

MODERN ABORIGINAL ECONOMIES

Capitalism with a Red Face

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

David Newhouse[†]

Introduction

In March, 1993, Victor Buffalo, Chairman, Peace Hills Trust Company spent a few days as our Distinguished Visitor. He spoke to several classes and gave a public lecture about the Samson Cree Nation, the problems that it faces, and the role that Peace Hills Trust plays in helping to resolve these problems. After one of the lectures, a few students approached me and my colleagues to express their indignation that Mr. Buffalo had been invited to speak. They explained that Mr. Buffalo was not an Indian because he had not once used the word sharing in his presentation, he was wearing a suit and he was exploiting his own people. The exploitation was the making of a profit through the loaning of money. Mr. Buffalo's company loans money to Indian bands on the basis of cash flow, using the contribution agreements of the government as a form of collateral rather than the usual collateral of plant, equipment and land. His company has been able to do things that non-aboriginal bankers have been reluctant or unwilling to do.

A decade and a half ago, I chaired, for a short time, the Department of Indian Affairs and Northern Development's Ontario Region Indian

Economic Development Loan Board and saw many of the early attempts at business development on Indian reserves in southern Ontario. I remember being struck by the projects that I saw and their differences from mainstream businesses. On the surface the proposals looked the same, they contained cash flow and profit projections, investments in plant and equipment, the usual things that one expects to find in business plans. The heart of many of the proposals was not profit in the normal accounting sense but the creation of jobs. Profits were the way in which more jobs could be created and hence more people employed.

There have been enormous and significant changes within aboriginal society within the last generation. We need to reflect upon them in order to discern their meaning and impact. I present these stories as examples of the type of change of the last two decades as prelude to my topic. I have been asked to write on the unique perspectives that aboriginal belief systems have for development, how these can be preserved, and what lessons these might have for future development efforts both within aboriginal communities and the mainstream. These are difficult questions and I'm not sure that they can be

An earlier version of this paper was presented at the National Roundtable on Aboriginal Economic Development and Resources sponsored by the Royal Commission on Aboriginal Peoples, 1993.

[†] Associate Professor, Native Management and Economic Development Program, Department of Native Studies/Administrative Studies Program, Trent University, Peterborough, Ontario.

answered satisfactorily in the short time available to prepare this paper. I want, however, to provide some clues to the answers and suggest, not that further research be undertaken in this area, but, that the processes that are underway within aboriginal communities be supported through the development of aboriginal institutions.

The Modernization of Aboriginal Societies

My premise is that Aboriginal societies are undergoing a process of modernization. I have written about this process in a previous paper (The Development Of Modern Aboriginal Societies, October, 1992). This process is resulting in the development of new identities, and new social, political, cultural and economic institutions within aboriginal societies. These institutions, in my opinion, will be primarily western in nature and will be adapted to operate in accordance with aboriginal traditions, customs and values. One only has to look at the rapid development of organizations over the last decade to see evidence of this process. The 1990 Arrowfax Directory of Aboriginal Organizations lists 3,000 for-profit business and 3,000 not-for-profit businesses. The 1992 edition of the same directory showed a significant increase in the number of listings. A 1997 report by Aboriginal Business Canada shows 14,000 Aboriginal Businesses. Many of these organizations were not in existence a decade ago. At the same time, there is a growing desire to attempt to base the organizational cultures upon the contemporary interpretations of traditional ideas.

In addition to the growing set of organizations akin to Drucker's idea of a society of organizations, there are other indicators of the modernization of aboriginal society: a steady growth in the off reserve population, continuing convergence of Indian birth rates and family size to the Canadian norms, adoption of English as a lingua franca, adoption of western-style elected governments, (most evident in the band councils on Indian reserves), an increasing number of aboriginal students attending secondary and post secondary education institutions, and a move towards textual transmission of knowledge rather than oral transmission. There are now two generations of aboriginal people who have not lived on reserve and for whom reserve life is unknown. There is also a small but emerging aboriginal urban middle class. In some ways,

Aboriginal life is qualitatively different than it was two decades ago.

I don't know if this process of modernization is good or bad. The rapid rate of change, however, is causing a certain amount of social dislocation and problems, which we read, see or hear about in the various media of Canada. While the pace of change may be rapid, it would be unfair to say that it proceeds evenly across all aboriginal communities.

