

# HAVE WE MADE ANY PROGRESS IN THE STRUGGLE TO MAKE FIRST NATION POVERTY HISTORY?<sup>1</sup> A 40-Year Perspective

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## PART A: HISTORICAL INTRODUCTION

Forty years ago, in June 1969, the Government of Canada issued its White Paper on Indian Policy, a proposal that was eventually withdrawn in the face of a furious response by the First Nation leadership from one end of the country to the other. Among the many verbal and written statements of the time, the declaration of the Indian Tribes of Manitoba called *Wahbung: Our Tomorrows*<sup>2</sup> stands out for its presentation of an alternative vision to those who would seek to achieve the social and economic development of First Nation communities by terminating all special rights and provisions, including the treaties, reserves and the protection offered by the Indian Act.

In 2009, First Nation and other Aboriginal communities are still, on average, the most disadvantaged social/cultural group in Canada on a

host of measures including income, unemployment, health, education, child welfare, housing and other forms of infrastructure. Yet, much has been achieved by First Nation communities and organizations who have refused to accept the status quo. While the 1960s could be characterized as another decade where there was almost uniform despair over social and economic conditions, by the 1970s the seeds of change were in the air. They took the form of a renewed determination by First Nations to organize and take charge of their own future, an unshakeable resolve to reassert the validity of Aboriginal and treaty rights, and the courage to take their case to the highest courts of the land.

Forty years later, some First Nation communities are well on the way to making the transition to self-sustaining growth. In some cases, their economies are the leading dynamic force in

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<sup>1</sup> This summary was based on the report *The State of the First Nation Economy and the Struggle to Make Poverty History*, prepared for the Inter-Nation Trade and Economic Summit, Toronto, Ontario, March 9-11, 2009 by the Assembly of First Nations Make Poverty History Expert Advisory Committee.

<sup>2</sup> The Indian Tribes of Manitoba, *Wahbung: Our Tomorrows* (Winnipeg: Manitoba Indian Brotherhood, October, 1971).

their respective regions providing employment and business opportunities not only to reserve communities but to a portion of the non-First Nation population as well. Major changes have also taken place in educational achievement, in business development, in the formation of institutions supportive of economic development, in the recognition of Aboriginal and treaty rights, in government policy and in the adequacy of the information base for decision-making. While many gaps, challenges and inequalities in outcomes remain, the First Nations of Canada are making a historic transition from a colonial era characterized by assimilation, dependency and control to a time when it is indeed possible "to achieve a just and honourable and mutually satisfactory relationship between the people of Canada and the Indian people..."<sup>3</sup>

In late 2008, the Assembly of First Nations formed the Make Poverty History Expert Advisory Committee (the MPH Committee) and asked it to prepare a paper on the state of the First Nation economy.<sup>4</sup> In completing this task, the following questions were asked. How far have we come in reaching community self-sufficiency and making poverty history? What has been accomplished in this period? What lessons have been learned? What issues remain to be addressed and what new circumstances have arisen that require new approaches?

### Historical Background

The history of the diverse First Nations of Canada and their functioning as self-determining communities and nations prior to contact with European explorers has been well documented elsewhere.<sup>5</sup> Once contact occurred, a close read-

ing of history suggests that the relationship between the First Nation and immigrant population was not then, nor is it now, stable and unchanging. That is, even after the trickle and then the flood of immigrants from other lands and cultures began, there was an ebb and flow to the relationship rather than a unilinear descent into poverty and dependence on the part of the First Nations. At first, First Nations were largely successful in retaining their self-governing capacities and traditional ways of making a living. They were able to carve out a role as partners in the fur trade and as military allies.

The late 1700s and the early 1800s were marked by displacement, starvation and the continuing ravages of disease, sharply reducing First Nation population numbers and setting the stage for widespread incursions on First Nation lands as well as exclusion from access to natural resources.<sup>6</sup> Yet, regionally specific histories suggest a gradual regrouping in the late 1800s and early 1900s as the Indigenous population carved out a place on the margins of the White economy, working as guides to hunters, domestics in homes, workers in canning factories and labourers in brick plants.<sup>7</sup> Others managed to continue their traditional subsistence life style. While poverty was very much a way of life because the jobs and activities that were available did not pay very much, people and families managed to look after themselves. Population numbers, which had been declining sharply, gradually stabilized and began a gradual ascent, a trend line that would move sharply upward in the middle and later decades of the 20th century. However, the struggle to survive was made more difficult by powerful opposing forces. Among them were the following:

<sup>3</sup> Ibid, p. i.

<sup>4</sup> The full report *The State of the First Nation Economy and the Struggle to Make Poverty History* can be found at <[www.afn.ca](http://www.afn.ca)>. See Appendix A on page 82 for the composition of the Expert Advisory Committee.

<sup>5</sup> J.R. Miller, *Skyscrapers Hide the Heavens: A History of Indian-White Relations in Canada* (Toronto: University of Toronto Press, revised edition, 1989); Olive Dickason, *Canada's First Nations: A History of Founding Peoples from Earliest Times* (Toronto: McClelland and Stewart, 1992). See also *Looking Forward, Looking Back*, Volume I of The Report of the Royal Commission on Aboriginal Peoples (Ottawa: Canada Communications Group, 1996). As well, Calvin Helin, *Dances with Dependency: Indigenous Success Through Self-Reliance* (Vancouver: Orca Spirit Publishing and Communications, 2006).

<sup>6</sup> The time frames for these transitions vary depending on the region of Canada.

<sup>7</sup> Fred Wien, *Rebuilding the Economic Base of Indian Communities: The Micmac in Nova Scotia* (Montreal: Institute for Research on Public Policy, 1986). See also Rolf Knight, *Indians at Work: An Informal History of Native Labour in British Columbia, 1848-1930* (Vancouver: New Star Books, 1996).

- The Indian Act, first proclaimed in 1876, which placed significant obstacles in the way of community self-determination, economic activity, and cultural expression
- Residential schools, which, among other horrors, left behind generations of poorly educated and sometimes traumatized students. The intergenerational effects of the residential schools require investments in individual, family and community healing and represent a significant challenge for community development
- The continuing loss of access to lands and resources through the incursion of immigrant populations, the treaty process and the non-fulfilment of treaty provisions, and through the process of regulation (e.g., migratory birds, hunting and fishing, logging)
- The relocation and displacement of communities from their traditional lands as a result of centralization policies or the construction of hydro electric dams

The Great Depression seemed to knock the pins out from under the meagre employment gains that had been made in earlier decades. However, through the Depression years and increasingly after the war, provincial and federal governments in Canada became more inclined to intervene to alleviate hardship. While necessary on humanitarian grounds in the short term and a welcome change from the rejection of appeals in earlier decades, it proved to be a short-sighted and limited approach to the challenge of First Nation poverty in the longer term. In effect, it was a choice to take the easy road, using the increasing wealth of Canadian society to provide relief to the most disadvantaged rather than taking the more difficult road (politically and economically) of rebuilding First Nation economies so that they could regain a large measure of self-reliance. The tale is in the statistics which show how much of the First Nation population has had to depend on social assistance as its main source of income, how little has been derived from employment, and how meagre were the amounts in federal budgets that were allocated to economic development, compared to

the high and growing levels devoted to relief payments.

