be renewed yearly and involve a heavy load of paperwork for First Nations. Except for ongoing health and education programs, funds are often delayed until several months into the year they are required, because they are not released until last year's spending has been scrutinized and the current application reviewed by INAC.

A recent change provides a partial remedy. In December 2017 the Minister of Indigenous Services announced that, going forward, First Nations in good financial standing will receive commitments of specified amounts of funding for 10 years into the future, and reduced reporting requirements.

6. Family and Child Services of Frontenac, Lennox and Addington (2020)

Details are being worked out with the Assembly of First Nations and with the First Nations Financial Management Board (FNFMB).

In 2011 the Auditor General noted that the federal government does not have clearly stated goals regarding indigenous welfare, and thus no way to evaluate its own performance. There has also been a lack of coordination among the various federal Departments involved with Indigenous communities, but coordination is improving. INAC does not believe itself to be responsible for service and delivery; but only for funding. Meanwhile, most reserves are small and do not have the expertise needed to oversee service and delivery, nor do they typically have school boards, health boards, and other regional authorities to manage service and delivery.

In 2011 the Auditor General expressed frustration at the government's lack of progress since previous audits, noting the following:

- **Education.** In 2000 and 2004, our reports identified a gap between the secondary school completion rates for First Nations people on reserves and the rates for other Canadians.
- **Water.** In 2005, we reported the lack of a legislative regime to ensure that water quality on reserves met the Guidelines for Canadian Drinking Water Quality, despite the existence of such a regime in every province and territory.
- **Housing.** In 2003, we reported a significant housing shortage on reserves and the need for major renovations of about 44 percent of existing housing because of problems such as mold contamination. In 2006, we reported unsatisfactory progress in addressing the problem of mold.
- **Child and family services.** In 2008, we reported that First Nations children were eight times more likely to be removed from their homes than other Canadian children.
- **Land claim agreements.** In 2003 and 2007, we reported that the federal government was not implementing all of its obligations under land claim agreements and was not living up to the spirit and intent of the agreements.
- **Reporting requirements.** In 2002, we noted that First Nations communities, many of them having fewer than 500 members, had to fill out an excessive number of reports for INAC each year, and that many of the reports were never reviewed and served no purpose.

The Auditor General then went through each of these categories and noted how the Federal government had addressed the issues. The overall conclusion was that, while some steps had been taken to adopt the Auditor General's recommendations:

*"...INAC, the Canada Mortgage and Housing Corporation, and Health Canada have not made satisfactory progress in implementing several of our recommendations.*

*...In some cases, conditions have worsened since our earlier audits: the education gap has widened, the shortage of adequate housing on reserves has become more acute, and administrative reporting requirements have become more onerous."*

The lack of progress in adopting the Auditor General's recommendations has been tolerated by

Canadian voters. For example, in 2017 the Auditor General expressed his frustration<sup>7</sup> that the general public doesn't care enough that First Nations' needs are not being met. He used as an example the oral health program run by the federal government for First Nations and Inuit at a cost of \$200 million per year.

The goal of the program is to "manage" the payments for dental services, but there is no strategy to improve the level of oral health in these communities, which is much worse than in non-Indigenous communities. The only news network interested in discussing his audit of the oral health program, released the previous week, was the Aboriginal Peoples Television Network.

7. Galloway (2017)

# Chapter 18

## *Actions of the First Nations Child & Family Caring Society: Case Study*



### Summary:

In this Chapter we explore how child welfare on reserves has been funded, and how long and hard the federal government has resisted increasing the funding, even defying the Canadian Human Rights Tribunal. Meanwhile, a 2000 study by the federal government and the Assembly of First Nations found that 22% less per child in care was being spent on reserves than in provinces.

The First Nations Child & Family Caring Society, led by indefatigable McGill Professor Cindy Blackstock, has been advocating for equitably funded Indigenous child welfare and health since 1999.

Gitksan First Nation member Professor Blackstock and her team began by making legislators aware that Status children were falling through the cracks of the healthcare system. One tragic story is that of Jordan River Anderson, a little boy from Norway House Cree Nation who spent an extra two years in hospital, dying there before he was able to return home.



*Photo of Jordan River Anderson. Credits to: Government of Canada (Access 90 Open) [121]*



The delay was caused by a dispute between the federal government and the government of Manitoba about which of them should pay for his home care.

In 2007 Parliament passed Motion 296 promising to honour **Jordan's Principle**. Jordan's Principle requires governments to provide First Nations children with medical care first, then argue about which branch of government will pay the bill.

However, Indigenous & Northern Affairs Canada (INAC) and Health Canada limited the principle to children with complex needs and multiple service providers. They also failed to publicize the principle.

That same year, the Caring Society filed a complaint against the federal government with the Canadian Human Rights Commission, arguing that the federal government discriminated against First Nations children and their families by failing to equitably deliver health care (per Jordan's Principle) and family and child services to children on reserves. The Caring Society's own federal funding was cut off 30 days later.

The federal government spent several years and over \$3 million fighting the challenge, arguing that spending on reserves should not be compared to spending elsewhere, and that this spending is not a service pursuant to the Canada Human Rights Act.<sup>1</sup> In 2016 the Canadian Human Rights Tribunal ruled in favour of the Caring Society. It has since issued more than 6 non-compliance orders against the federal government.

We'll now study the 2016 CHRT ruling in detail, as it provides a lot of interesting information on federal funding of child welfare on reserves.



*Cindy Blackstock holding up a plush bear like the one which "bears" witness during FNFCs court cases. Used with permission from Cindy Blackstock [122]*

- Find the latest news on this issue.
- Imagine the benefit:cost ratio to Canada of spending on Indigenous child health and welfare.

The background to the ruling describes how, after World War II, when the social welfare system we

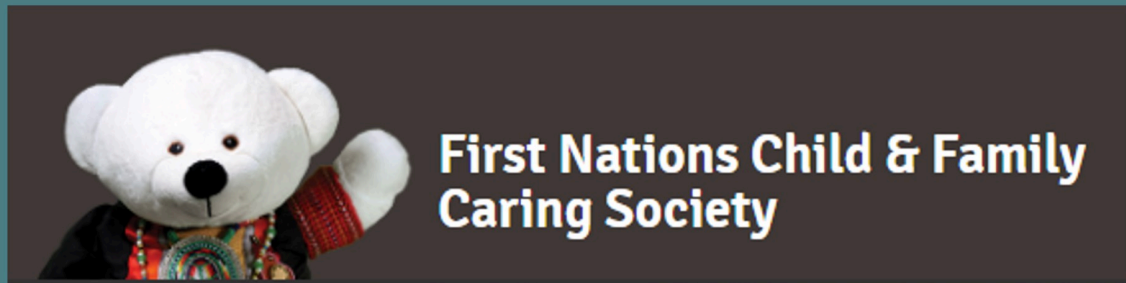
1. First Nation Caring Society, (2014).

know today was developing, provinces and territories were reluctant to extend assistance to reserves and other Indigenous communities, claiming that this was a federal responsibility. So in 1965 the federal government committed itself to providing the needed services to reserves.<sup>2</sup>

→See the ruling at:

[https://fncaringsociety.com/sites/default/files/2016\\_chrt\\_16\\_0.pdf](https://fncaringsociety.com/sites/default/files/2016_chrt_16_0.pdf)

→Who were the Observers, and why?



Over the next 25 years, concerns developed that the services being provided were minimal and not culturally appropriate. Many children were being removed from their communities for fostering or adoption. In response, the federal government developed the First Nation Child and Family Services (FNCFS) program. Fully operational in 1990, the program created community-based FNCFS agencies to manage and deliver child welfare services, with funding coming from the federal government.

2. In Ontario, the federal government and the province share responsibility for education, health care and social assistance on reserves.

The mandate was to provide children and families “with a full range of child and family services reasonably comparable to those provided off reserve by the reference province or territory”.

This wording was changed to “reasonably comparable to those available to other provincial residents in similar circumstances within Program Authorities” after the 2011 petition to the Canadian Human Rights Tribunal was made. Why do you think this change in wording was made?

How much funding were FNCFS agencies supposed to receive each year? It appears that most of the funding was calculated according to a formula. The formula involved a “remoteness factor” (call it “rf”) between 0 and 1.9. The more remote the community, the higher the remoteness factor, to a maximum of 1.9.

This formula assumes that about 6% of a community’s children are in care; that about 20% of families require services; that there is one childcare worker and one family support worker for every twenty children in care; and that there is one supervisor and one staff person for every five childcare workers.

The actual fraction of kids in care has ranged between 0 and 28%. The formula looked like the following:

$\$143,158 + \$9,235 * rf$  per community if there are more than 250 kids in care

PLUS → a per-band member award of  $\$10,713 + \$8,866 * rf$

PLUS → a per-child award of  $\$727 + \$73.65 * rf$

PLUS → any costs of housing for kids who have been removed from their families



May 10th is Bear Witness Day, an important day in the history of Jordan’s Principle. Plush bears are being held as symbols (Premier Blaine Higgs, Minister Jake Stewart and Minister Dominic Cardy with invited guests Candra Perley and Cole Perley). Credits to: Province of New Brunswick. (Public Domain) [123]

A 2008 Report of the Auditor General of Canada criticized the funding formula, calling it outdated, inflexible, and designed for agencies serving one thousand or more children. The Auditor General also found fault with the program for not having standards for culturally appropriate care, for having no way to compare its services to provincial services, and for not adequately monitoring results.

The CHRT (2016) agreed that funding should not be based on a formula, but on standards of care. The amounts in the formula did not increase between 1995 and 2011, and, according to a report done by the federal government and the Assembly of First Nations, they resulted in average spending per child in care being 22% less than the average spending per child in care in provinces.<sup>3</sup>

### **Abandonment of the Formula-Based Approach:**

In February 2018, the federal government, responding to a 4th reminder from the CHRT regarding the 2016 ruling, instructed FNCFS agencies to spend whatever is necessary on their mandate. Indigenous Services will cover all actual costs for prevention, intake, investigation, legal fees, and building repairs retroactive to January 26, 2016, the date of the CHRT ruling.

### Discuss:

- How does this Case Study confirm the perspective presented in Chapter 17?
- Is there other information you would like to have about government spending on Indigenous communities?

A year later Parliament introduced Bill C-92, An Act respecting First Nations, Inuit and Métis children, youth and families. This Bill enshrines in law the following goals:

- that when determining the best interests of a child, the child's cultural and spiritual needs, the child's own views and preferences, and the need for an ongoing relationship with the child's family and community be considered
- that no Indigenous child will be taken away from a family for reasons of poverty or parental health problems
- that if an Indigenous child needs to be taken away from a family, that the foster family be selected with priority going to those who are most closely related, part of the community, and able to keep siblings together



The introduction of Bill C-92 (2019), marking a historic turning point for First Nations, Inuit, and Métis children and families. At podium: Métis National Council President Clement Chartier; embracing former Minister of Indigenous Services Jane Philpott, then-Minister of Indigenous Services Seamus O'Regan, and proceeding to the right: Assembly of First Nations National Chief Perry Bellegarde, Natan Obed, President of Inuit Tapiriit Kanatami. Photo Credits to: GC Indigenous. Text Credits to: Seamus O'Regan. [124]

3. McDonald, Ladd et al. (2000)



# Chapter 19

## *Governance on Reserves*

### Summary:

Here we discuss how reserves are governed and how some scholars have suggested reserve governance could be improved. These proposed best practices would apply to any kind of community, not just reserves. We consider what advantages regional government might offer.

In Chapter 17 we argued that federal funding to Indigenous peoples has not been excessive, and that problems exist with transparency and accountability on the part of the federal government. As well, much of the money is used to pay non-Indigenous service providers, diluting its impact and providing opportunities for corruption.

Now it is time to acknowledge that problems with transparency, accountability, and corruption can occur within Indigenous communities as well. There are also honest problems translating the funds into successful programs and quality infrastructure.

In this Chapter we'll examine governance on reserves; in later chapters we will examine the challenges involved in improving infrastructure, housing, employment, and educational achievement.

### **Colonial Legacy:**

Before we discuss how First Nations govern themselves, we should acknowledge that most reserves, even those with self-government agreements, are still accountable to the federal and provincial or territorial governments in many respects. All the while, the federal and provincial ministers

responsible for Indigenous Affairs have not been Indigenous and are not elected by the Indigenous communities they oversee.

Provincial and territorial governments collect excise taxes on fuel and tobacco, enforce traffic laws, and at least partly regulate education, health, gambling, family and child protection services, as well as hunting, fishing, and trapping.<sup>1</sup>

Federal governments maintain the Status Indian Registry and, for reserves not having a self-government agreement, enforce the provisions of the *Indian Act*, overseeing all bylaw creation, most land use decisions (unless the First Nation has adopted its own land code under the FNLMA), and the spending of own-source revenue. We mentioned in our chapter on the *Indian Act* that the money First Nations make from their resources and lands is deposited in the “Indian Moneys Trust” managed by the federal government. A First Nation must ask Ottawa for permission before spending this money: a Band Council Resolution must be passed, and the planned spending must be explained. Former Siksika Head Chief Wolf Collar writes (2020, p. 12):



Chiefs of the Stoney Indian Tribe receiving a photo of Queen Victoria as a gift from their Majesties, 1939. Credits to: National Film Board of Canada. Photothèque / Library and Archives Canada / PA-131185 MIKAN No. 3592436. (Access 90 Open) [125]

*“I’ve seen this process take anywhere from three to eighteen months. In some cases, bands borrow money from banks and pay interest on the loan to begin projects while waiting for their own funds to be released to them by the government.”*

We’ll talk more about access to a Band’s own revenues in our chapter on Business Investment. Keeping in mind the degree of oversight of reserve governments by the Crown, let’s look at government and governance on traditional reserves.

### **First Nations Government: Elected and Hereditary Chiefs**

Today’s *Indian Act* allows Bands to develop custom election codes with the approval of the community. The default requirement is that a Chief and Council be democratically elected every two years.

About 38% of Bands hold democratic elections as specified by the *Indian Act*, but more than 60 of these have chosen to go to four-year election cycles instead of two year, under the provisions of the (voluntary) *First Nations Election Act* (2015).<sup>2</sup> The *First Nations Election Act* also contains guidelines for election procedures such as advance polling and recounts.

1. Wolf Collar (2020), p. 45

2. Andrew-Gee (2019).

56% of bands follow traditional governance methods, and 6% self-govern according to a modern treaty agreement.<sup>3</sup>

In early 2020, a difference of opinion between the elected Chief and hereditary Chiefs of the Wet'suwet'en Nation in British Columbia led to the hereditary chiefs blocking Coastal Gaslink employees from traditional Wet'suwet'en Nation lands. This led to protests organized there and across Canada in support of the hereditary Chiefs. For many Indigenous and non-Indigenous Canadians, it was not clear whether it was appropriate to support the democratically elected Chief, representing the willingness of community members to host a pipeline, or the hereditary Chiefs.

The Minister of Crown-Indigenous Relations and Northern Affairs chose to deal very seriously with the hereditary Chiefs, working out a deal which by September 2020 had not yet been revealed to the public. One reason for this deal is that the dispute involves not reserve lands but traditional lands to which the Wet'suwet'en are claiming Aboriginal Title. Even though their claim to title has not been decided, in the meantime the government is legally obligated to ensure that the value of the lands is not diminished.<sup>4</sup> With respect to Aboriginal Title, it is the hereditary Chiefs that would likely hold the jurisdiction over traditional lands once Aboriginal title restores the rights Indigenous people had before European contact.

The various election systems and governance arrangements of the First Nations of Canada are a worthy subject of study in their own right, but we cannot explore them here.

### **First Nations Government: The Portfolio System**

Wolf Collar (2020) details the “portfolio system” used by leadership on most reserves.

The elected Chief assigns each Councillor a portfolio such as Housing, Finance, or Elders Services. Each portfolio has its own Board, Committee, or Tribunal working on the issue. Something like Housing, which is largely funded by the federal government, would have a Housing Board which is incorporated to reduce liability and to provide a framework for the documentation which the federal government requires. Something like Elder Services might be organized by unincorporated committees.



*Leadnow Canada, Wet'suwet'en hereditary chiefs (bottom left corner) lead protest in Smithers, BC, 2014. Photo Credits to: Office of the Wet'suwet'en/Francois Depuy (CC BY-SA 2.0) [126]*

3. Flanagan (2019).

4. See the Supreme Court ruling *Haida Nation v. BC*, 2004

Tribunals deliver rulings on controversial issues such as election results or consequences for band members who cause trouble in the community. The Board, Committee and Tribunal members are usually unelected people hired to the position, or volunteers.

According to Wolf Collar, problems arise when Councillors become involved in the day-to-day operations and decision making of their respective Boards, Committees, or Tribunals. This leaves little time for the Councillors to discuss and decide overall strategy and new regulations for the Band.

It also exposes them to perceived conflict of interest and the anger of community members as they make micro decisions, such as the allocation of a new house, decisions which affect individual Band members whom they know personally (because the community is small).

Having the Councillors caught up micro-managing the various Boards and Committees preserves the colonial legacy: the Band Council is occupied with the task of ensuring that federal government money is spent the way the federal government wants. According to Wolf Collar, most reserves still have a Band Manager or Chief Administrative Officer who is responsible for all services, a kind of successor to the Indian Agent of old. This person should be reporting to Chief and Council, not the other way around. If Councillors were able to focus on the big picture, self-government would be more fully actualized and capacity for change would increase.

Wolf Collar recommends that Councils concentrate on Aboriginal and Treaty rights, bylaws, public safety, economic development, and cultural revitalization, rather than on service delivery.

### **What is Governance?**

Governance is not the same as government. Governance is the framework and context in which government operates. Ideally it limits the ability of bad leaders and bad government to harm the community. Good governance keeps a government honest and effective.

John Graham, a senior associate with the Institute on Governance, describes governance as “the framework of structures, processes and rules that determines how families, organizations, governments and global entities make critical decisions. Governance determines who the decision makers are, whom they engage and how they are held to account”.<sup>5</sup>

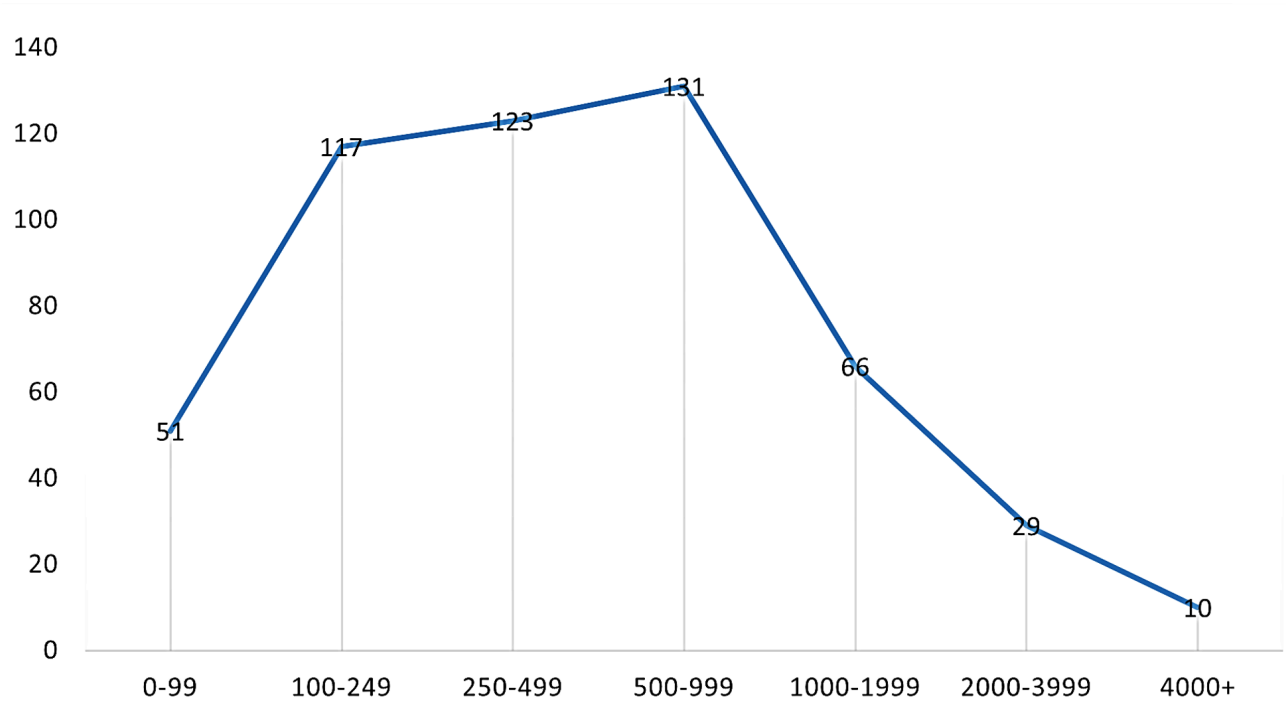
In an article written for *Inroads* in 2012, and in a presentation at Queen’s University in 2018, Graham discussed several key aspects of good governance. Most can be more easily accomplished in larger communities than smaller ones. In larger communities there are more independent organizations to support and challenge the government, more sources of insight and expertise, and more anonymity.

That is one reason why our larger governments (federal versus municipal) have the larger responsibilities (national defense, trade policy, food safety). But many Indigenous communities are small. As shown in the Figure below, out of 527 reserves participating in the 2016 Census, slightly more than half had fewer than five hundred residents. Ninety-two percent had fewer than two thousand residents.

5. Personal correspondence, February 2018



## Number of Reserves by Population Range, of 527 Reserves participating in the 2016 Census



*First Nations Reserves Graph by year. Data source: First Nations Profiles, Indigenous and Northern Affairs Canada (2019). Graphic by: Anya Hageman*

Similarly, most of the communities in Inuit Nunangat are small; its largest municipality, Iqaluit, was home to 7,740 people in 2016. Graham writes<sup>6</sup>:

*“In the rest of Canada and elsewhere in the Western world, local governments serving 600 or so people have responsibilities limited to recreation, sidewalks and streets, and perhaps water and sewers. No countries assign to such communities the responsibilities in the “big three” areas of education, health, and social assistance, let alone in other complex areas such as policing, natural resource management, economic development, environmental management and so on.”*

### **Principles of Governance:**

Governance principles include:

1. Competent leaders
2. Checks and balances
3. Science-based policy and regulations
4. Separation of Church and State
5. Reasonably long election cycles

6. Graham, John (2012), *Dysfunctional Governance: eleven barriers to progress among Canada’s First Nations*. *Inroads* 33 Summer/Fall, pp. 31-46.

6. Taxation of voters
7. A shared vision

Let's go through each of these in turn, leaning on Graham's analysis.

### **Competent Leaders:**

While First Nations communities are small in terms of populations, their leaders, particularly on reserves or on self-governing territories, are responsible for delivering a wide array of important services, including water, housing, education, child welfare, and health care. Chief and Council are also responsible for evaluating program delivery, researching new projects, evaluating proposals, completing applications for funding, accounting, negotiating with federal and provincial governments, and organizing elections.

Former Chief Wolf Collar, who went back to school at age 50, recommends that Chiefs and Councillors should have at least a college diploma or leadership certificate, and that a Chief should have served at last one term as Councillor. (2020, p. 73)

### **Checks and Balances:**

Canada's federal and provincial governments, even municipal governments, are critiqued by a sizable private sector, a sizable voluntary sector, independent media, independent service quality regulators, independent courts, and ombudsmen.

By contrast, many Indigenous communities lack organized groups which can provide opposition, feedback, or advice to government. As previously mentioned, Band councillors may be, as members of boards, responsible for providing a service AND, as councillors, evaluating how well the service is provided. This creates a conflict-of-interest. Service provision and service evaluation should be done by different people.

Wolf Collar (2020, p. 144) suggests that each band have an Auditor General. The Auditor General would monitor the Band's financial health, the validity of expense claims from Chief, Council, and employees of the Band, the contracts of consultants and lawyers hired by the Band, and the process of selecting those outside experts. Wolf Collar also recommends an Ombudsperson, from outside the community, to investigate members' complaints.

An Elders Senate, appointed for a limited number of terms, could monitor the ethical conduct of the current Chief and Council and help with elections and the drafting of new regulations and protocols. In consultation with the Auditor General and the Ombudsperson, the Elders Senate could lay charges and decide on consequences for ethical violations.

The First Nations Fiscal Management Board works with First Nations – over 181 so far – to improve checks and balances in Band Administration. They offer tools and templates in Governance, Information Management, Finance, and Human Resources. First the Board works with the First Nation to develop a Financial Administration Law (FAL). Once it is satisfied that the FAL is being implemented in the community, the Board can issue the Financial Management System Certificate and other documents which allow the community to borrow from the First Nations Finance Authority.

The First Nations Tax Commission offers a framework for taxation on reserves.

→ Check out some of the templates and tools offered on the FNFMB website:  
<https://fnfmb.com/en/tools-and-templates>

First Nations and other communities can also seek accreditation from other organizations that test compliance with financial, quality control, environmental and a whole array of other “ISO” standards set by the International Organization for Standardization.

### **Science-based Policy and Regulations:**

Officials cannot presume to know everything. Proven experts must develop regulations that govern health and safety, education, and transportation infrastructure, for example.

On reserves today, provincial regulations usually do not apply. Federal regulations would apply, but the federal government often does not have complete or modern regulations for particular sectors, since the sectors in question are usually managed by the provinces or territories. Thus, First Nations on reserves are not subject to as many or as stringent regulations as are municipalities.

Where reserves have created their own laws, they often lack the ability to prosecute offenders. This will be discussed in Chapter 28.

### **Separation of Church and State:**

Public servants sometimes seem cold and distant, but it is part of their job that they treat all clients impartially. No favouritism can be shown to friends, relatives, or people who have similar backgrounds.

In Indigenous communities, however, leadership is considered more holistically. The responsibilities of Indigenous government may be interpreted as including cultural and spiritual leadership, and providing for one’s own clan. This can lead to discrimination.

It is very difficult to be impartial in small communities where everyone knows everyone. Eric Andrew-Gee described a 2019 election in Fort William First Nation this way:

*“Besides their eye-catching flamboyance and sheer number, there’s something else distinctive about Fort William election signs: A few names appear on them again and again. The band is politically dominated by family dynasties, and in this election alone 10 Pelletiers are running for office, along with nine Bannons and seven Collinses. Nicknames help set the candidates apart, and underscore the intimacy of elections in a place where everyone knows everyone. The monikers of Ed (Thumper) Collins, Sheldon (Shezzy) Bannon and Rita May (Toto) Fenton vie for eyeballs on a crowded ballot containing more than 50 council hopefuls.*”



Intersection of Church and State St. – a symbolic separation of paths. Photo credits to: Rachel Patterson (CC BY-NC-SA 2.0) [129]

*The most important names in this election, though, are those of Peter Collins and Bonnie Pelletier. They are running for chief in a community where that position wields enormous power. The importance of external affairs such as land-claim negotiations helps invest the band's leader with outsize importance."*

Elections on reserves are often hotly contested, with a great deal of effort and money spent, at least in part because government jobs represent the highest paying jobs in town. Elections are often divisive because they are so hotly contested and because people know each other.

### **Reasonably long Election Cycles:**

A significant number of Bands hold elections every two years. This creates a lot of churn – too much money is spent, too many relationships are strained, and management changes are too frequent to sustain long-term projects. Wolf Collar writes (2020, p. 103),

*"...the plans and priorities of the previous government are pretty much dead upon a change of government. In the same way, strategic plans that were completed by the previous Chief and Council often don't get the support of the newly elected leaders. The newly elected Chief and Council will most likely facilitate their own strategic plan, even if one is already done and even if it identifies the same goals as the previous leaders' plans, which can result in money and time wasted."*

### **Taxation of voters:**

Both research and common sense suggest that voters who pay taxes to the government are more engaged in politics and more invested in how well their government works. Conversely, voters who mostly receive money from their government are, in a sense, being bribed to turn a blind eye to the government's conduct.

Taxing voters motivates greater civic engagement and greater scrutiny of government and its policies. Taxation also gives government a tool to reduce income inequality.

Most Bands do not collect taxes. Naturally, many band members would vote down political contenders promising to impose taxes if elected. The federal government might be able to help: instead of clawing back any local tax revenues by reducing federal transfers, as will occur in the self-governing Nations of the Yukon, it could offer to increase its transfers to the community by a percentage of whatever is collected locally, as suggested by James Hazlett (2019)<sup>7</sup>.

### **A shared vision:**

Unity is important as much as possible – unity among voters, unity among levels of government, and unity between different governments working in the same region. Thus, peace-making and relationship-building are important.

- In First Nations, there is sometimes resentment against those members who live off-reserve, members without Status, or members married to non-Indigenous people.
- In cities, some leaders might be tempted to guard their networks, not wanting to share influence or information.

7. James D. Hazlett, course work, 2019, Queens Department of Economics

- In Indigenous communities generally, there is sometimes disagreement about whether action should be taken or whether it should be left to the federal government.

### **Financial Reporting for Reserves:**

We have just outlined several issues with governance in Indigenous communities, particularly on reserve. Given these issues, it is important that stakeholders, especially community members themselves, have access to accurate records of how money is spent on reserves.

As the Auditor General noted in 2002 and in 2011, First Nations have had to file detailed reports concerning spending for many years. However, this information was not available to the public. In 2013 the federal government passed the FNFTA, *First Nations Financial Transparency Act*.

This Act requires the federal government and the Bands to make publicly available the Bands' *Audited Consolidated Financial Statements* and *Schedule of Remuneration and Expenses*.

There was concern on the part of First Nations that this would give information on assets, debts, and salaries to business rivals, and that it was a mean-spirited publicity stunt to blame them for poverty on reserves. On the other hand, many band members were happy to have a way to keep their executive accountable. Shuswap First Nation in British Columbia voted their chief of thirty years out of office after learning how much he had been paying himself and his ex-wife.

The Audited Consolidated Financial Statements include the Balance Sheet, showing the net assets owned by the Band, and the Statement of Cash Flows, showing income and expenditure. The Schedule of Remuneration and Expenses shows the salaries of the Chief and Council.

These statements, as well as information about the Band's governance, geography, and population statistics, have for several years been posted on the Indigenous and Northern Affairs Canada website under "First Nations Profiles".

While the Conservative government threatened funding cuts to Bands who did not provide an Audited Consolidated Financial Statement or a Schedule of Remuneration and Expenses, the succeeding Liberal government dropped the sanctions. The compliance rate fell from 92% to 85% in just one year.<sup>8</sup>

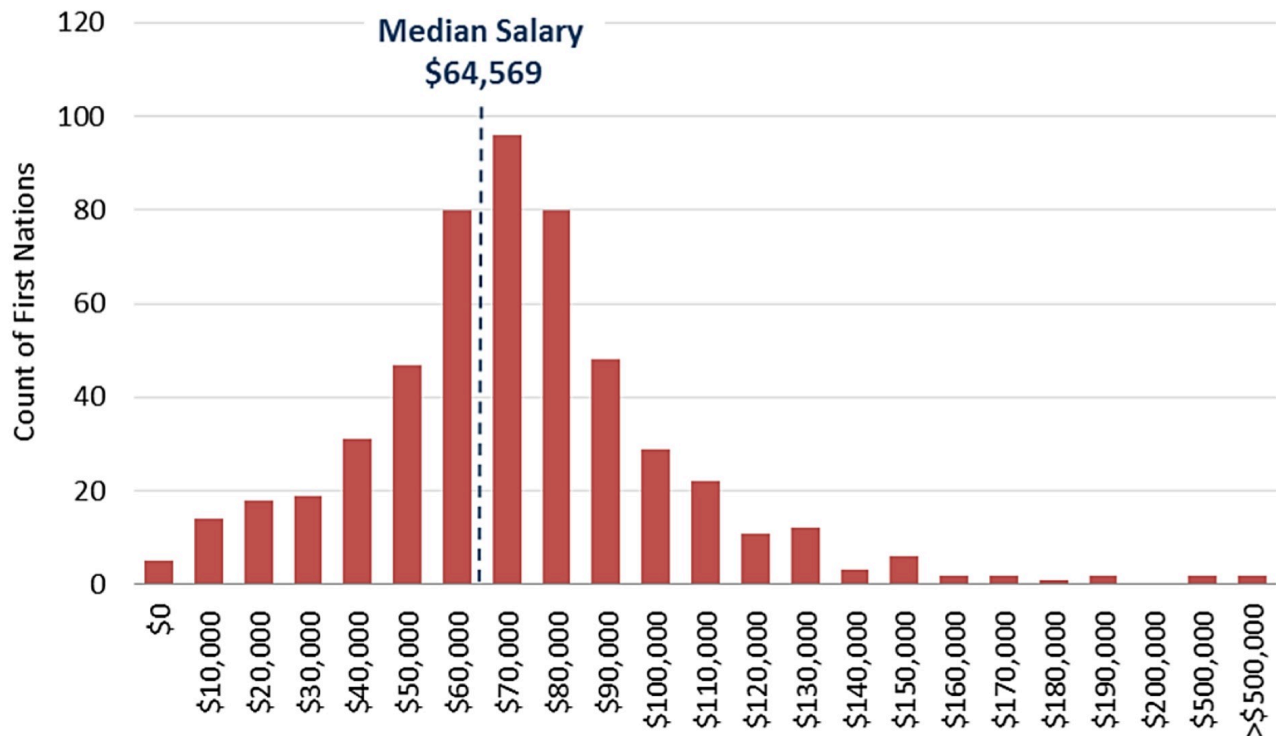
In 2018 a member of Thundercloud First Nation, Saskatchewan had to file a lawsuit to get spending information from his Band Council.