The million or so aboriginal people in Canada live in the midst of 30 million others. It is impossible for aboriginal people not to be affected by this contact and not to be changed by it. Aboriginal people are also surrounded by a capitalist economy and because of its strength and appeal will be affected by it. The question I have been asked to address needs to be placed in that context. The result is a slightly different set of questions: Given this context and given that capitalism is an extremely adaptable system, what unique perspectives do aboriginal people bring to the ongoing debate about the practise of capitalism? How will aboriginal people's adapt themselves to capitalism? Can aboriginal peoples find a way to adapt capitalism to their own particular world views?

I think that this is already occurring around us. I call this resultant aboriginal adaptation **capitalism with a red face**, for nowhere have I seen an outright rejection of capitalism by aboriginal people. In fact, I see a desire to adapt this particular political-economic system and to make it work in accordance with aboriginal belief systems. In addition, I see the adoption of policies and programs, by all governments, both aboriginal and not-aboriginal, all designed to further the development of this system within aboriginal society.

What Is Capitalism?

Capitalism is a way of life first of all and foremost. Then it's a worldview and finally it's a political-economic system. Many people focus only on the economic aspects of capitalism and believe once they describe how this feature works, that they understand it.

At the heart of capitalism is a particular view of man and a notion of social progress. Man is viewed as a being who is continually striving to improve his material and social well being. Progress is measured through a continual improvement in individual material position.

Most importantly, this progress occurs as the result of the actions of individuals, each of whom engages in this constant striving. It is the collection of individual effort which results in improved collective well being. Individuals possess capital or labour which can be used to produce profits or surpluses. The goal of every individual is to produce an economic surplus, which can be saved for use at a future date, spent on consumables, or invested in order to produce additional surpluses. Individuals may pool their surpluses and use them for that group's good, or governments may appropriate them in the form of taxes in order to produce public goods which are available for all.

This notion of individual effort and social competition is important for it is what drives capitalism. Without it, much of the gains would not be possible. One could argue that the work of this Royal Commission is paid for through the collective surpluses of individual workers.

Capitalism has proven to be a remarkably adaptable and versatile system and currently appears to be the preferred economic system throughout the world today. Cultures as varied as Japan, the United States, India and now members of the former USSR are adapting it to their various cultures. Many are also involved in the search for a solution to one of capitalism's most difficult problems: achieving an equitable distribution of wealth in a society.

Aboriginal people in Canada appear to have accepted the fundamental premises of capitalism: the notion of progress as defined through social competition and the notion that one possesses either capital or labour, which can be used to produce surpluses.

There is no fear that capitalism cannot be adapted to aboriginal realities. In fact, it is being done throughout Canada where economic programs, community infrastructures and education programs are encouraging its adoption. Individuals are being encouraged to use their own capital to establish enterprises to make profits, the rules of access to capital are being examined and revised, capital investment institutions (trust companies, *caisse populaires*, cooperatives, aboriginal capital corporations) are being established, governments are setting up small enterprise assistance programs for aboriginal individuals and communities, and some First Nations governments are tentatively thinking about some form of taxation and user fees on individual and corporate incomes.

It has been a popular belief in recent years that aboriginal people did not engage in economic activity, that somehow this type of activity was inconsistent with aboriginal culture and values. The historical record shows a much different picture: Aboriginal people were active in the fur trade, assumed a major role in it (the Hurons were said to have been responsible for 50% of the fur trade in the 1600s), and were good traders. One of the names of the Micmac was "Taranteens", which meant trader and which reflected their role as excellent middlemen between the hunters of the north and the agriculturalists of the south.

Cree businessmen in the late 1800s in northern Saskatchewan were excellent business people, so good in fact that many of the surrounding business people wanted to restrain their ability to trade. In fact, throughout the whole of contact, aboriginal people have engaged in trade with those who arrived here and prior to that, with each other. For example, Oolichan grease was traded far into the interior of the country along trails which became known as "grease trails." In the present day, one only has to examine the huge powwow circuit that has grown up over the last few years or the rapid growth in the sale of cigarettes on Indian reserves to see the great increase in the number of people who are engaging in trade and making a profit: that most fundamental of capitalist activities.

With this background, the questions to be asked become clearer: what can aboriginal belief systems contribute to the practise of capitalism in aboriginal communities, what adaptations will be made to it, and what can governments do to assist in this adaption process to mitigate against the inequities of the capitalist system?