There is an ample historical record to demonstrate that First Nations fought hard to maintain and protect their traditional ways of making a living while petitioning for help to adapt to new environments. They also passionately resisted the oppressive forces that had descended upon them. And throughout, they have maintained a steadfast adherence to the conception that they are the original inhabitants of this land with Aboriginal and treaty rights that have not been extinguished, that are recorded in both written and oral histories and, more often than not, recognized by the Supreme Court of Canada.

### Enough is Enough: The 1969 White Paper and the First Nation Response

It was a considerable shock, therefore, when the federal government proposed, in 1969, "to terminate all special rights, including the Indian Act, reserves and treaties ... diametrically opposed to what the Indians had been led to believe: that their rights would be honoured and that they would participate in shaping the policies that determined their future".<sup>8</sup>

First Nations were outraged by the so-called White Paper policy—both by the manner in which it came about and by what it contained. In short order, there were many responses to the document, among the most thoughtful the 1971 statement issued by the Indian Tribes of Manitoba, titled *Wahbung: Our Tomorrows*. It is worth summarizing here because it provides a broad, First Nation perspective on economic and community development—a standard against which development efforts can be measured.

Wahbung outlines the importance of the following principles:

- affirms the determination of the Indian tribes to assume control and ownership over all aspects of their lives must prevail
- declares that Indian dependency on the Canadian state must not continue

<sup>8</sup> Sally M. Weaver, *Making Canadian Indian Policy—The Hidden Agenda 1968–1970* (Toronto: University of Toronto Press, 1981), from the foreword.

- underlines the interdependent nature of the process of development, arguing that it is not just economic factors that need to be addressed but also social, cultural and educational ones.
- affirms the need to rebuild social relationships within Indian communities, including the development of a broad range of organizations
- reminds Canada of the importance of Aboriginal and treaty rights, of the "special status" of First Nations, and
- affirms that Indian tribes have not given up their rights to be self-determining, so that changes in the relationship can only be brought about by nation to nation discussion and mutual consent.

There follows a detailed program aimed ultimately at community development in which the principles mentioned above are recurring themes but in more specific contexts. Some highlights of the strategy are the following:

- The need to revisit and restructure the treaties because of the inequitable nature of the original negotiations which resulted in receiving small land allotments of poor quality. There was a subsequent failure to implement the more positive treaty provisions. Full and comprehensive redress is sought.
  - With respect to the land base, the Indian Tribes seek an end to external control over the use and management of the land base as well as initiatives to address the amount and quality of lands provided.
  - The exercise of hunting, fishing, trapping and gathering rights has been restricted in contravention of the treaties. Specific issues, such as the Migratory Birds Convention Act, game wardens and licensing requirements, flooded lands and the reduction in available Crown lands need to be addressed.
  - The Indian Tribes view the Indian Act as patronizing, paternalistic, restrictive and confusing. They recognize the need for federal legislation, but it should be geared to protecting and guaranteeing Aboriginal and treaty rights (including health and education), and creating opportunities so that the Tribes can combat the spectrum of poverty conditions affecting their communities
- Regarding culture, the *Wahbung* statement resists the tendency to commercialize all aspects of culture. It urges that steps be taken to revitalize and protect Indian cultures, which they see as needing to adapt to changing conditions.
  - In the field of education, the push is strongly for Indian control of Indian education and emphasizes the need for education for all ages, beginning with early childhood. Local school boards, community-based high schools, and Indian teachers and languages in the schools are recommended.
  - Regarding economic development, traditional activities and reserve lands are mentioned, but the document states there is now diminished potential for development based on land because so little is available and it requires high capital investment. It argues that the natural resource base adjacent to the communities should be made available, and holds out hope for secondary processing of primary production, manufacturing, and the development of tourism, recreation and service industries.
  - The Indian Affairs approach to economic development is judged to be too narrow, focusing only on early returns to investment and constructed in a fragmented, silo manner. There are strong statements to the effect that the Tribes need to do economic development themselves, that they would invest in social capital and human resources, that they need consistent government programming, and that funds need to be redirected from welfare spending to stimulating economic and employment activity.

Both the *Wahbung* statement and brief historical sketch underscore the fact that the development of First Nation communities has to be regarded from a broad, historically informed perspective. "Making poverty history" in the First Nation context is not a narrow technical question of providing an infusion of capital, building entrepreneurial skills, or providing training programs for the labour force. Rather, it is a matter of making the transition from a colonial relationship to what the Royal Commission calls a renewed relationship based on the principles of recognition, respect, sharing and responsibility. In practice, as we have noted, it requires attention

to issues of control, dependence, and support; recognition and fulfilment of agreements expressed in treaties and in other ways; addressing the need for individuals and communities to heal from the effects of historic trauma, and rebuilding social relationships and institutions.

### The First Nation Economy in the 1970s

First Nation organizations, whether for political/advocacy purposes or for service delivery, were in limited supply up until the late 1960s and early 1970s, but then began to develop rapidly. The National Indian Brotherhood, for example (which became the Assembly of First Nations) was founded in 1969, and similar organizations based on provincial or treaty group lines followed soon after. At this time, the institutional structure was relatively undifferentiated with few organizations that existed beyond the level of the Band Council. Much of actual service provision was still in the hands of provincial or federal governments. It was a decade later that specialized organizations assumed responsibility for particular services (e.g., native women, First Nation child welfare, addictions services, economic development, culture or communications). At this time, communities did not have economic development officers, although within a few years, staff concerned with community development or popular education would come on board.

While First Nation organizations had treaties and Aboriginal rights on the agenda, they were largely ignored by the rest of Canadian society, which often made the argument through its governments that Aboriginal rights had been extinguished by the passage of legislation, that treaty provisions no longer applied, or they did not apply in particular instances. However, First Nations were undeterred, and the testing of treaty and Aboriginal rights in the courts became a prominent feature of development strategy beginning in the early 1970s. An important milestone was reached a decade later when such rights were enshrined in the Canadian constitu-

tion, but court challenges have continued to the present day.

Accounts of the state of First Nation economies forty year ago are often regionally-based. One of the more detailed describes the Nova Scotia Mi'kmaq population in these terms.<sup>9</sup> In the mid-1970s to early 1980s, business development among the Nova Scotia Mi'kmaq was very limited, both on and off reserve. Within the 12 communities, there might at best have been a handful of small businesses, almost entirely geared to providing local (i.e., on reserve) services. "These small businesses usually have from 1 to 3 employees, with the exceptional case reaching as many as 15 to 20 persons. In 1980, some 150 Micmac were considered to be self-employed in the province.... They were engaged in such activities as handicraft production and sales, construction, dry walling, the operation of grocery stores, auto body shops, beauty salons and restaurants, the cutting of pulpwood, fishing, farming, the growing and selling of Christmas trees, and fuel oil deliver."<sup>10</sup>

There were few business support services available such as organizations representing business owners, community-based economic development officers, appropriate zoning and regulation, or industrial parks—the infrastructure that the mainstream society takes for granted. However, the federal Indian Economic Development Fund was available. In the decade from 1971 to 1981, it supported some 218 Micmac businesses at a cost of \$8 million for loans and contributions. Of those businesses assisted, 56 per cent were still in existence in 1982. Other businesses were established through the L.E.A.P. Program of the Canada Employment and Immigration Commission.