### **Chief's Salaries:**

After FNFTA came into effect, there was a media storm around chief's salaries. However, nothing much was uncovered except the case of the Kwikwetlem chief who made \$914,000 tax-free by giving himself 10% of a land sale.

8. Akin, (2017).

**Figure 1: Distribution of Salaries for the First Nations Chiefs 2013-14**



*Distribution of Salaries for First Nation Chiefs, 2013-14. Credits to: Aboriginal Affairs and Northern Development Canada.(Access 90 Open) [130]*

According to the Toronto Star (2015), the median salary for a chief, including honoraria and excluding travel expenses, was \$60,000 (tax-free). Only five chiefs made more than \$200,000, while forty-two chiefs made less than \$10,000.

In two random samples of reserves and municipalities, one in Manitoba and one in Ontario, where municipalities of similar population size and remoteness were selected for each First Nation, it was more likely that the municipality did not report the remuneration of Mayor and Council than that the Band did not. The average reported chief salary, however, was substantially higher than the average reported Mayor salary, more than triple in Ontario and 80% higher in Manitoba.

→ Discuss what might be contributing to the disparities in salaries.

Flanagan and Johnson (2015) found that Bands which have higher Band Councillor salaries have lower Community Well-Being index scores. Higher Well-Being scores are correlated with a First Nation having a self-government agreement, collecting property taxes, and being free of third-party financial management.<sup>9</sup>

Other helpful features have to do with property rights – the number of certificates of possession per

9. Third-party management is imposed by the federal government on reserves having severe financial difficulties.

capita and whether the First Nation has a land management agreement or earns its own revenues. We will discuss some of these features in subsequent chapters.

### **Difficulties inherent in current funding arrangements:**

As described in Chapter 17, reserves, self-governing First Nations, and Inuit territories get most of their funding from the federal government. In the case of reserves at least, this funding has been contingent on various applications and financial disclosures being sent to Ottawa. It often comes after the beginning of the year in which it is required. The amount is not known in advance.

There are several consequences. First, planning is less reliable because amounts are not assured in advance. Second, while funds for one program are delayed, funds for another program may be diverted to meet the needs of the first program, adding confusion and compromising the quality of the second program. Thirdly, delays in funding can mean delays in the program which can add to the expense of the program.

For example, as discussed in Beeby (2016), delays in a construction project, or delays between planning and construction, can mean that prices go up because of inflation; the existing infrastructure that is supposed to be replaced by the construction project continues to deteriorate; project managers on retainer continue to be paid for waiting; and the construction may end up being done in summer, a busy season when only high-cost contractors or inexperienced contractors are available.

Most of us have direct experience of the delays that can be expected when business is done with the federal government. This is even more frustrating when you are trying to provide for an entire community.

Another difficulty with the current funding arrangement is ISC's (Indigenous Services Canada's) hands-off approach. While this might be a refreshing change from its more controlling behaviour in the past, ISC in a way has cut Bands loose to manage as best they can with whatever funding ISC decides to dispense. If ISC assumed a greater degree of responsibility for a program's success, it might be more inclined to improve the funding, expedite the funding, and assist the Band to make good choices about programs and projects.

### **Regional Governance:**

We have surveyed a number of challenges faced by small governments, and challenges associated with their receiving funding from the federal government. One remedy may be to have these governments share responsibilities regionally and spend federal monies regionally.

Writes Wolf Collar, "...I think we can agree, to some extent, that it may not be possible to have 600 plus individual sovereign First Nations operating as independent nation states within one nation state (Canada)."

One of Wolf Collar's proposals is that First Nations, unlike municipalities, become a third order of government within the Constitution of Canada, having powers similar to those of the federal and

provincial governments. Presumably this third order of government would not comprise 600 or more Indigenous governments.

Courchene (2018) promotes a model called CSIN (Commonwealth of Sovereign Indigenous Nations). CSIN was developed by the First Nations of Saskatchewan working with the province of Saskatchewan and the federal government, but it has not been implemented. Under CSIN, all Saskatchewan First Nations would be represented by 5 regional governments under a province-wide governance structure. For details of CSIN, see Chapter 10 of Courchene's book *Indigenous Nationals, Canadian Citizens*. For more on regional governance, see the end of our chapter on Infrastructure, next.



# Chapter 20

## *Infrastructure on Reserves*



### Summary:

In this Chapter we consider the inherent difficulty of funding public goods such as infrastructure. We note that, in many Indigenous communities, lack of regulation, lack of expertise, the participation of multiple actors each with limited responsibility, and the smallness of scale of projects reduce the quality and affordability of infrastructure projects. Again, regional management should be helpful.

Infrastructure is physical capital that provides services which are shared across the community. Infrastructure includes water filtration plants, sewage systems, electricity grids, cell phone towers, roads, and much more.

Infrastructure goods are public goods: goods which can be shared without detriment to any one person, and from which people are typically not excluded. There is a classic “public goods problem” familiar to students of economics. The problem is called **free riding**. People try to ride free on public goods. They are not willing to pay their fair share and they tend to understate their willingness to pay. That is why public television stations and public radio stations ask viewers and listeners to contribute but end up relying on grants from governments and charitable foundations.

Because of the public goods problem, it’s up to government to make sure there is enough infrastructure in the community. Prior to the 1970s, Indian Agents supervised much of what went on in reserves, and Band governments were not entrusted with much responsibility.

The inadequacy of infrastructure on reserves during that time period is largely the responsibility of the federal government and the voters who elected each administration. Since that time, Bands have been given back some self-government rights, and funding from the federal government has increased.

Unfortunately, responsibility over infrastructure expanded faster than Bands' capacity to provide and manage infrastructure.

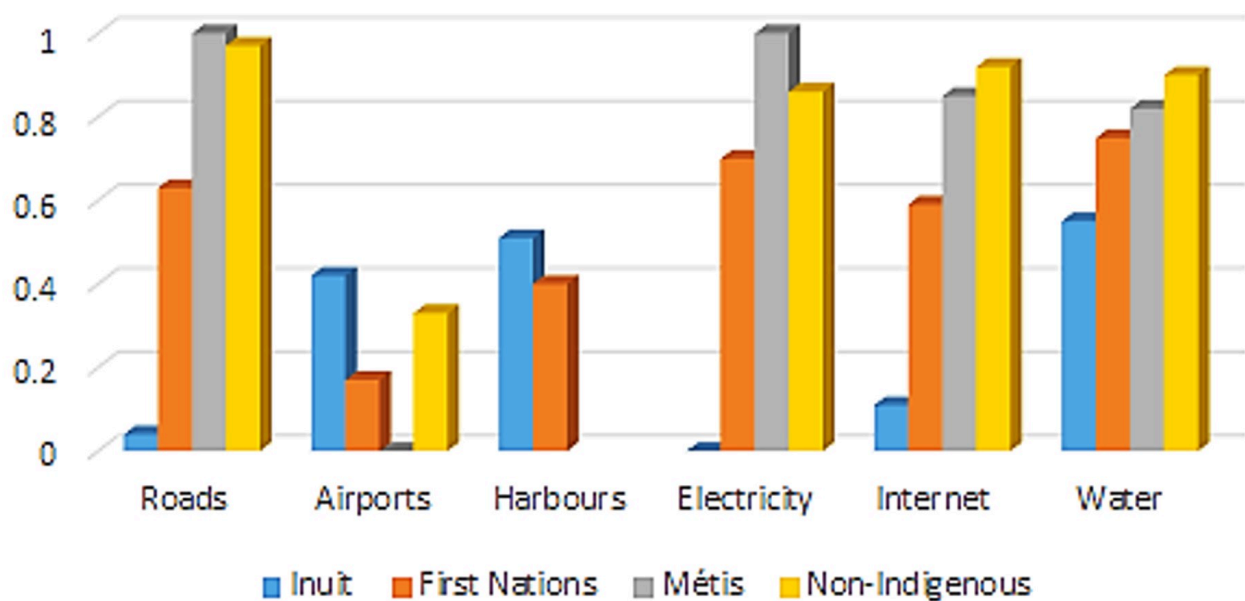
Infrastructure on reserves remains deficient, especially on northern reserves. An index compiled by the Centre for the Study of Living Standards shows the significantly lower levels of infrastructure in remote northern communities, especially for Inuit and First Nations communities, especially for Inuit and First Nations communities.

The special challenges facing remote communities are discussed in Chapter 29. To consider the difficulties inherent in funding infrastructure on reserves, both northerly and southerly, let us explore the particular case of water systems.



A sign warns of water problems on part of the Alexis Nakota Sioux First Nation in Alberta, in early 2016. Photo: Ryan Girard, Alberta Venture, March 2016. [131]

### Infrastructure Indexes for Remote Communities by Heritage Group 2019:



Infrastructure Index for Remote Communities by Heritage Group. Data Source: Johnston and Sharpe, (2019).[132]

## Water Systems on Reserve:

Despite Canada's status as the country with the most fresh water in the world, over 25% of reserves have substandard water or sewage systems.<sup>1</sup> Faulty water systems, necessitating advisories to either boil the water or avoid using it, have plagued First Nation reserves for years and have appeared in newspaper headlines time and again. Prime Minister Justin Trudeau pledged in his 2015 election campaign to end long-term drinking water advisories by March 2021. Two years after he was elected, Trudeau's government had funded 27 water system upgrades or replacements at an average cost of over 26 million dollars each, but 67 systems either remained broken or had become broken in the meantime. Trudeau had added water systems used by First Nation fire halls and community centers to the government's to-do list, adding to the challenge.

The Auditor General of Canada analyzed federal spending on water systems in her 2021 report. She noted that, despite increased spending on water systems, federal support was insufficient. She noted that the federal government's own assessment of the riskiness of water systems on reserve did not improve between 2014-5 and 2019-20.

The Parliamentary Budget Office (2017b) has estimated that it would cost 3.2 billion to build or repair all the needed water and sewage infrastructure on reserves, and 361 million annually for operations and maintenance.

- Is there a boil-water advisory in a community near you? Find out more.
- Consider the case of the water system in Serpent River First Nation. What seem to be the reasons for failure?

1. United Nations General Assembly, (2019).

## The Case of Serpent River, Ontario, as reported in McClearn (2017):

Serpent River First Nation is a community of 350 people on the north shore of Lake Huron.

Prior to 2015, the community used four wells, each with a pumping station. The amount pumped was not sufficient for fire safety or for population growth, plus the quality monitoring system was not up to provincial drinking-water standards.

In 2015, Ontario Clean Water Agency managed a project to upgrade the community's water. Richards & Associates Ltd. were the consulting engineers. Two different technologies were tested over two months. The community chose the membrane technology supplied by Membrane Specialists. Indigenous Affairs paid \$12.4 million for the new water treatment plant.

Not long after the plant opened, tests indicated that the water was not safe to drink. The chlorine was reacting with dissolved organic matter, producing carcinogenic trihalomethanes at twice the maximum allowable level. The membranes weren't doing a good job screening out the organics because the water was too acidic for the membranes. The two months of testing hadn't captured the full range of seasonal variation in water acidity.

The project team has been trying different, more acid-tolerant membranes, imported from Poland, but these membranes let water through more slowly, especially as the temperature drops, and are only expected to last five years, half as long as the original membranes. It is now estimated that \$1 million more will need to be spent to pre-treat the source water.

As of Feb 2017, the water treatment plant was running 24-hour days to supply non-drinking water uses but the community needs even more. Recently, a pipe ruptured in the basement of a vacant house, draining a huge amount of water. Water is being trucked in from Sudbury.



*Serpent River (DSD\_7558). Photo Credits to: Greying\_Geezer (CC BY-NC-SA 2.0) [133]*

## Suggested Activity:

Instructors, assign your students to do some research on the history of water quality at Serpent River. A number of revelations await.

The *Globe and Mail* began a report on failed water systems in summer 2016, obtaining Indigenous and Northern Affairs' records and interviewing engineers, project managers, and First Nations leaders. They filed a request under the Access to Information Act to get Indigenous Affairs' Integrated Capital Management System database, which includes risk assessments for completed projects, plus a 2015 study done for Indigenous Affairs by Orbis Risk Consulting.

On the basis of this information, Matthew McClearn wrote several *Globe and Mail* articles, and Dean Beeby wrote another. They identified three major problems: lack of regulation, fragmented decision-making, and lack of expertise.

### 1. Lack of regulation

Provincial regulations do not apply to reserves. Indigenous Affairs' regulations are less stringent than provincial regulations. Modern municipal systems are built to provide 450 litres per resident per day, but many First Nation systems provide only 180 litres. But even if stricter regulations were imposed, there is still the matter of being able to achieve the standards in the regulations.

Graham (2018) originally supported the *Safe Drinking Water for First Nations Act*, which was passed in 2013 to establish water quality guidelines at the federal level, since reserves are not obliged to meet provincial requirements. However, he now understands why First Nations were opposed: the Act does not give First Nations any power to make rules, and it does little to lessen the burden of developing, maintaining and operating the water systems.

As of early 2021, no new regulations around safe drinking water had been formulated under this *Act*.

### 2. Fragmented Decision-Making

- Indigenous Services – decides whether to fund a project and roughly how much money to provide
- First Nation – decides on design
- First Nation – decides on a construction company. Construction company works with another firm's design.
- Indigenous Services – decides when to release the funds
- First Nation – responsible for operations and maintenance. Operators work with what the construction company has completed.

*If INAC were responsible for construction, it might send approval and funds more quickly.*

*If INAC were responsible for service delivery, it might provide funds for more rigorous testing prior to design.*

*If the designer were responsible for construction, the design might be more practical. Most municipalities are now using the same firm to design and construct.*

*If the construction company were responsible for operating the plant for several years, it might take more care with the construction.*

### **3. Lack of Expertise**

Most First Nation communities on reserve do not have members who can knowledgeably compare engineering proposals. Most reserves do not have or cannot attract skilled and experienced water systems operators. Most of Indigenous Affairs' engineers do not have much training or experience with water systems.

Even water system specialist engineers have failed to anticipate some of the complications in remote northern communities, such as permafrost, very cold ambient temperatures, acidic water, and very high dissolved organic matter content.

In addition to the three problems identified by the Globe and Mail, which we just examined, there are others:

### **4. Piecemeal Approach**

Another problem is that a project will be funded but the components needed in conjunction with it are not. So a water treatment plant may be built, but not the pipes taking water to the houses. Or houses may get hookups, but no wastewater removal or sewage pipes. Money for the water treatment plant is released, but not the money needed for operation.<sup>2</sup>

Meanwhile, the money which is released is typically only 80% of what is required for either construction or operations. It can be a struggle for Bands to come up with the remaining 20%.

According to the Auditor General of Canada (2021), the government uses a formula created in 1987, updated for inflation, to determine how much it pays for operations. Spending has depended on this formula, rather than on achieving goals and meeting quality standards. As a result of underfunding, in 2018 water systems operators on reserve earned 30% less than operators elsewhere.

Many rural communities rely on each house having its own well for drinking, bathing, and cleaning, and its own septic tank or septic bed for wastewater and sewage. The federal government does not fund private wells and septic on reserve; it only funds systems used by five or more households.

### **5. Size and Scale**

On the matter of community size, Graham (2018) has questioned the ability of small communities to

2. Comments of Dawn Martin-Hill interviewed on TVO The Agenda July 24, 2019

properly operate sophisticated systems, sharing the conclusion of the American Environmental Protection Agency that a minimum of 10,000 users is required for a viable system.

After the aforementioned *Safe Drinking Water for First Nations Act* was passed, the Atlantic Policy Congress, representing 30 Chiefs in the Maritimes, Quebec, and Maine, worked with the federal government to propose a regional water authority serving more than fifteen First Nations. In such an authority, Graham sees a way out of the current problems with water delivery.

A regional water authority for First Nations

- would take on the responsibility of providing quality drinking water, relieving Chiefs and Councils of legal liability
- could offer a more attractive employment package to qualified operators
- could operate multiple systems remotely to reduce costs per litre
- could be responsible for developing and installing new facilities, gaining experience and expertise along the way

Graham has proposed that this water authority be subject to laws developed by a First Nation Environmental Protection Agency. This agency, not yet in existence, could evolve to handle other matters as well, such as solid waste disposal. First Nations could decide whether or not to come under the auspices of this agency.

The Atlantic First Nations Water Authority, the first Indigenous-owned-and-operated water authority in Canada, is slated to begin operations in the spring of 2022.

We have now discussed in depth the issue of water on reserves. The problems confounding water infrastructure generalize to other infrastructure such as electricity and internet. The solutions will likely generalize as well.

Next, we turn to the challenge of providing residential housing in non-urban Indigenous communities.



## Summary:

In this Chapter we get a grip on the housing that is needed on reserve, and what it might cost to acquire it. We consider why it is difficult to build and repair homes on reserve and in remote communities. New approaches and partnerships are needed.

Unlike water systems and other infrastructure, houses are things that individuals and families have a chance of building and repairing themselves. Yet so much of the housing on reserves – and in Inuit communities – is poor in quality. This is reflected in low Community Well-Being scores.

In 2019, the United Nations presented a report to the General Assembly establishing that over 25% of First Nations people on reserves in Canada are living in deplorable conditions, including overcrowding (25% of people) and lack of indoor plumbing (10,000 homes).<sup>1</sup>

One of the biggest myths surrounding First Nations housing is that all members get free housing given to them by the Band. However, that is not the case. The 2016 Census records only 56,230 units of band-owned housing across all 600+ First Nations bands.<sup>2</sup>

According to the Standing Senate Committee on Aboriginal Peoples, the overall number of on-reserve housing units needed ranges between 35,000 and 85,000.<sup>3</sup> However, the British Columbia

1. United Nations General Assembly (2019)

2. 2016 Census, Statistics Canada (2017)

3. Standing Senate Committee on Aboriginal Peoples (2015)



Assembly of First Nations specifies a 175,000 unit on-reserve housing shortage across Canada as of 2017.<sup>4</sup>

Estimates will vary depending on subjective necessity, types of dwelling, communities included, and other factors. We will assume that there are approximately 70,000 new units that need to be built in order to solve the on-reserve housing crisis. This is similar to the 2011 National Household Survey estimate of 71,010 homes “not suitable” and needing “major repairs” – 62,092 on reserve and 8,920 in Inuit Nunangat. It also implies that there is at least 1 new unit needed for every 5 people who have Status and are living on reserve or who are Inuit.

Wolf Collar (2020) reported that as of July 2019, approximately 400 Siksika families at his home reserve were waiting for housing. This out of a population of approximately 4,000 individuals on reserve.<sup>5</sup>

The lack of sufficient, quality housing has many negative repercussions. First is the health risk associated with poor ventilation, lack of heat, drafts, rodents, mould, and crowding. This is particularly apparent during a pandemic such as COVID-19.

Crowding, and any lack of electricity or internet connectivity, make it difficult for students to do their homework. Crowding and discomfort make it difficult for people to rest and be ready for work. Crowding also increases opportunities for sexual exploitation and bullying. It can cause tempers to flare. Wolf Collar (2020, p. 110) suggests it contributes to the large number of missing and murdered Indigenous women.



Typical on-reserve housing units. 3 bedroom and 2 bedroom bungalows located on Tyendinaga Mohawk Territory, Ontario. Photo credits to: Pauline Galoustian (Public Domain) [134]

### Reasons for the Housing Crisis:

Reasons for the poor quality of housing on reserve may be grouped under four headings: Climate and Remoteness, Poverty, Property Rights Issues, and Administrative Problems. These all reinforce one another. Some of these may apply to Inuit and Métis communities as well.

### Suggested Activity:

Draw a Venn diagram to explore the interrelatedness of the problems we detail below.

4. Merkel (2017)

5. Canadian Encyclopedia, “Siksika (Blackfoot)”, 2018 population estimate

## 1. Climate and Remoteness

We learned in our chapter on Infrastructure that the remoteness of many reserves makes construction and delivery of supplies and labour much more expensive. The Assembly of First Nations (2013) has estimated that the cost of building a house in a remote location is 30% higher in Ontario and 50% higher in Manitoba.

Many reserves are located on inferior lands prone to flooding. In the north, extremely cold temperatures and accumulated snow and ice stress buildings and plumbing. Consequently, housing will deteriorate more rapidly. One third of new houses built on reserve are just replacing houses which are no longer usable.<sup>6</sup>

There seems to be an opportunity here for colleges and universities, even for private housing construction firms, to partner with First Nations and Inuit to design housing that is culturally and climatically appropriate, suited to the local terrain, and available in different configurations to house all the different kinds of families in a community.

## 2. Poverty

When people are poor, they neither have savings nor can qualify for loans. How then will they buy or repair a home?

When communities are poor, infrastructure is poor, making it more difficult to construct or repair a house. Poor infrastructure also means that there will be more deterioration of the building from, for example, water sloshing out of pails, fires from candles etc.<sup>7</sup>

Many reserves have high rates of property neglect, vandalism and arson due to social problems related to poverty and intergenerational trauma, and to an absence of bylaws and enforcement (to be discussed in Chapter 28). There is also the issue of renters having less financial incentive than owners to maintain a property.

When Bands are poor, the Band Council lacks funds to build social housing or to assist members to finance their own housing. Bands generally have trouble making members pay rent on Band-owned properties, especially when tenants know that the Band has paid off the mortgage. Wolf Collar (2020) explains that taking band members to court over non-payment of rent is costly and political. The Chief and Council are worried about losing votes, and the members of the Housing Board or



*House in need of serious repair, Malachan Indian Reserve, Vancouver Island (2017) Credits to: Mikofox Photography (CC BY-NC-SA 2.0) [135]*

6. Assembly of First Nations (2013)

7. Assembly of First Nations (2013)

Housing Department may be friends or relatives of the people threatened with eviction. This speaks to a needed separation of responsibilities, and to a need for stronger, clearer bylaws.

Wolf Collar (2020) has pointed out that some reserves lack land on which to build the needed housing. The Assembly of First Nations (2013) has asked the federal government for increased, annual, standardized funding for housing.

### **3. Property Rights**

Property rights and ownership issues relate to construction and maintenance of housing on reserves. As we shall explore in our chapter on Property Rights, not all band members with property on a reserve have a legal document guaranteeing their right to use and improve their property. Without such a ‘Certificate of Possession’, they may be unsure whether they can live on their property indefinitely or sell the property and recoup the money they put into it: the result may be less motivation to repair and renovate. According to Sylvia Olsen of the University of Victoria, an advocate for on-reserve housing, sometimes people living on reserve have no clear understanding to whom their housing unit actually belongs – the federal or provincial government, the Band, or themselves.<sup>8</sup>

Second, even people with a Certificate of Possession cannot simply use their property as collateral for a housing loan with a commercial bank. Normally a bank would seize your land and house if you default on your mortgage payments. But banks are not allowed to seize reserve land.

As we shall learn in Chapter 27, Bands have developed some creative ways to help members on reserve get mortgages; however, it remains more challenging and expensive for a person on reserve to get a mortgage or line of credit.

The Assembly of First Nations (2013) has asked for more borrowing opportunities including revolving loan funds at the community level; improved access to private sector funding; social development bonds; and more First Nations-owned lending institutions. These options will be discussed in our Chapter 27 on Investment.

### **4. Administrative Problems**

In the past, housing was selected and delivered by the federal government. The typical house was a three-bedroom bungalow with a gabled roof sloping towards the front and back, with one bathroom and a basement. There were no design features to customize the houses to local needs and preferences, or to a more severe climate, or to less reliable infrastructure. According to Wolf Collar (2020), decisions about how much and what kind of housing to pay for are still made by Indigenous Services Canada, and by Canada Housing and Mortgage Corporation, a Crown corporation which subsidizes mortgages.

However, the federal government no longer guarantees that construction workers are qualified and that labour and materials are insured. It is no longer inspecting the work and making sure that the federal building code is being followed. There has been a “quiet devolution” of responsibility to First Nations as illustrated in the graphic below.

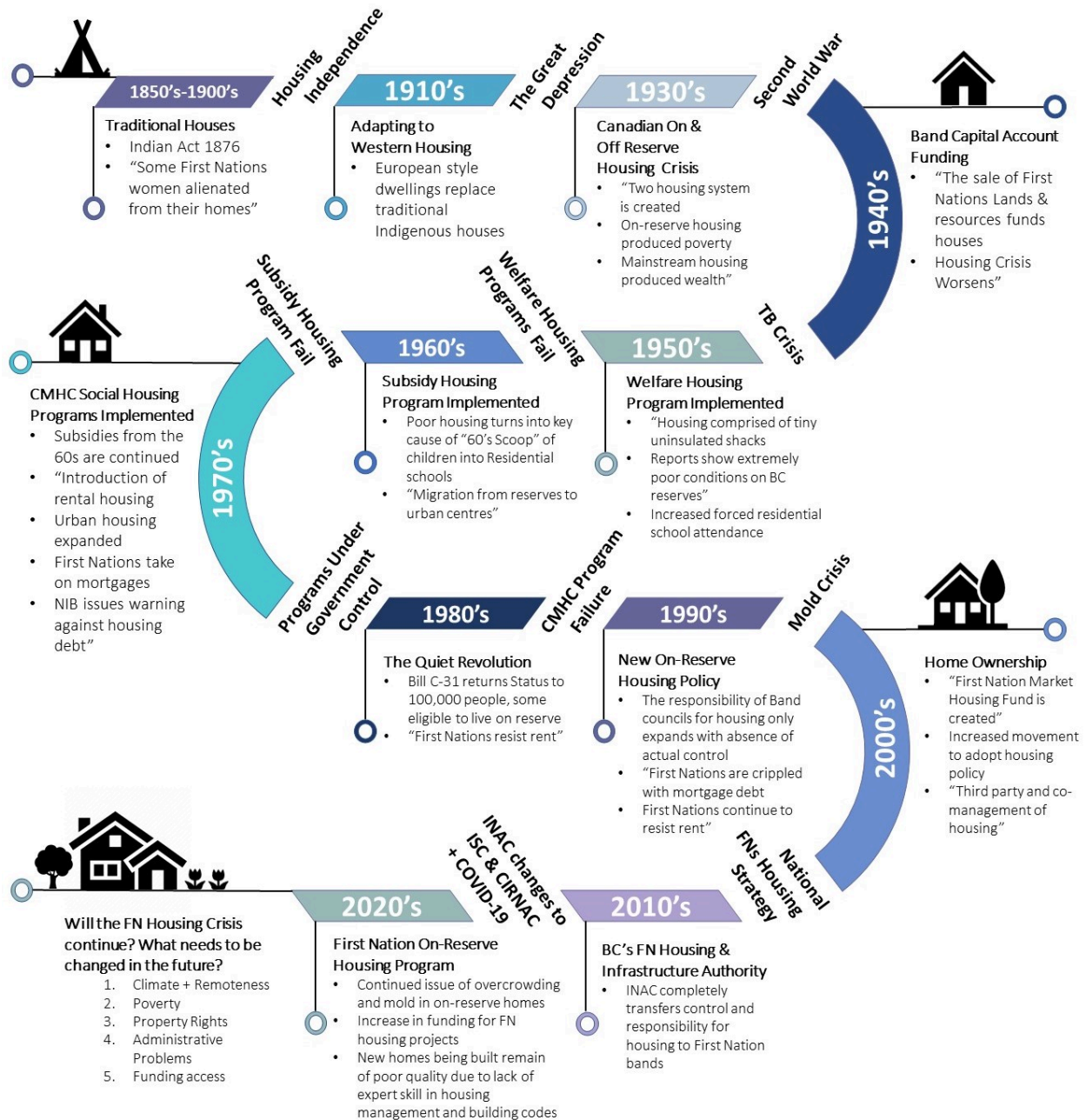
8. Read, (2019)

Since 1996 it has been the responsibility of Band governments to ensure that building materials are transported and stored carefully, that materials and work are good quality, and that houses meet federal standards. It appears that in many cases Bands have not been able or willing to do this: the quality of housing has declined since then, according to carpenter and former building inspector Alan Isfeld of Lake St. Martin First Nation.<sup>9</sup>

9. Ibid, (2019)

# Timeline of On-Reserve Housing Programs and Developments:

(Based upon Dr. Sylvia Olsen's *Short History of On-Reserve Housing*, 2019)



Timeline of On-Reserve Housing Programs and Developments. Graphic by: Pauline Galoustian (Based on: *A Short History of On-Reserve Housing*. Content by: Sylvia Olsen; Original graphic design by: Desiree Bender; Source: <https://www.aptnnews.ca/national-news/canada-assumed-indigenous-people-were-dying-out-the-on-reserve-housing-crisis-that-never-ends/>) [136]

One of the recommendations made in INAC's 2017 report on reserve housing was to "Strengthen... existing or new service organizations that provide technical support, capacity development or

management services to interested First Nations.”<sup>10</sup> This could include education and training of First Nations members in building codes, guideline compliance, and general housing management.

A regional First Nation housing authority could centralize expertise, borrowing, contracting, building code compliance, bylaw creation, and bylaw enforcement while being informed by the priorities and concerns of client First Nations. Presently, the First Nations Housing & Infrastructure Council is working on just such an authority for British Columbia.<sup>11</sup>

### **Federal Funding for Housing on Reserve:**

Since 1996, most reserves not having self-government agreements have participated in INAC’s **On-Reserve Housing Policy**, intended to assist First Nations to finance and develop their own housing programs. In this program, First Nations receive an annual amount for housing. The total available has risen from \$138,000,000 million in 1996<sup>12</sup> to \$359,204,116 in 2018-19.<sup>13</sup>

→Make an estimate: How many houses can be built each year for \$359 million? This will be calculated later.

In British Columbia, where many First Nations chose not to adopt the Policy, Indigenous Services Canada is offering a **New Approach for Housing Support** (since 2014) in addition to the provincial government’s **BC Housing Subsidy Program**. The New Approach is supposed to give smaller communities the flexibility to implement a wider range of programs in support of long-term housing, including governance and capacity, one-year projects, and multi-year projects.<sup>14</sup> Bands must apply to get specific projects funded. Other monies are available from Canada Mortgage and Housing Corporation (CMHC), a Crown corporation belonging to the federal government. CMHC subsidizes repairs needed to make houses safe, healthy and accessible, and it subsidizes Bands to buy, build, or renovate non-profit housing.

In general, Band Councils are responsible for delivering and maintaining the housing stock. We know that this is no easy task, for reasons discussed above and in the previous chapter. It is also very expensive. How much would it cost to immediately provide necessary housing? Specifically, how much for the 400 homes needed just for Siksika First Nation in Alberta?