Aboriginal Belief systems

In 1991, the Manitoba Public Inquiry into the Administration of Justice and Aboriginal People reported "Aboriginal peoples do not adhere to a single life philosophy, religious belief or moral code. Indeed, there are and have been considerable differences among tribes. That the aboriginal peoples of North America, for the most part, hold fundamental life philosophies different from those of the dominant European-Canadian society is now taken for granted." (p. 20).

At the core of aboriginal belief systems is a difference in the perception of one's relationship with the universe and the Creator. In the Judeo-

Christian tradition, which is arguably the philosophical basis for much of European-Canadian society, there is the notion that humankind (mankind in some interpretations) was to fill the earth and to have dominion over it and all that was contained within it. In Ojibway thought, which is taken to be representative of traditional aboriginal thought in general, mankind does not have dominion over the earth and all its creatures but is dependent upon all parts of the creation for survival. In this view, man is the least important entity of the creation.

Despite the differences in traditional lifeways, James Dumont in a 1992 presentation to the Royal Commission on Aboriginal Peoples argued for a set of generalized Native primary values which he defined as arising from vision, i.e. a special way of seeing the world as a native person and a capacity for holistic or total vision. With this ability to see the whole comes respect: respect for creation, respect for knowledge and wisdom, respect for the dignity and freedom of others, respect for the quality of life and spirit in all things, and respect for the mysterious.

From this core of vision and respect, he argues that there arises 7 primary traditional values:

1. **kindness:** a capacity for caring and desire for harmony and well-being in interpersonal relationships;
2. **honesty:** a necessity to act with the utmost honesty and integrity in all relationships recognizing the inviolable and inherent autonomy, dignity and freedom of oneself and others;
3. **sharing:** a willingness to relate to one another with an ethic of sharing, generosity and collective/communal consciousness and cooperation, while recognizing the interdependence and interrelatedness of all life;
4. **strength:** conscious of the need for kindness and respecting the integrity of oneself and others, to exercise strength of character, fortitude and self-mastery in order to generate and maintain peace, harmony and well-being within oneself and in the total collective community;
5. **bravery:** the exercise of courage and bravery on the part of the individual so that the quality of life and inherent autonomy of oneself and others can be exercised in an atmosphere of security, peace, dignity and freedom;

6. **wisdom:** the respect for that quality of knowing and gift of vision in others (striving for the same within oneself) that encompasses the holistic view, possesses spiritual quality, and is expressed in the experiential breadth and depth of life;
7. **humility:** the recognition of oneself as a sacred and equal part of the creation, and the honouring of all life which is endowed with the same inherent autonomy, dignity, freedom and equality.

These values should be interpreted and translated into community processes, institutions and codes of behaviour. Another important factor to consider is the collectivist orientation of aboriginal society. While the interpretation of this value orientation varies quite widely, its usual interpretation is that the needs of the group, whether it be the family, clan or nation, take precedence over the needs of the individual. It is also important to realize that traditional aboriginal people viewed life as a journey. The practise of capitalism within aboriginal society will be affected by these factors as well as modernizing trends as described earlier. It is this worldview and value set that aboriginal people bring to the debate about the practise of capitalism.

There is and will continue to be considerable debate about whether traditional values are indeed compatible with capitalism. Within the aboriginal community, there is a considerable effort underway to ensure that traditional values are understood and made the centre of aboriginal life again, a process which sociologists call revitalization, but which I call retraditionalization. It is this process of relearning and reinterpreting traditional values within a contemporary context which offers some hope for the development of aboriginal economies that operate in accordance with aboriginal ideas and values.

However, the achievement of this ideal: an aboriginal economy operating with traditional values is made difficult. Many aboriginal people have bought into the fundamental premises of capitalism and of its promises of a better material life. Yet I think that there is sufficient desire to try to create something that is uniquely aboriginal out this blend of traditionalism and capitalism, what I call: red capitalism.

What Will Red Capitalism Look Like?