Because of the youth of the population, a fairly large proportion is deemed to be in the labour force (employed or unemployed) but unfortunately the proportion unemployed on reserve is very high (66% in 1976, dropping to 51% in 1981). Much of the employment is seasonal. In 1980, about a third of the Micmac labour force has regular employment (meaning steady work for the year), while another third

<sup>9</sup> Vignette derived from Fred Wien: *Rebuilding the Economic Base of Indian Communities: The Micmac in Nova Scotia* (Montreal: Institute for Research on Public Policy, 1986).

<sup>10</sup> *Ibid.*, p. 225

has irregular employment and the remaining third is unemployed year-round. Among those employed and compared to the Nova Scotia labour force, Micmac men and women are less likely to be found in clerical, sales and service occupations but more likely to be engaged in fishing/hunting/trapping, as well as forestry occupations and especially in construction. This is because almost a third of the Micmac employed labour force is hired on short-term make-work projects, especially as "carpenters helpers" in house construction. Another 20 per cent work for their Band Council in more regular employment. Among those employed in 1980, 56 per cent receive minimum wage remuneration. To make ends meet, about 60 per cent of the adult population relies on social assistance for some or all of their income in the 1975-1980 period.

In terms of education levels, 69 per cent of the 1981 adult population on reserve has grade 9 or less. Of the handful of students who make it to grade 12 each year, only 60 per cent graduate on average in the decade 1970-1980, compared to 84 per cent of all Nova Scotia students.

While there are regionally-based accounts of the state of First Nation economies in the 1960s and 1970s, such as the one excerpted above, one or the more useful sources at a national level is the 1966 Hawthorne Report which provided a similar picture of what was happening across the country on Indian reserves.<sup>11</sup>

The Hawthorne Report provides figures showing three-quarters of the population lived on reserve, and employment was heavily seasonal with about half of the male labour force found in the natural resource sector and in occupations and industries that were mostly unskilled and low-paid. Only 29 per cent of the male work force had employment for more than 9 months of the year, and about a third of all households depended on welfare grants provided by Indian Affairs. The participation rate in economic activity ranged from 20 to 50 per cent in the identified communities. Given these characteristics, it is not surprising that annual earnings and income were thought to be only about a third to a quar-

ter of what was available to the non-Aboriginal population.

The report goes on to identify some of the factors thought to be related to economic underdevelopment: the distance and isolation from centres with job and income opportunities, the nature of the jobs that are available as described above, inadequate education and training, discrimination rooted in stereotypes, and the system of administration to which Indian people were subject.

## **PART B: WHAT HAS CHANGED IN THE PAST 40 YEARS? TWELVE CONCLUSIONS**

Our full report to the Assembly of First Nations is extensively data based, containing more than 75 charts, tables and vignettes. We provide a contemporary profile of First Nation poverty and document in detail changes in population, business and institutional development, labour force participation, employment, income, education and various health and social characteristics. However, our documentation falls short of the range of indicators that would be required to measure the full extent of the vision articulated in the *Wahbung* statement.

For purposes of this summary, we provide the 12 principal conclusions of the full report, accompanied by a small number of illustrative charts. Each conclusion is expressed in bold italics below.

The important drivers of change in this period likely include the following factors:<sup>12</sup>

- Establishment of advocacy groups and service delivery organizations has provided a platform for an increasingly educated First Nation leadership to advocate for change. An experienced, determined political leadership adept at building coalitions and support has kept First Nation issues on the political agenda.
- While Supreme Court decisions have not always been favourable to First Nation interests, there have been several key decisions

<sup>11</sup> From H. B. Hawthorne et al., *A Survey of the Contemporary Indians of Canada* (Ottawa: Indian Affairs Branch, 1966).

<sup>12</sup> The events of the period from 1969 through to the early 1990s are discussed in detail in Chapter 7: "Negotiation and Renewal", in *Volume I: Looking Forward, Looking Back: Report of the Royal Commission on Aboriginal Peoples* (Ottawa: Canada Communications Group, 1996).

that recognized Aboriginal and treaty rights, and have imposed obligations on governments to consult or to make room for Aboriginal interests.

- The hand of First Nation and other Aboriginal groups was further strengthened by the inclusion of the phrase in Section 35 of the Constitution that "[t]he existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed".<sup>13</sup>

The high profile lands conflict in 1990 at Oka, Quebec, gave rise to the Royal Commission on Aboriginal Peoples and to further constitutional negotiations. While the Meech Lake and Charlottetown Accords were not adopted, the debate at the time and reports of the Royal Commission fortified the claims of First Nations as an order of government distinct from the federal and provincial governments.

The high rate of First Nation population growth, and its increased urbanization added to the pressure on governments to find solutions to issues that were increasingly expensive to address.

### Changes in Business Development

*A major achievement has been in the growth of First Nation privately and community-owned businesses. Additionally, there are now "break-out" communities in each region of Canada, that are not only successful in providing a viable economic base for their own communities but are also a source of employment and business opportunity for surrounding areas.*

As we noted in an earlier section, the state of business development in First Nation communities was quite rudimentary in the early 1970s, with the exception of self-employed persons engaged in traditional activities. Indeed, in

different regions across the country, there was little evidence of successful economic development in the sense of communities breaking out of dependence on government funding and generating significant amounts of own source revenues through business development.

Forty years later, the situation is changed, although the information base on First Nation businesses is weak. A report prepared for Industry Canada<sup>14</sup> claims there was major growth in the number of Aboriginal business between 1981 and 1996, but the basis for this conclusion is shaky given the difficulty of comparing the Aboriginal population at these two points in time. Drawing on another report, we established that the First Nation self-employed living on reserve declined as a percentage of the population 15 years of age and over between 1971 and 1991, as it did in comparable non-Aboriginal communities and in Canada as a whole.<sup>15</sup> Furthermore, census data from the 1996, 2001 and 2006 show the decline with respect to on and off-reserve locations. In 2006, the First Nation self-employed stood at 5.8 per cent, compared to 12 per cent for the non-Aboriginal Canadian population (Chart 1).

Nevertheless, in absolute numbers, the 2006 census reports 15,245 self-employed First Nation persons, an increase of some 3200 from a decade earlier. About 22 per cent of the self-employed in 2006 were found on reserve, with a similar number in off-reserve locations and the balance in urban areas. Women entrepreneurs made up 38 per cent of the total number.

The 1996 Industry Canada report noted above draws a profile of Aboriginal businesses at that time. Of interest are the following characteristics:

- Sectoral distribution which shows 20 per cent in primary industries such as agriculture, fishing, trapping and logging. Other prominent industries are recreation and personal services (at 19.1%) and construction at 14.6 per cent.