### **The Cost of Housing in 2018:**

The following tables show construction costs of four types of housing based on the 2018 Altus

10. Indigenous and Northern Affairs Canada, (2017)

11. FNHC, (2018)

12. Indigenous and Northern Affairs Canada, (2017)

13. Government of Canada, (2020a)

14. Government of Canada, (2019)

Group Construction Cost Guide<sup>15</sup> and represent the general cost range for houses in Western, Eastern, Atlantic and Northern regions. The price of land is included.<sup>16</sup>

## Western Canada Housing Costs:

Cost of Dwelling Construction in Western Canada in 2018 terms:		Single Room Occupancy (472 sq. ft.)	Shared 4-Bed Town House(2,400 sq. ft. )	Small 1-Bed (714 sq. ft.)	3-Bed Town House(1,900 sq. ft.)
Average Total Capital Cost (Including Land Costs, Soft & Hard Construction Costs)	Vancouver Region:	\$56,640 - \$87,320	\$384,000 - \$516,000	\$85,680 - \$132,090	\$247,000 - \$437,000
	Calgary Region:	\$51,920 - \$66,080	\$324,000 - \$384,000	\$78,540 - \$99,960	\$218,500 - \$285,000
	Edmonton Region:	\$54,280 - \$66,080	\$336,000 - \$396,000	\$82,110 - \$99,960	\$228,000 - \$294,500
	Winnipeg Region:	\$51,920 - \$66,080	\$312,000 - \$384,000	\$78,540 - \$99,960	\$218,500 - \$294,500
Range of cost averages for building houses in Western Canada <sup>141</sup>		Off-Reserve: \$53,690 - \$71,390 On-Reserve: \$37,583 - \$49,973	Off-Reserve: \$339,000 - \$420,000 On-Reserve: \$237,300 - \$294,000	Off Reserve: \$81,218 - \$107,993 On-Reserve: \$56,853 - \$75,595	Off Reserve: \$228,000- \$327,750 On-Reserve: \$159,600- \$229,425
Median cost of building new units of each type On Reserves (in 2018):		\$43,778	\$265,650	\$66,224	\$194,513
Cost of 400 homes (100 of each type) in Western Region:		<b>\$ 57,016,500</b>			

15. Altus Group, (2018)

16. The on-reserve number is calculated by taking an average of the four sub-regional estimates (the off-reserve calculation), then subtracting 30% of the cost to represent the lower market value of land on reserve. Sources include: <https://smallbusiness.chron.com/calculate-land-value-tax-purposes-10165.html> & <https://www.quora.com/What-percentage-of-the-house-is-attributed-to-the-land-value>

## Eastern Canada Housing Costs:

Cost of Dwelling Construction in and Eastern Canada in 2018 terms:		Single Room Occupancy (472 sq. ft.)	Shared 4-Bed Town House(2,400 sq. ft. )	Small 1-Bed (714 sq. ft.)	3-Bed Town House(1,900 sq. ft.)
Average Total Capital Cost (Including Land Costs, Soft & Hard Construction Costs)	GTA Region:	\$47,200 - \$73,160	\$324,000 - \$420,000	\$71,400 - \$110,670	\$ 209,000 - \$399,000
	Ottawa Region:	\$51,920 - \$70,800	\$336,000 - \$408,000	\$78,540 - \$107,100	\$209,000 - \$342,000
	Montreal Region:	\$47,200 - \$66,080	\$276,000 - \$384,000	\$71,400 - \$99,960	\$180,500 - \$304,000
Total cost averages for building housing in Eastern Canada <sup>142</sup>		Off-Reserve: \$48,774 - \$70,013 On-Reserve: \$ 34,141.8 - \$49,009	Off-Reserve: \$312,000 - \$404,000 On-Reserve: \$218,400 - \$121,200	Off Reserve: \$73,780 - \$105,910 On-Reserve: \$51,646 - \$ 74,137	Off Reserve: \$199,500 - \$348,333 On-Reserve: \$139,650 - \$ 243,833
Median cost of building new units of each type On Reserves (in 2018):		\$41,575	\$ 169,800	\$62,891	\$191,741
Cost of 400 homes (100 of each type) in Eastern Region:		<b>\$ 46,618,700</b>			



## Atlantic/Maritime Canada Housing Costs:

Cost of Dwelling Construction in and Atlantic/Maritimes Canada in 2018 terms:		Single Room Occupancy (472 sq. ft.)	Shared 4-Bed Town House(2,400 sq. ft. )	Small 1-Bed (714 sq. ft.)	3-Bed Town House(1,900 sq. ft.)
Average Total Capital Cost (Including Land Costs, Soft & Hard Construction Costs)	Halifax Region:	\$44,840 - \$63,720	\$276,000 - \$396,000	\$67,830 - \$96,390	\$171,000 - \$285,000
	St. John's Region:	\$51,920 - \$68,440	\$324,000 - \$408,000	\$78,540 - \$103,530	\$218,500 - \$285,000
Total cost averages for building housing in Atlantic Canada: <sup>143</sup>		Off-Reserve: \$48,380 - \$66,080	Off-Reserve: \$300,000 - \$402,000	Off Reserve: \$73,185 - \$99,960	Off Reserve: \$194,750 - \$285,000
		On-Reserve: \$33,866 - \$46,256	On-Reserve: \$210,000 - \$281,400	On-Reserve: \$51,230 - \$69,972	On-Reserve: \$136,325 - \$199,500
Median cost of building new units of each type On Reserves (in 2018):		\$40,061	\$245,700	\$60,601	\$167,913
Cost of 400 homes (100 of each type) in Atlantic /Maritime Region:		<b>\$ 51,427,500</b>			

## Northern Canada/Remote Communities Housing Costs:

Cost of Construction in 2018 terms:		General Standard 4-person occupancy homes (1,000 sq. ft.)
Average Total Capital Cost (Including Land Costs, Soft & Hard Construction Costs)	Yellowknife Region:	\$170,000
	Iqaluit Region:	\$240,000
	Remote Communities:	\$275,000
Total cost averages for building housing in Northern and Remote Canada <sup>143</sup>		Off-Reserve: \$228,333 On-Reserve: \$159,833
Total Cost for 400 homes on Northern and remote Reserves:		<b>\$63,933,200</b>

We see that a mix of residences for 400 families of Siksika First Nation would cost about 57 million dollars. Coincidentally, 57.8 million is the total amount received from Indigenous Services Canada by Siksika First Nation for all purposes in the 2018-2019 fiscal year.<sup>17</sup>

17. The financial statements of many First Nations are available by searching "First Nations Profiles" on Indigenous Canada's website, selecting the First Nation in question, and clicking on "FNFTA"

So far, we have the cost of providing 400 homes varying between 47 million in Eastern Canada to 64 million in the north.

The \$359 million provided each year from the On Reserve Housing Policy could pay for 3,000 new homes in Eastern Canada or 2,245 new homes in the north. At this rate, it would take 23 years to build the 70,000 homes needed across Canada.

**The cost of supplying 70,000 homes immediately is at least 47 million per 400 x 70,000/400 = 8.2 billion**, about what the federal government was spending on all Indigenous programming in 2012-2013<sup>18</sup>, and about 50% of what Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs together spent in 2018-19.

There is also a need for ongoing assistance with repairs and maintenance, combined with reforms to overcome systemic poverty, scarcity of loans, property rights, lack of bylaws, and other issues previously described.

Clearly, housing is both a vital and a very expensive issue. This calls for all Canadians to collaborate and to think outside the box. One intriguing idea is featured below.

### **Repurposed Shipping Container Housing:**

There are currently 14 million discarded metal shipping containers in the world, and that number is growing annually. Many businesses are specializing in repurposing them for housing. Aside from the environmental benefit of using a recycled building material instead of virgin materials, shipping container housing offers other advantages.



*Shipping Container Housing. Photo credits to: Nicolás Boullosa. (CC BY 2.0) [138]*

18. <https://o.canada.com/news/national/aboriginal-canadians-by-the-numbers>

First, abandoned containers are inexpensive. A 2,000 sq. ft. home (which is equivalent to a 3-bedroom family townhouse) could be built out of six 40 ft. long containers, or twelve 20 ft. long containers for a price between \$21,000 and \$65,000 for site preparation, container modification, and construction.<sup>19</sup> This does not include the price of land.

Containers are easily movable and stackable. In 2019, SwissCan Co-Development was building a 100-unit container housing project for Six Nations Reserve near Brantford. (Ross 2019).

Home construction can take between 4 weeks to 2 months, significantly less time than regular construction in which you might have crews on the site for as long as 18 months.<sup>20</sup> Finally, container homes are strong. Their tough exteriors do not require much maintenance and can last without deterioration for over 25 years.

One disadvantage of using shipping containers is that they must be heavily insulated to prevent rapid heat loss in winter and rapid heat gain in summer. However, it is still cheaper to install heating and cooling systems in a container home than in a regular home.<sup>21</sup>



*Project Keetwonen Amsterdam creates 1000 student apartments built out of shipping containers. Photo credits to: Tempohousing. Text and image reproduced with permission from Tempohousing [137]*

### Suggested Activity:

→ Find a partner, or two, and brainstorm solutions to the affordable housing crisis on reserve. What new technologies, funding arrangements, partnerships etc. can you imagine?

19. Target Box (2020)

20. Moore (2019)

21. Target Box (2020)

# Chapter 22

## Employment

EMPLOYED  
RETAINED  
DEVELOPED

### Summary:

In this Chapter we quantify employment gaps for Indigenous people and offer strategies to support Indigenous employment, particularly on reserve.

For millennia prior to European contact, during European settlement, and ever after, Indigenous people have been an indispensable part of Turtle Island's labour force. They are needed more than ever as Canada's labour force ages.

There is room to increase the Indigenous labour force participation rate, which is the fraction of the working age population that is either working or looking for work. The employment rate, which is the fraction of the working age population that is employed, is also lower for Indigenous than for non-Indigenous people, especially on reserve.

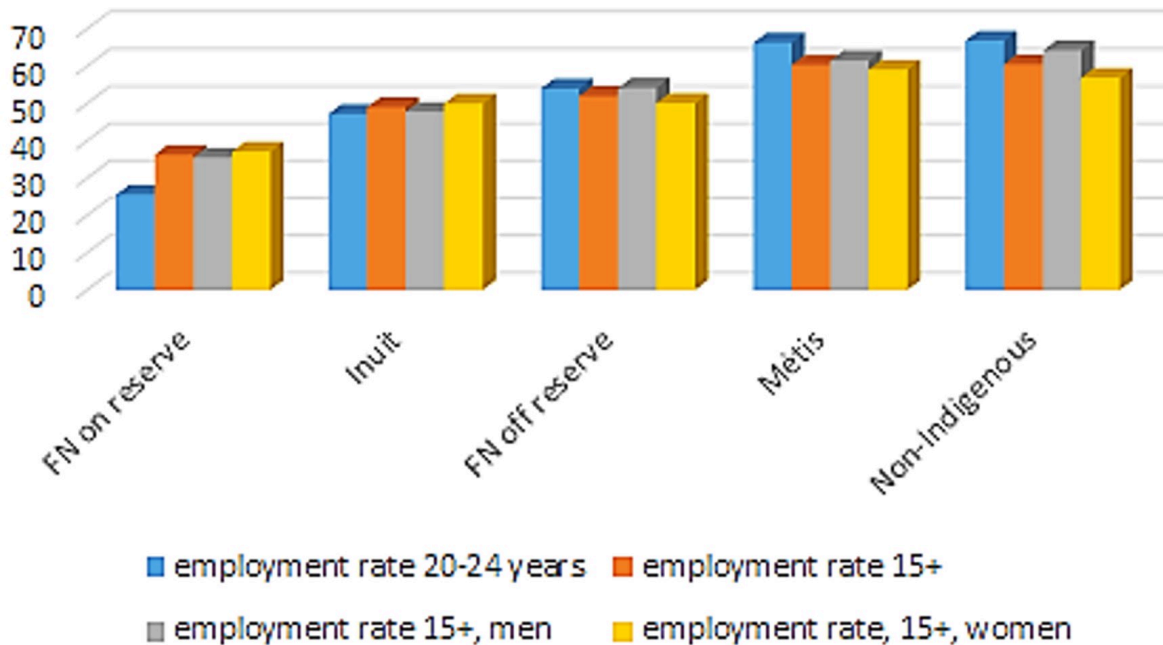
The numbers above likely exaggerate the differences between groups, because they have not been adjusted for age. The Indigenous group likely skews younger within many age categories.

We should also keep in mind that not all work occurs in the marketplace. Traditional hunting, trapping, fishing, handiwork, childcare, and housekeeping are work but may not be counted as employment.



Indigenous Women in Professional Trades Training - Intake 1. Credits to: Thompson Rivers University (CC BY-NC-SA 2.0). [139]

## Employment Rates, 2016:



*Employment Rates 2016 Chart. Credits to NIEDB. Source: Annex A, Tables 1 and 37, NIEDB (2019) [140]*

The gap between the non-Indigenous employment rate and the Indigenous employment rate varies by region. In the Maritimes it is low, ranging from 1.7 in Nova Scotia to 6.6 in New Brunswick. The gaps in Ontario (6.1), and Quebec (7.8), are substantially higher than those in the Maritimes but substantially smaller than those in Manitoba (13.5), Saskatchewan (19.9), and Alberta (11.6).

In the Yukon, North West Territories, and Nunavut, where the non-Indigenous employment rate is much higher than elsewhere in Canada, and where traditional economic activities are more likely to be pursued, the employment gap is much higher: 18.1 in the Yukon, 29 in NWT, and a whopping 43.7 in Nunavut.

Other reasons for an employment gap include distance from the home community to employment opportunities, roadblocks to economic development on reserves, poverty, and lack of formal education and training.

In 2016, Fiscal Realities Economists estimated that, if Indigenous people were employed at the same rate as non-Indigenous people, and if they earned the same amounts, Canada's GDP would be 1.5% higher.

### **Dear White Corporate America...**

So read the full-page ad by Black marketing executive Omar Johnson in the New York Times on June 14, 2020, in response to weeks-long protest against the death of George Floyd and others at the hands of police.

Here are some of his suggestions for increasing employment rates and entrepreneurship among

minorities, word-for-word, with “BIPOC” (Black, Indigenous, People of Colour) substituted for the word “Black”:

- Hire more BIPOC people: redouble your efforts to identify, recruit, attract, develop and elevate BIPOC talent.
- Fund educational institutions that champion BIPOC students and their futures.
- On the other side of the equation, that means helping BIPOC talent climb the ladder, and turning over power and authority to rising BIPOC leaders. Retention and promotion is just as urgent as recruiting and hiring. In fact, the former accelerates the latter.
- Oh, and while you’re at it, stop with the BS office microaggressions. Check yourself before you call a BIPOC person “aggressive”, “disruptive”, or “difficult”. That goes a long way.
- Support BIPOC organizations who are fighting to revolutionize criminal justice and public safety...
- Invest in BIPOC-owned businesses and BIPOC business leaders.
- Buy BIPOC.

### **On-Reserve Employment:**

On reserve, most of the available jobs may be with the Band Administration, delivering services to the community. As many service jobs are traditionally held by women, this helps explain a higher employment rate, higher labour force participation rate and lower unemployment rate for women on reserve in 2016. Band-owned businesses are another source of employment on reserve.

Because the Band is such an important source of jobs, it is critical that Band Administrations be fair and be perceived as fair in hiring.



*The 6th cohort to graduate from the Aboriginal Youth Internship Program (AYIP), 2013. Credits to: Province of BC (CC BY-NC-SA 2.0). [141]*

Because many of the jobs in the Band Administration are funded by the federal government, there may

be uncertainty as to when funding will arrive, how much there will be, and how long it will last. Wolf Collar (2020) writes that Employment Training Programs suffer from this funding unpredictability. They are often temporary and focused on short-term opportunities rather than careers. Much of the training programming is focused on getting people off social assistance rather than on building the career path of young people.

Wolf Collar would like to see the private sector and the government provide ongoing career training and support including daycare, transportation, counselling, mentorship, accommodation, and apprenticeship placements. These should be available to band members on reserve and off reserve.

### **Entrepreneurship & Privatization:**

About 7.5 % of Indigenous people were self-employed in 2016, about four percentage points below the non-Indigenous rate.<sup>1</sup> On reserve, the rate was only 3.2% while it was 3.8% for Inuit, 6.9% for First Nations off reserve, and 9.4% for Métis.

In Chapter 29 we'll look at special challenges facing entrepreneurs in remote communities, and in Chapters 24, 27 and 28 we'll look at challenges to businesses on reserves.

Wolf Collar (2020) suggests privatizing the delivery of services on reserve. This means that, instead of the Band Administration dealing with the federal government, doing the paperwork, collecting the funds, and delivering the services, small businesses, privately owned and staffed by band members, would do these things. The small businesses would own equipment and other assets, even housing stock.

We could extend this concept to any Indigenous community receiving government aid. Since, as we noted earlier, a large fraction of federal spending on Indigenous people is consumed by salaries and transportation, why not have Indigenous people earn these salaries and provide this transportation? Miawpukek First Nation, in Newfoundland and Labrador, would agree. As one community leader explained,

*“... prior to seven years ago we were putting out between \$70-120,000 a year to go to an aviation business to charter for [our outfitting] camps. So we did a feasibility study and a business plan and looked at buying a [Cessna] 185 that would provide the service for us. It was going to have a loss of \$10-20,000 per year, but if you don't do this we are never going to own our own aircraft. We got a pilot trained and we got him employed. Now, 100 percent of that business belongs to the band.”<sup>2</sup>*

Some of the services that Wolf Collar believes could be privatized, and which are, indeed, already privatized in some reserve communities include school bus service, garbage disposal, road maintenance, medical transportation, security, farm equipment, restaurants, and souvenir shops.

Privatization would expand the number of business owners on reserve, giving valuable experience in entrepreneurship and self-reliance. Wolf Collar believes that privatization would also save the Band a great deal of money, relieving it of the need to buy and maintain equipment and other assets, and

1. National Indigenous Economic Development Board (2020), Annex Table 19

2. 2009 interview in Orr (2013)

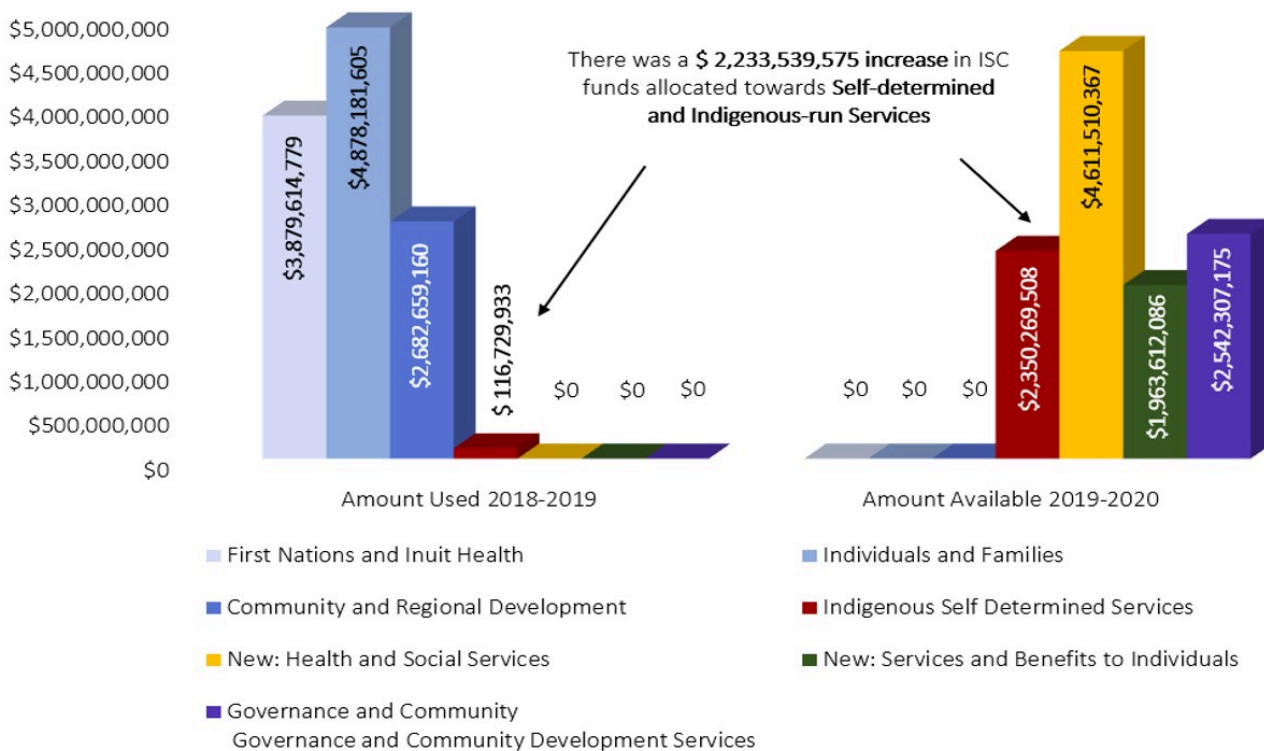
reducing its expenditure on insurance. It would also free Chief and Council from distractions unrelated to their broader work of visioning, legislating, advocating, and stewardship.

It is important the privatization be done in a fair and transparent manner, not privileging one individual or family over another, but giving a limited-term contract to the most qualified and community-minded person or team. Employees previously working for the Band should be retained if their job performance has been satisfactory and their position is still needed.

The federal government has recognized the value to Indigenous communities of providing their own services. As shown in the graphic below, Indigenous Services Canada has budgeted for a program that empowers reserve communities to provide their own services. The new service-delivery firms could possibly expand their business to serve communities other than their own.

### Indigenous Services Canada Departmental Spending Report 2018-2019 & Budgetary Planning Summary for 2019-20

(Focus on Self-determined & Indigenous-run Services)



Indigenous Services Canada Departmental Spending Report 2018-2019 & Budgetary Planning Summary for 2019-20. Graphic by: Pauline Galoustian. Compiled from: ISC 2018 to 2019 Departmental Results Report – Budgetary Performance Summary (CC BY 2.0) [142]



→List other possible backward and forward linkages from ISC's support of Indigenous service providers. See Chapter 7 if you need a refresher on linkages.

### **Social Job Creation:**

Some Indigenous communities spend money creating jobs for their members. A special case is Miawpukek First Nation which, having become a federally recognized First Nation relatively recently, was able to negotiate the right to spend social assistance money on wages for members instead of welfare payments. Miawpukek also spends other revenues creating jobs for members.

Social job creation can be a good investment, allowing members to build skills and work experience, and to enjoy the dignity of work. On the other hand, one must weigh these benefits against the benefits possible from other uses of the money. Another issue is the disincentive of band members to get higher education or specialized training if they know jobs will be provided regardless. If enough Band members choose to depend on the Band for a job, the day may come when there are no longer enough meaningful Band-sponsored jobs for everyone wanting one.

In a case like Miawpukek's, where the Band has the right to replace welfare payments with paid work requirements, we might be worried about that kind of power in the hands of a few people in a small community where impartiality may be difficult to achieve.

In our next Chapter we consider the importance of educational achievement, and how to encourage it.

# Chapter 23

## Education

### Summary:

In this Chapter we will relate the employment rate discussed in the previous chapter to educational achievement. We will identify some challenges to and strategies for improving educational outcomes in schools on and off reserve and discuss the funding of post-secondary and professional programs.

We have brought up the issue of education in several chapters, since education affects so much of life, from employment and economic potential to equity and reconciliation.

The Census gives us the good news that, as can easily be observed in society, Indigenous educational attainment is constantly improving. High school completion rates rose between 2005/6 and 2015/6, by 9% for Métis, by almost 10% for First Nations on reserve and Inuit, and by 12% for First Nations off-reserve.

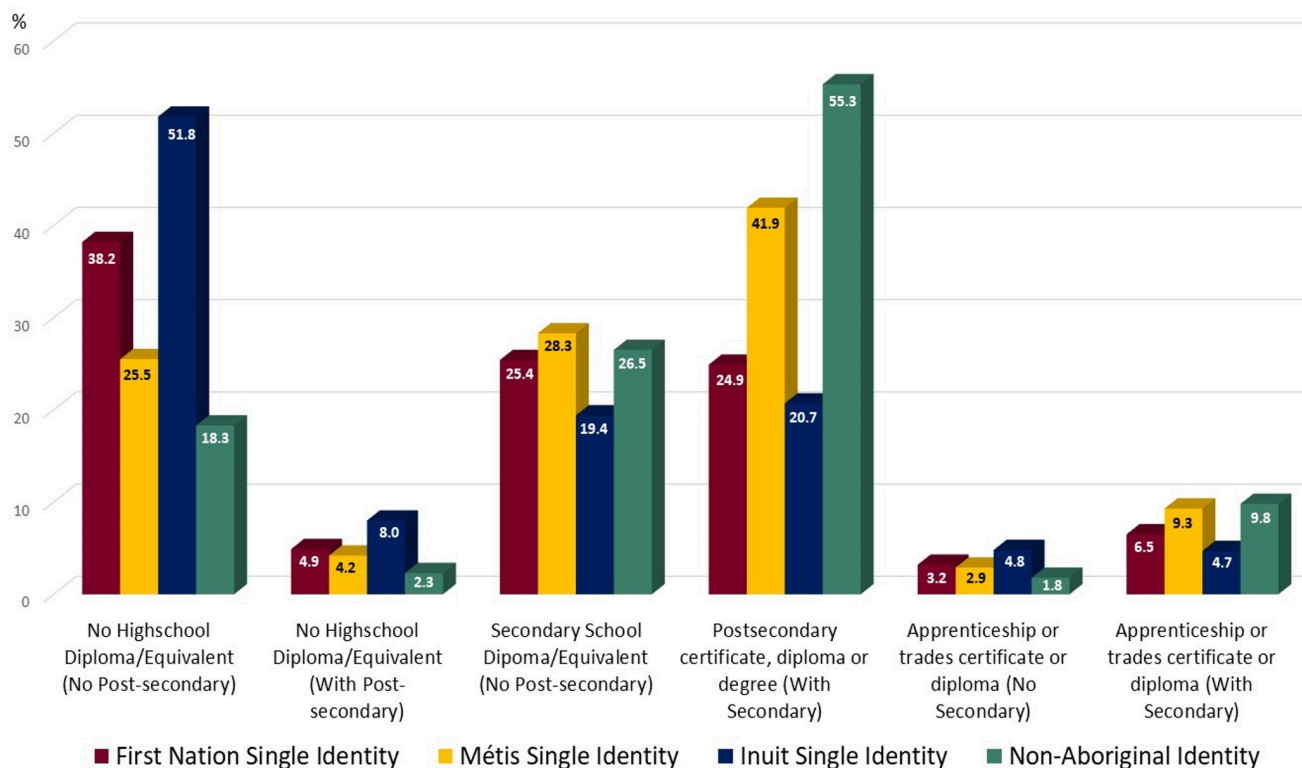
However, at present there remains a significant gap between Indigenous and non-Indigenous educational achievement, especially for Inuit



Students from Sema:th First Nation, Stó:lō First Nation and local Métis communities celebrating National Aboriginal Day 2015 after class. Credits to: Province of BC (CC BY 2.0). [143]

and First Nations. In the following chart we observe that the percentage of non-Indigenous people without a high school diploma is much smaller than First Nation, Metis and Inuit percentages.

**Comparative Graph on Educational Attainment in First Nation, Métis, Inuit, and Non-Aboriginal Communities (for the Population Aged 15 years and over)  
2016 Census Data**



*Education Attainment in Canada for Population aged 15 years and older, 2016 Census (based on Identity). Graphics compiled by: Pauline Galoustian. Data source: Statistics Canada Catalogue no. 98-400-X2016177. (CC BY 2.0) [144]*

The graph does not show that only four out of ten young people on reserve graduate from high school compared to seven out of ten First Nations off-reserve.<sup>1</sup> What might be the reasons for these discrepancies?

**Barriers to Educational Achievement:**

From what we have learned so far, we can identify several barriers to educational achievement in First Nations communities, all of which are amenable to change.

First, Indigenous peoples have experienced dispossession and discrimination. Many Indigenous families have lower income and are headed by parents with lower-than average formal education. Lower socioeconomic status is correlated with lower educational achievement for children.

1. Anderson and Richards (2016)

The Final Report of the Truth and Reconciliation Commission (2015)<sup>2</sup> reported studies showing that children of residential school survivors, both on and off reserve, are less likely to be doing well at school. Part of this is due to lower incomes and higher levels of food insecurity on the part of residential school survivors.

Residential and day schools for generations shamed Indigenous children and served to extinguish their knowledge of native language and culture. Indigenous families may still distrust educational institutions and curriculums because of systemic racism. Writes Robin Diangelo (2018, p. 67), about the situation in the United States, “Although many parents of colour want the advantages granted by attending predominantly white schools, they also worry about the stress and even the danger they are putting their children in. These parents understand that the predominantly white teaching force has little if any authentic knowledge about children of color and has been socialized (often unconsciously) to see children of color as inferior and even to fear them.”

- To what extent will non-Indigenous teachers and peers treat Indigenous students differently?
- To what extent will ideas, from casual assumptions to textbook pronouncements, marginalize Indigenous students?

Parents and guardians will be especially wary if children must leave their home communities to attend school elsewhere. For example, at an Elders’ focus group in Miawpukek First Nation, several Elders said they left school in grade 6 because for the remainder of elementary school they would have had to board with strangers in a town 7 km away by boat.<sup>3</sup>

Such concerns help explain why enthusiasm for education has been lacking in some communities. Attendance at some reserve schools has been unreliable or interrupted for long periods of time.

Remote learning may be an option for students who do not want to leave their home communities. As the coronavirus pandemic has proven, internet access is increasingly important in education. Unfortunately, connectivity can be unreliable in remote communities.

Keewatinook Internet High School is an example of an online education program that pre-dates the pandemic. Operated by Keewatinook Okimakanak Board of Education in the Sioux Lookout, Ontario region, it normally offers tutorial sessions and land-based activities via a qualified teacher living in each community where students live, as well as access to an actual classroom and classroom assistant in each community.<sup>4</sup>

Meanwhile, as we will detail below, education on reserve has been under-funded. Schools on reserve have often been in disrepair and lacking libraries, gyms, and computer labs. The contaminated elementary school in Attawapiskat, Ontario, was the focus of Member of Parliament Charlie Angus’

2. Truth and Reconciliation Commission , Volume 5, p. 69.

3. 2009 interview recorded in Orr (2013).

4. Fiddler (2020)

2015 book *Children of the Broken Treaty*. Schools on reserve also find it difficult to recruit, house, and retain teachers.

Maggie Jones (2020) has shown how critical government support for post-secondary students is. She describes how federal support of Status and Inuit post-secondary students declined in 1989, after twelve years of covering all the students' expenses. After 1989, increases in total spending would be limited, and spending would be divided among bands. That meant that some eligible students did not receive funding.

Jones has been able to correlate the decline in financial support to a decrease in trade certifications for men, a decrease in bachelor degrees for women, and a 2.9% decrease in college completion for both sexes. She also finds that high school graduation results declined, especially on reserves, likely because, without as much possibility of attending post-secondary programs, motivation for getting a high school degree depends more on local employment opportunities. Jones calculated that the decline in postsecondary student support also reduced 2006 employment rates, the number of weeks worked, and the number of hours worked; it also increased social assistance rates. She figures that roughly 10% of the difference in hours worked between Indigenous and non-Indigenous in 2006 could be attributed to the decrease in postsecondary support.

Another issue is the lack of data and analysis of Indigenous education. In its June 5, 2020 editorial, the *Globe and Mail* contrasted the high school graduation rates on reserve in BC (70%) with those in Manitoba (36%). Off-reserve, high school graduation rates for Indigenous youth were 81% in BC and 61% in Manitoba. It noted that BC's substantial improvement in high school graduation rates has been achieved by using data to find problems, identify solutions, and direct spending.

Having reviewed several barriers to educational attainment, let's examine the different categories of Indigenous Education.