Aboriginal values and worldviews will affect the practise of capitalism and hence the process of economic development in the following ways:

1. The concept of personal and social development itself will be much broader. Using a holistic view, development will be viewed as encompassing 4 dimensions: physical, mental, emotional and spiritual, the same dimensions as contained within the Cree Medicine Wheel. The development process itself will have to include all 4 elements at the same time and not just along the economic (physical) dimension.
2. Development itself will be seen as a process and not a product. Based upon the aboriginal view that life itself is a journey, the development process will be seen as a journey, not as an end state to be achieved. This is not to say that movement along the journey cannot be measured but that the emphasis will be upon the quality of the journey rather than the specific place to be reached. This view of development may mean that there will be a willingness to pursue long term results over short term improvements.
3. Development will be seen as a joint effort between the individual and the collective and its institutions, in this case, the community and government. The process itself will tend to be collaborative rather than competitive. One can see this happening in the manner in which individuals who attempt to start businesses without the legitimizing support of either community or governments are treated or dealt with.
4. In addition to the notion of joint effort and somewhat along the same lines, development will be seen as a partnership between the individual and the world. In a world in which the fundamental value is respect, one needs to have permission of the world in order to change it, to transform it into something else. If one sees oneself as an integral part of the world, indeed as its least important creation, then one would hesitate to act in a way which shows a lack of respect. This will affect the choice of development projects engaged in and the type of technology employed.
5. The development effort will emphasize human capital investment rather than individual capital accumulation. This focus on the human aspects of development will cause developers to explicitly consider the effects of their activities upon the quality of life which includes the environment and will affect development choices. Decisions may be reviewed by Councils of Elders. Decision criteria may be established which explicitly require an analysis of these aspects.
6. Traditional wisdom as interpreted by the elders will be used to guide planning and decision making. Elders may be accorded a formal place in planning and development efforts through a variety of mechanisms: Councils of Elders who must approve plans, advisory councils which set at the same table as Councillors, or as advisors to individuals.
7. The issues surrounding wealth distribution will be tackled using aboriginal values of kindness and sharing. There will be expectations that individuals who have or who are accumulating wealth will somehow share it with community members.
Indeed, the current notion of success as defined by capitalism in material terms will be challenged and broadened. The adaption of capitalism will also alter traditional systems for determining social status. At present, elders who possess knowledge and experience of traditional lifeways are highly revered. The continued use of a material definition of success in aboriginal society may change this hierarchy as those who have material wealth move to the top of the social scale.
8. The economic institutions which are established will be primarily western in nature with adaptations to ensure that they operate in a manner which is appropriate to the local aboriginal community. This means the development of a wide range of western looking organizations: cooperatives, individual proprietorships, partnerships, corporations owned by individuals and governments, joint ventures, in fact the myriad of ways in which economic activity can be undertaken.
In addition to this infrastructure of primarily economic institutions, there will develop a whole range of secondary economic support institutions such as

development agencies, management advisory groups, loan funds, etc., whose primary function is not economic activity itself but increasing the efficiency of the economy.

9. The desire to arrive at decisions by consensus will guide the development of community and organizational structures and processes which are consistent with this value. This has implications for the development planning process itself. Planners and decision makers will not be able to proceed with plans unless a consensus, using an acceptable process, has been reached that this is what should be done. In addition, decision makers will not be able to make decisions without ensuring that broad community consensus exists for a particular direction and course of action. The current business approach to decision making which is based upon "number crunching", i.e. quantitative information, will be broadened.
10. The notions of honesty and respect will result in a heightened sense of accountability for economic institutions and decision makers. This accountability will be focussed on two issues: (1) adherence to the direction as consensually agreed upon and (2) adherence to aboriginal notions of holism and development.

Much of this is now happening. A quick glance at recent developments within aboriginal society will show evidence of these developments:

1. an increasing number of primary and secondary economic institutions: small and medium sized businesses; financial institution such as trust companies, *caisse populaires*, credit unions, aboriginal capital corporations, economic support organizations such as sectoral support programs, community development corporations, training and development organizations, consultants and advisors, etc.
2. elder stewardship in decision making through advisory councils, inclusion as board members or advisors in organizations
3. adoption of community economic development models with their broad notions of development and the subsequent development of indicators to permit communities to gauge their movement
4. continued and expanded use of programs designed to provide aboriginal people with

the skills, knowledge and capital to participate in the broader Canadian economy.

The desire for a much improved material quality of life, the recentness of the above developments, the general lack of understanding of the workings of aboriginal economies, the acceptance of the fundamental premises of capitalism by many Aboriginal peoples and the tentative acceptance by Canadians of the notion of aboriginal self government indicates that great care needs to be taken in the choice of interventions by governments and outside agents in order to support the development of a capitalism that is consistent with aboriginal ideas and values.

