Aboriginal Economic Development in the New Economy

by Robert B. Anderson*

According to the World Bank “Indigenous peoples are commonly among the poorest and most vulnerable segments of society (World Bank, 2001).” Confronted with these depressing economic statistics, many, but certainly not all, modern nation-states have recognized the plight of their indigenous communities. In response, throughout the middle decades of the 20th century, Indigenous people, along with other poor populations of the world, were the target of a wide range of initiatives, efforts and programs to assist in economic development. In large part these top-down, externally-developed, modernization-based efforts failed to improve the economic circumstance of the world’s poor, including Indigenous people, while at the same time often damaging the traditional economy, leaving communities less self-reliant and therefore worse off than before.

Reacting to these circumstances and the centuries of colonization that caused them, Indigenous peoples are struggling to reassert their nationhood within the post-colonial states in which they find themselves. For all, claims to their traditional lands and the right to use the resources of these lands are central to their drive to nationhood. Land is important in two respects. First, traditional lands are the ‘place’ of the nation and are inseparable from the people, their culture, and their identity as a nation.

Second, land and resources are the foundation upon which Indigenous people intend to rebuild the economies of their nations and so improve the socioeconomic circumstances of their people – individuals, families, communities and nations.

This has resulted in a second wave of Indigenous development (the first being top-down, state-directed efforts usually aimed at modernization), one in which Indigenous peoples are striving to rebuild their ‘nations’ and improve their lot through economic development ‘on their own terms’. Two factors play a critical role in this process. The first is the recognition of Indigenous people’s rights to their traditional lands and resources by the nation states in which they are situated, with the full expectation by both parties that these rights will form the foundation for development. The second is frequent formation of mutually beneficial business alliances between Indigenous people and multinational corporations (MNCs), the major players in the new global economy. The two aspects are closely related in that the realization of the former gives Indigenous people control of key resources important to MNCs, enabling the latter.

This is not to say that all Indigenous communities in fact form alliances with MNC’s, only that the potential for such alliances is there.

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and their formation seems to be a preferred strategy among Aboriginal groups in Canada. Other communi-
ties reject out-right the opportunity to enter into such alliances. One such group is the U’wa in Columbia,
who in their decade long struggle with the Government of Columbia and Occidental Petroleum have received
international attention and the support of environmental and human rights activists throughout the world.
The U’wa opposed exploration and drilling for oil on their traditional lands in the Columbian Andes. Despite
efforts by the Columbian state and Occidental to reach a settlement, the U’wa remained steadfast.

_They say that in this consultation the government will sit with us in order to see how, in our territory,
we can live with OXY [Occidental Petroleum] and their oil exploration, without our culture, our world,
being destroyed. For us, this is impossible…Mother Earth is sacred, is not for violation, exploitation, nor
negotiation; it is to be cared for, to be conserved. For these reasons we can not permit oil exploration on
our traditional territory…We will continue to fight to defend our right to live in peace within our own
territory, with our own ways of thinking and our own customs, and we will not permit ourselves to be
manipulated or fooled by trinkets or fine words_ (U’wa People 1997).

The U’wa have threatened mass suicide if oil, “the blood of Mother Earth”, was extracted from their
homeland (Raeburn et al 2000). While Occidental removed itself from the project in 2002 and the U’wa
hoped to turn inward again and carry on living according to their own culture, concerns remain that other
multinational oil corporations will form a partnership with the Columbian government (Drillbits and Tailings
2002).

**Indigenous People in Canada**

The current socioeconomic circumstances of the Aboriginal people in Canada are abysmal. For example,
according to the 1991 census (selected because 1991 is the base year for certain projections made by the Royal
Commission on Aboriginal Peoples discussed below) 42% of Aboriginal people living on reserve received
social welfare, as opposed to 8% of the Canadian population as a whole. Housing conditions tell a
similar tale, with 65% of on-reserve and 49% of off-reserve Aboriginal people living in substandard
housing. Relative levels of employment and unemployment are particularly relevant to the subject of
this paper. Here, too, Aboriginal levels compare very unfavourably to non-Aboriginal levels. In 1991,
unemployment among Aboriginal people stood at 24.6%, almost two and one-half times the national
rate of 10.2%. The rate among Aboriginal people living on reserve was even higher; often well above
30% and approaching 90% in isolated communities.