## First Nations On-Reserve Education System:



	Elementary Education (Kindergarten to Grade 8)	Secondary Education (Gr. 9 to Gr. 12, Adult School)	Post-Secondary Education (Colleges & Universities)	Professional Education (Trades, Certifications, Qualifications)
Mandated Legal Jurisdiction	<ul style="list-style-type: none"> <li>Provincial Ministries of Education [<i>Indian Act</i>, 1875 (sec. 114 to 122)]</li> </ul>		Provincial Ministries of Education	Provincial Ministries of Labour
Authority/Governance	<ul style="list-style-type: none"> <li>Provincial Ministries of Education</li> <li>Individual Band Councils</li> </ul>		<ul style="list-style-type: none"> <li>Provincial Ministries of Education</li> <li>Individual Band Councils</li> </ul>	Provincial Ministries of Labour
Primary Funding Source	<ul style="list-style-type: none"> <li>Individual Band Councils</li> <li>Provincial Ministries of Education</li> <li>Indigenous Services Canada</li> </ul>		Indigenous Services Canada	Employment & Social Development Canada
Funding/Support Programs	<ul style="list-style-type: none"> <li>Education Partnerships Program</li> <li>High Cost Special Needs Education Program</li> <li>First Nation Student Success Program</li> <li>New Paths to Education</li> </ul>		<ul style="list-style-type: none"> <li>Post-Secondary Partnerships Program</li> <li>Post-Secondary Student Support Program</li> </ul>	<ul style="list-style-type: none"> <li>Indigenous Skills and Employment Training</li> <li>Skills and Partnerships Fund Program</li> </ul>

*First Nation On-Reserve Education System Structure and Responsibility Breakdown. Research & graphic by: Pauline Galoustian [145]*

### Indigenous Formal Education:

Generally, Canada's provinces govern, administer, and fund educational institutions. However, some educational institutions belong to Indigenous communities, particularly First Nations. Educational programming by and for First Nations can be divided into three general categories:

- Band-run elementary schools (Primary schools) and Secondary schools (High Schools) on reserve
- Post-Secondary Institutions
- Professional Training Programs (Trades, Certifications, and Qualifications).

Each of these is administered, funded, and supported slightly differently, as the preceding graphic illustrates.

### Band-run Elementary and Secondary Schools:

In 2012 about 64% of First Nation students attended one of the 515 band-operated schools on reserves.<sup>5</sup> The *Indian Act* (sec. 114 to 122) is the current legislative authority over on-reserve

5. Assembly of First Nations (2012).

schooling; however, it makes no provisions about quality of the education, guaranteed funding, or standards for educators. In section 115 (a) it states that the provincial minister has the authority to “provide for and make regulations with respect to standards for buildings, equipment, teaching, education, inspection and discipline in connection with schools;”.<sup>6</sup> This leaves ample room for interpretation of what the standards of education on reserves should be and has led to a disparity between on and off-reserve education.

Since the rejection of the *First Nations Control of First Nations Education Act* in 2014, which proposed a series of centralized regulatory policies, there is no minimum legislated education standard for on-reserve First Nations students, with the exception of British Columbia’s *First Nations Jurisdiction over Education in British Columbia Act* (2006), Northern Quebec’s *James Bay and Northern Quebec Agreement* (1975), and Nova Scotia’s *Mikmaq Education Act* (1998).<sup>7</sup>



Grade 11 and 12 Indigenous students from First Nations communities and schools in the annual Aboriginal Students in Math and Science Workshop, 2014. Credits to: Simon Fraser University.(CC BY 2.0). [146]

In the recent past, the federal government channeled money to Bands through various programs, for which Bands had to apply. Don Drummond, former Chief Economist with TD

Bank, studied school funding with policy analyst Ellen Kachuck Rosenbluth (2013). They estimated that schools on reserve were receiving significantly less money per student than what provinces spend on schools equally small, remote, having large numbers of special needs students, and having special language or cultural requirements.<sup>8</sup> Drummond has said that reserve schools were receiving at least **30 percent** less than comparable provincial schools.<sup>9</sup>

Barry Anderson, one of the people responsible for BC schools’ improved success rates, and John Richards, a public policy professor at Simon Fraser University, produced a 2016 paper outlining several steps necessary to improve education on reserve. In brief, Anderson and Richards recommend increased and more reliable government funding for schooling and for related expenses such as transportation and lunches; having the community set clear educational achievement goals; training school staff to track results; and incentivizing higher performance with special payments. Their recommendations are summarized in the Table below.

### Suggested Activity:

→ Debate incentivizing higher performance with special payments.

6. *Indian Act*, 1985 (Sec. 114 to 122) Source: <https://laws-lois.justice.gc.ca/eng/acts/i-5/fulltext.html>

7. Assembly of First Nations (2012)

8. *Indian Act*, 1985 (Sec. 114 to 122) Source: <https://laws-lois.justice.gc.ca/eng/acts/i-5/fulltext.html>

9. Indigenous Services Canada (Dec. 2017).

In 2019 the federal government, in consultation with the Assembly of First Nations, the National Indian Education Council, and the Chiefs Committee on Education, acted on several of Anderson and Richards' recommendations.



# Improving Education on Reserve, adapted from Anderson and Richards (2016):

Aspects:	Before: Standard Up-keep	After: Growing Efficiency & Results
1. Funding/ Support Services	<ul style="list-style-type: none"> <li>• 5-year agreements (annual funding)</li> <li>• long response time to shifting costs</li> <li>• INAC education funding mixed in with other expenditures</li> <li>• Education competes with other INAC priorities for funding</li> <li>• Issues with sufficiency of the funds</li> </ul>	<ul style="list-style-type: none"> <li>• Annual reassessment of school funding based on the individual necessity, costs, and primary and support services needed</li> <li>• ISC education funds are protected</li> <li>• Guaranteed funding greater than provincial based on higher needs of FNs</li> <li>• Well managed, forward-looking budget</li> </ul>
2. Accountability/ Improvements	<ul style="list-style-type: none"> <li>• Next to no analysis of student performance and access to supports</li> <li>• INAC-driven emphasis on administrative aspects over teaching quality</li> <li>• Low school retention, high turnover of teachers, staff, and students</li> <li>• Low levels of professional development and growth for staff and students</li> </ul>	<ul style="list-style-type: none"> <li>• Annual analysis of student performance</li> <li>• Increased access to support programs</li> <li>• Engagement in improvement from band, community, students, and other partners</li> <li>• Bands, teachers, and ISC expected to drive improvements</li> <li>• Multiple opportunities for student and staff growth and development</li> </ul>
3. Result Oriented/ Effective Goal-setting	<ul style="list-style-type: none"> <li>• INAC set no clear expectations regarding the quality of learning and performance</li> <li>• No uniform reporting system or regulatory mechanism in place</li> <li>• Unrecorded results with no existing data to use for strategic planning at Band level</li> <li>• “SMART” process ignored (Specific, Measurable, Achievable, Relevant, Timely)</li> </ul>	<ul style="list-style-type: none"> <li>• Higher expectations from ISC regarding quality of learning and performance</li> <li>• Constant reporting of quality, quantity, and results later used for future planning</li> <li>• Implementation of the “SMART” process</li> <li>• Clear and attainable goal-setting, prioritization, and strategic planning by Band, administrators, students, parents etc.</li> </ul>
4. Professional & Governance Development	<ul style="list-style-type: none"> <li>• No effort or attention is paid to the professional development of FN educators and administrators</li> <li>• Low retention rates</li> <li>• Training for staff is very basic and limited</li> <li>• Governance system for Band-run schools is fairly static and focused on maintaining rather than improving</li> </ul>	<ul style="list-style-type: none"> <li>• A portion of the improvement efforts, strategy, and funding is aimed at developing the teachers, employees, and school administrators professionally</li> <li>• Student success monitoring and support is extended to post-secondary and workplace activities upon graduation</li> <li>• Bands operate, and ISC supports Bands</li> </ul>
5. Responsibility and Authority	<ul style="list-style-type: none"> <li>• Bands primarily responsible for the schools and support services while facing many challenges</li> <li>• INAC’s existing processes often inhibit the Bands running their schools effectively</li> </ul>	<ul style="list-style-type: none"> <li>• ISC engaged and responsible for education success on a large scale</li> <li>• ISC supports and works with FN Bands to help in large scale improvement projects</li> <li>• Authority remains with Bands, while the responsibility is shared with ISC</li> <li>• Funding regulations are strategic rather than inhibiting to success</li> </ul>

First Nation On-Reserve Education System Structure and Responsibility Breakdown. Research & graphic by: Pauline Galoustian [147]

Indigenous Services Canada now provides guaranteed base funding per student similar to the base

funding provinces pay. An additional \$1500 per student funds language and culture education. Schools on reserve will also receive additional funding based on remoteness, language, poverty rates, and school size.<sup>10</sup>

### **Elementary and High Schools not on Reserve:**

A 2008 study by John Richards found that the British Columbia school districts which had higher Indigenous academic achievement prioritized the success of Indigenous students, involved Indigenous leaders and community supports, used data to design district-wide strategies to improve the performance of Indigenous students, and followed through on these strategies.<sup>11</sup> They were more successful even after adjusting for overall student performance, the number and share of Indigenous students, and socioeconomic conditions in the district.

Richards' study recommended that all provinces and territories follow BC's example. It also recommended that Indigenous parents be informed about which schools have higher performing students, since Indigenous students do better academically at schools where non-Indigenous students are performing well. Indigenous students also do better at schools where there are fewer Indigenous students, suggesting that having a large concentration of Indigenous students in a school leads to a negative peer effect on academic performance.

### **Post-Secondary Education:**

Funding for public post-secondary institutions is the responsibility of the provinces; however, Indigenous Services Canada (ISC), the federal ministry, supports Indigenous students at these institutions and provides for post-secondary programming at Indigenous institutions.

ISC pays for students' tuition and other expenses through its Post-secondary Student Support Program. ISC's Post-Secondary Partnerships Program funds post-secondary instruction organized by Band Councils and higher-order Indigenous governments, as well as First Nations University of Canada in Regina, Saskatchewan.

As of April 2020, the total allocated by the Department of Indigenous Services for post-secondary Education in 2020 was 74 million dollars (Government of Canada, 2020c). Later, that amount was doubled by the addition of 75 million to help with Covid-19 disruptions.

How much is the original 74 million dollars per Indigenous student attending post-secondary? Statistics on the number of Indigenous or non-Indigenous youth in post-secondary education are not easy to come by. In 2016, 24 per cent of Canadian 19 year-olds were in college, and 36% of Canada's 21 year-olds were in university.

Meanwhile, there were about 83,000 Status persons aged 15-19 and about 89,500 aged 20-24.<sup>12</sup> This gives us an estimated 86,900 between the ages of 18 and 22.

Knowing that Status person are 44.5% of the total self-identifying Indigenous, and that the Status

10. Richards (2008).

11. Indigenous Services Canada (January 2019).

12. Statistics Canada (Feb 7, 2018).

population tends to be younger than other Indigenous populations, let's estimate that the total number of Indigenous youth of college age is double the 86,900: 173,800.



*First Nations University of Canada, Regina SK. Photo Credits to: Sean Marshall (CC BY-NC 2.0) [148]*

If 24% of these 173,800 youth went to postsecondary that would be a potential 41,712 attending, and the 74 million dollars spent by Indigenous Services Canada in 2020 would amount to \$1,744 per person per year.

### **Professional Programs:**

Professional programs allow people to qualify for various employment opportunities, such as serving alcohol, selling houses, doing carpentry work, or providing financial advice. Professional programs are overseen by provinces and the territories. Various Indigenous organizations have created certification and/or training programs for their constituencies.

These organizations include<sup>13</sup>:

- Individual First Nations such as Ermineskin First Nation in Alberta
- Local associations such as the Athabasca Tribal Council in Alberta
- Regional associations such as Community Futures Treaty 7 in Alberta
- Indigenous governments established by modern treaty such as the Cree Regional Authority and the Kativik Regional Government
- Organizations serving a particular cultural group such as the Gabriel Dumont Institute of Native Studies and Applied Research based in Saskatchewan and Tungasuvvingat Inuit based in Ottawa.
- Organizations not associated with any particular cultural group or Indigenous government,

13. Government of Canada (2020b).

such as the Centre for Aboriginal Human Resources Development Inc., in Winnipeg, Manitoba

The programs above, and many others, receive some financial assistance from the federal government's labour ministry (Employment and Social Development Canada), through its ISET program (Indigenous Skills and Employment Training).

Employment and Social Development Canada also offers money to the ISET-funded organizations for special projects as they arise, via its Skills and Partnership Fund.

The total amount allocated to ISET and the Skills and Partnership Fund in 2020 was 3 million (Government of Canada, 2020c). Clearly, the many organizations listed above must also be using other sources of funding such as provincial grants, modern treaty payments, and own-source revenue.

### **Consequences for Employment and Earnings:**

It is well-known that differences in educational achievement translate into different occupational opportunities and earnings. Anderson and Richards (2016) write,

“It is hard to exaggerate the role of high-school completion in predicting whether a teenager avoids poverty over his or her lifetime. Whether students are First Nation, Métis, or non-Aboriginal, high-school completion increases the probability of being employed by at least 25 percentage points.”

In her 2013 study, Professor Donna Feir finds that, for both Métis and First Nations persons living off-reserve, education makes the biggest difference to a person's weekly earnings. Moreover, Métis and off-reserve First Nations benefit as much from their education as do non-minority Canadians, as demonstrated in two previous studies. However, the difference in earnings between non-minorities and First Nations living on reserve is mostly unexplained by educational differences or any other observable factor, strongly suggesting that there are significant impediments to economic activity on reserve, such as will be discussed in Chapters 24, 27, 28 and 29.

Indigenous leaders understand the importance of education. Some have referred to post-secondary education as the “New Buffalo”. Cree-Salteaux Elder and Professor of Indigenous Studies Blair Stonechild has in fact written a book called *The New Buffalo: The Struggle for Aboriginal Post-secondary Education in Canada* (2006).

Calling post-secondary education a “buffalo” implies that education now plays an essential role in providing for Indigenous people, the way the bison provided for Plains First Nations prior to the nineteenth century.

Chief Mi'sel Joe of Miawpukek First Nation put it this way:

“Education is the engine that drives everything today. The important tool is the education tool and we have to learn to adapt to that and if we do that then we level the playing field a little more. If you don't have the education to effectively run any community then you are always

going to be behind somewhere. Money doesn't fix [our problems]. Money sometimes just adds to our anguish that's already there."<sup>14</sup>

### **Possible Negative Feedback between Employment and Education:**

It is possible that the existence of employment opportunities for people without higher education serves as a disincentive to pursue higher education. This has been cited as a problem for communities where there are a lot of high paying jobs in the oil and gas sector (see Chapter 26), and in a community which tries to guarantee jobs for its members.<sup>15</sup> While there are many good jobs that do not require post-secondary education, the concern is that too many young people will lose interest in post-secondary or even high school education.

Education contributes to human capital. It provides knowledge, critical-thinking skills, perspective, and many other things which can be used over a lifetime to enhance productivity and prosperity, as well as awareness, delight, and other non-pecuniary benefits.

In our next chapter we will discuss the importance of land as a form of capital, realizing that land is so much more than that to Indigenous people.

→ Review the *moral hazard* concept.

→ If there is access to good-paying jobs, why do you need community members to pursue higher education?

14. 2009 interview recorded in Orr (2013).

15. Orr (2013).



# Chapter 24

## *Land and Property Rights*

### Summary:

Like education, land is a form of capital which can provide a steady flow of income. However, reserve land does not live up to its potential as capital because of property rights deficiencies (explored in this chapter), lack of borrowing opportunities (chapter 27) and lack of supportive frameworks for business (chapter 28). The *First Nations Land Management Act* exists to help reserves enhance property rights and their systems of land management.

We know that land is important for so many reasons. Let's focus on land's economic significance. Economist André Le Dressay (2016 p.265) has proposed two main strategies for First Nations to become independent of government transfers. One is expanding the land to which they hold legally established rights and expanding their rights over that land. The other is to adopt laws and practices that promote business on those lands. The laws and practices can reflect the values of the community and its desire to develop in a holistic way. Indigenous communities can choose to adopt a form of "community capitalism" where decisions are made at the community level rather than at the individual level (Flanagan 2019). Generalizing, we can write:

Financial independence = More capital + Improved ability to translate that capital into income

This echoes what we learned about Economic growth. Economic growth can be generated by increased inputs, more efficient use of inputs, and more specialization and trade.

Economic growth = More inputs + Better use of inputs + Specialization and trade

This last formulation is better. It's not just land that matters: Indigenous economies can expand by increasing their labour force, improving the health, knowledge, education, skills, and experience of their members, adopting new technologies, and improving access to markets for example.

But in this chapter, we will focus on land.

When we think of the restoration of land to Indigenous peoples, we may think of their historic, cultural and emotional ties to the land, and of the justice in righting past wrongs. However, restoration of the land has economic significance as well. Land is an important form of capital, potentially generating income into the indefinite future.

→ What are some ways that land generates income?

One of the greatest impositions of the reserve system and the *Indian Act* is the way it has limited the land base of Indigenous peoples, and the way it has limited their ability to capitalize that reserve land.

As you know, First Nations were reduced to small reserves which would never grow in size no matter how quickly the band might grow.<sup>1</sup>

Furthermore, the protections against creditors found in the *Indian Act*, meaning that no person who is not a member of the band can seize reserve land if a band member defaults on a loan, render reserve land almost useless as collateral. Most Canadians are able to secure mortgages to buy houses or begin businesses only because the bank can claim and then sell their house and property should they default on their loan.

Because creditors cannot claim reserve land, and also because reserve land is subject to regulations which are opaque and variable, reserve land is not attractive to creditors and cannot be used as collateral. This is an issue not only for Indigenous people in Canada but for less privileged people throughout the world.

However, giving creditors the ability to seize land belonging to Indigenous people creates problems of its own. We say that reserve land is “alienated” once it becomes owned by people who are not members of that Indigenous community. How much alienation of land could an Indigenous community incur before it lost its sense of identity and ability to shape its future according to its values? We return to this question at the end of the chapter.

1. In 1972 the federal government began to formally consider expansions to reserves.

Economist Hernando de Soto has written an insightful book called *The Mystery of Capital: Why Capitalism triumphs in the West and fails everywhere else* (2003).

De Soto argues that the root cause of poverty in much of the world is the inability of the poor to leverage their land, talent, and savings into new investments. They cannot translate their capital into business opportunities because of a lack of certifications and rights. They have no title to the land they use, no personal identification documents such as a birth certificate, and often, no relationship with a bank.

Even in Canada, a lack of personal identifying documents prevents some people from participating in the larger economy. Without two pieces of photo identification, one cannot open a bank account. Without a credit card, one cannot rent a car, reserve a hotel room, or possibly even acquire a cellphone plan.

Clio Straram, Senior Regional Manager, Indigenous Banking at Toronto Dominion Bank in 2020, has identified lack of identification, as well as lack of reliable and fast internet, as factors limiting the ability of First Nation individuals to open bank accounts and acquire loans.<sup>2</sup> Many people on reserve do not have or need driver's licenses to operate vehicles. Many misplace and lose their birth certificates and Status cards. Straram envisions that these documents be stored in the Cloud and be accessible by cellphone.<sup>3</sup>

To translate land into useful capital that generates income, documentation that outlines property rights must accompany the land.

### **What do Fully-Formed Property Rights Look like?**

A property right to land is complete when it gives the owner the following rights:

- The right to use the land as the owner pleases, and to earn income from the land
- The right to exclude others from using the land
- The right to improve the land as the owner pleases
- The right to give, lease, or sell the land to anyone else

In Canada, most people living off-reserve own their land as “fee simple”. Fee simple is very close to a complete land right. However, it is slightly constrained by the right of government to control the use of the land. It is also constrained by civil and criminal law. So, for example, even if you own your house and land, you are not allowed to turn it into a marijuana grow-op. And the government has the right to buy your house and land from you if it wants to run a highway through your property.

### **Land Rights Under the *Indian Act*:**



*A girl smiles after receiving her birth certificate in a program run by Plan International. Note: all infants born in Canada receive birth certificates. Credits to: Plan International [149]*

2. Personal conversation, October 2020.

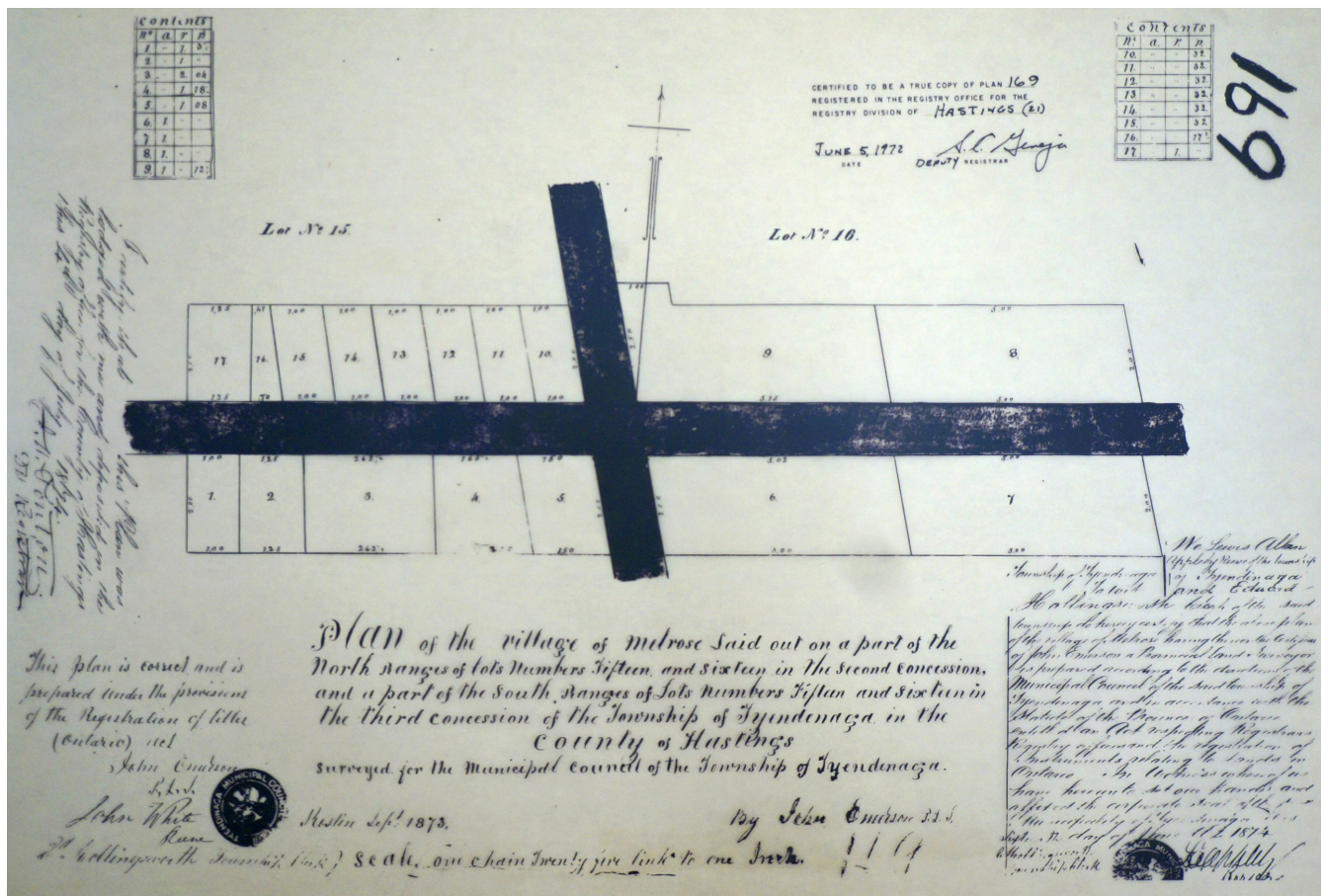
3. Personal conversation, October 2020.



Under the *Indian Act*, reversionary title to reserve land belongs to the province or territory where the reserve is located, so that if anything were to happen to the band, the land would revert to the province's ownership and management. The band, and members of the band, cannot sell reserve land to non-band members. They can only lease the land to non-band members. The band as a whole has the right to exclude others from the land and the right to use and improve the land as it wishes, subject to the articles of the *Indian Act* which specify, selling land only to other band members, allowing the government to acquire the land for public purposes after compensating the band, and following federal regulations which may have been created for reserves regarding mining, logging, wastewater treatment etc. For individual band members there are:

1. Customary Allotments:

These are basically the informal, historic associations between a particular individual or family and a parcel of land. Oral history and community recognition underpin these allocations. Customary Allotments entitle holders to use and improve the land as they wish, subject to regulations imposed by the Band Council, and to exclude others from the land.



A reproduction of "Plan of Village of Melrose on part of north ranges" of customary allotments in the of Township of Tyendinaga. Hastings Land Registry Office, 1972. Credits to: Community Archives (Public Domain) [150]

Limitations:

- Unless these are formally recognized by the band through a Band Council Resolution (BCR), federal and provincial courts of law will not recognize these rights

- The Band Council can override these allotments at will, reducing the incentive to improve these properties
- the lack of certainty regarding future use of these lands further reduces their value as collateral
- the lack of a right to sell or bequeath these lands, even to family members, further reduces the incentive to improve these lands or accept them as collateral.

## 2. Certificates of Possession:

CPs are the strongest property right possible for band members under the *Indian Act*. They are approved by the Band Council and by Indian Affairs and are upheld in Canadian courts. They give the owner the right to subdivide and sell the land to band members, bequeath the land to band members, and lease the land to off-reserve residents or corporations. A lease based on a certificate of possession is called a “locatee lease”.

In a regression analysis with Katrine Beauregard (2013), Flanagan found that reserves where many CPs had been issued had better housing quality, even after accounting for other factors such as remoteness. However, Aragón and Kessler (2020) found that CP intensity did not improve household income for band members. We will discuss their findings later in this chapter.

Limitations of CPs:

- Applying for a CP has taken as long as 11 years
- Land cannot be sold to a non-First Nation member of the community
- Land cannot be held by a member of the community who leaves the reserve for more than six months
- Even if banks are willing to use properties with CPs as collateral, their value is probably less than 50% of what the same property would be worth if off-reserve, due to the restriction that buyers be band-members or at least belong to a First Nation
- Some lands covered by CPs have been subdivided by inheritance dozens of times so that they are tiny and effectively useless (Flanagan 2019)

## 3. Leases:

Anyone, band member or not, Status or not, Indigenous or not, can lease land belonging to a reserve once the majority of members in the First Nation vote to “conditionally surrender” or “designate” the land to the federal government for leasing purposes.

If the land is not designated, and an individual wishes to lease out their land on the reserve, both the Minister of Indigenous Affairs and the Band must approve the lease. The revenue stream expected from the leasing agreement can be used as collateral. About 3.5% of reserve land was leased in 2011 (Flanagan 2019).

Limitations:

- leases take longer to arrange than leases on land which is not part of a reserve
- leases are managed by the federal government, whose interests have not always appeared to coincide with those of the band

→See the Musqueam First Nation case settled by *R. v. Guerin* (1984).

- leases on reserve land do not earn as much money as leases off-reserve because non-Indigenous leaseholders are concerned about possible political changes and tax increases, and their lack of representation on Band Council

#### 4. Permits

The Band can issue permits for non band-members (or band members) to use reserve land without having officially designated the land, as is required for leases. As explained by Aragón and Kessler (2020), permits allow a limited, specific use of the land, like livestock grazing or crossing the property with a road or pipeline. They do not give the permit-holder exclusive access, and they are usually granted for shorter periods of time than is a typical lease.

Permits may be issued to anyone, band-member or not. The Band and the Minister of Indigenous Affairs both have to sign off on the permit.

Aragón and Kessler (2020) found that, for one time period where data was sufficient, the percentage of reserve land covered by leases and permits issued on behalf of the community was positively correlated with water quality, total spending, and the salary of the Chief, suggesting that these forms of land tenure were providing significant revenue to the community.

So, the four forms of land ownership on reserve –customary allotments, certificates of possession, leases, and permits –all suffer from limitations in concept or implementation. The authors of *Building a Competitive First Nations Investment Climate* (2014) write:

“There is little evidence that the Indian Act property right system was intended to support economic growth. In fact, there is historical evidence to suggest the purpose of the Indian Act property right system was to prevent economic growth. First, individual property rights were not granted to First Nations because they were not considered responsible enough to use it in their best interest. Second, the land management intent was to maintain First Nations as wards of the state. Third, the land registry system was not intended to facilitate transactions or provide security to investors.”

→Could there have been any positive intentions in the *Indian Act* land system?

→In what better ways could those positive intentions have been expressed?

Not only do certificates of possession (CPs), leases, and permits have drawbacks, it is also the case that they are not much in use. As the Table below shows, in 2011 only four percent of land was

covered by CPs, among reserves still under Indian Act land use rules. Half of reserves did not have any CPs at all, and a majority had no lease and/or permit.

### Property rights on reserves, for the 573 reserves still under *Indian Act* land use provisions, 2011

Land Tenure Type	Percentage of Bands using them	Percentage of total reserve land
Certificates of Possession	50.6	4
Leases on Designated Land	38.9	3.2
Permits	40.7	0.3
Customary Allotments	100	unknown

Table by: Anya Hageman. Based on Table 1 of Aragón and Kessler (2020). Data from Geomatics Services INAC (2012)

#### **Creative Use of Certificates of Possession and Leases:**

Although CPs and leases offer incomplete property rights, they do offer some degree of property rights while securing the land base for the Band in perpetuity. Moreover, CPs and leases can be used creatively to supply more financing and opportunities for business.

Even though commercial banks are unlikely to be willing to accept a certificate of possession as collateral for a housing loan (mortgage), they may be willing to lend to a Band member if the Band guarantees the loan. Many Bands guarantee their members' mortgages if the member has a Certificate of Possession to offer as collateral. If the member defaults, the Band will assume ownership of the member's Certificate of Possession.

Another creative idea is the "A-to-A lease". In this case a band member leases their own land to themselves for a specified length of time, say 99 years. The band member uses the lease as collateral to get a mortgage from a commercial bank. Should the band member default, the bank will own the lease, and will be able to rent out the land for the remainder of the lease period. The title for the land stays with the First Nation. A commercial bank would probably not accept this arrangement unless the band member has a certificate of possession to the land being leased.

Remember that for a person to lease out their land they require the permission of the Band and of the federal government. Westbank First Nation, which has a self-government agreement, can avoid this red tape and is the only First Nation so far with an A-to-A leasing program.

#### **Alternatives to the *Indian Act* system of land rights:**

Since the property rights to reserve land under the *Indian Act* are limited, reducing the value of reserve land as collateral, and choking leasing arrangements with red tape and delays, First Nations leaders such as C.T. Manny Jules have spearheaded amendments to the *Indian Act*. These are championed by the Tulo Centre of Indigenous Economics in its online textbook and by Professor Tom Flanagan in his book *Beyond the Indian Act: Restoring Aboriginal Property Rights* (2011).

In particular, the *First Nations Land Management Act* (FNLMA) (1999) allows any First Nation, if

interested, to develop its own “land code” including land ownership rights, expedited land ownership transferal processes, a land ownership registration system, land use regulations, and dispute resolution processes. A third party (not federal government, not First Nation) approves the code, and the band members vote on it. The federal government provides money for setting up the new system, and for future victims of fraud. Under the new land code, legal documents can be issued to holders of customary allotments, which certify that the allotments cannot be annulled by the Band Council. As of 2018, 78 First Nations had passed land codes and 53 more were in the process of so doing.<sup>4</sup>

Knauer (2010) studied forty First Nations, 8 of which had adopted a new land code, and 32 of which had not (four from the same province as each of the 8 adopters) and found that the adopters had statistically significant higher income, average earnings, and growth in available housing.

4. National Indigenous Economic Development Board (2019).

## Case Study: Brokenhead Ojibway Nation

Brokenhead Ojibway Nation in southern Manitoba, a community of roughly 700 people, signed onto the FNLMA in 2013, ultimately ratifying its own land code in 2014. According to Gord Bluesky, the Band Council's Land & Resources Manager, the First Nation went through two complex phases of developing, ratifying, and then implementing the FNLMA. In the first phase the Band Council worked with external partners such as universities, other First Nations who already had land codes, and government departments to develop the code itself, later presenting the draft of the code in several meetings with the community. Brokenhead's Legal Counselor Lori Thompson stated that the code was dissected "word for word" and "from start to finish" in front of the First Nation's members, and only after whole community consultation and multiple revisions was the code ratified by a collective vote. In the second phase, or the "operational" phase, the FNLMA was actually implemented, with the First Nation opting out of 34 sections of the *Indian Act* and establishing its own land ownership laws and land management regulations. The gains from adopting the FNLMA include the increased speed with which the community can negotiate development projects and build essential infrastructure such as roads, clinics, and grocery stores (INAC 2014).