What Can Be Done to Assist in This Development?

The process of modernization and the adoption of capitalism as the dominant political-economic system within aboriginal society is well underway. It would be sheer folly to attempt to reverse the process or to attempt dramatic shifts in direction. I would argue that the forces of modernization are much too great to resist, especially in this area. The question however remains what should our strategy be and what can we reasonably do to influence the future course of events?

There are, in my opinion, 3 possible courses of action:

1. One could do very little at this time. One could take the view that the process is underway, aboriginal people are gaining access to the Canadian economy and are participating in it in increasing numbers in contrast to the recent past when economic participation was legally ruled out.

The adoption of this approach, given the fragile nature of aboriginal economies would, I think, prolong the current situation for an indefinite period. Development would continue but at a very slow pace not keeping with the demand for an improved quality of life. In addition, aboriginal values would probably have a difficult time in surviving given the highly competitive nature of the Canadian and global economy.

2. One could increase the level of effort within existing programs. The reasoning would be that an increased level of effort will directly result in a quicker improvement in the quality of life for aboriginal individuals. The adoption of this approach

would permit an increased level of economic activity but does not do much to support aboriginal values and world views.

3. One could adapt a strategy of institution building within aboriginal society, i.e. it could make its focus the building of institutional capacities within aboriginal communities which could then begin to deal with the various problems and issues of aboriginal life.

This is the course of action that I suggest for the economic development area.

A society's values are reflected in its institutions just as much as in its day to day practises. In fact, institutions assume a large role in the preservation and transmission of culture and values. Much of the thinking that needs to be done with respect to aboriginal economic development and values needs to be undertaken by aboriginal people. On an individual and collective basis, aboriginal people are making daily decisions based upon their understanding of their values. Much needs to be done to support that decision making.

It would be useful to establish an economic research and policy development institute whose main function is to identify issues such as those I've raised in this paper and to research them on behalf of aboriginal individuals, communities, organizations and governments. It would develop the culturally appropriate tools and make them available for use by individuals and communities. It would also be able to provide policy analysis and advice to aboriginal governments using aboriginal perspectives and values.

At the present time, an institution of this sort does not exist. This is not to suggest that there is little being accomplished in this area. In fact, there is a considerable amount of research and experiential learning that is taking place. Much of this needs to be captured and fed-back into the community in a form that is usable and viewed as legitimate. An institute of this sort could do that.

The question, then as I see it, is not one of preserving aboriginal worldviews and values but finding ways to assist in the creative interpretation of these worldviews and values in the contemporary reality, a process which is already underway.

Bibliography

- Byrnes, J., *Aboriginal Enterprise Development: Themes and Issues* (publisher unknown, 1989).
- Dickason, O., *Canada's First Nations, A History of Founding Peoples from Earliest Times* (McClelland and Stewart, 1992).
- Dumont, J., "Aboriginal People and Justice", Presentation to Royal Commission on Aboriginal Peoples, Canada, 1992.
- Hamilton, A.C. and Sinclair, C.M. *The Report of the Aboriginal Justice Inquiry of Manitoba, Volume 1* (Queen's Printer, Manitoba, 1991).
- Langdon, S., *Contemporary Alaskan Native Economies* (University Press of America, Inc., 1986).
- Lockhart, R.A., *Issues Perceived as Critical to the Construction of Native Management and Economic Development Models* (The Working Group on Native Management, 1992).
- Merrel, J.H., *The Indians' New World: Catawbas and their Neighbours from European Contact Through The Era of Removal* (W.W. Norton and Company, 1989).
- Newhouse, D.R., "From the Tribal to the Modern: The Development of Modern Aboriginal Societies", Presentation to Royal Commission on Aboriginal Peoples, Canada, 1992.
- Ruffing, L., *Navajo Economic Development Subject to Cultural Constraints* (American Indian Policy Review Commission, date unknown).
- Stanley, S., *American Indian Economic Development* (Mouton Publishers, Paris, 1978).
- Vecsay, C. and Venables, R., *American Indian Environments Ecological Issues in Native American History* (Syracuse University Press, 1980).
- Wien, F. *Rebuilding the Economic Base of Indian Communities: The Micmac in Nova Scotia* (The Institute for Research on Public Policy, 1986).