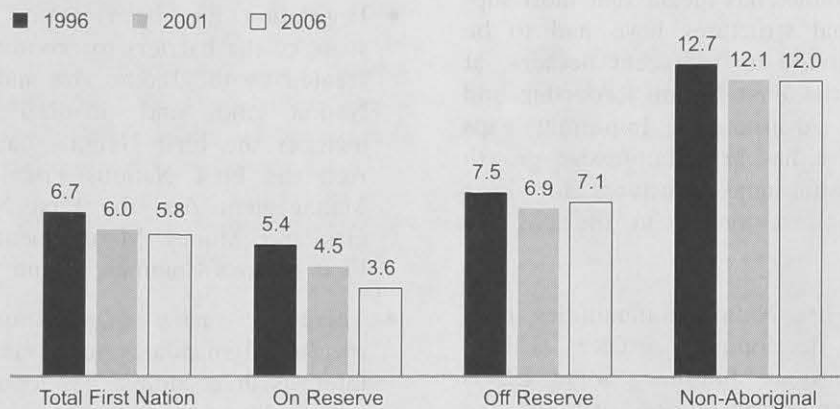
<sup>13</sup> The Constitution Act, 1982, Section 35, in Donna Lee Hawley (ed.), *The Annotated Indian Act 1993* (Toronto: Carswell, 1992), p. 147.

<sup>14</sup> Micro-Economic Policy Analysis Branch and Aboriginal Business Canada, *Aboriginal Entrepreneurs in Canada: Progress and Prospects* (Ottawa: Industry Canada, n.d.).

<sup>15</sup> Indian and Northern Affairs Canada, *Socio-Economic Indicators in Indian Reserves and Comparable Communities, 1971-1991* (Ottawa: Indian and Northern Affairs Canada, 1997).

CHART 1

The Self-Employed as a Proportion of the Total Experienced Labour Force 15 Years of Age and Over, for the First Nation Identity Population On and Off Reserve and the Non-Aboriginal Population, 1996, 2001 and 2006.



Source: Statistics Canada, Catalogue 94F0011XCB1996000 for 1996 data, Catalogue 97F0011XCB2001044 for 2001 data, and Catalogue 97-564-XCB2006002 for 2006 data.

- Under-representation in knowledge-based industries such as finance and insurance, business consulting and computer services—industries which are anticipated to grow most rapidly—but Aboriginal representation is increasing.
- Compared to Canadian businesses generally, a much higher proportion of Aboriginal businesses are engaged in export activities (19% versus 4%).
- Between 1981 to 1996, new Aboriginal businesses are estimated to have accounted for one in four of the net new Aboriginal jobs created in that period.

Information about the self-employed, provides only a partial picture of First Nation businesses because it leaves out community-owned businesses. Almost all First Nation communities have one or more community-owned businesses, that are successful and of significant size. Combined with privately-owned enterprises, they are the economic base of numerous First Nations, contributing to their making a successful transition from economic dependence to self-sustaining growth.

In each region of Canada, there are now First Nation communities with vibrant economies that are able not only to employ all those looking for work within their own community but are also to offer employment and provide an economic stimulus to the surrounding region. Some develop their economies using their own resources; others provide labour and contract services to major resource developments in their neighbourhood, while still others join forces with non-Aboriginal companies in joint venture arrangements. There are many paths to successful economic development.

### Changes in the Institutional Framework

*In reviewing the record of the past 40 years, we have also been impressed with the growth in what we call the institutional base for First Nation economic development.*

Normally the economic base of a community is primarily its labour force and businesses, but there is a whole array of institutions that make a



critical difference to the success of local, regional and national economies. These institutions are often taken for granted in the mainstream society—whether they be zoning regulations, industrial parks or loan-providing agencies. Neglect of First Nation economies has meant that most supporting institutional structures have had to be built from the ground up in recent decades, at the insistence of the First Nation leadership and with support of governments. Important gaps still exist but there has been impressive growth in supporting institutional structures for First Nation economic development in the past 40 years.

- Virtually all First Nation communities have an economic development officer (EDO), although not all are full-time. Some EDOs have their own organizations such as the Atlantic Aboriginal Economic Developers Network (AAEDN), which has done impressive work with the Atlantic Chiefs' Strategy for Economic Development. At the national level, EDOs are represented by the Council for the Advancement of Native Development Officers (CANDO). Among other achievements, CANDO has implemented a national training and certification program that is available to EDOs across the country.
- Many First Nations have also established organizations at the community or regional level as a means to manage their economic development portfolio and to provide a focal point for new initiatives. Community economic development organizations (CEDO's) play an important role in providing a measure of separation between the political and economic life of the community. Optimally, the political leadership is involved in providing a vision for the development of the community and in putting the basic infrastructure in place, while the CEDO manages the day-to-day affairs of the community-owned businesses.
- A network of financial institutions is now in place to provide loans, business services and other supports to First Nation businesses. This includes Aboriginal Capital Corporations located in different regions. These Aboriginal financial institutions provide about 1,400 loans annually totalling some \$90 million. Other institutions include the First Nations Bank of Canada, special Aboriginal lending programs and services provided by the Canada's chartered banks, and loan and grant programs offered by government departments such as Indian and Northern Affairs Canada.
- Legislation has been passed that addresses some of the barriers to economic development created by the Indian Act and involving First Nation lands and financial authority. This includes the First Nations Land Management Act, the First Nations Fiscal and Statistical Management Act, the First Nations Oil and Gas and Money Management Act, and the First Nations Commercial and Industrial Act.
- There are many organizations that pursue specialized mandates to advance First Nation interests in economic development and governance. These include the Native Investment and Trade Association (NITA), the National Centre for First Nations Governance (NCFNG), the First Nations Tax Commission (FNTC), the Canadian Council for Aboriginal Business (CCAB), and the Canadian Executive Services Organization (CESO), among others.
- There have also been major improvements in the information base available to First Nations. At the Canadian Institutes of Health Research, for example, the Institute of Aboriginal Peoples Health has 9 regional centres which support high quality health research. Statistics Canada has implemented the Aboriginal Peoples Survey and the Aboriginal Children's Survey, and is collaborating on the establishment of the First Nation Statistical Institute (FNSI). At a regional level, the work of the Atlantic Aboriginal Economic Development Integrated Research Program (AAEDIRP) is an example of an initiative that seeks to provide research support for the implementation of regional economic development strategies.
- Important work contributing to health and healing is being undertaken by both community-based and national organizations. This includes the contribution of the Aboriginal Healing Foundation, the Government of Canada's apology with respect to residential schools and the related financial settlement program, and the work of First Nation child welfare and alcohol and drug agencies.