Brokenhead Ojibway Nation Council making changes to their new Land Code 2013 (from the left: Gord Bluesky, Paul Chief, Unknown, Lori Thompson) Credits to: Brokenhead Ojibway Nation (Used with permission of BON Council) [151]

To help develop land codes, First Nations can make use of the First Nations Lands Advisory Board (1996+) and its First Nations Land Management Resource Centre (1999+).<sup>5</sup>

Limitations:

- The process is costly
- Each First Nation develops its own land code, making it difficult for businesses to anticipate the rules
- Fee simple property rights are not an option: provincial governments still have reversionary title

To ease these limitations, a *First Nations Property Ownership Initiative* was proposed in 2010, but it has proved to be politically infeasible. This initiative would have allowed participating First Nations to issue fee simple property rights to band members. There would have been a First Nations land registry, and a ready-to-use legal framework for property tax.

A First Nation interested in going this route would have had to hold a referendum showing band members how existing property rights would or would not be converted to fee simple. The provincial government would no longer have retained reversionary title to the land.

#### **Disadvantages of Fee-Simple ownership:**

Fee-simple land ownership brings with it its own issues. First, there is likely to be an increase in **wealth inequality** since people who already own certificates of possession are the ones most likely to be granted fee simple title, and they will experience an instant increase in the value of their land holdings.

- Will this capital gain be shared with the rest of the community via taxation?
- Will other band members be given land in fee simple, and how would that be decided?

Another issue with fee-simple land ownership is the “**alienation**” of reserve land through sale: If more and more land is sold to, or repossessed by, non-First Nation people, can the community’s culture and spirit survive? Note that the First Nation will still have regulation and taxation powers over that land, no matter to whom it is sold or transferred.

- Debate the merits of fee-simple ownership of reserve land.

5. INAC (2014).

Relevant to this discussion, Aragón and Kessler (2020) found benefits from certificates of possession going primarily to non-band members. They studied 103 First Nations bands which used CPs between 1991 and 2011. The results were disappointing. The percentage of reserve land covered by CPs was not positively correlated with household income for band members. Neither labour income nor social assistance income changed significantly. Rather, the percentage of reserve land covered by CPs was correlated with economic opportunities for non-Aboriginal people. CPs were also correlated with the number of non-Aboriginal population on reserve. The authors believe that wealthier outsiders were attracted to the reserve by the new land tenure arrangements. An inflow of wealthier residents would explain why CPs were correlated with an increase in housing construction and housing quality.

Why are CPs not more strongly associated with rising incomes for Indigenous people? Aragón and Kessler caution that certificates of possession are still incomplete property rights compared to fee simple rights. They also point out that, even if reserve land could be fully “capitalized” – not that many Bands would desire this – translating this capital into rising household income would be hampered by the lack of business opportunities on reserve. We discuss how to create a positive business environment in Chapter 28.

In Chapter 27 we will explore some ways to help Indigenous people borrow despite the fact that their land may be unattractive as collateral. In the meantime, Chapter 25 describes how Indigenous communities have been able to add to their land base.





# Chapter 25

## *The Promise of Additional Land*

### Summary:

Bands and other Indigenous communities can acquire new land. They can purchase new land; they might also receive new land as settlement for a specific claim referring to their original Treaty; and they might receive lands as settlement for a land claim regarding their Aboriginal Title to lands which were never involved in a treaty. Specific claims and land claims involve a long and expensive process. In the meantime, the federal government has a duty to consult with Indigenous communities about development on the lands they claim. This results in Impact Benefit Agreements which provide useful funds and employment opportunities.

Recall that the Supreme Court's decision in *R. v. Calder* (1973) verified that Aboriginal Title exists, launching an era of land claims over lands that had not been officially ceded by Treaty. The Court did not, however, specify how Aboriginal Title would be determined.

In its 1997 *Delgamuukw v. BC* decision, the Supreme Court specified that Aboriginal Title is a communal right of any group that occupied the land in question prior to European contact. Where that cannot be proven, the group must have been occupying these lands continuously since then. Aboriginal Title gives exclusive use and occupation rights, but the land can only be used in a way the entire community approves; it also cannot be sold except to the Crown.

→How does this compare to land rights in a traditional reserve?

## **Primordially**

Aboriginal Title is affirmed for Indigenous groups who occupied the land in question before European contact. Bonita Lawrence (2004, p.4) has noted that most land claims in the Americas depend on whether the Indigenous group can prove its primordially – its existence on the land from time immemorial. The land claims, once settled, also require that primordial traditions, such as collective ownership and traditional (vs. commercial) hunting and gathering, continue to be practiced. Thus, Indigenous economies are locked into their seventeenth century forms.

The Supreme Court ruling *R. v. Van der Peet* (1996) follows this pattern by defining an Aboriginal Right as a traditional, pre-contact practice. *R. v. Marshall* (1999) determines that First Nations who signed Peace and Friendship Treaties in Atlantic Canada have the right to earn a “moderate livelihood” from fishing, but not the right to large-scale commercial fishing.

This emphasis on primordially does not recognize the right or the need of Indigenous people to migrate and adapt in response to economic pressures and opportunities, many of which pressures have been forced upon them. It also weakens or eliminates Indigenous claims to urban areas, since Indigenous occupation of these areas has been interrupted.

### **The High Cost of Land Claims:**

Recall that not until 1974, after the *R. v. Calder* decision, was a federal government office opened to handle specific claims (treaty-related complaints) and land claims (regarding areas of land not covered by treaty). Until 2006 that Office operated with the government being both the Accused and the Judge. Moreover, a Senate report found the specific claims process to be “complicated, time-consuming, expensive, adversarial, and legalistic.”<sup>1</sup> Specific claims, of which there were 800 outstanding, took an average of 13 years to resolve. It is likely that land claims moved even more slowly.

Despite a new resolution in 2007, the Auditor General (2016) has found that things have not improved since then. In fact, new procedural barriers have been erected. Information sharing between the government and First Nations is poor, and funding to First Nations to help them prepare and negotiate their specific claims has been reduced. Most years, more new claims are filed than are resolved.

### **The Duty to Consult:**

Since land rights are difficult and costly to settle, it is fortunate that a more general **Duty to Consult** has been established.

In its *Haida Nation v. British Columbia* (2004) ruling, the Supreme Court dealt with the issue of British Columbia granting forestry licenses in the ancestral lands of the Haida. The Haida worried that the old growth forests would be “irretrievably despoiled” before their Aboriginal Title claim was ever resolved. The ruling inaugurated the concept of the Duty to Consult on the part of the federal or provincial government.

1. Auditor General (2016).

*The Crown, acting honourably, cannot cavalierly run roughshod over Aboriginal interests where claims affecting these interests are being seriously pursued in the process of treaty negotiation and proof. It must respect these potential, but yet unproven, interests. [27]*

*...the duty to consult and accommodate, as discussed above, flows from the Crown's assumption of sovereignty over lands and resources formerly held by the Aboriginal group.*

*This theory provides no support for an obligation on third parties to consult or accommodate...the ultimate legal responsibility for consultation and accommodation rests with the Crown. [53]*

This last sentence tells us that the federal or provincial government is responsible for the quality of the consultation and accommodation of Indigenous communities who are pursuing land claims. The government cannot just accept whatever a company does in the way of consulting or accommodating an Indigenous community.

Later, in 2014, the Supreme Court of Canada granted Aboriginal Title to the Tsilhqot'in Nation for 1900 square kilometres, roughly five percent of the territory claimed. Tsilhqot'in Nation had taken British Columbia to court over forestry licenses granted to non-Tsilhqot'in companies. The Court ruled that the Tsilhqot'in people, who like most mainland British Columbia Indigenous people never made a treaty with any government, have the right to actively manage the lands of which they traditionally made "regular and exclusive use".

Bill Gallagher and Toby Heaps, each writing in *Corporate Knights* (Spring 2019), explain that more and more land is coming under Indigenous control due to successful court challenges. Companies wishing to extract resources on traditionally indigenous lands are having to negotiate **Impact Benefit Agreements** with local communities.

Toby Heaps writes,

*"The new rule of business in Canada's resource economy is: No Indigenous buy-in, no dice. Buy-in doesn't come cheap. It means a radical departure from business as usual practices. That means more than just a few token jobs. The table stakes are meaningful equity ownership, control through executive and governance bodies, employment, involvement in environmental planning and, critically, sourcing. Canadian businesses and governments need to be much better partners and customers of Indigenous businesses."*

Sourcing means buying goods and services from the Indigenous community where possible.

The Duty to Consult is part of the **United Nations Declaration on the Rights of Indigenous Peoples** (UNDRIP), which Canada signed in 2016. Article 32 section 2 reads:

*"States shall consult and cooperate in good faith with the Indigenous peoples concerned through their own representative institutions in order to obtain their free and informed consent prior to the approval of any project affecting their lands or territories and other resources, particularly in connection with the development, utilization or exploitation of mineral, water or other resources."*

This appears to give Indigenous peoples veto power over development of their lands.

This ruling encouraged many First Nations to reinvigorate their land claim efforts. The legal process would be slow and costly, however.



*Tsilhqot'in and counsel with legal team representing the Secwepemc, Okanagan and Union of BC Indian Chiefs, Intervenor before the Supreme Court on Nov. 7, 2013. . Photo credits to: Thompson Rivers University (CC BY-NC-SA 2.0) [152]*

### **Benefits from Land Claims Agreements:**

A 2015 study by Fernando Aragón showed that comprehensive land agreements enacted by 2005 in British Columbia, Yukon, and the North West Territories led to an increase in mining agreements, likely because of the clarification as to who had rights over what. In turn, private sector wages increased; income, particularly labour income, rose in all occupations except public sector jobs. House prices increased.

K. Pendakur and R. Pendakur (2017) updated this inquiry to 2010 and extended it to all of Canada. They too found a positive effect on income, mostly labour income, from comprehensive land claims agreements, whether or not a self-government agreement is included. They also found a small increase in income for communities participating in both the *First Nations Financial Management Act* and the *First Nations Land Management Act*. Aboriginal household income rose about 7% in communities with the aforementioned agreements, and income inequality appeared to be falling. However, income rose twice as much in the non-Aboriginal households included in the same Census subdivisions.

Pendakur and Pendakur also found that self-government agreements without comprehensive land claims agreements were not effective at raising income.

### **Expanding Reserves without using the Land Claims process**

In 1972, the federal government created a process for adding lands to reserve. This process is now known as Additions to Reserve (ATR). Through ATR, First Nations can apply for new land attached to or detached from their existing reserve(s). Many of the requests are classified as Treaty Land Entitlements, because they are alleged to arise from treaty agreements that were not properly fulfilled.

According to the National Indigenous Economic Development Board (2019, p. 84), there are 1,300 ATR applications outstanding, eighty percent of which relate to the Crown's legal obligations towards treaty partners.

Some of the new reserves will be located in urban settings. The first urban reserves were created in Saskatchewan in the early 1980s. The Saskatchewan Treaty Land Entitlement Framework Agreement (1992) greatly accelerated this trend by formalizing procedures for compensating First Nations who were never given all the reserve acres promised in Treaty. It also gives First Nations land in respect of population growth.

When urban reserves are acquired, they are purchased by Bands, not expropriated by government. As Flanagan (2019) explains, not only do the current owners of the land have to agree to the sale, but municipalities have to agree to zoning, infrastructure, property taxes (if any), and fees (if any) for services provided by the municipality.

→Review what happened when a landowner offered to donate contested land to the Kanien'kehá:ka of Kanasetake in 2019.

Today, there are 100 urban reserves including 54 in Saskatchewan. Some First Nations own more than one urban reserve. Most urban reserves are intended to be commercial centres, and include ventures such as gas stations, convenience stores, office space, shopping centres, golf courses and casinos.

Comparing First Nations with and without urban reserves, Flanagan and Harding (2016) conclude that only those First Nations making active commercial use of their urban reserves have seen a noticeable improvement in Community Well-Being Index scores. These Bands were already better off to begin with – better prepared to do the work needed to get an urban reserve and to build businesses upon it.

There are two urban reserves in Winnipeg belonging to the Peguis whose history we briefly described in Chapter 10. The second reserve is receiving a tax break: for the first five years, Peguis will pay 20% less municipal tax than other Winnipeggers. The province will make up the difference to Winnipeg. Meanwhile Peguis taking up an unattractive site which it has refurbished and rented out.

In Chapter 28 we will discuss ways to promote business on land owned by Indigenous communities, particularly urban land. But first we'll take a look at how Indigenous communities can use wilderness lands.



### Summary:

In this Chapter we will talk about the many ways that large tracts of wilderness lands can benefit Indigenous communities. These lands are valuable in and of themselves, and possibly as a source of eco-management employment, as a venue for green energy projects, and for hunting, trapping, fishing, logging, and mining. We discuss Impact Benefit Agreements and Royalty Sharing. We consider aspects of the “Resource Curse”. Economic theory offers three directives for the efficient use of natural resources.

Indigenous communities have many reasons to claim ancestral lands. The land may have significant spiritual and cultural value. Its location may provide better opportunities for ceremonies, recreation, education, or business. Finally, the land itself can provide income or business opportunities.

### **Preserving Land for its Own Sake:**

There are many examples of Indigenous communities acquiring land rights not to use the land for business purposes but to protect it from commercial exploitation. One example is that of four Ojibwa communities close to the Manitoba-Ontario border. Concerned about a proposed electric grid to be built through their traditional territory, the First Nations – Bloodvein River, Little Grand Rapids, Pauingassi, and Poplar River – joined together to nominate it for UNESCO World Heritage Site status. The federal and provincial governments came on board to support this effort. In July 2018 UNESCO approved the bid, effectively protecting an area the size of Vancouver Island from commercial development. The process took 16 years and cost the First Nations about six hundred thousand dollars; the governments of Ontario and Manitoba paid about five million.

The newly protected area is named Pimachiowin Aki, which means “the land that gives life” in Anishinaabemowin. Pimachiowin Aki is just one of many newly protected Indigenous lands which will help Canada meet its target of having 17% of Canadian land under conservation.<sup>1</sup> For more on protecting lands with Indigenous cooperation, see the report of the Indigenous Circle of Experts (2018).

### Suggested Activity:

Use the web to view Pimachiowin Aki and other amazing Indigenous-protected lands such as Tombstone Territorial Park and Tsá Tué Biosphere Reserve (also a UNESCO World Heritage Site).



POMACHIOWIN AKI Map of the World Heritage Site. Credits to: Pomachiowin Aki Heritage Org. Source: [pimachiowinaki.org](http://pimachiowinaki.org) [155]

1. Indigenous Circle of Experts, (2018).



### **Earning income from the Management of Protected Lands:**

Even conservation lands can be income-generating, if Indigenous peoples are paid for their stewardship of the land or if they can offer eco-tourism of some kind.

Nuxalk knowledge keepers have been working as volunteer “Guardian Watchmen”, patrolling the mouth of the Bella Coola River in BC for poachers, illegal fishers, boaters in distress, and rogue grizzly bears. It would make sense for this very real service to be compensated. Such compensation would not be new. Recall that Cree monitored the beaver reserves set up in the 1930s. Today, Cree in the Moose River area are employed to monitor goose hunting.

One approach to conservation is to pay local communities for the number of animals or plants which are preserved, instead of banning hunting and then searching for and punishing poachers. **Community Based Resource Management** could give nearby communities the right to profit from the existence of the species of concern, polar bears for example.

The community would be able to hunt the bears for personal use or sale or make money by allowing others to hunt the bears. The government would pay the community each year for the number of polar bears in its vicinity, on behalf of Canadians who value the polar bears’ continuing existence.

The local community now would have a clear interest in growing the polar bear population, discouraging poachers, and finding ways to identify and isolate problem bears.

- Discuss some of the pros and cons of Community Based Resource Management.
- Search the internet on the disagreement between biologists and Inuit regarding polar bear numbers.

In Community Based Resource Management, locals are given the property rights to an animal population rather than to a parcel of land. It would probably be even more efficient to give rights to both land and animals to the local Indigenous community, since habitat is critical to the animals, and animals can provide revenue with which to improve and protect habitat.

### **The Case of Wood Buffalo National Park:**

The history of Wood Buffalo National Park serves as an example of what can go wrong when the local community is not included in conservation. Wood Buffalo National Park, which is about the size of Switzerland, straddles Alberta and the North West Territories.

As described by Indigenous Circle of Experts (2018), this park was established in 1922 on Treaty 8 land used by the Mikisew Cree, with the understanding that the Cree would be able to harvest the bison once the population of bison was safely established, and that the land would be returned to the Cree in 100 years. Any guesses as to what happened?

Not only does it appear that the land will not be returned, not only were the bison kept off-limits to the Mikisew, but also the hunting, trapping and fishing activities of the Mikisew were limited or prohibited depending on the species. Mikisew who broke the new laws were fined, incarcerated, or banished from the park. Many left the area.

Because of limits on traditional food-gathering activities, migration away from the area, and environmental degradation, valuable knowledge of the species living in the park has been lost.

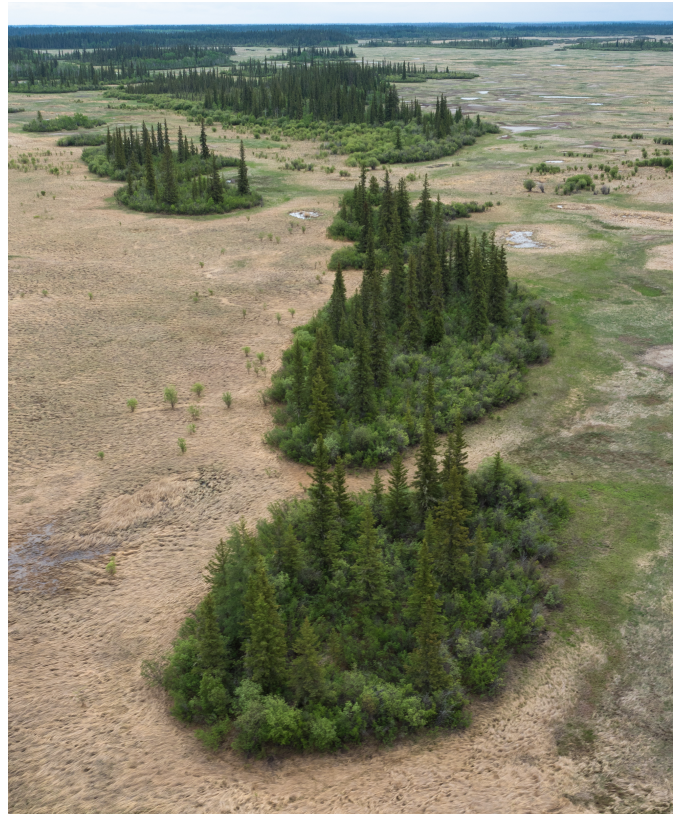
Moreover, the biodiversity of the Park has been affected by two projects outside the park: the Bennet Dam (opened 1968), with the attendant problems related to damming described in Chapter 15; and the Athabasca Oil Sands development.

*“To show them how we used to do our trapping and hunting, and where, —where we used to pick rat root, pick up eggs, when the birds come out in the spring, annual egg picking—we can’t do that anymore. We can’t teach anybody these things because we don’t have the birds that used to lay the eggs, or most of the animals we used to hunt. It’s the same with trapping, you know. There is very little left that you can pass on to the younger generation. I take my grandkids down the river and all I can say is ‘This is what used to be there.’” ICE (2018) p.30*

The people most sensitive to the Park’s well-being, whose activities were an integral part of the Park’s ecological balance, were kept out.

A program of Community Based Resource Management, on the other hand, would have involved the local Indigenous community in monitoring species, maintaining trails and nesting areas, reforestation, setting hunting quotas, selling hunting licenses, supervising hunting and fishing, and guiding tourists and hunters.

Muller (1975) suggested that Indigenous communities could be given the right to collect tolls on roads in exchange for their responsibility to monitor traffic, watch for fire, patrol drunk or other problem drivers, and assist stranded motorists.



Tree islands, evidence of reduced water levels in Wood Buffalo National Park. Credits to: Louis Bockner/Sierra Club BC (CC BY-NC 2.0) [156]

He also recommended subsidizing fur trappers the way that provincial governments subsidize dairy farmers.

*“This would protect employment, prevent the loss of specialized knowledge, provide connection to elders and to the land, and possibly restore ecological balance.”*

This piece of advice has been acted upon: hunter and trapper support programs do exist, financed by provincial governments or local Indigenous governments.

### **Income Possibility: Clean Energy**

The Spring 2019 edition of *Corporate Knights*, published by the Globe and Mail, noted that in the next five years, 175 northern communities – presumably mostly Indigenous – would be transitioning away from using diesel-fueled generators for the community’s electricity. This represents an opportunity to invest in clean energy projects. Energy and other “utilities” represent infrastructure that is constantly used and generates reliable revenues from mostly predictable costs. According to *Corporate Knights*, clean energy projects generate returns of 10% or more.



*Solar T'Souke – T'Sou-ke Chief Gordon Planes amongst a sea of solar modules on the canoe shed on Vancouver Island. For Chief Planes, using solar energy is like returning to his roots: “Our people were dependent on the elements that the Creator gave us.” Photo & Text Credits to: David Dodge/ Green Energy Futures. (CC BY-NC-SA 2.0) [157]*

Already, about 20% of Canada’s green energy production comes from installations that have Indigenous ownership, usually about 25% ownership. This includes 152 installations generating at least 1 megawatt per hour at peak.

## Income Possibility: Natural Resources

We have just discussed the possible benefits to Indigenous peoples of managing wild lands for conservation or energy collection purposes. What about commercial use of wild lands? For many Indigenous peoples living in remote areas, ventures like forestry, mining, petroleum, and hydroelectricity projects offer an obvious way to earn income.

### Hunting and Trapping:

Hunting and Trapping is regulated at the provincial or territorial level. Indigenous communities with self-government agreements have worked out arrangements with the province or territory to regulate hunting and trapping on their own lands.

During the time of treaty making, First Nations understood themselves to have the right to hunt, trap and fish on any unoccupied lands within their traditional lands. However, these rights were greatly restricted during the early nineteenth century, when Indian Agents could prevent people from leaving reserves, and when the *Indian Act* contained clauses prohibiting the sale of meat and hides.

In response to Indigenous activism, a series of Supreme Court rulings affirming Aboriginal Rights, beginning with *R. v. Calder* in 1973, have led gradually to increased freedom for First Nations to hunt, trap, and fish on their traditional territories. The *R v. Powley* decision in 2003 extended these privileges to Métis, simultaneously establishing the legal definition of Métis.



*Pheasant hunting. Credits to: Cowgirl Jules. (CC BY-NC 2.0) [158]*

First Nations reserves are typically too small for any hunting or trapping to take place, but today, Status Indians have the right to hunt and trap off reserve on unoccupied lands within their Treaty's boundaries. If they wish to hunt or trap in another Treaty area, they can present a letter of permission from a First Nation within that territory, called a **Shipman letter**.<sup>2</sup>

However, since hunting meat to sell to others has been deemed not to be a traditional activity, First Nations and Métis hunters do not have the right to sell their meat. They do have the right to sell fur but may have to abide by provincial or territorial limits on method of trapping and number and type of pelts collected.

2. White, (2017).

## Fisheries:

In Canada, the federal government regulates saltwater fisheries and salmon fisheries, while the provincial and territorial governments regulate the freshwater fisheries within their own borders. Self-governing Indigenous communities with modern treaties have agreements with federal and provincial governments about how to use the fisheries within their territories.

Historically, Indigenous people have been crowded out of fishing opportunities. Treaties usually implicitly or explicitly guaranteed Indigenous people the right to fish on unoccupied lands within the treaty area, but over time, settlers took over more and more of the fisheries.

In response to Indigenous activism, Supreme Court Rulings such as *R. v. Sparrow* (1990) have restored the right to fish – within an Aboriginal community’s traditional territory.

“An Aboriginal person who is not a member of the treaty group can no more participate in a treaty fishery without permission than a non-Aboriginal person can,” explains Professor Hamar Foster of the University of Victoria.<sup>3</sup>

The Aboriginal right to fish does not include the right to sell fish commercially, unless that Aboriginal community has negotiated an agreement with the government, has negotiated a side agreement to its Treaty, or has a court ruling determining that commercial fishing is part of their community’s traditional practice.



Robert Grandjambe pulling a lake trout from his nets in Lake Athabasca near Fort Chipewyan First Nation. Attributed to: Louis Bockner/ Sierra Club BC. (CC BY-NC 2.0) [159]



→ The suppression of Indigenous fishing in Georgian Bay and Lake Huron is detailed in “The Fishing Chiefs” (2018), part of the Bruce Documentary Series

The Heiltsuk in British Columbia have such a ruling (*R. v. Gladstone*). In Atlantic Canada, the

3. First Nations Study Program (2009).

Mi'kmaq, Wolastoqiyik (Maliseet) and Peskotomuhkati (Passamaquoddy) have the right to earn a “moderate livelihood” from fishing (R. v. Marshall).

Without such a ruling or a legal agreement with the Crown, Indigenous fishers who want to sell fish must obtain a fishing license from the Crown.

In the spirit of the United Nations’ Declaration of the Rights of Indigenous Peoples, the federal government’s Department of Fisheries and Oceans has created a “Reconciliation Strategy” listing dozens of actions to be taken. These actions can be summarized as involving Indigenous knowledge keepers and communities in fisheries decision-making and management, and increasing Indigenous participation in the industry by training and hiring Indigenous people.



*Commercial fishing boat buying salmon from the local Katzie First Nation peoples; Pitt Meadows, BC. First Nations that do have the authorization to fish commercially own small fishing boats which they operate under special permits. Photo & text credits to: Ken Lord. (CC BY-NC-SA 2.0) [160]*

The Strategy is supported by several sources of funds, including 50 million dollars for Indigenous communities to protect fish habitat. The Strategy’s success will be measured by the number of agreements involving Indigenous communities, the number of Indigenous persons trained through those agreements, and the number of Indigenous people hired through those agreements.

The National Indigenous Fisheries Institute is an Indigenous-led organization that promotes best practices in fisheries management.

### Forestry:

Seventy percent of Indigenous communities are located in forested areas.<sup>4</sup> Indigenous people have long worked in forestry; in 2011, nine thousand did.<sup>5</sup>

Rolf Knight (1978) tells the story of a steam-powered sawmill set up by the Hudson’s Bay Company on Vancouver Island in 1856. Local Indigenous men cut trees by hand to bring to the sawmill and were paid one HBC blanket for eight large logs or 16 small ones. He describes the expansion of the forestry sector in British Columbia and how Indigenous men and women were migrating to the sawmills around Victoria by the 1870s. Indigenous “longshoremen” acquired



*Forestry. Photo credits to: Markus Spiske (Public Domain) [161]*

4. Government of Canada (2016b).

5. Ibid, (2016).

an excellent reputation for loading and unloading boats. “Both they and employers recounted tales of the unusual skill, stamina, and knack of Indian crews.” (Knight p. 126). These longshoremen were instrumental in unionizing dock workers. Some Indigenous communities bought their own sawmills, for example the Gitksan at Kispiox in 1898, who issued shares to Band members to fund the purchase.

On the other hand, some communities were discouraged from buying sawmills, for example the Mississauga at Hiawatha First Nation (Ontario), whose plans to build a sawmill that same year were thwarted by an Indian Agent who was annoyed that the Band had not asked permission first.<sup>6</sup>

In British Columbia, “a steady alienation of the most accessible and valuable Crown timber land to sawmills and speculators, at give-away prices, occurred in the two decades before 1900,” writes Knight (p. 262). This is what had been going on in the eastern provinces earlier. During the twentieth century, logging licenses were granted or sold to non-Indigenous people on traditional Indigenous lands, while First Nations might be fined for logging without a license. These injustices prompted Indigenous activism and legal challenges.

Over the last forty years, Supreme Court rulings around treaty rights and Aboriginal title have gradually enhanced the ability of First Nations and Métis to regulate logging on their traditional lands and to manage their own forestry operations. It was a dispute about logging on ancestral Haida lands that led to the Supreme Court ruling *Haida Nation v. BC* (2004), establishing the Duty to Consult.

In the early 1980s, only half a percent of the forest available to be harvested was Indigenous-owned, but by 2017 the number was 10.5%.<sup>7</sup>

Since 2011 the Indigenous Forestry Initiative, paid for by the federal Department of Natural resources, has helped fund Indigenous forestry projects, though not at the level of individual entrepreneurs. Other branches of the federal government and provincial ministries have also assisted. Over the period between 2017 and 2020, in partnership with Indigenous Services Canada, the IFI has granted over \$12.7 in funding for forestry ventures.<sup>8</sup>



Workers in the sawmill on the Pacheedaht First Nation reserve in Port Renfrew, British Columbia. Credits to: Government of Canada. Photo credits to: Pacheedaht First Nation (Access 90 Open) [162]

6. Shpunisarsky et al., 2016.

7. Bickis (2019).

8. Government of Canada, (2020d).

## Regions with Indigenous-held forestry contracts :

Region	% Indigenous forestry tenure, 2017
NL	7.3
NB	4.6
QC	3.6
ON	17.8
MB	34.3
SK	30.7
AB	3.3
BC	11.6
NWT	100.0

*Data: National Aboriginal Forestry Association (2009), Summary by: Anya Hageman*

In the Table at right we see the Indigenous share of forestry tenure, the forested area for which the Crown has issued licenses or other permissions.



*In 2018 an Indigenous Forestry Initiative team worked with members of the Teslin Tlingit Council in Yukon on a wood biomass energy initiative to reduce their community's dependence on diesel fuel. Photo & Text Credits to: NRCan, Government of Canada. (Access 90 Open) [163]*



The province of Ontario now has a program to share its revenues from forestry with local First Nations. The province collects stumpage fees, a tax per cubic meter of wood charged to forestry companies for the privilege of logging on Crown land. Beginning in 2018, Ontario will share 45% of stumpage fees with First Nations of Treaty #3, First Nations of the Wabun Council, and Cree Nations on the west side of James Bay. The National Aboriginal Forestry Association (NAFA) exists to promote and support Indigenous forestry that is holistic and fosters sustainable Indigenous communities.

NAFA collaborates with governments, forestry industry associations, academic institutions and other groups.

### Minerals:

Since 1930, provinces and territories have owned and regulated all subsurface resources. However, First Nations believe that, when they agreed to the Numbered Treaties, they were allowing settlers to use the land only “to the depth of the plow”. At that time, no one was imagining that Prairie lands would be rich in potash, uranium, or oil. Thus settlers eventually mined and drilled on ceded land without compensating First Nations.

All over present-day Canada, First Nations were pushed off lands that were mineral-rich, for example during the Klondike Gold Rush (1897). The Klondike Gold Rush precipitated Treaty 8, which also does not include subsurface mineral rights for First Nations, nor any revenue sharing.

For more than 100 years there was no sharing of mining profits with Indigenous people in Canada. While Sudbury, Ontario became world famous for its nickel, the local First Nations continued to receive just \$4 a year per person.

Ontario now has a program to share its mining revenue with local First Nations. Beginning in 2018, Ontario will share 40% of the income taxes and royalties it collects from mining companies working existing mines, and 45% of its revenues from new mines, with First Nations of Treaty #3, First Nations of the Wabun Council, and Cree Nations on the west side of James Bay. (Royalties are an extraction-based tax paid by resource companies to the government).

Since 2011, British Columbia has implemented some mining revenue sharing agreements, on a project-by-project basis.

Modern Treaties typically contain provisions for revenue sharing from mining. Some of these are shown in the Table just below.