Aboriginal people in Canada are not standing idly by accepting the status quo. They are pursuing a
strategy of economic development with entrepreneurship – the identification of unmet or under-satisfied
needs and related opportunities, and the creation of enterprises, products and services in response to these opportunities – at its heart. It is believed that, through entrepreneurship and business development, they can attain their socioeconomic objectives, including: (i) greater control of activities on their traditional lands; (ii) self-determination and an end to dependency through economic self-sufficiency; (iii) the preservation and strengthening of traditional values and their application in economic development and business activities; and (iv) improved socioeconomic circumstances for individuals, families and communities.

The realization of Aboriginal rights to lands and resources are recognized as being critical to building the capacity to undertake economic development and, therefore, to achieving these objectives. These rights represent a considerable capital that Aboriginal people can bring to the economic bargaining table. Beyond their economic values, these rights give Aboriginal people real control over activities on traditional lands, including the right to ‘veto’ resource development projects. It is this, more than anything else, that is giving rise to a changing attitude on the part of corporations toward their relationship with Indigenous people.
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Theoretical Perspective

Modernization theory and dependency theory dominated much development thinking and practice during the middle decades of the 20th century. Even as modified in recent years (So, 1990), these perspectives present incompatible views of the relationship between a developing people/region and the developed world. In particular circumstances, one or the other of these approaches can often adequately explain what happened. However, when applied in any particular circumstance to offer insight into what might happen, the two produce conflicting answers, thus providing contradictory guidance to groups searching for a path to development as they perceive it, including the world’s Indigenous people.

If modernization is the norm, then Indigenous people can only succeed economically if they shed much of what makes them Indigenous, an outcome most have resisted for centuries. Alternatively, if dependency is the likely outcome, Indigenous people cannot expect to re-establish their nations, regain control over their traditional lands and resources and prosper economically; they are doomed forever to their current dependent and underdeveloped state in the deeply entrenched circuit of capital that is the world economy. Neither is this the outcome sought by Indigenous people. So should Indigenous people give up their aspirations? We do not think so and, more importantly, neither do they. Indeed, there are many examples of Indigenous groups that are making considerable progress toward their desired outcomes; their experience calls into question the wisdom of both the modernization and dependency perspectives.

A Theoretical Perspective on Indigenous Development

In the closing three decades of the 20th century, the conflict between the modernization and dependency perspectives led many to conclude that both are incomplete (as opposed to wrong) with each describing a possible but not inevitable outcome of interaction between local regions seeking what they regard as a better form of life and the global economy. In this vein, Corbridge says that there has been a powerful trend towards “theories of capitalist development which emphasize contingency ... a new emphasis on human agency and the provisional and highly skilled task of reproducing social relations” (Corbridge, 1989, pp. 633). As Tucker states, this allows “for the possibility of incorporating the experience of other peoples, other perspectives and other cultures into the development discourse” (Tucker 1999, 16). Development need not be as it is defined by the ‘developed world’, and the interaction between a particular people and the global economy need not be as it is envisaged by the modernization or dependency perspectives; it can be something else entirely. Why should it not be that which is being sought by Indigenous people—development as they define it?

Regulation theory is one of the new approaches to development that emphasizes contingency and human agency. Hirst and Zeitlin say that it executes

A slalom between the orthodoxies of neo-classical equilibrium theory and classical Marxism to produce a rigorous but nondeterministic account of the phases of capitalist development that leaves considerable scope for historical variation and national diversity (Hirst and Zeitlin, 1992, pp 84).
Expanding on this notion of variation and diversity, Elam says that on one hand, national and regional units are constantly in a state of flux as they adjust to the influences of the global economy. All must accommodate themselves at least to some extent to its hegemony. At the same time, these broader global influences “are seen as having essentially local origins” (Elam, 1994, pp. 66). This translates into a counter-hegemonic potential in terms of the activities actually undertaken by people as they negotiate their way locally through the global economy. It is not simply a case of conform or fail.