- A body of knowledge is emerging that supports First Nation world views regarding the appropriateness of a holistic approach to issues of development. This includes the work of the Harvard Project on American Indian Economic Development which stresses “sovereignty”, good institutions of government, the role of culture, and the importance of leadership and strategic planning. The First Nation Development Institute offers an Indigenous perspective on community development.<sup>16</sup>
- A set of institutions and procedures designed to negotiate both comprehensive and specific land claims as well as self-government agreements has been established. Such agreements provide a measure of stewardship and control for First Nation people, as well as some much-needed capital and better access to lands/resources.
- A set of legislation, policies, programs and regulations that shape what is done, and what can be done, with respect to First Nation economic development is in place.<sup>17</sup> In addition, the federal government has recently released a new federal framework for Aboriginal economic development.<sup>18</sup> On the positive side, many of the institutional developments summarized in these pages would not have been possible without federal and sometimes provincial support. On the negative side, it still appears to be enormously difficult to bring about a shift in spending such that the task of rebuilding First Nation economies obtains the support that it requires.<sup>19</sup>

Still, there are important gaps in the institutional structure. These include access to capital (such as equity and venture). Indian Act con-

straints in land tenure and land management make it difficult for reserve communities to respond quickly to economic opportunities. Fragmentation and other shortcomings in federal policy and programs need to be addressed.

### Change in Population and Labour Force Characteristics

Given the investments in the institutional framework that have occurred, the related growth in Aboriginal business development, as well as investments in education and other fields, is there any evidence, looking at outcome data, that the situation has improved for First Nations in the past 40 years? Is poverty on the way to becoming history and is the gap with the non-Aboriginal population narrowing on key socio-economic indicators? We summarize the data on this subject in the following conclusions, supplemented by some illustrative charts.

*The socio-economic position of the First Nation population has improved over the past 40 years.*

Whether it is in labour force participation, education, employment or income, the statistics show that change is going in the right direction. The following chart, for example, shows how much change in female labour force participation (on reserve) has occurred in the period 1971–1991 (Chart 2). A similar but smaller increase occurred among the males.

Positive changes have occurred among the urban population as well. In Chart 3, we document the growth in employment income among the Aboriginal population in the years 1981–2001.<sup>20</sup> The positive trend continues in more recent years. According to the census, for exam-

<sup>16</sup> See, for example, First Peoples Worldwide, *Okiciyab: Promoting Best Practices in Indigenous Community Development* (Fredericksburg, VA: First Nations Development Institute, 2006).

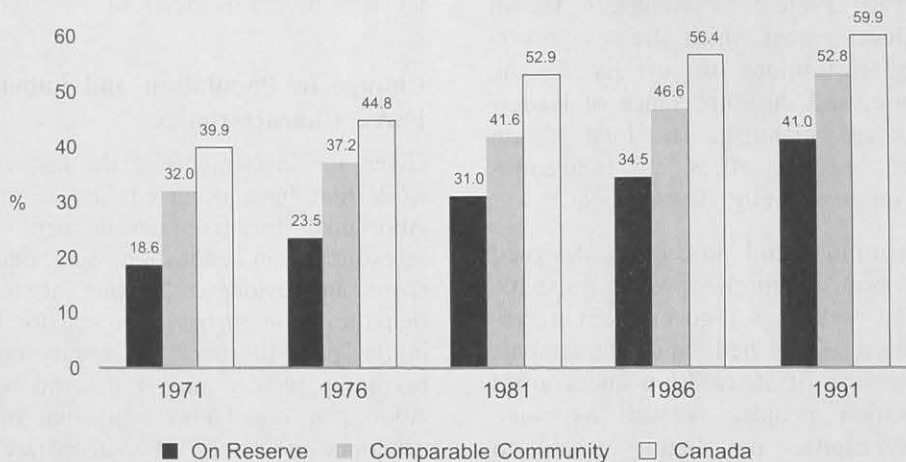
<sup>17</sup> For a discussion of the issues, see Standing Senate Committee on Aboriginal Peoples, *Sharing Canada's Prosperity—A Hand Up, Not a Handout*, Ottawa: Senate of Canada, 2007. See also, Public Policy Forum, “Economic Development in First Nations: An Overview of Current Issues”, 2005; and Chiefs Committee on Economic Development, “A Discussion Paper: Concepts for a First Nation Economic Infrastructure” (Ottawa: Assembly of First Nations, n.d.).

<sup>18</sup> Government of Canada, *Federal Framework for Aboriginal Economic Development* (Ottawa: Minister of Public Works and Government, 2009).

<sup>19</sup> The Final Report of the Senate Standing Committee on Aboriginal Peoples notes that only about 8 per cent, or \$647 million out of some \$9 billion in federal spending on programs and services directed to Aboriginal peoples is allocated for the purpose of Aboriginal economic development. Standing Senate Committee, op. cit., 2007, 9.15.

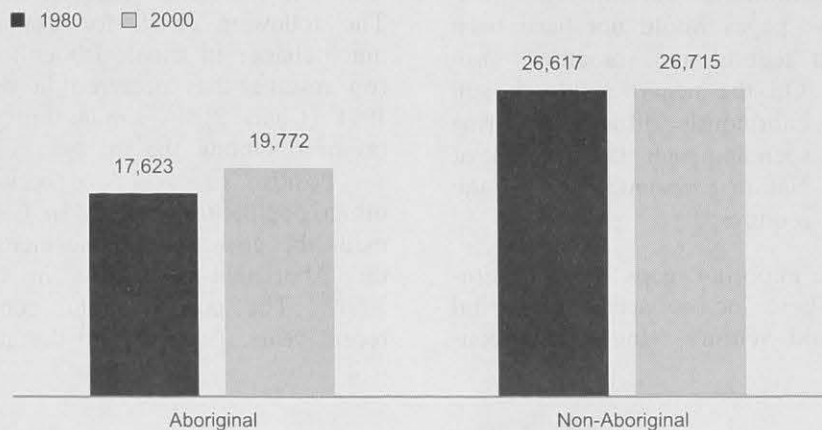
<sup>20</sup> Note that in Chart 2, the data is for the Aboriginal population, going beyond First Nations to include Inuit and Métis as well.

**CHART 2**  
Female Labour Force Participation Rate, Population on Reserve,  
in Comparable Communities and in Canada, 1971-1991



Source: Socio-Economic Indicators, op. cit., Figure 17.

**CHART 3**  
Median Employment Income for Aboriginal and Non-Aboriginal Persons Aged 15+  
Average for Selected Cities, 1980-2000, in dollars

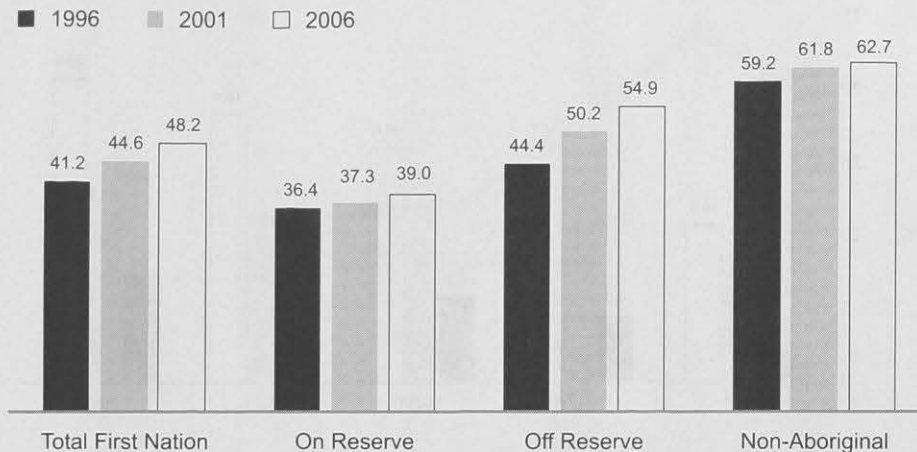


Source: Andrew J. Signer and Rosalinda Costa, *Aboriginal Conditions in Census Metropolitan Areas, 1981-2001*, Ottawa: Statistics Canada, Catalogue No. 89-613-MIE — No. 008, 2005, Table 7.

ple, the level of employment of the First Nation population has improved in the period 1996-2006 (Chart 4).