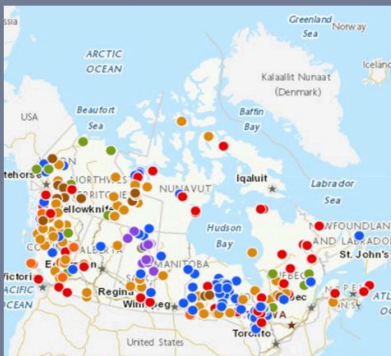
*Copper Mining in Canada. Photo credits to: Gord McKenna (CC BY-NC 2.0) [164]*

## Modern Treaties with Revenue Sharing Provisions:

Agreement	Indigenous signatories' share of the first \$2 million earned by the province/territory	Indigenous signatories' share of any additional royalties	Threshold above which royalties are taxed
Umbrella Final Agreement with Yukon First Nations (1995)	50%	10% of additional royalties	n/a
Gwich'in (1992) and Sahtu Dene and Métis (1993) Final Agreements (North West Territories)	7.5%	1.5%	3 million
Tlicho Final Agreement (BC) (2005)	10.4%	2.1%	4.2 million
Nunatsiavut (2005), Nunavut (1993), and Nunavik (2007) Final Agreements	10.4%	5%	n/a

Modern Treaties with Revenue Sharing Provisions Chart. Compiled by: Anya Hageman. Source of information: Coates, (2015). [170]

### Suggested Activity:



In order to better visualize the magnitude and number of the agreements, projects, and active mines currently on Indigenous lands, use the following link to view the interactive map on

Indigenous Mining Agreements: Lands and Minerals Sector:

<https://atlas.gc.ca/imaema/en/index.html>

→ Which regions/provinces have the most mines?

→ What is being extracted?

### Oil and Gas:

Oil and Gas development on reserve lands is regulated by the 1985 *Indian Oil and Gas Act*. A First Nation's share of revenues from an oil and gas project, resulting from its ownership of the project or from an Impact Benefit Agreement, is deposited in the Indian Moneys Trust Fund with the federal government. Bands must apply to withdraw this money.



Alberta's Oil Sands north of Fort McMurray. Photo credits to: Dru Oja Jay, Dominion/Howls Art Collective (CC BY 2.0) [165]

The Minister of Indigenous Services has the right to regulate oil and gas exploration, the terms of oil and gas extraction contracts, the determination of royalties, the amounts extracted, and environmental precautions, and also has the right to inspect facilities and operations for compliance with the Act.

The **Indian Resource Council** (IRC) represents more than 130 First Nations who produce oil and gas or who directly benefit from oil and gas production.

In an advertisement in *The Globe and Mail* June 20, 2020, the IRC asked for financial support from the federal government due to declining

sales of oil and gas during the COVID-19 pandemic.

It noted that together, member First Nations had made 256 million dollars a year at the market's peak (presumably meaning 2018), and that they depend on these oil and gas earnings to fund programs and services on reserve.

The IRC appealed to Canada's fiduciary duty toward oil and gas producing First Nations, a duty that arises from the fact that Indigenous Services Canada and its agency, **Indian Oil and Gas Canada**, manage First Nations' business and money. It stated that the federal government's management of First Nations' oil and gas has left First Nations "extremely vulnerable to market turbulence." How might this be?

### **Impact Benefit Agreements:**

Impact Benefit Agreements are now normally negotiated when a non-Indigenous company seeks to extract resources on lands traditionally associated with an Indigenous community. These Agreements can mitigate the downsides of resource extraction by guaranteeing local hiring, training, and use of local service providers; guaranteeing some form of investment in the Indigenous community; and promising environmental cleanup.

Unfortunately, Indigenous groups are at somewhat of a disadvantage in bargaining unless they spend a great deal of money on legal, engineering, and environmental experts. Impact Benefit Agreements have not usually, but could include the provision that the company will share profits with the Indigenous community.

Existing shareholders would likely object to giving the Indigenous community an equity share of the company, but sharing profits does not rise to that level.



Canadian Zinc Chairman, John F. Kearney (left) and Chief Jim Antoine, Chief of the Liidlii Kue First Nation (right) signing the Liidlii Kue Impact Benefit Agreement 2011. Photo Credits to: NWT & Nunavut Chamber of Mines (Northern Mining News - Vol. 4, No. 6, July 2011) Used with permission from: Doug Ashbury [166]

At the time of writing this text, companies have to report payments over \$100,000 made to First Nations, but not the details of any Impact Benefit Agreements, and First Nations do not have to label Impact Benefit Agreements in their financial reporting<sup>9</sup>.

Companies often ask communities to sign non-disclosure agreements. They do not want the details of the IBA known.

- What are some motives for both First Nations and outside companies to keep IBA details confidential?
- What are the downsides of this lack of transparency?

IBAs are costly to negotiate and can vary wildly from one community/industry partnership to the next. We might conceive of an umbrella organization, representing Indigenous interests, to craft a set of best-practice principles and guidelines for Impact Benefit Agreements.

9. Flanagan (2019)

## Suggested Activity:

- Research and debate the merits of the Aboriginal Resource Tax proposed by the First Nations Tax Commission.
- Explore the impact on local communities of an enterprise such as the De Beers Diamond mine in Ontario.

### **Royalty Sharing:**

We referred earlier to Ontario's new practice of sharing mining royalties and stumpage fees with local First nations. Indigenous communities may prefer this to having to negotiate Impact Benefit Agreements on their own.

Flanagan (2019) cautions that money earned from revenue sharing should be tied as much as possible to a Band's own lands and decision making, so as to encourage Bands to take the initiative to promote economic activity on their lands. He figures that "increased resource revenue will be associated with a higher [Community Well-Being Index score] to the extent it makes the First Nation an active partner in the enterprise through management, investment, ownership, and job creation."

### **The Resource Curse:**

Nations which are well-endowed with natural resources have not always grown as quickly or offered as high a standard of living to their citizens as nations which lack natural resources. The term "**Resource Curse**" has been used to describe some of the reasons why that may be.

Flanagan (2019) writes that not many First Nations which earn royalties from oil and gas have high CWB scores. Flanagan believes this is because the mining is often managed by Indian Oil and Gas Canada, a top-down approach that does not stimulate as much entrepreneurship at the band level.

Hillel (2019) compares reserve and non-reserve communities in Alberta between 2006 and 2016. She finds that communities which had oil or mining agreements in the vicinity experienced more rapid growth in median earnings and in an index of well-being for 2006 which she created.

However, the fraction of the working age population employed in the primary sector was negatively correlated with earnings growth and wellbeing, a "resource employment curse". Keep in mind, however, that 2006-2016 was a decade during which the oil price was very volatile, falling about 65% in 2008 and about 50% in 2014.

The first aspect of Resource Curse is that resource companies are vulnerable to major swings in the price of what they sell. They typically have decades of **boom and bust**. This can be very destabilizing. There are many ghost towns in Canada's north.

Another aspect of the resource curse is that ***the prospect of a high-paying job in the resource sector***

*may discourage people from pursuing either higher education or entrepreneurship.* Hillel (2019) found a negative correlation between resource employment and educational attainment.

Parlee (2005), citing Bowlby (2005), suggested that Alberta’s relatively low rate of high school completion was related to the availability of resource jobs for youths without a high school diploma. However, today Alberta has the highest rate of high school completion in the West and the second-highest rate in the country.

## Natural Resources and High School Education by Province (Census 2016):

Region	% of GDP from Natural Resource Sector	FN, Metis, and Inuit Students high school drop-out rates	FN, Metis, and Inuit Students high school graduation rates	Total high school drop-out rate (no certificate/diploma /degree)	Total high school graduation rates
Canada	10.1	12.7	79.3	8.7	79
NL	27.0	20.1	85.5	8.0	80.0
NWT	25.6	21.5	78.6	19.6	55.0
NU	24.3	34.1	67.3	43.4	—
SK	23.3	16.5	80.1	9.8	78
AB	21.8	13.6	80.6	9.3	83.2
YT	13.0	13.4	82.2	9.4	—
BC	10.0	13.2	84.8	6.8	79
NB	9.7	18.7	84.9	7.9	86
QC	8.0	16.6	83.2	10.5	74
MB	7.9	17.7	80.7	12.1	72
NS	6.0	16.9	85.3	7.4	—
ON	4.9	14.6	83.4	7.7	81

Natural Resources as a % of Provincial GDP and High School Education attainment by Province (Census 2016). Compiled by: Pauline Galoustian [167]

The chart above, based on 2016 data, ranks provinces and territories by the % of nominal GDP attributable to the natural resource sector and reports high school graduation rates.

Resource companies often come from elsewhere and hire people from elsewhere. The resource is often exported in raw form. Thus, there are *not many backward or forward linkages*, making resource staples perform poorly in terms of delivering economic development.

In Canada’s north, companies have usually been owned by southern Canadians or Americans. *Companies from elsewhere are not as invested in the local environment.* They may think little of leaving tailings ponds and stumps behind when the business is ended.

Local hiring has been limited, though this is rapidly changing due to the improved bargaining power of First Nations and Inuit since the Duty to Consult was established.

Sometimes companies have neglected to hire locals because the **companies are not familiar with local norms**. They may not understand the importance of taking several days off for funerals. They may not understand that a Christmas break might not be as important to locals as the spring goose hunt. They may judge people with records for drug possession or domestic violence as not suited for employment.

Many of the men (for it has been mostly men) that are hired are from away. Right from the time of the first fur traders, the non-Indigenous men who show up in Indigenous communities are adventurous young-to-middle-aged men. Speaking frankly, and generalizing wildly, these **concentrations of younger men** have tended to leave behind a lot of empty beer bottles and single mothers, rather than amateur orchestras and vegan recipes.

The same could be said even of many tourists who visit the North. In 1975, Hugo Muller, the quotable former HBC employee and Anglican priest, writing to a non-Indigenous readership, urged:

*“Look into the average station wagon of the tourist (American or Canadian) which is parked somewhere on a northern main street. Half of it is filled with fishing gear. The other half with beer or liquor. Surely our civilization [sic] has better things to bring than beer. The only kind of entertainment our [sic] native peoples are familiar with is the local hotel – generally the worst hotel in town...The reading material one finds in construction camps – the cheap pornography – finds its way into Indian homes.”*

Recently, Indigenous voices have been heard speaking forcefully against so-called “man camps” and linking them to missing and murdered Indigenous women and girls. The 2018 documentary film *Nuuca* tells the story of the Fort Berthold reservation in North Dakota, correlating the oil and gas fracking boom with an increase in sexual violence. A letter by a member of the O-Pipon-Na-Piwin Cree Nation, circulated by Amnesty International in April 2020, called on Manitoba Hydro to close the Keeyask Dam construction camp because of danger of harassment and sexual violence.

*“When you’re walking around in your community and there’s men driving around looking for a woman, it’s scary. I wouldn’t send my grandchild to work there because it’s not safe.”* – Cree elder from northern Manitoba<sup>10</sup>

A resource company in a small town has a big impact, with its employees possibly doubling the population. Not only that, but as the largest employer in town, the company has the power to influence the going wage, and **the power to offer workers less than the value of their marginal product**.

Another aspect of the Resource Curse is **political problems**. One political problem that you find in resource-rich regions is that governments in a sense buy the loyalty of citizens by providing perks like:

- no consumption taxes (Alberta)
- cheap gasoline (Venezuela)

10. In Amnesty International, (2020).

- cheques to help with living expenses (Saudi Arabia)

Consequently, *citizens are less motivated to get involved in politics*, less interested in holding the government to account for its spending decisions. This gives the government more scope to be incompetent or corrupt.

On reserves, Chief and Council are allowed to spend money not designated for service delivery on “**per capita distributions**”. Money from band-owned businesses, from resource extraction, or from land claims settlements can be used in this way. Per capita distributions are gifts of money, no strings attached, equal in size for each member of the community. Per capita distributions are very popular and can be used to sway voters.

Wolf Collar (2020) warns that per capita distributions are often used for spending on consumer goods sold outside the community, and that a significant amount is spent on drugs and alcohol. The money could be better used by a Band in housing or job creation. He would like to see children’s per capita distributions held in trust until they reach twenty-one years of age. In Miawpukek First Nation, children’s distributions are held in trust until age 19.

Interviews with Miawpukek band members in 2010 indicated a need for young people to receive advice about investments prior to receiving their trust funds. Many young people were pressured by family to hand over the money, and were having to deal with fake friends hoping to share the wealth.<sup>11</sup>

**Corruption** is the second political problem. When there is money to be made from the Nation’s resources, expect politicians to try to get a cut. Expect attempts to manipulate elections, even attempts to bully rivals, by politicians wanting power.

As Indigenous communities secure land title to resource-rich lands and seek to develop these lands, and as they secure revenue-sharing agreements for use of their traditional lands, Indigenous communities need to have strong governance structures in place, such as we discussed in Chapter 19, so as to minimize corruption and social tension, and to maximize the prudent management of these resources.

Various papers, such as “*Institutions and the Resource Curse*” by Mehlum, Moene, and Torvik (2006), have shown that countries with better institutions benefit from having abundant natural resources, whereas countries with poorer institutions are worse off for having abundant natural resources.

### **Stewardship of Resource Earnings:**

Good institutions are needed so that the natural resources are extracted responsibly, and the profits used wisely. Here are three pieces of advice that will help any community steward its resource advantages.

1. *Harvest renewable resources sustainably*, so as not to deplete the stock. Mathematical modeling can help you estimate the optimal sustainable yield, which depends on prices, costs and the interest rate, as well as on the biology and ecology. Of course, random events like weather can

11. Orr (2013).



throw things off, so do not depend too much on any estimate.

2. *Extract non-renewables like minerals and oil at the optimal rate*, which depends on the interest rate and present and future prices and costs, as well as the price at which no one would buy your product any longer. Again, precision is impossible because of unpredictable changes in these parameters.
3. *Save part of your profits* from non-renewable resources for the day they are depleted or become uneconomical to mine any further. Re-invest those savings in another form of capital like infrastructure or education. Then, when the mine or oil well closes, the community can earn income from the other capital. This is known as **Hartwick's Rule**. One Indigenous community that successfully followed Hartwick's rule is Samson Cree First Nation, which built up a trust fund of more than 450 million dollars during the years its oil production was high.<sup>12</sup>

A fund built up by resource earnings can be a useful source of loans to new or expanding businesses. Business finance is the subject of our next chapter.

12. Flanagan (2019).



# Chapter 27

## *Financing Business*

### Summary:

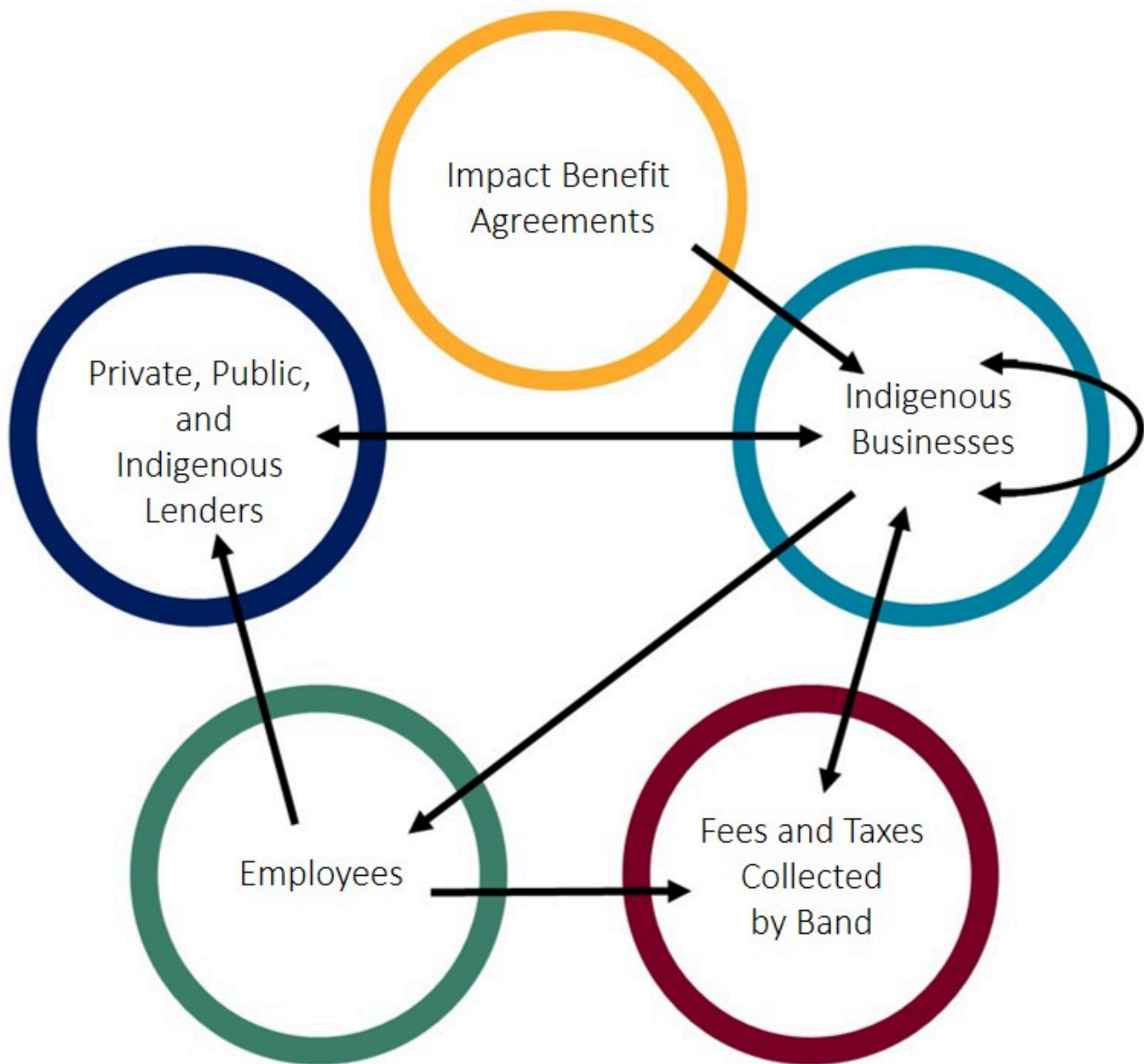
Own-source revenue from land, like government funding, accrues mostly to Bands or community governments. In this Chapter we explore where Indigenous individuals, as well as Bands, can get loans to build homes or start businesses. Many different funding sources have developed to at least partly address the scarcity of financing on reserve and elsewhere.

We have just discussed land ownership and the revenues that can be earned through environmental services, tourism, and resource extraction. Other potential sources of “own-source revenue” (OSR) come from interest on trust funds and savings, leases, property taxes and fees, and business profits.

As the diagram on the next page indicates, Indigenous businesses are an important engine for the Indigenous economy and the overall economy, primarily because businesses can become a source of funds – to the Band or other government as taxpayers, to the public as donors and employers, and to themselves as they fund their own expansions. Additionally, the savings of businesses and their employees give banks new funds for lending.

Another critical feature of business is that it exists to recognize and meet current consumer needs, identifying them with a level of accuracy and detail not possible for government. In the course of their operations, businesses create goods and services which were not previously available so conveniently or affordably.

## Financial flow to and from Business:



*Financial Flow to and from Business. Flow built by: Anya Hageman, Graphic design by: Pauline Galoustian [168]*

*Building a Competitive First Nation Investment Climate*, the free online textbook of the Tulo Institute <sup>1</sup>, is focused on how to encourage business on reserves. Many of its lessons are reproduced in this chapter.

The Canadian Council for Aboriginal Business' 2016 Aboriginal Business Survey indicated that, for 68% of Indigenous business owners, attracting or finding qualified employees is the biggest challenge. For 31% of Indigenous business owners, the most pressing challenge is finding money. In this Chapter we focus on finding the money needed to start and run a business.

1. <https://www.tulo.ca/textbook>

## **Sources of Money for Indigenous Business**

### **1. Financing from the Band**

As shown in the diagram above, a community's own revenues can be used to fund businesses run by the community or individual community members. These revenues can come from Band-owned businesses, resource royalties, property taxes, service charges, and federal or provincial grants.

Bands have lent their own money to members using a member's Certificate of Possession as collateral. In another formulation, a Band grants its member a Customary Allotment and offers its own expected revenues to a bank as collateral. The member pays 25% of the cost of the house they want to build and gets a mortgage from a bank for the remaining 75%. If the member defaults on the mortgage, the Band pays the bank, and the Band takes the member's house and land.

One problem a Band faces is that its own-source revenues from land or resources are automatically deposited in the Indian Moneys Trust at the federal government. This occurs under the *Indian Act* and also under the *First Nations Land Management Act*, the *First Nations Oil and Gas Act*, and some of the self-government agreements. In 2015-6, the Trust held over 186 million dollars, most belonging to the 34 First Nations each having over a million dollars in the Trust. The money earns low interest rates, and the First Nation must apply to the federal government to spend it. The National Aboriginal Economic Development Board has called for First Nations to be able to collect and control their own land and resource revenues.<sup>2</sup>

Not all Bands dare to underwrite members' housing loans. However, for Bands that do, their participation is in turn likely to be guaranteed under the federal government's Ministerial Loan Guarantee program. Indigenous Services Canada can make itself liable for up to 2.2 billion dollars under this program and is currently liable for 1.82 billion. Canada Mortgage and Housing Corporation, owned by the federal government, provides additional loan guarantees.

In our Housing chapter we found that the cost of 400 homes of mixed type ranged from 47 million in Eastern Canada to 64 million in the North. A mortgage might not be needed for the entire value of the home, so let's use the lower number, 47 million, implying \$117,500 per home. The 2.2 billion just identified would then cover roughly 19,000 homes, about one quarter the needed number.

The First Nations Market Housing Fund, established by the federal government with \$300 million in 2007, also provides guarantees on Band-backed loans, for qualifying Bands. If Bands do not qualify, it trains the Band's administration in best financial practices.

### **2. Pooled Investment Funds**

Indigenous communities can organize investment pools, with different community organizations contributing money to the pool. The interest earned by the pool can be used each year to fund particular projects. In the case of a "revolving fund", money which is repaid is loaned out again to other clients. In many cases the federal government contributes to the establishment of these funds.

### **3. Federal, Provincial or Territorial Lending Programs**

2. Canadian Council for Aboriginal Business, (2016).

The federal government has helped Bands access private money for investment, as in the Ministerial Loan Guarantee program described above. Sometimes the government has put forward money to be held by banks as collateral for loans to Indigenous people. Many programs exist to promote Indigenous entrepreneurship. For example, the Métis Voyageur Development Fund receives funding from the government of Ontario for Métis entrepreneurs. The image below lists the various business support programs run by Indigenous Services Canada.

Although there are many programs, the percentage of Indigenous businesses using a government funding assistance program is only 43%, about four in ten businesses. According to the aforementioned Aboriginal Business Survey, in 2016 32% of Indigenous businesses were using government loans or grants, and 25% were using training and employment assistance programs. The Survey pointed out that the bigger and more established companies, earning \$100,000 or more in revenue per year, were the ones partaking in government assistance programs. They are more likely to be able to handle the complex qualification requirements and procedures, and they are the ones able to fulfill government procurement contracts.

Federal government financial programs are focused almost exclusively on First Nations and Inuit communities.

# Government Financial Programs (Indigenous Services Canada):

Funding options for Aboriginal economic development, business and entrepreneurship (2019).

## 1. Aboriginal Entrepreneurship Programs:

Provides money for loans and for programs to support businesses with advice, training, etc.

### i) Access to Capital:

Offers grants for starting new businesses, and for further fundraising.

National Aboriginal Capital Corporations Association (NACCA) manages funding offered to Indigenous-owned businesses through 59 Aboriginal Financial Institutions (AFIs) including:

- Aboriginal Capital Corporations (loans)
- Aboriginal Community Futures Development Corporations (loans, tech, info)
- Aboriginal Development Lenders (debt & equity capital) which offer funding and other services.

### ii) Access to Business Opportunities:

Offers grants for training, innovation, research and other business-related activities

Support will vary. Eligible activities will be reimbursed for 100% of costs, to a maximum of \$500,000 and include:

- institutional development, including training and development and business supports to business development organizations
- business advisory services and training
- commercial ventures including business innovation and growth
- market development
- business development and advocacy activities

## 2. Lands & Economic Development Services Programs:

Offer grants to communities for economic development, particularly the development of local lands and resources.

### i) Operational/Core Funding:

The core funding is provided annually by ISC using a formula which factors in a community's population and remoteness

Operational (core) funding is available for:

- capacity development
- community economic development planning
- development of proposals to raise financial resources

## 3. Community Opportunity Readiness Program:

Provides funding for a community to become business-friendly, as will be discussed in our next chapter.

### i) Eligible Activities:

These are activities that are considered necessary to prepare the community to move forward with economic opportunities.

- Attraction of funding from the private sector for viability studies, trade relations, commercial expansion, arbitrations, legal work, land inspection and assessment
- Closing the "equity gap" in development consulting services, business coaching, growth of commercial and marketing professionals

## ii) Project-Based Funding:

This funding is for projects which help ISC, and Crown-Indigenous Relations meet their targets

Project-based funding is granted to applicants for the purposes not limited to the following:

- development of capacity, planning for internal community-related economic projects
- targeted project design and implementation
- land designations that support economic development
- access to land and resources under and not under community control
- compliance with legal provisions of the *Indian Act*
- development of proposals to fundraise for small projects
- environmental initiatives and building projects on reserves

- Enhancing “economic infrastructure development related to business development (but not related to a specific eligible business)”

## 4. Strategic Partnership Initiative:

Provided \$14.5 million in 2019 to bring together different agencies working toward the same goals.

### i) Eligible Partnership Activities:

Strategic Partnership Initiative supports investments in:

- economic readiness
- economic infrastructure
- expanding viable businesses
- pre-feasibility and feasibility studies
- environmental diagnostics and evaluations
- community economic development planning
- skills development and training

# Non-Government Financial Corporations:

Funding options for Aboriginal economic development, business and entrepreneurship [2019].

## 1. Canadian Council for Aboriginal Business:

“CCAB is a NFP organization which delivers programs that facilitate the growth of Aboriginal business, build relationships between Aboriginal and non-Aboriginal business, and ensure life-long learning for Aboriginal entrepreneurs, and other Canadian business leaders.”

### i) Aboriginal Procurement Strategy:

The program is focused on providing financial support for Aboriginal businesses to connect to non-Aboriginal partners for large supply contracts.

Connects Certified Aboriginal Businesses (CABs) to Aboriginal Procurement Champions (APCs) and federal government supply chains.

- Helps CABs meet the federal government’s demand for natural resources, raw materials, goods and services
- Allows CABs to partner with high profile corporations and supply them with natural resources, raw materials, goods and services

### ii) Tools and Financing for Aboriginal Business:

Through TFAB, CCAB connects corporations to CABs and allows them to enter into financing agreements outside of government financing.

Tools and Financing for Aboriginal Business (TFAB) supports through:

- Financing options with capital investment
- Operations Support
- Indigenous Women Entrepreneurship Fund with CIBC loans amounts of up to \$4,000 with 0% interest for 36 months
- Human Resource Management Financing of employee training programs etc.
- Legal and Regulatory Support
- Marketing and Communications through free templates and promotional campaign management and financing
- Technology and IT Implementation
- Networking

*Governmental and Non-governmental Financing Programs (ISC). Analyzed and compiled by: Pauline Galoustian. Source: <https://www.aadnc-aandc.gc.ca/eng/1425576051772/1425576078345> [169]*

Some federal programs, such as the Aboriginal Entrepreneurship Program, have become available to Métis businesses.

The Métis Nation of Ontario supports Métis businesses with training and access to affordable loans. However, Ontario Métis businesses must come to individual agreements with investors and business partners. This format is very similar across other provinces, meaning that Métis businesses are mostly excluded from being able to win large government contracts or become suppliers on a provincial scale.



Government programs may require that applicants prove their Métis identity. Statistics Canada reports that in 2017, over 45% of people self-identifying as Métis carried a card or certificate issued by a Métis organization. [6]

In 2020, the Métis National Council suspended the Métis Nation of Ontario for issuing such certificates too liberally, ignoring the definition of Métis given by the Supreme Court in *R. v. Powley* (2003).

#### **4. Aboriginal Financial Institutions (AFIs)**

Beginning in the late 1980s Indigenous leaders, the Native Economic Development Program, and the federal government cooperated to create and fund various lending institutions focused on Indigenous businesses, wherever they may be located. Today, the National Aboriginal Capital Corporations Association represents over 50 AFIs which have so far made over 45,000 loans totalling 2.5 billion dollars.<sup>3</sup>

Separate from the National Aboriginal Capital Corporations Association, The Canadian Council for Aboriginal Business is a major non-government and not-for-profit organization, which was formed in 1982 to help finance Indigenous enterprises. As shown in the previous graphic, this organization focuses more on day-to-day operational, financial, and managerial support for smaller startup Indigenous businesses, unlike the federal government which is more focused on large-scale industry and community enterprises.

For Indigenous business, the criteria for funding through CCAB are less complex than they are for government funding, since the council focuses on connecting Certified Aboriginal Businesses (CABs) to private non-Indigenous creditors.

In addition to the programs indicated in the graphic, CCAB conducts independent research projects, for example, the 2016 National Aboriginal Business Survey mentioned earlier. The National Aboriginal Business Survey found that 65% of Indigenous businesses' main source of financing was through personal savings, 19% through business loans/bank credits, 14% through Aboriginal Financial Institutions (AFIs), 10% through personal loans/bank credits, and only 9% through federal grants and loans.

In addition, the survey found that 51% of business owners found it difficult to locate external sources of funding, and 45% found that it was difficult to meet the qualifications for borrowing.

#### **5. The First Nations Finance Authority**

The First Nations Finance Authority is an entity which borrows in the money market on behalf of First Nations. (It does not raise money for individual First Nation members.) What does it use as collateral? Why are people willing to lend it money?

The Finance Authority's good credit ratings are due to several things. One is the implicit backing of the federal government, which has offered a token amount, \$30 million, to temporarily offset any revenue shortfalls. Another is the fact that the Finance Authority has the authority to commandeer

3. NACCA website, downloaded August 2019. <https://nacca.ca/about/>

not only the collateral (being the predicted revenue streams) of any First Nation that cannot repay its loans, but also the fiscal governance of said Nation. Moreover, every participating First Nation must regularly repay interest and principal into a “sinking fund”. Another safeguard is that the Finance Authority only lends out 95% of the money it has borrowed on behalf of participating First Nations.

The First Nation Financial Authority came into being in 2006 via the *First Nation Financial Management Act* (FNFMA). This Act has three components to set First Nations up for financial success:

1. The First Nation Tax Commission to help a First Nation develop a tax program for its community. It is hoped that the stream of future tax revenues can be used by Bands as collateral.
2. The First Nations Financial Management Board, which trains First Nations in financial management, and, after having them setting up fiscal checks and balances, certifies them as being financially responsible. 101 First Nations have received certification as of January 2018.<sup>4</sup>
3. The First Nations Financial Authority (FNFA), which uses the expected revenue streams of participating First Nations as collateral to get long-term loans. The FNFA charges fees to member Nations.

The First Nations Finance Authority sold \$250 million worth of 10-year bonds at 3.4% interest in June 2014, and in June 2017 sold \$126 million worth of 11-year bonds at 3.05% interest.<sup>5</sup>

This borrowed money is used by member First Nations to do such things as repair and build houses, construct community buildings, fund green energy projects, and refinance existing, higher-interest loans. The First Nations Finance Authority helped Membertou First Nation finance its stake in Clearwater Seafoods, which we referred to in Chapter 16.

## 6. Private Sector Lending

In the past, the non-Indigenous private sector has been reluctant to invest in Indigenous projects, especially projects located on reserves. This is because of the lack of collateral that Indigenous communities are able to offer, and because of uncertainties around land rights, service provision, fees, and regulations.

Though no First Nation has defaulted on a loan used for public purposes since at least 1970,<sup>6</sup> this may be largely because First Nations have not typically taken on private debt. They have, however, sometimes defaulted on payments to employees, suppliers, or governments, according to Flanagan (2019), who explains that the federal government has three levels of intervention as per its **Default Prevention and Management Policy**. The highest level is “Third-Party Management” where an external financial manager is appointed for the Band. Flanagan reports that in 2017, 143 First Nations, or about 20%, were receiving some degree of intervention, with 8 under Third Party Management.

Since reserve land is not attractive as collateral to private lenders, First Nations and other

4. National Indigenous Economic Development Board (2019), Annex A, Table.

5. Onoszko (2017).

6. According to an October 2017 prospectus called “Soaring on Sound Financial Principles”, produced by CIBC.

Indigenous communities may offer expected streams of revenue as collateral to private sector lenders, as long as this revenue is not earmarked for particular programs such as health care. Undesignated federal or provincial transfers, money from Impact Benefit Agreements, and taxes and rents expected to be collected from leaseholders can be used.

In the case of Fort McKay First Nation and Mikisew First Nation, prosperous reserves in the vicinity of the Oil Sands, the Royal Bank of Canada was happy to issue and sell bonds on their behalf, helping them raise \$545 million at 4.14% interest from the private sector.<sup>7</sup> The money was used to buy a 49% stake in an existing oil storage facility. Contracts for oil storage, cooling and mixing were already in place, virtually guaranteeing future revenues.

For communities which don't have much in the way of expected revenue, **Bridge Financing** might be available. The bridge financing company offers temporary loans until a community qualifies for a loan from a conventional commercial bank such as the Royal Bank of Canada or the Bank of Montreal. The company lends the community more money than is needed for the project. The extra money is put in a separate account where it used to pay a high rate of interest to the company. Technically, the community is not paying any interest at all.

Once the project is up and running, a conventional bank becomes willing to lend to the community at a normal, moderate rate of interest. The community borrows enough money from the conventional bank to pay back what it borrowed from the bridge financing company, which was perhaps 10% more than it actually needed. It then repays the commercial bank loan, with interest, over time.

## 7. Social Development Bonds

Social Development Bonds, Social Impact Bonds, or Development Impact Bonds, are a very new kind of financial instrument. There are four parties involved: the investor, the implementer, the evaluator, and the donor.

Here's how it works: the investor gives money to the implementer for a program, by buying the implementer's social development bond. After a set period of time, an evaluator judges whether the program has been successful. If the program has been successful, the donor pays the investor the face value of the bond, plus interest. If it has not been successful, the donor pays nothing or some fraction of the face value of the bond, so that the lender makes a negative rate of return on the investment.

"Restoring the Sacred Bond" is a program funded by a social development bond in August 2019. The program is run by the Manitoba Indigenous Doula Initiative and offers high-risk Indigenous mothers the support of doulas, people trained in prenatal, birth delivery, and post-natal care of mothers and infants.<sup>8</sup>

If the program results in babies spending 25 fewer days in foster care during their first year of life,

7. Onoszko (2017).

8. Onoszko (2017)

compared to what might have been expected without the program, the program will be judged a success. Then the Manitoba government will repay the investors with interest.

The eight investors, which include the Children's Aid Foundation of Canada and the Winnipeg Community Foundation, together paid 2.6 million dollars for the bond. The bond was organized and marketed by the MaRS network.<sup>9</sup>

Another example is a bond issued by Raven Capital Partners in Vancouver. In 2021, Raven Capital Partners was looking for investors willing to buy this bond, which finances diabetes reductions in six First Nations communities. The federal government was offering to pay a return of 5-9 percent, depending on results.

One advantage of social development bonds is that the implementer can access funding without having its work micromanaged by the donor, which is often a government agency. The implementer is free to innovate to meet the program objectives. The donor, meanwhile, is protected from having to pay for a program that is unsuccessful.

## **8. Microfinance**

Microfinance is the provision of banking services to marginalized communities. In recent decades, a new wave of lending in developing countries using something called "Solidarity Lending" has become synonymous with Microfinance. Dr. Muhammad Yunus and the Grameen ("Village") Bank he founded in Bangladesh were awarded a Nobel Peace Prize for their Solidarity Lending.

### *Solidarity Lending:*

Solidarity Lending works by lending money to individuals, each of whom belongs to a group of borrowers. The group members support each others' economic achievements. If a member has difficulty repaying a loan, the rest of the group assists and/or pressures the member to make the payments. A group's reputation and cohesion serves as collateral. The credit-worthiness of the entire group is at stake if one of its member fails to repay a loan.

Using Solidarity Lending, the Grameen Bank and its many followers lend small amounts of money to people who have no collateral and therefore no access to traditional banks. They may cooperate with intermediary organizations who recruit, vet, and instruct the would-be borrowers.

To see Solidarity Lending in action, go to [kiva.org](http://kiva.org).

Solidarity Lending has not found a foothold in Canada. According to Frankiewicz (2001), this may be because

1. There are high costs in terms of advertising, managing the service, and paying rent.
2. Clients want a variety of services including lines of credit, credit cards, and savings accounts, not just loans.
3. Client density is low because population density is low; and because only a small minority of Canadians are in small start-up businesses; and because these Canadians are not very visible;

9. Jagelewski (2019).

and because Canadians have more banking choices and more social assistance available to them than do people in developing countries.

4. It is difficult to achieve economies of scale because client density is low.
5. It takes more money in Canada than in developing countries to significantly assist a small business.
6. After loans are made, business clients still have serious challenges in terms of competition from larger businesses, very choosy customers, rigorous safety standards, taxation, plus licensing and zoning requirements. Profit margins are low.

#### *Credit Unions:*

The kind of Microfinance that has worked in Canada is the credit union. Historically, credit unions have provided financial services at lower cost and more accessible terms than conventional banks. DUCA Credit Union, formerly the Dutch Canadian Toronto Credit Union Ltd., helped author Hageman's immigrant parents buy their first house in 1973.

There are already credit unions as far north as Puvirnituk, Quebec and Pickle Lake, Ontario. Perhaps credit unions can be encouraged to move further north and to other underserved areas, or new financial cooperatives can be improvised where needed.

Many Nations, an Indigenous-owned financial cooperative providing insurance, employee benefits, and pensions to Indigenous organizations across Canada, is based in Saskatoon, Saskatchewan.

#### **Suggested Activities:**

- find out more about the financing method that interests you most
- debate the ethics and usefulness of Bridge Financing
- consider what form of Microfinance would work best in various kinds of Indigenous communities in Canada

Having explored many ways that Indigenous businesses can raise money, we turn to Chapter 28 to consider the other things businesses need.



# Chapter 28

## *A Supportive Business Environment*

### Summary:

While businesses need financing, they also need good transportation and communication infrastructure. They need a stable and predictable political environment so that they dare invest long-term. They need clear, predictable, and reasonable laws and tax obligations. We contrast the inconvenient and costly business environment on many reserves with the environment off-reserve. It is important that Indigenous communities develop a comprehensive slate of bylaws to protect businesses and, especially, community members.

Flanagan and Johnson (2015) found that Community Well-Being Index scores were correlated with a community's own source revenue, but not with a community's per capita financial assets. "The money has to be put to work to create opportunities for earned income, better housing, and higher levels of education in order to raise the CWB."

Even with financial capital, and even with local sources of natural, human, or physical capital to employ, economic growth is not guaranteed. Capital is like the wood, and business is like the flame. But no fire can take off without oxygen. The oxygen is the supportive, business-friendly environment based on good governance. A business-friendly environment has reliable leadership, complete legal frameworks, quality infrastructure, and prudent taxation. Says the Tulo Institute:

*"...possessing access to resources or having a good location is important, but it is not enough to create economic growth. Both Russia and Peru are well endowed with natural resources; indeed, Russia is also well-endowed with technology and human resources. However, neither country provides a high standard of living because they have been unable to offer the supportive public sector input that is also required. By contrast, countries such as Singapore and Japan have achieved very high standards of living with*

*relatively poor natural resources...The barrier to prosperity on First Nation and tribal lands is an inability to provide sufficient certainty to investors. [First Nations and Tribes] must use the powers available to them now to lower the transaction costs of investment.”<sup>1</sup>*

In one 1999 comparison, it cost developers an average of 11 months to get the necessary approvals for projects in Calgary/Vancouver/Kamloops versus 48 months on Siksika/Squamish/Tk'emlups reserves. The financial costs differed by approximately the same proportion.<sup>2</sup>

The Table below shows many of the transaction costs and uncertainties that investors face when considering a First Nation site for their business or project.

1. Tulo (2014) Chapter 2.

2. Fiscal Realities Economists (1999)

## Development Stages and Transactions Costs, Tulo (2014) Chapter 2:

STAGE	DESCRIPTION	OFF FIRST-NATION LAND	FIRST NATION LAND UNDER <i>INDIAN ACT</i> MANAGEMENT
Project Initiation/Concept	Developer and/or community leaders identify suitable land and pitch the idea to the community. Includes initial due diligence and feasibility studies (economic and financial).	Search available real estate and approach local government development services office.	Little or no real estate information and generally no development service office.
Land Tenure Certainty	Community creates land tenure certainty for the development.	Defined and managed through provincial legislation and bureaucracy (land use planning and zoning).	Requires land designation for long term certainty, and Indian Affairs bureaucracy
Land Leasing	Negotiation of land lease agreement between the developer and community or developer and Certificate of Possession holder.	Transaction usually facilitated by real estate industry and through a provincial land titles office.	Modify Indian Affairs lease as required (can include unique features like employment policies or guarantees of tax rates).
Financing	Financing the costs of the development.	Financial industry has substantial experience with many financing models.	Little or no experience of financial industry. It is common for on-reserve developers to pledge the title to off-reserve property as part of their financing (both FN and non-First Nations developers).
Infrastructure Development and Services	Most significant projects require upgrading the existing physical infrastructure, building new infrastructure, or obtaining access to services and infrastructure in other jurisdictions.	Local governments have many infrastructure financing options and deliver local services.	Fewer financing options for First Nations, and service agreement with local government usually required.
Legal Framework for Markets	Investors need certainty with respect to development costs and taxes, local service quality, local land-use and other laws and rules, and recourse in the event of a dispute.	Investors generally know their expected costs and taxes, the local laws, investor recourse, and land use.	Much of this legal framework has not been established by the <i>Indian Act</i> or First Nations; therefore, significant investor uncertainty.
Construction	Includes all the regulations associated with building standards, development approval processes, and risk, heritage, and environmental assessments.	Building and engineering standards and bonded construction are common.	Building and engineering standard uncertainty and possible bonding issues.

*Development Stages and Transactions Costs, Tulo (2014) Chapter 2. [171]*





business while, in a positive feedback loop, business can be taxed or charged fees to fund infrastructure.

### Prudent Taxation:

Communities are better able to supply good infrastructure when they have tax revenues to spend.

Because of amendments to the *Indian Act*, First Nations have the right to impose property taxes on residents (1988), charge sales tax (2003), and charge fees for services provided to residents (2005).

Would-be investors need to know what these taxes, or any service charges, will be. Taxes, fees, and licenses should be transparent<sup>3</sup>, be applied fairly, be predictable, and be reasonably low.

The First Nations Financial Management Board and the First Nations Tax Commission, instituted by the *First Nations Financial Management Act* (FNFMA), offer sample financial administration laws and tax laws (property tax, service charges, development cost charges, business activity taxes).

As of December 2017, 113 First Nations had developed property assessment and taxation bylaws under the FNFMA, and 154 Nations, about a quarter of all First Nations, were collecting property tax;<sup>4</sup> however, the word on the street is that the tax is usually applied to non-member leaseholders, not band members, due to its inherent unpopularity.

Hillel (2019), in a sample of 38 Albertan reserve communities, found that the presence of a property tax in 16 of the communities in 2006 was correlated with income growth, the probability that the correlation was spurious being 22%. She notes that the communities having a tax tend to be either the wealthiest, who can better afford it, or the poorest, where few people will be paying and so the political backlash will be less.

### Reliable Leadership:

Leadership needs to be unified, so as to better make the case for investment to community members, and to better communicate with potential investors. Leadership needs to make decisions in a timely manner. There must be regulations in place to protect investors as administrations come and go. Investors need to be confident that the next local election will not reverse the decisions of the present administration.

### Complete Legal Frameworks:

Potential entrepreneurs and investors need to be given all relevant information regarding land use and building codes. How high can an office building be built? What standards must be met for septic tanks? The rules must exist, and community leaders need to have those rules at their fingertips. Entrepreneurs and investors want to know that the arrangements they make with the community are rock solid and legally defensible.

Unfortunately, the legal framework around reserve land is incomplete. When it comes to building regulation, health and safety, drinking water, environmental protection, and resource exploration

3. "Transparent" means that the information is publicly available and easy to understand.

4. National Indigenous Economic Development Board (2019), Annex A, Table 23.

and development, provinces have detailed laws but First Nations typically have only a limited set of federal laws.<sup>5</sup>

There are reasons for the lack of federal regulation. One is that creating and updating laws is an onerous task requiring expertise not usually found at the federal level because these matters (building standards, health and safety, etc.) are usually regulated at the provincial level. Second, the process would have to involve the reserve community, in recognition of the Aboriginal right to self-determination. The new laws created are not necessarily going to be appropriate for all reserves or acceptable to all reserves.

Meanwhile, the *Indian Act* already allows First Nations to make local regulations concerning health, stray animals, traffic, roads, zoning, building construction, and water services, but many First Nations have lacked the expertise or energy necessary to develop these regulations.

There is, then, a need for standardized regulations, or a palette of well thought-out regulations from which First Nations might choose. It will also be beneficial to harmonize local regulations with those of other Indigenous communities and those of neighbouring municipalities, where possible and appropriate.

### **Bylaws on Reserve:**

One of the seventeen roadblocks in the way of First Nations' self-determination, according to Wolf Collar (2020), is "lawless First Nations communities", by which he means a lack of community laws ("bylaws") and a lack of resources to enforce existing bylaws. We draw heavily from his chapter in what follows.

All reserves are subject to the Criminal Code, a federal code. Provincial laws may also apply, but only where the province has jurisdiction, for example on highways and county roads which pass through reserves. The Band itself is responsible for policing reserve-only roads.

The Band can make its own bylaws concerning hygiene and disease prevention, domestic violence and abuse of any kind. The *Indian Act* section 81 gives a Band Council this right, so long as its laws do not clash with federal or provincial law. The Band must deal with trespassing, evictions, noise, nuisance, fights, and stray animals. In these cases, the Band may sometimes wish for more provincial police or RCMP (federal police) intervention. But the community may also fear provincial police or RCMP intervention, which, as recently publicized incidents attest, has sometimes been brutal.<sup>6</sup>

Wolf Collar recommends that a Band create bylaws around construction and land use as we previously discussed. He also recommends bylaws to protect historic sites and signage, and to discourage property damage, dumping, and parking dilapidated furniture and vehicles. He makes special mention of animals. Grazing animals are sometimes neglected. Packs of homeless dogs are known to be a problem on a number of reserves.

### **The Benefits of Bylaws:**

5. Tulo (2014), pp. 120-2

6. See for example this video of an intoxicated man being hit by an RCMP vehicle <https://www.youtube.com/watch?v=yanXOIXNw5s>

The benefits of a complete system of bylaws on reserve would include not only an improved business environment but moreover enhanced safety of elders, spouses, children, and animals; a more peaceful and attractive physical environment; and preservation of historic and culturally significant sites and buildings.

To resolve violations of local bylaws, a traditional court system could be developed, allowing the community to follow Indigenous legal traditions such as restorative justice. Any fines or community service could benefit the local community. The community could also benefit from training and employment in law enforcement.

### **What needs to happen?**

For more than a century, the paternalistic attitude and interference of the federal government discouraged Indigenous communities from believing they could lead, innovate, and determine the laws governing their communities.

Today, Indigenous communities may need legal and financial assistance to draft bylaws.

Once bylaws are in place, they must be enforced. In an interview with Chief Administrative Officer David Soulière in Tyendinaga in March 2019, he said that his number one wish for the Mohawks of the Bay of Quinte was the ability to enforce existing bylaws<sup>7</sup>.

Public Safety Canada provides funding to support police services in cooperation with federal and provincial/territorial governments, but this funding may not be sufficient.

Perhaps a regional approach would be more affordable: the Mohawks of the Bay of Quinte, for example, might team up with Curve Lake, Alderville, and Hiawatha First Nations not too far away. A regional force would present a more detached and anonymous face to a community, deflecting angry push-back against bylaw officers and police chiefs from band members who take arrests and fines personally.

7. Group discussion with author and students

## Case Study: Nishnawbe Aski Police Service

Nishnawbe Aski Police Service (NAPS) is a regional police force serving 34 First Nations in northern Ontario. Since its formation as a self-governed non-profit organization in 1994, NAPS has grown to include 35 detachments, with headquarters in Thunder Bay. NAPS aims to provide a police force composed of officers from the region, with recruitment focused on First Nations, Métis and Inuit candidates. All candidates must “demonstrate knowledge of NAPS and First Nation People and culture”. As of 2018 the force has 161 uniformed officers and staff, with a plan to increase the number by 79 additional officer positions in the next 5 years. Based on an agreement with Canada and the province, 52% of NAPS funding comes from the federal government, and 48% from Ontario. Its 2019 revenues were \$38,834,759, significantly higher than the \$26,629,798 reported in 2016. NAPS has long been squeezed financially. Though its funding is high compared to other detachments, its task is even more so - policing 38,000 people in 34 communities across an area about the size of Germany. Yet the service has never shot anyone dead, nor has an officer been killed in the line of duty. Relationships of trust with community members make the difference. NAPS is governed by the NAPS Board as well as the Nishnawbe Aski Nation Leadership and executive body.

It’s the first Indigenous Police Force to be officially legislated under Bill 68 of the *Police Services Act* relating to First Nation inclusion (passed royal assent in 2019). Previously, the force operated more like a corporation under government overview with “program status”. However, Bill 68 has made NAPS and other First Nations Police Services “an *essential service*” placing them on par with the OPP and Municipal Policing Services.



Nishnawbe Aski Police Service (NAPS) Police Station, Cochrane ON. Photo credits to: Anya Hageman (CC BY 3.0) [172]

## Gladue Courts:

At present, Indigenous police forces do not have their own courts. However, there are the “Indigenous Peoples’ Courts” or “Gladue Courts”. These statutory courts have full jurisdiction over Canadian law.

Gladue courts specialize in applying the principle affirmed by *R. v. Gladue* (1999), a principle incumbent on all courts, that judges should consider a person’s Aboriginal identity when sentencing. Judges should be aware that, because of systemic factors, Indigenous people are more likely to appear in court.<sup>8</sup> They should also honour the Indigenous tradition of restorative justice, attempting to find alternatives to imprisonment of an offender.



*Gladue Courthouse in Wagmatcook First Nation, 2018. Credits to: Provincial Courts of Nova Scotia/Wagmatcook First Nation. Used with permission from: Wagmatcook First Nation [173]*

There are currently 15 Gladue Courts, 5 of which are located in Toronto. The Gladue Court in Thunder Bay serves the Nishnawbe Aski Police Service region. There are also four national restorative justice programs, and dozens more at the provincial or territorial level.

We have seen that laws, leadership, reasonable taxation and quality infrastructure make a community a better place to live and a better place to do business. But when it comes to business, location is also vitally important. In our next chapter we examine the special challenges of remote communities.

8. Public Safety Canada (2020)

# Chapter 29

## Options for Remote Communities

### Summary:

The cost of doing business is especially high in the small and remote communities that dot Canada's North. Issues include the high cost of transportation, weather disruptions, smallness of scale, lack of competition, lack of specialists, and the leakage of talent and money to larger markets. Co-operatives have proven to be an adaptive and resilient form of business in this environment. Building transportation and communication corridors would improve conditions for all business types. In theory, a regional currency would support local business.

Let's discuss the special challenges faced by small and remote communities.

### Why don't they just leave?

We often hear people say, or read in letters to the Editor, that the economic development of small, remote communities is hopeless, and the government shouldn't encourage anyone to stay in these hopeless places. Why don't people struggling with poverty in remote communities just leave? One in five Canadians was born in another country, and many more can recall an ancestor who left an economically poor situation to make a new life where opportunities were better.



"Inuit Girls". Credits to: susanvg (CC BY-NC-SA 2.0) [171]

Many people from small and remote communities DO move. That is why, in 2016, 56% of Status persons lived off reserve. But do we really want northern Canada depopulated? Canada is culturally richer and geopolitically stronger when our lands are occupied. The diverse knowledge bases and specialist skills are available to scientists and innovators. For example, Inuit perspectives are informing studies of Climate Change in the Arctic.

Sometimes people who want to leave lack the resources to do so. They often cannot sell their existing homes or property for a price that would pay for a city home. They may lack the education or skills needed to get a decent job in the city. They might also be apprehensive about the faster pace of life and conversation in the city; the differences in body language and manners; and the possibility of discrimination.

For those who want to migrate, it would be good to have welcome centres in cities to help them establish themselves and to help them negotiate what can seem like a foreign culture. Newcomers may also need protection from scams and pimps.

Regarding those who want to stay, it does seem a bit rich to ask them to move when in some cases the government forced them onto their current lands, and for many decades strongly discouraged them from leaving. And the fact that many remote communities are poor is in part the consequences of Canada failing to honour its treaty commitments.

- Were any Indigenous communities near you originally located elsewhere?
- Were any Indigenous communities originally in your area relocated away?

Canada is a free country, and some people will always choose home, however remote. Let us consider the challenges faced in small and remote communities and how to overcome these challenges.

### **Economic Inefficiencies in Small and Remote Communities:**

Small and remote communities face challenges that larger communities do not face. Remoteness compounds the difficulty of being small. If you are small, but near enough to another community, many of your size-related problems will be mitigated. What is relevant is not your size but the size of the pool of expertise, service providers, agencies, politically active citizens, and markets that are near enough to access easily and affordably.

In terms of governance, we learned that smaller communities likely have *fewer checks and balances* in place to constrain local government. They are more likely to have problems of favouritism and political polarization. They are less likely to have expert advice at hand.

In terms of markets, small and remote communities miss out on *internal economies of scale*. If the community were larger, with more customers, or if the community could cheaply export its products, then businesses could have larger production runs, and achieve lower costs. This is because a firm's average costs usually fall (for a time) as more output is produced.





Gas Pipe Control Station, Blue Heron Wetlands. Credits to: Rusty Clarke (CC BY 2.0) [172]

Larger production runs allow a firm to spread its fixed costs – such as rent and advertising – over more units sold. Internal economies of scale are also relevant to the local government. Small governments must build similar-sized airports, health clinics, or police stations, whether there are 25, 250 or 1,000 residents. The larger the population, the more the tax revenues or fees that can be collected to pay for these public goods, and the larger the subsidies that might be given by the federal government for these public goods.

Another kind of economies of scale, called **external economies of scale**, refers to the advantage of having similar firms cluster

together. The larger the community, the more likely it will be that there are multiple gas stations, multiple construction firms, multiple theatre groups etc. When there is an industry, rather than just one firm, in a particular business, the firms in the industry will be more efficient.

→ Why are firms more likely to be efficient in one another's company? Think of three distinct reasons. Silicon Valley and Hollywood are extreme examples.

In terms of markets, remote communities face the disadvantages of **high transportation and communication cost**. Remote communities pay more for imports because of the shipping cost, which increases the cost of living. Remote businesses pay more for inputs, which increases the cost of production. Remote businesses must pay more to ship to customers, reducing price competitiveness. One way to cope with this is to export small, high value-to-weight items such as artworks.

The smaller the community, the greater the proportion of its goods that must be imported. When a community imports most of its goods, it is **vulnerable to disruptions in supply or spikes in price**.

The fact that so much is being imported means that money quickly leaks out of the community. No sooner is cash acquired for spending than it is committed to food, clothing, equipment, and vehicles manufactured in the south. That's why Indigenous economies have been described as "bungee economies".<sup>1</sup> The local spending multiplier weakens as money leaves the community.



DeHavilland DC-6 "Twin Otter". Northern Canada has always relied on bush planes and pilots to transport people and supplies. Credits to: Sahtu Wildlife (CC BY-NC 2.0) [173]

→ Review the mechanics of the spending multiplier and of the money multiplier.

In terms of productivity, small communities **lack specialists**. First, the smaller the group, the less likely it will have someone with a particular aptitude. Next, that person may have to leave the community to obtain training and might lose interest in returning. Finally, the small community likely cannot provide as much work for the specialist, or as high a salary, as a larger community.

Rather than specializing, the Inuit and northern First Nations and Métis have maintained **mixed economies**. On the one hand, individuals earn cash wages, receive subsidies, and possibly pay taxes. On the other hand, they continue to hunt, fish, gather, and manufacture traditional items which are shared locally or, in the case of handicrafts, sold to the south. Among the Inuit in 2016, 56% reported hunting, fishing or trapping, 42% gathering wild plants, 27% making clothing or footwear, and 18% making carvings, drawings or jewelry.<sup>2</sup>

Traditional activities are practiced for many reasons. Traditional activities are valued for keeping people connected to their past and for passing on knowledge, skills, beliefs, and a sense of identity. They keep people connected to one another, for example as they participate in hunts together and as they share the meat with elders and others.

Traditional activities also serve as a kind of insurance, keeping the food portfolio diversified. Typically, cash income is used to pay for traditional activities. The federal government contributes harvesting subsidies to promote traditional activities.

Traditional activities usually do not provide enough cash income to maintain a modern lifestyle,

1. National Indigenous Economic Development Board (2019) p. 65.

2. National Indigenous Economic Development Board (2019), Table 21 of Annex A.

especially when traditional activities have to be balanced with the requirements of children's schooling, and when they are challenged by habitat loss, competition from non-Indigenous hunters, and climate change.

### **Mitigating Smallness and Remoteness:**

To counter the economic disadvantages of smallness and remoteness, consider three Cs: connectivity, cooperatives, and currencies.

#### *Connectivity:*

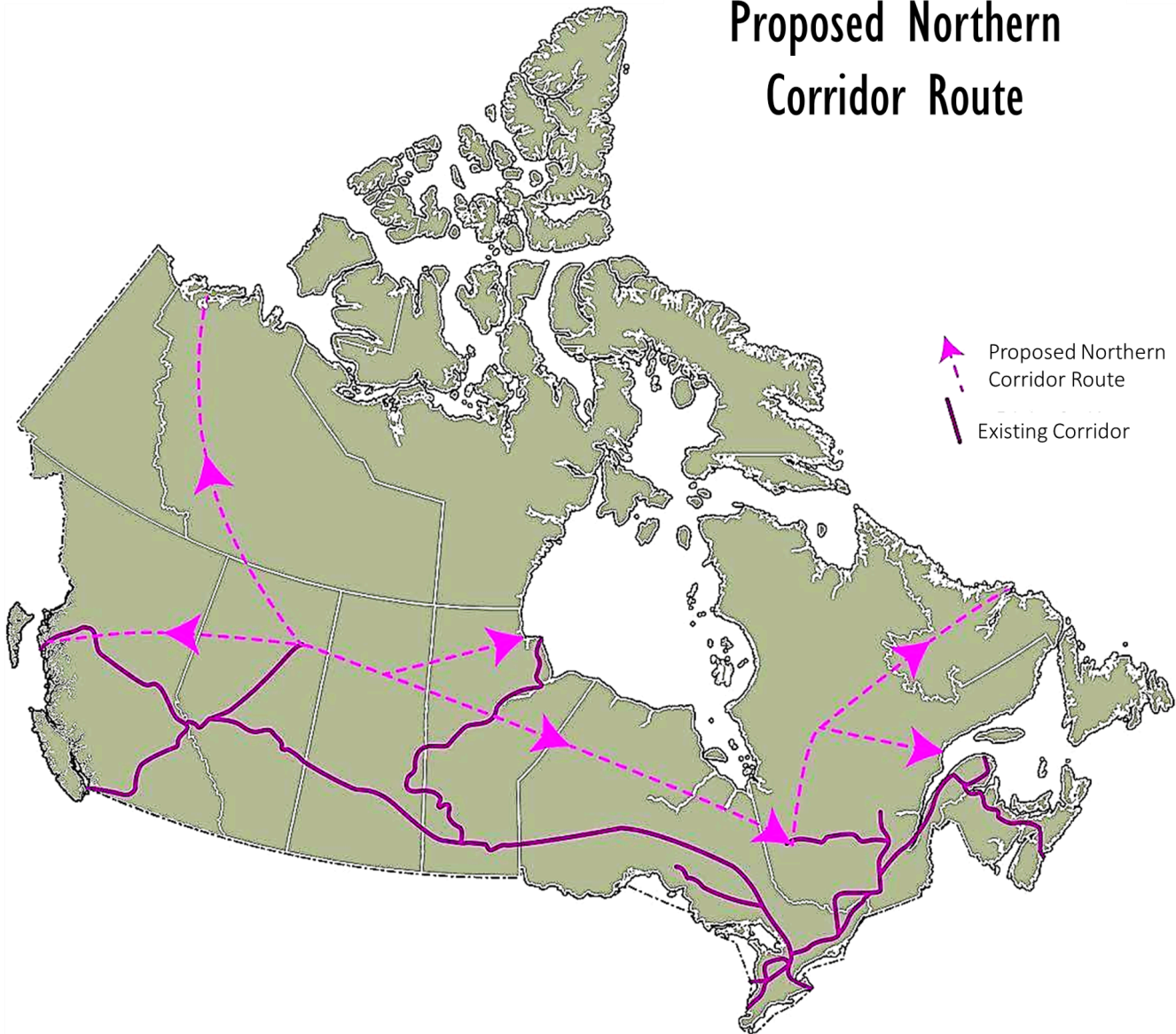
Connectivity literally bridges the distance. Communities are connected by building bridges, roads, and airports; by increasing the frequency of intercity buses, trains, and flights; by improving telephone and internet access and speed; and by improving radio and television transmissions. Connectivity brings people together – specialists, customers, industry partners, inspectors, educators, journalists, politicians and more.

Investment in roads, railways, and waterways is important. There used to be a passenger train from Toronto to the tip of James Bay. As of 2020 it only runs the last third of that distance. Boarded-up hotels in Moosonee attest to the former era.

After Omnitrax abandoned its railway line and port at Churchill, Manitoba in 2016, a group of First Nations and municipalities, a financier and an Agrifood company joined forces to purchase and repair the railway. As of July 2019, the railway is being used again; its first cargo was brought to a ship proceeding from Quebec to Nunavut.

Recently, Sulzenko and Fellows (2016) have proposed the **Northern Corridor Concept**. Like Highway 401, this would be a route across Canada, but it would lie further north, with links to the Mackenzie Valley (North West Territories), Hudson Bay, and Labrador. It would include not only roads but railways, pipelines, electrical transmission lines, and communications towers.

## Proposed Northern Corridor Route



Map of Proposed northern Corridor Route. Credits to: A. Sulzenko and G. Kent Fellows (2016), University of Calgary. [174]

Investment in internet connectivity is important to ease the “banking desert” that often exists in the north. Between 2014 and 2017, seven percent of brick-and-mortar bank branches were closed across Canada due to the expansion of online banking.<sup>3</sup> However, many northern residents are not used to online banking, have spotty internet or are unable to afford a laptop or cellphone. Loans must often be negotiated in person. The closure of a bank branch or credit union branch can mean a trip of a hundred kilometres to the next one. Another idea to improve banking access in the North is to equip local Post Offices to offer financial services.

Communities can consider relocating closer to markets. They might be able to purchase additional lands closer to cities. This will improve access to jobs and educational opportunities. However, if part of the community refuses to move, this remnant will be left in an even worse economic position than before.

3. Interview with H.G. Watson, TVO The Agenda (2019a).

### *Cooperatives:*

Cooperatives are locally-managed, member-owned businesses, either for-profit or not-for-profit. During the late 1960s, socially-minded organizations from southern Canada such as the **FCNQ** – Fédération des Coopératives du Nouveau-Quebec – initiated, supported, and financed cooperatives across the Arctic. These have been very successful, becoming integral features of Inuit communities.

“...Cooperatives were readily acceptable because they could be seen as extensions of the informal cooperative activities necessary for survival in the Arctic – the collaborative hunting of seals and other animals, much of the fishing that Indigenous people undertook, and the familial gathering of other foods. Living a lonely, isolated, individualistic life is not a common alternative in the Canadian Arctic.” (Southcott, 2015)<sup>4</sup>

#### Principles of Cooperatives :

- voluntary and open membership
- democratic member control
- member economic participation
- autonomy and independence
- education and training of members, informing the public
- cooperation among cooperatives
- concern for community

In Canada’s north, cooperatives operate stores, hotels, rental properties, waste-water systems, drinking water systems, and greenhouses; they are involved in construction, outfitting, providing cable television services, and selling arts and crafts to the south.

4. International Co-operative Alliance (2018).

→ See the following link:

<https://foodtank.com/news/2014/09/iyff-arctic-greenhouse-grows-greens-year-round/>

AGRICULTURE

## Arctic Greenhouse Grows Greens Year-Round



Normally, economists expect privately-run businesses to outperform and eliminate co-operatives, but the table below reveals that there can be advantages to cooperatives which might be especially relevant in the North.