*In the period to the mid-1990s, the rate of positive change on many critical indicators has been greater for the*

**CHART 4**  
Employment Rate of the First Nation Identity and Non-Aboriginal Population  
1996, 2001, and 2006



**Source:** Statistics Canada, Catalogue 94F0011XCB1996000 for 1996 data, Catalogue 97F0011XCB2001044 for 2001 data, and Catalogue 97-564-XCB2006002 for 2006 data. The employment rate is the proportion of persons employed to the population 15 years of age and over.

*Canadian population than it has been for the First Nation population. As a result, the gap in education levels and on some indicators of employment and income has widened.*

Chart 5 shows, for example, that the proportion of the population 15 years of age and over with some university education increased from 2.3 to 7.4 per cent of the population living on reserve between 1971 and 1991. The increase among the non-Aboriginal population was more substantial, from 10.8 to 20.8 per cent.

However, most indicators show a narrowing of the inequality gap during 1996–2006 when the Canadian economy was growing strongly. This contributes to the conclusion that progress in reducing the gap in relative or comparative terms is likely when the macro-economy is growing strongly. Chart 6, for example, shows a considerable reduction in government transfers as a proportion of total income for First Nation persons between 1995–2005, more so than for the non-Aboriginal population although the starting point was much higher for First Nation persons.

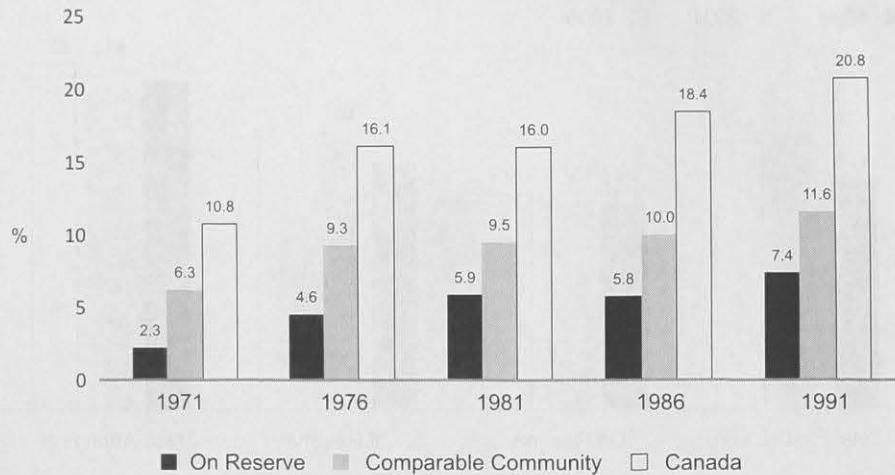
*While progress has been encouraging, the First Nation economy is especially vulnerable to recessions, which can reverse, at least for a time, the documented positive changes.*

Many First Nation businesses are less well established, overrepresented in the primary resources sector and more likely to be engaged (and exposed) in the export of goods and services. The First Nation labour force is younger, growing faster, has less union protection and seniority, and less education—all of which make it more vulnerable in the current climate. Chart 7 gives some empirical support to this conclusion. It shows the unemployment rate for First Nation persons on reserve spiking sharply upward in the 1981–86 period (top line), a time when Canada was experiencing a serious recession.

*First Nation young people in the labour market face especially challenging, even desperate, times despite a recent favourable economic environment.*

**CHART 5**

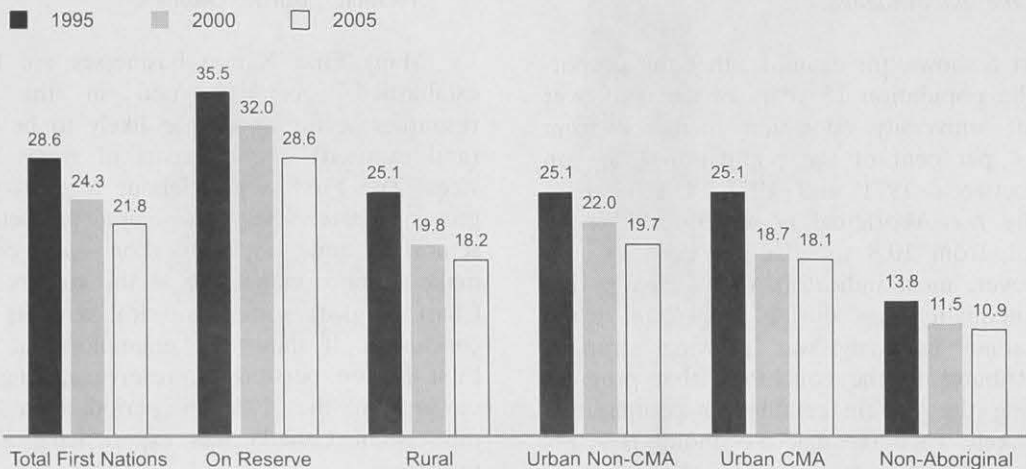
Population 15 Years of Age and Over with Some University Education,  
Population on Reserve, in Comparable Communities and Canada, 1971–1991



Source: Socio-Economic Indicators, op. cit., Figure 9.

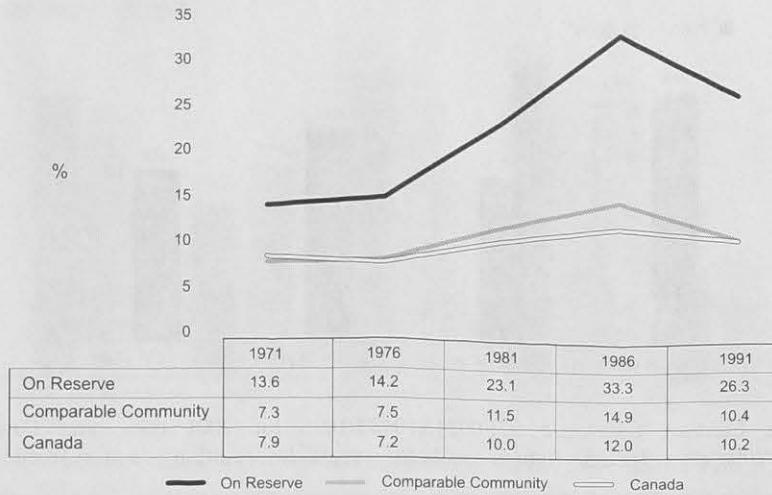
**CHART 6**

Government Transfers as a Proportion of Total Income, for the First Nation Identity  
Population by Location and the Non-Aboriginal Population 15 Years of Age and Over  
1995, 2000 and 2005



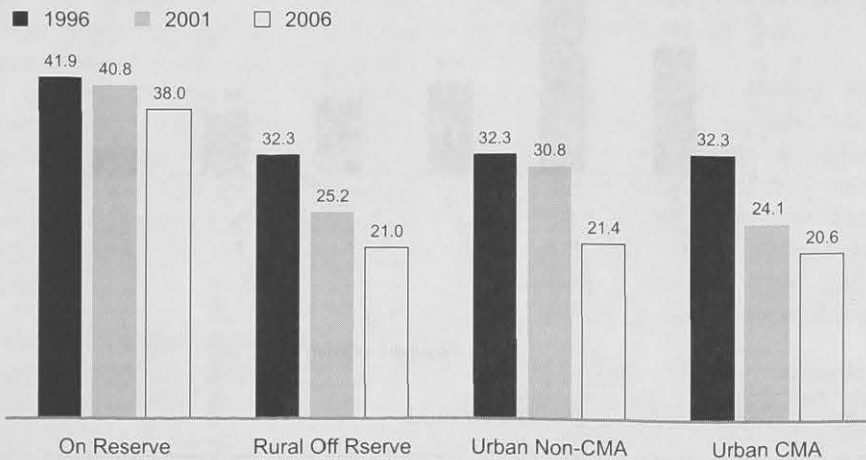
Source: Statistics Canada, Catalogue 94F0011XCB1996000 for 1996 data, Catalogue 97F0011XCB2001046 for 2001 data, and Catalogue 97-564-XCB2006002 for 2006 data. In 1996, the percentage reported is for the off-reserve population as a whole.

**CHART 7**  
 Unemployment Rate, Population on Reserve  
 in Comparable Communities and in Canada, 1971-1991



Source: Socio-Economic Indicators, op. cit., Figure 21.

**CHART 8**  
 Unemployment Rate of the First Nation Population 15 to 24 years of Age, by Location  
 1996, 2001, and 2006

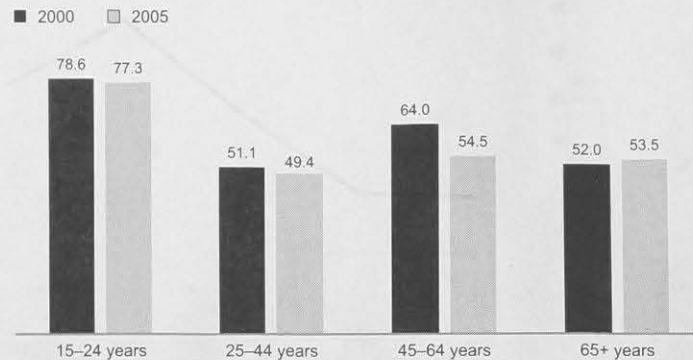


Source: Statistics Canada, Catalogue 94F0011XCB1996000 for 1996 data; Catalogue 97F0011XCB2001044 for 2001 data, and Catalogue 97-564-XCB2006002 for 2006 data. For 1996, the off reserve data is not available according to location off reserve.

As of 2006, young people had lower education levels and high unemployment rates and this

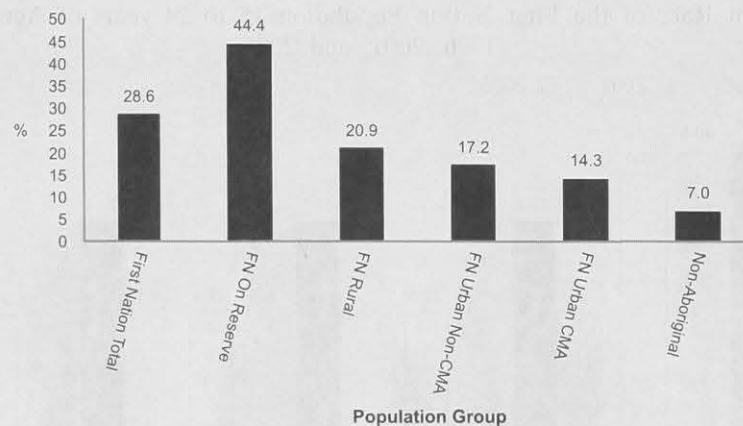
was the case whether they were located on or off reserve. Chart 8 provides figures on unem-

**CHART 9**  
Incidence of Low Income for Persons Living as Unattached Individuals,  
First Nation Identity Population by Age Group, 2000 and 2005



**Source:** Statistics Canada, Catalogue 97F0011XCB2001046 for 2001 data, and Catalogue 97-564-XCB2006002 for 2006 data. Income figures are before taxes. Information is not available for 1996.

**CHART 10**  
Condition of Dwellings: Per Cent of the First Nation Identity and Non-Aboriginal  
Population Living in Housing Requiring Major Repairs, 2006



**Source:** Statistics Canada, Catalogue 558-XCB2006022.

ployment rates for the 15 to 24 year-old population, rates which are in the order of 40 per cent for those living on reserve. The incidence of low income was also very high (Chart 9).

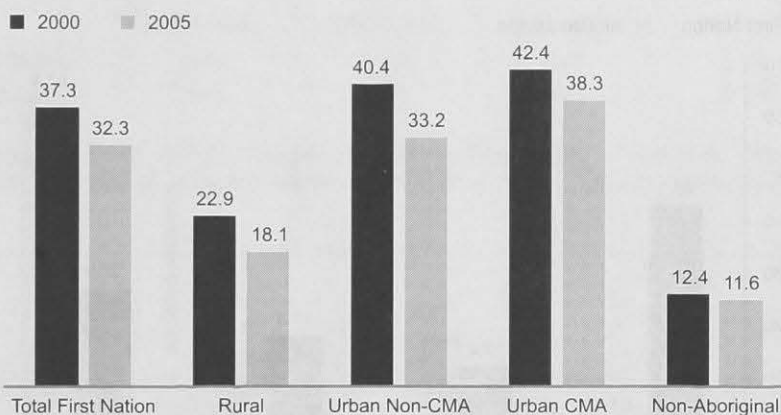
*For the most part, urban First Nation residents are better off than those living*

*on reserve, but less well off than the larger Canadian population.*

Chart 10, for example, provides data on the quality of housing. However, on some indicators such as the incidence of poverty, urban Aboriginal residents fare less well (Chart 11) and, of

CHART 11

Incidence of Low Income for Persons Living in Families, First Nation Identity Population by Location and the Non-Aboriginal Population, 2000 and 2005



**Source:** Statistics Canada, Catalogue 97F0011XCB2001046 for 2001 data, and Catalogue 97-564-XCB2006002 for 2006 data. Income figures are before taxes. Information not available for 1996 and for the on reserve population.

course, on cultural measures such as language use and retention, they face a very challenging situation.