Co-operatives, in contrast to privately owned businesses, are more likely to:

- Reflect local needs and desires
- Respond quickly to local needs and desires
- Invest profits locally
- Remain in the community, providing stability
- Train and employ locals
- Understand local employees' time constraints e.g. hunting schedules, funeral obligations
- Hire women<sup>5</sup>
- Nurture leaders.

In the year 2000, half of the members of the Nunavut Legislative Assembly had experience managing cooperatives.<sup>6</sup>

5. MacPherson (2015).

6. MacPherson (2015).

## Contrast between Privately-Run Businesses and Co-operatives:

	Privately-Run Business	Co-operative
Speed of decision making	Faster inasmuch as there are fewer decision makers	Faster inasmuch as decisions can be made locally
Quality of decision making	Better inasmuch as cooperative members might have competing visions	Better inasmuch as a variety of perspectives will be brought to complex situations
Productivity	Higher due to fear of competition and desire for profit – but is there competition in small northern communities?	Higher due to employees’ sense of ownership, and sense of providing for their own community
Innovation	Higher due to fear of competition and desire for profit – but is there competition?	Higher due to employee and citizen feedback and engagement, as well as intimate knowledge of the local market
Employment	Lower because there is less reluctance to substitute capital for labour	Lower inasmuch as existing employees want to keep wages high
Profits	Profits will be used to expand the venture only if there are no superior alternatives. Wages may be kept artificially low by monopsony power.	Profits may be lower because the cooperative wants high wages and low prices for the community; however, profits are more likely to be reinvested in the community.
Insurance, Networking, Support	Unless part of a chain, business likely to be “on its own”	Network of sister cooperatives exists, both in similar ventures and in different ventures
Acquiring capital	Lenders prefer private enterprise.	Money may be easier to raise as a group. Cooperatives may identify and use various non-financial forms of local capital.

- Do you have experience with co-operatives or a co-operative-like business?
- What cooperatives exist in your community?

### *Capital and cooperatives:*

In Canada’s north, cooperatives are an important form of social capital, along with volunteerism,

traditions around knowledge sharing, informal childcare and elder care arrangements, and family cohesion.

Cooperatives in turn facilitate the acquisition of capital. For example, lending may be scarce in the north because banking services and credit histories may not be readily available; but members of a cooperative have personal knowledge of many community members and will be willing to take risks on some of them.

Because members of a cooperative are local, they have an edge in identifying the assets of their community and capitalizing them – putting them to work to generate revenue.

The **Capital Assets Model** was created by development theorists like Carole Rakodi (1999) to identify a community’s assets. Thierry Rodin (2015) uses this approach to describe how Pangnirtung Fisheries uses and develops Pangnirtung capital.

## Capital Used and Generated by Pangnirtung Fisheries Ltd:

Financial Capital	Human Capital	Social Capital	Natural Capital	Cultural Capital
Funded by majority shareholder Nunavut Development Corporation.	Offers work experience and peer learning to 80 employees, and to student trainees.	Provides daycare  Finances sports and social events.	Makes use of the local char and turbot fisheries.	Encourages land-based (or rather, ocean-based) activity and values.
Turbot fishing rights contributed by minority shareholder Cumberland Sound Fisheries, which is Inuit-owned.	Provides formal and informal on-the-job training.	Provides fish for community events. Fish is not capital but in this case donations of fish are an investment in social capital.		Improves traditional knowledge by transferring new harvesting techniques.
Nunavut government subsidizes the cost of shipping the product to southern markets.	Uses and builds on local knowledge and experience of the fishery.  Provides a healthful food to the community.			Supplies fish to Iqaluit hotels for tourists seeking to experience Arctic food.

Capital Used and Generated by Pangnirtung Fisheries Ltd. Adapted from Table 5.2 in Thierry (2015) [176]

### Suggested Activity:

→ Construct a table like the one above for a cooperative in your community.

### Currencies:

A local currency is paper or electronic money that is created and printed by members of a community. The currency is only valid in the community. Since it can’t be spent elsewhere, anyone owning this money will need to shop locally.



Local currencies offer three possible advantages over official currency. They promote local spending, they allow for local influence over the money supply, and they in theory could give an exchange rate advantage.

The exchange rate advantage would be due to the local currency being less valuable than the official currency, making goods priced in this currency more affordable to outsiders. However, any such exchange rate saving for the outsider is probably countered by the hassle of an outsider having to obtain the specialized local currency in order to make a purchase. Hence communities with local currencies never insist on being paid in the local currency.

The impact of a local currency on a community's money supply is more relevant. The supply of local currency could be increased to combat local recessions and decreased during booms. The greater the extent to which the local currency was being used, the greater the influence of its availability would be.

When people feel they don't have enough official currency to make a purchase or hire labour, they may be too embarrassed or cautious to barter for what they want. Local currency can make the intended transaction possible.

But the main advantage of local currencies is that they promote local spending.

### **How local currencies promote local spending:**

Local currency is spent locally. Because official currency is scarce, local currency serves as an additional source of spending that bounces back and forth in the community, generating a local spending multiplier effect.

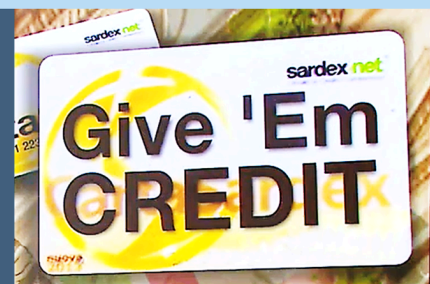
How does the ball get rolling? Sometimes local currency is given away freely in the beginning. For example, babysitting cooperatives sometimes give members babysitting currency when they join the cooperative, worth say 20 hours of childcare. Members can spend the currency on childcare for their own children, and they can earn more currency by providing childcare to other members' children. Upon leaving the cooperative, members must refund the babysitting currency they initially received.

In Sardinia, an island belonging to Italy, the local currency is called Sardex. Sardex is completely electronic. A loan of Sardex is issued to firms having a large inventory of goods they are willing to sell in Sardex.

### **Suggested Activity:**

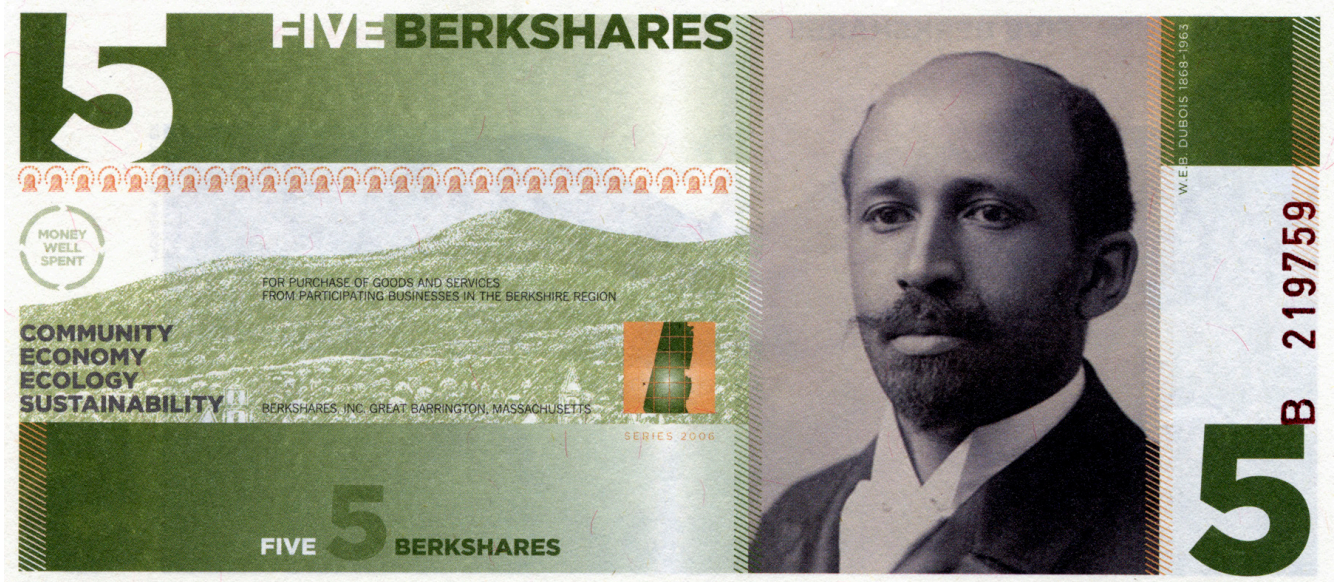
→ Check out the electronic local currency used in Sardinia since 2009 here:

<https://www.cbsnews.com/video/sardinias-virtual-currency/>



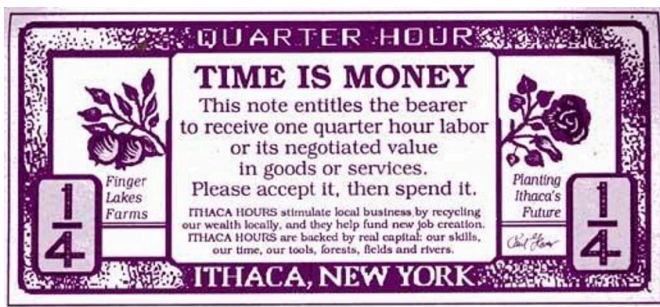
When the local currency can be purchased with official currency, it doesn't cost as much as official

currency. For example, I can buy one Berkshare=100 Berkshare cents for ninety-five US cents. Merchants in the Berkshires area of Massachusetts are willing to sell me one US dollar's worth of goods for one Berkshare, implicitly giving me a 5% discount, because they want my business. And they understand that the more money that goes around (in the community), comes around (in the community).



The Berkshare, used since 2006, is denominated between 1 and 50. Change less than \$1 has to be made using US coins. Photo credit: changemakers.com [177]

The risk that the Berkshare will go out of fashion or be rejected by vendors is covered by the fact that the American dollars that were used to buy the Berkshares are saved by the organization so that it can buy back any Berkshares that are no longer wanted. In the case of the Sardex, which is not purchased, there is the risk that the Sardex will no longer be accepted and you will be left with a balance of useless Sardex that exceeds the amount you were originally given.



The Ithaca Hour, used since 1991, is denominated in units of time between 2 hours and 1/10 of an hour. Photo Credit: Ithaca Times.[178]

You might be interested to know that a local currency can be subject to sales taxes mandated by a higher level of government.

In Massachusetts, the state sales tax is applied at the usual rate to the Berkshare-price. The vendor has to remit the tax collected, in USD.

If local currencies were a magic bullet for regional prosperity, we would surely see more of them. As it is, *The Economist* reports that local currencies struggle and that “of over 80

launched in America since 1991, only a handful survive.” (January 7, 2017). The Swiss WIR has survived since 1934.

Sardex co-founder Guiseppa Littera has advised that a local currency needs at least 600 member

businesses, based on his experience in Sardinia.<sup>7</sup> This would appear to rule out success in a single northern community or on a single reserve. Across a northern region there could be 600 locally-owned businesses, but would there be enough interaction among them, seeing as they would be very much spread out geographically?

### Suggested Activity:

→ Check out this example of monetary stimulus in a local currency:

<http://www.eecs.harvard.edu/cs286r/courses/fall09/papers/coop.pdf>

So then, local currencies are an intriguing but unlikely option for Canada's small and remote communities; cooperatives are tried and true; and improvements to connectivity are fundamentally important.

Let's now consider issues facing urban Indigenous communities.

7. Zimmermann (2016).

# Chapter 30

## Indigenous and Urban

### Summary:

Indigenous rights are usually imagined in terms of land and Treaty, but the majority of Indigenous people live in urban areas. In our final Chapter we survey some of the supports available to assist Indigenous people in the city. We estimate that less than one percent of Indigenous Services Canada's 2018-9 spending went to programs for off-reserve or urban Indigenous people. This gives us some food for thought ahead of our concluding remarks.

Thus far in our journey we have not specifically considered the situation of Indigenous people living in the city, though many of the issues we discussed – discrimination, the need for investment, the importance of connectivity – are relevant for city-dwellers.

The 2016 Census tells us that about 63% of Métis people live in an urban area, one with at least 30,000 residents.<sup>1</sup> While Winnipeg has the most Métis, over 50,000, most Métis actually live in Ontario.

Overall, about 52% of Indigenous people live in urban areas. This 60% increase since 2006 cannot be explained only by birth rates, improved life expectancy, or migration from rural areas. It is also partly the result of more urban residents identifying as Indigenous for the first time.



"Phenomenally Indigenous" T-shirts in support of Equal Pay for Native Women. Credits to: Urban Native [179]

1. Statistics Canada, (2017) is used here and in what follows.

The city with the most residents identifying as Indigenous is Winnipeg (92,801), followed by Edmonton (76,205), Vancouver (61,460) and Toronto (46,315).

The greatest concentration of Indigenous people is found in Thunder Bay, where about 13% of the population is Indigenous, followed by Winnipeg at 12%, and Saskatoon at 11%.

### **The Diaspora:**

As described in Lawrence (2004, ch. 11), urban Indigenous communities are [predominantly] made up of people who have left their home communities, either recently or generations ago. Some chose to move in the spirit of adventure and economic opportunity. Others were pushed to the city by enfranchisement, loss of livelihood, or poverty. Deseronto, Ontario is home to many Kanien'kehá:ka who left the reserve because they could not obtain mortgages.

One challenge for Indigenous people living in the city can be disconnection – disconnection from people who share the same cultural background and same lived experience. This means that emotional support and social networks may be lacking, a lack which is made more problematic by any discrimination or exclusion they may be facing, and any inherited trauma they may be dealing with.

Additionally, Lawrence (2004) believes that the urban lifestyle itself, having a distinct separation between home life and work life (at least prior to the Covid-19 pandemic), encourages individualism and the erosion of Indigenous culture.

On the other hand, urban Indigenous communities can provide safe spaces and cultural renewal for people coming to the city from reserves or rural areas. Cities can offer a broader perspective of what it means to be Indigenous than might exist at some reserves, providing examples of the diversity of beliefs, political orientations, careers, and lifestyles of Indigenous people. Pan-Indigenous social and political alliances can be established in cities. Lawrence (2004; Ch. 12) describes these opportunities, noting that urban environments are the only places where Status and non-Status First Nations can work together in the same organizations.

### **Young Newcomers to the City:**

Many Indigenous youth leave remote areas to attend high school in urban centers. This can open up a new, empowering chapter in their lives. But it also exposes them to stresses and risks. They may be hosted by families or schools which lack appropriate cultural understanding. And even the friendliest and best-equipped hosts may be unable to quench homesickness or prevent youth from going out and engaging in risky behavior in the new, unfamiliar milieu.

Other Indigenous youth come to the city for excitement and freedom. Some are escaping poor living conditions or abuse at home. Home might be a foster home or a group home. These youth are at special risk of coming under the control of pimps.

Human trafficking no doubt accounts for many of the Indigenous girls and women making up the 1,181 recorded by the RCMP as having gone missing or having been murdered between 1980 and

2012.<sup>2</sup> Some of them were hitchhiking to the city. Highway 16 in British Columbia is now called the Highway of Tears because of the many who have disappeared along it.

Push factors creating the supply of trafficked individuals – and also of criminals – include unemployment and poverty, abuse in the home or home community, lack of credit or educational opportunities, ignorance on the part of the new, host community, and indifference on the part of the new, host community.

The major pull factor creating demand for trafficked individuals is the profit which can be earned from forcing people to work unpleasant jobs in gangs, round the clock, at low or no wages. This kind of labour is a feature of many occupations including prostitution, agriculture, construction, sweatshop manufacturing, and live-in caregiving.



Youth Cultural Integration, Louis Bull IR, Alberta. Credits to: Green Energy Futures (CC BY-NC-SA 2.0) [183]

Part of the fight against human trafficking is education about the risks, directed at potential victims and potential host communities. We should also invest in safety and support for people coming to cities. One example would be subsidizing bus services between cities and towns. Greyhound Canada cut all but one of its routes west of Sudbury, Ontario, in 2018, and in 2021 announced the elimination of all Canadian routes.

It is also important that remote and reserve communities become more attractive places to live.

### **Aboriginal Rights in the City**

Recall Tom Courchene’s comment that the federal government has typically believed itself responsible to “Indians *on* land reserved for Indians” rather than “Indians *and* land reserved for Indians.” This is true of the voting public as well. Even the Supreme Court of Canada, in rulings such as *R. v. Van der Peet* (1996) and *Delgamuukw v. BC* (1997), has codified the sentiment that Indigenous people have rights so long as they are on their pre-contact territories and following their pre-contact way of life.

Since Indigenous rights are usually understood as land rights, or rights exercised on reserve, many Canadians assume that Indigenous people who move to the city are giving up their Aboriginal rights and adopting mainstream, western values<sup>3</sup>. Little attention has been paid to what Aboriginal rights in the city might look like.

2. RCMP (2014).

3. Walker and Barcham (2010)

→ Discuss, imagine: what individual and group rights are appropriate for Indigenous people living in the city?  
→ Is there a Friendship Centre in your community?

### Friendship Centres:

Into this vacuum, Friendship Centres arose in the 1950s. They are still important community hubs today. Many colleges and universities now have similar facilities in place, offering Indigenous students counselling, the perspective of visiting elders, ceremonies, social events, job boards, information about scholarship and employment opportunities, and more.

The contributors to Evelyn Peter's 2011 study of urban Indigenous policy agree that Friendship Centres have been the principal agents of positive change in urban Indigenous life, and have represented the concerns of urban Indigenous people better than have Indigenous political organizations. Indigenous political organizations, such as the Assembly of First Nations, the Congress of Aboriginal Peoples, the Métis National Council, and their provincial counterparts have at times been less sensitive to urban issues. They have, however, provided a useful emphasis on rights.



*Gathering at the Aboriginal Friendship Centre of Calgary. Credits to: Aboriginal Friendship Centre of Calgary. Used with permission from: AFCC Facebook Admin [180]*

The Indian and Métis Friendship Centre in Winnipeg developed the first Indigenous Social Housing program in Canada, Kinew Housing. Kinew Housing (established 1970) is still in operation today.

Indigenous-specific social housing can:

- Bypass racism in the housing market
- Provide space for group activities and decision-making
- Provide access to counselling and services
- Celebrate Indigenous identity through building design and décor

→ “Pepper-potting” refers to the deliberate distancing of social housing projects from one another. What are some of the pros and cons of pepper-potting Indigenous social housing units?

### Government Funding

Not until 2016, with the Supreme Court's *Daniels v. Canada* ruling, did the federal government have to accept its responsibility towards non-Status First Nations and Métis people. But the government had for some time been considering what self-determination rights non-Status people might have, as per the 1982 *Constitution Act*.

In 1998 the federal government launched its Urban Aboriginal Strategy (UAS), ostensibly to address the socio-economic gaps between Indigenous and non-Indigenous people in cities. UAS offered federal funding for Indigenous programs in cities having at least 5% Indigenous population. Some of this funding required the respective province and city to contribute as well.

The UAS donated to Friendship Centres, and used Friendship Centres to call for proposals and distribute money to programs. In 2013, the National Association of Friendship Centres reported that it received \$16.1 million of federal money and that it channeled to other Indigenous programs around \$37 million of federal money, \$39 million of provincial or territorial money, \$4.5 million of municipal money, and \$4 million from non-governmental and other Indigenous organizations.<sup>4</sup>

Funding to urban Indigenous people, like funding to reserves, has tended to be project-based. It requires applications and tends to be short-term. This creates burdensome paperwork, an inability to plan long-term, and unnecessary rivalry among Indigenous organizations applying for the funds. In its review of the Urban Aboriginal Strategy<sup>5</sup>, the federal government agreed that the funding needs to be more flexible, predictable, and timely.

Like Wolf Collar's recommendation that Band Councils focus on strategy, not service delivery, Hanselmann (2002) has recommended that governments consult Indigenous political organizations on issues and policy, and consult Indigenous community service providers such as Friendship Centres about service delivery.

The Urban Aboriginal Strategy was revamped in 2017 and renamed UPIP, Urban Programming for Indigenous Peoples. It was set to distribute about \$53 million dollars per year. While much of this money would eventually be matched by provinces, territories, and cities, I think we can agree that this is not a lot of money to be spread among all the cities in Canada having at least a 5% Indigenous population. As the pie chart on the next page shows, federal government spending on off-reserve Indigenous programming was less than 1% of the total amount spent on Indigenous services in 2018-9.

The following Table shows the level of financial support from the federal government for programs and facilities supporting urban Indigenous communities.<sup>6</sup>

4. Crown-Indigenous Relations and Northern Affairs Canada (2017)

5. Crown-Indigenous Relations and Northern Affairs Canada

6. Indigenous Services Canada (2020d); Indigenous and Northern Affairs Canada (April 2019); Indigenous Services Canada (2020c); Government of Canada InfoBase (2020).

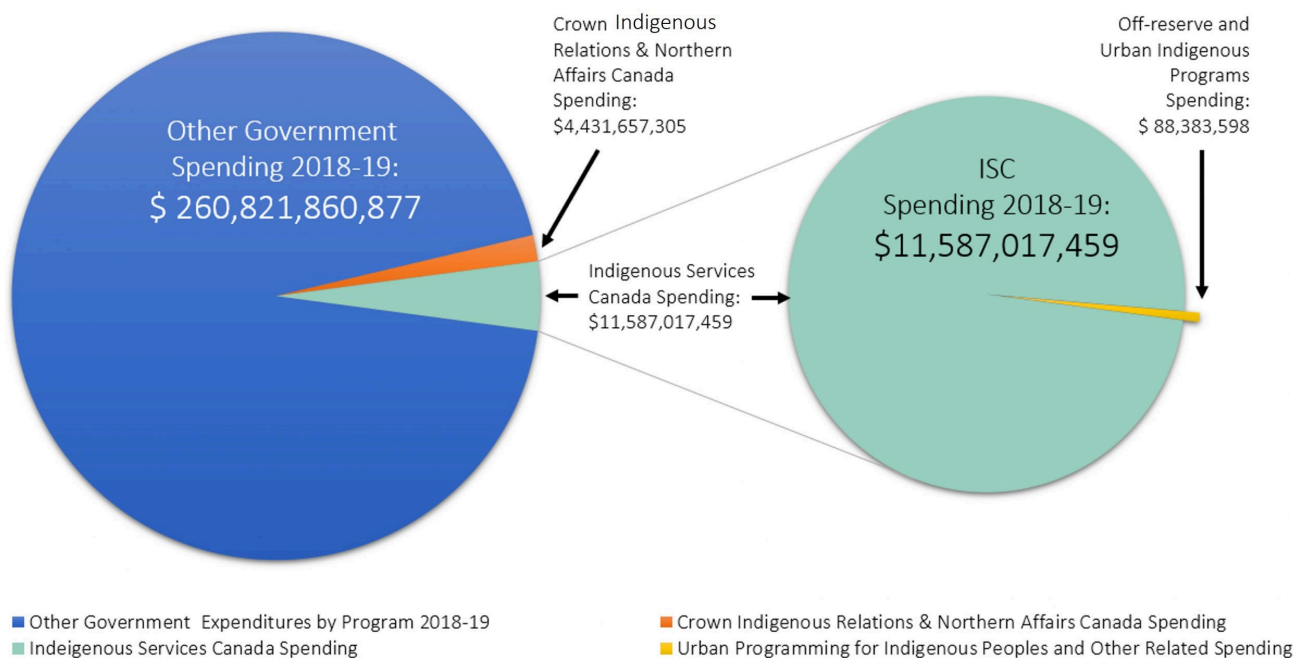


## Funding and Support Sources for Indigenous Communities as of Summer 2020:

Program	Provider	Recipient	Funding
Indigenous Support Fund in response to COVID-19	ISC	Urban and off-reserve	15 million
Budget 2019 funding for safe and accessible community facilities	ISC	Urban	60 million over five years
Urban Programming for Indigenous Peoples	ISC	Urban	53.4 million (2018-19)

Funding summary. Compiled by: Pauline Galoustian. Source: INAC, ISC, GC InfoBase.

### Spending on Urban & Off-Reserve Indigenous Communities in Comparison to Other Government Expenditures (By GC InfoBase Expenditures for 2018-2019)



Spending on Urban and Off-Reserve Indigenous Communities in Comparison to Total Government Expenditures (By GC InfoBase Expenditures in 2018-2019). Graph consolidated by: Pauline Galoustian, 2020. [181]

### Community Services:

Here are some examples of services available to Indigenous people in the Toronto area. *Council Fire Native Cultural Centre* began in 1976 as a small group, gathering for a weekly potluck dinner. It is now a large community center serving over 200 people daily. The Centre has an open “Gathering Place” for people to drop in and receive assistance of any kind – food, housing assistance, friendly

companionship etc. A big part of the vision and mission of the Cultural Center is reconnecting Indigenous people with each other and their shared culture.

*Anishnawbe Health Toronto*, incorporated in 1984, is funded by Ontario’s Ministry of Health and supported by the Anishnawbe Health foundation. It offers more than 60 programs and services including access to elders and traditional healers, training in traditional healing, sweat lodges and other ceremonies, dental care, diabetes prevention, counselling, and mental health care, all according to Anishinaabe vision and principles.<sup>7</sup>

According to its website, AHT serves over 27,000 clients each year, with nearly 20% of clients being under 21 years of age.

*Native Child and Family Services*. Serving children and families since 1986, NCFS began taking responsibility for child welfare in 2002. It became an official “Children’s Aid Society” in 2004 after a court battle. NCFS emphasizes holistic preventative care based on best practice, Indigenous values, the right to self-determination, and the importance of extended family and community.

*Aboriginal Legal Services* was established in 1990 in order to provide culturally appropriate legal alternatives. Among other things, ALS staff prepare Gladue Forms and reports for 22 different Gladue courts (as referenced in Chapter 28), host talking circles for families in crisis, and advocate for changes to Canadian law. They also hire Indigenous legal workers to make clients aware of their rights and help them to find legal counsel.

### **Bear Clan Patrol Inc. Community Initiative**

The *Bear Clan Patrol Inc.* is an Indigenous volunteer organization with chapters in 13 cities and more than a dozen other communities across Canada. Inspired by the traditional role of the Bear Clan in Anishinaabe society, a role which includes protecting the community, Bear Clan patrollers walk the streets at night. Their motto is “Community People Working with the Community to Provide Personal Security”. By being physically present in the neighborhood, Bear Clan patrollers are able to provide safe escort for people who need to be outdoors at night. Their presence deters crime, and helps resolve conflicts. They can also refer people on the street to social programs. Bear Clan Patrol offers “Youth Mock Patrol” on select days, which allows the youth in the community to get involved and learn to keep the streets safe.<sup>8</sup>



*Red Ribbon Wall in honour of Missing and Murdered Indigenous Women, Peterborough. Credits to Pauline Galoustian (Public Domain) [182]*

Founded in Winnipeg in 1992, the Bear Clan Patrol went through a hiatus, but resumed in full force after the 2014 murder of Tina Fontaine, an Ojibwe-Saulteaux teen, in Winnipeg. The murder of

7. <https://www.aht.ca/about>

8. <https://bearclanpatrol.org/>

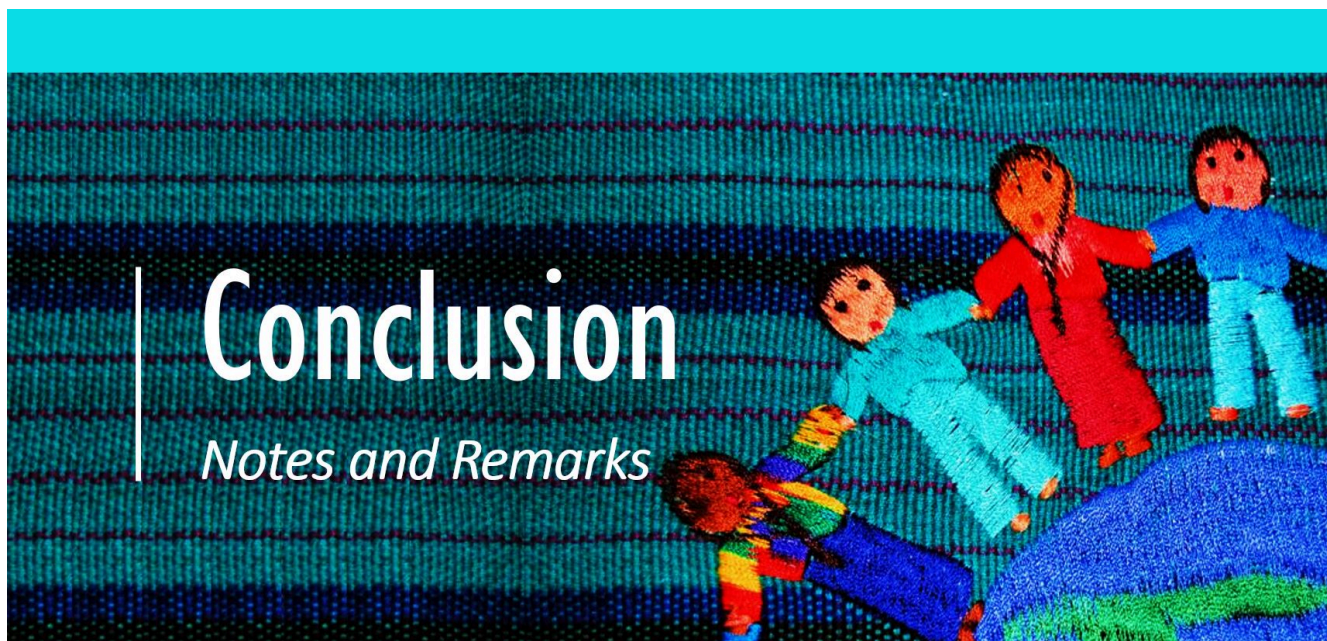
this young woman also catalyzed the establishment of Canada's National Inquiry into Missing and Murdered Indigenous Women and Girls beginning in 2016.

**Leadership:**

Indigenous people in the city have no specifically Indigenous political representation. Those leaders who arise to speak for Indigenous people in the city are not elected, and may be self-appointed individuals with their own agendas. However, great good has been done by many selfless urban leaders. One such leader was Vern Harper (b. 1936), Toronto's "Urban Elder".<sup>9</sup>

Elder Harper, whose Cree name was Asin, was politically active, organizing a cross-Canada trek to highlight broken treaty promises, and taking on the role of Vice President of the Ontario Métis and Non-Status Indian Association. He also served the Toronto Indigenous community in many concrete ways: co-founding the First Nations School of Toronto, working as youth court worker with Aboriginal Legal Services, and becoming Resident Elder at Toronto's Centre for Addiction and Mental Health.

9. "Urban Elder" is the title of a documentary made about Vern Harper.



For millennia, Turtle Island's Indigenous communities have met their material needs through hunting, gathering, agriculture, production, and trade while deeply respecting the Land and striving to live in balance with Mother Earth. Many were willing to extend the hand of kinship when newcomers from Europe arrived. Many have fought alongside French and British and non-Indigenous Canadian soldiers. Many have been willing to share their culture, and to share in what they consider to be the best aspects of Western culture.

But one hundred and fifty years ago, the newly formed nation of Canada sought to suppress Indigenous norms and institutions, and to transfer Indigenous lands and fisheries to non-Indigenous people. The *Indian Act* was drawn up so that reserve lands and economies would be overseen by government agents. These Indian Agents were not held responsible for Indigenous health and prosperity; even in recent years the federal government has been criticized for its lack of goal-setting, transparency, and accountability with respect to First Nations well-being.



Hoop dancer teaching young boy. "Mosaic Regina - First Nations Pavillion", FNUC Photo by: Alec Couros (CC BY-NC-SA 2.0) [184]

By the perseverance of Indigenous communities, and the indefatigable work of activists; by the rulings of the Supreme Court of Canada and the gradual re-orientation of federal and provincial governments; by reforms of and alternatives to the Indian Act; by research and public commissions and courageous journalism; by the awakening of the Canadian conscience; by the grace of the Creator the economic, political and social situation of Indigenous communities is changing for the better.

As non-Indigenous Canadians seek to do their part in this era, let them realize that, as others have said, it is better to be *with* a group than *for* a group. We need to actualize that kinship offered by so many past and present Indigenous leaders.

## NUMBERED IMAGE LIST

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M-2inU63m-2inVdNq-2inRANr-2inVeFx-2inU5HU-2inVdzj-2inVe8i-2inU6fk-2inU5Yo-2inVe8U

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