Figures on the proportion of the First Nation population living off reserve vary from 45 to 57 per cent depending on how the population is defined and the data source. Despite a substantial urban migration since the early 1970s, it is a population that has not had sufficient attention paid to it. There is a lack of research, policy, programs and engagement to address the particular needs of this segment of the First Nation population.

*However, the First Nation population is still very much a rural population, especially in comparison with the rest of Canada.*

While the rest of Canada is 80 per cent urban, only about 45 per cent of the First Nation identity population live in urban areas (Chart 12). As evidenced by rural to urban commuting patterns and comparisons of unemployment rates, urban areas in Canada are now and will likely continue to be, centres of economic, educational and other forms of dynamism and

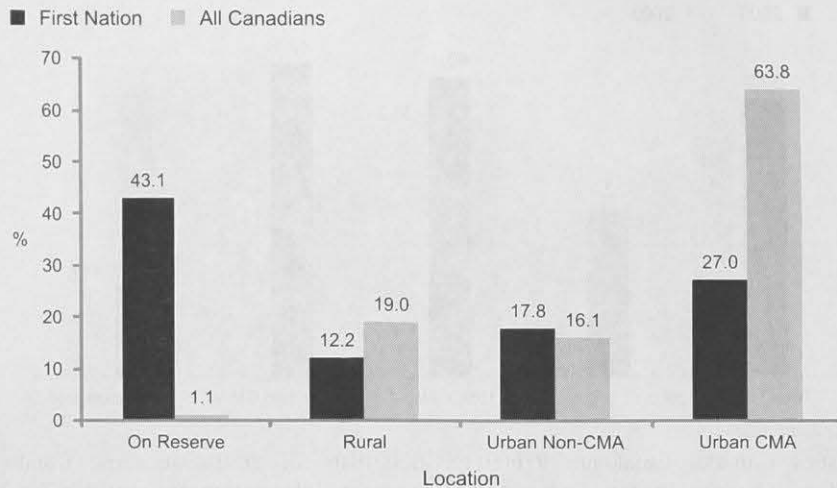
opportunity. Thus an important research and policy challenge remains one of establishing appropriate development strategies for rural and isolated communities, and how they can develop a viable urban connection.

*Positive change, whether in education, employment or income, has been more substantial among the off-reserve First Nation population than on-reserve. The result of this trend over time is that the gap that exists between on and off reserve, between rural and urban, is increasing rather than decreasing.*

In Chart 13, for example, we show the change in median income that has occurred since 1995 by location. The chart shows only moderate income growth for the on reserve location but a much more substantial improvement for those First Nation persons living off reserve in rural areas and in urban locations. Thus reserve-based economies require effective development strategies as much as do urban areas. In fact, it is a more challenging assignment because, on average, employment and business opportunities are more likely to be found in urban areas.

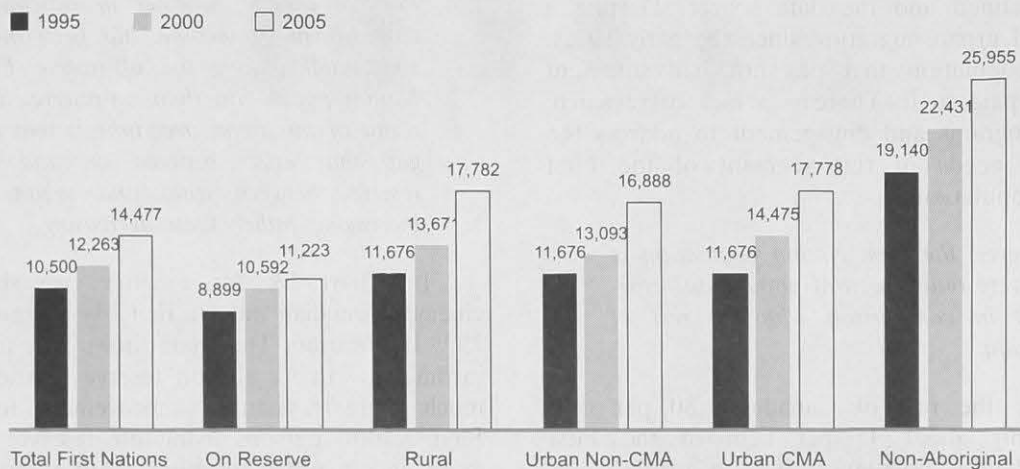


**CHART 12**  
On Reserve, Rural, and Urban Location of the First Nation Identity Population and All Canadians, 2006



**Note:** Urban Non-CMA areas number from 1,000 to 100,000 people. Urban CMA's are 100,000 persons and over. Source: Statistics Canada, Catalogue 97-558-XCB2006006.

**CHART 13**  
Median Income, Population 15 Years of Age and Over, for the First Nation Identity Population by Location and the Non-Aboriginal Population, 1996, 2001, and 2006



**Source:** Statistics Canada, Catalogue 94F0011XCB1996000 for 1996 data, Catalogue 97F0011XCB2001046 for 2001 data, and Catalogue 97-564-XCB2006002 for 2006 data. In 1996, the median income reported is for the off-reserve population as a whole.

## CHART 14

## Average Annual Growth Rates of the Registered Indian and Canadian Populations within Five-Year Periods, Medium Growth Scenario, 2001–2026

Population	2001–2006	2006–2011	2011–2016	2016–2021	2021–2026
Total Registered Indian	1.9%	1.7%	1.5%	1.3%	1.1%
Canadian Population	1.0%	0.8%	0.8%	0.7%	0.7%

Source: Indian and Northern Affairs Canada, *Aboriginal Demography: Population, Household and Family Projections, 2001–2026*, Table 16. Ottawa: Indian and Northern Affairs Canada, Policy and Research Division, 2007.

*The First Nation population is growing more rapidly than the Canadian population as a whole (Chart 14). Amid predictions of labour shortages in the Canadian economy, this presents an opportunity for First Nation people to fill many of the job vacancies that will be available after the current recession ends.*

Yet, the preferred approach by governments relies on immigration rather than the development and implementation of a strategy for matching the supply of First Nation labour with demand, along with an appropriate approach to labour force training.

*Finally, we note that First Nation development strategies, especially for communities located in rural areas, tend to focus on the natural resource sector and on First Nation business development. A natural resource sector strategy often makes good sense from the point of view of First Nation business*

*development, but the capital-intensive nature of natural resource development means that it typically provides relatively few jobs.*

## CONCLUSION

First Nations in Canada are in the process of making an historic but difficult transition from a time when they were the subject of assimilative measures, external control and physical displacement. They have regrouped and have made considerable progress in realizing key elements of the Wabung vision. Important gaps remain not only in economic development, but also education, culture, child welfare, and governance. Issues in these fields define the development agenda for the coming years.

*We should all be encouraged by the progress that has been made, while renewing the commitment to continue the struggle which may well take a full "seven generations".*

<b>APPENDIX A</b> <b>The Making Poverty History Expert Advisory Committee</b>	
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