Regulation theory analyzes the global economy “in terms of a series of modes of development based on combination of the currently ascendant regime of accumulation and a variety of modes of social regulation” (Hirst and Zeitlin, 1992, pp. 84-85). The regime of accumulation determines the general possibilities for the economy. Scott says it “can be rather simply defined as a historically specific production apparatus ... through which surplus is generated, appropriated, and redeployed” (Scott, 1988, pp. 8). Importantly, with respect to geographic scale, the regime of accumulation is a “relationship between production and consumption defined at the level of the international economy as a whole” (Hirst and Zeitlin, 1992, pp. 85); it is what most refer to as the ‘global economy’.

If the world were Adam Smith’s, peopled by the universal perfectly rational ‘economic man’, no regulation of the global economy beyond the ‘invisible hand’ of perfectly functioning markets would be required. But the world is not Smith’s; people are far from perfectly rational, and they are driven by many things not economic. Further, they are far from universal in the nature of their variations from the ‘perfect’. As a result, Scott says that stability in the global economic system is

Dependent on the emergence of a further set of social relations that preserve it, for a time at least, from catastrophic internal collisions and breakdowns. These relations constitute a mode of social regulation. They are made up of a series of formal and informal structures of governance and stabilization ranging from the state through business and labor associations, to modes of socialization which create ingrained habits of behaviour, and so on (Scott, 1988, pp. 9).

Hirst and Zeitlin agree, saying that a mode of social regulation (MSR) is a complex of institutions and norms which secure, at least for a certain period, the adjustment of individual agents and social groups to the overarching principle of the accumulation regime (Hirst and Zeitlin, 1992, pp. 85).

While regulation theory does not prescribe the exact nature of a particular mode of social regulation, it is generally agreed that:

1. A regime of accumulation does not create or require a particular mode of social regulation; “each regime, in short, may be regulated in a multiplicity of ways” (Scott, 1988, 9).

2. Because modes of social regulation are based on such things as “habits and customs, social norms, enforceable laws and state forms” (Peck and Tickell, 1992, pp. 349) unique modes “can exist at virtually any territorial level—local, regional, national, global” (Storper and Walker, 1989, 215).

Another aspect of regulation theory—its historicity—adds further strength to the argument that modes of social regulation, and therefore modes of development differing considerably one from another, can and do emerge at every geographic scale. Corbridge (1989) says regulation theory indicates that the global economic system has gone through four stages in the 20th century. In stage one, the
system was in equilibrium. Stage two was a period of crisis or disequilibrium resulting from a shift from the extensive to the Fordist regime of accumulation. Equilibrium returned in stage three when suitable modes of social regulation emerged. The fourth (current) stage is also one of crisis caused by a failure of the monopolistic mode of social regulation (in all its variants) to accommodate a “selective move from mass production [the Fordist regime accumulation] to various forms of flexible production” (Nordcliffe, 1994, 2). While it is a ‘work in progress’, the nature of the flexible regime of accumulation is becoming clearer and multiple overlapping modes of social regulation are emerging. Both are briefly described in the paragraphs that follow.

First, the flexible regime of accumulation.

Steven Goldman says the flexible regime exhibits

*A distinct set of relationships, interdependencies, and forms of interaction among suppliers, producers, distributors, and customers. It demands new approaches to organizing, operating, and measuring the performance of both individual companies and clusters of cooperating companies* (Goldman, 1995, 1).

Dunning agrees, saying

*We are moving out of an age of hierarchical capitalism and into an age of alliance capitalism. This is placing a premium on the virtues needed for fruitful and sustainable coalitions and partnerships (be they within or among institutions), such as trust, reciprocity, and due diligence* (Dunning 2003, 24).

As a result of these features of the flexible regime of accumulation, there has been a shift in who companies consider to be stakeholders and how they behave toward these groups. Nowhere is this truer than in the relationship between companies and the communities where their customers and employees live and where they conduct their activities. In spite of globalization, everything a company does it does somewhere, every employee and every customer lives somewhere and inputs of raw material and capital goods come from somewhere; and all these somewheres are located in communities of some sort. Because of this, as companies forge networks of suppliers, subcontractors and marketing channel partners and seek to control them through “collective social and institutional order in place of hierarchical control” (Storper and Walker 1989, 152), they are much more likely to see communities as valued members of networks as opposed something external to them. This general predisposition applies no less to Indigenous communities, who increasingly control key resources and/or represent an important component of the labour force in certain areas.

This leads us to a discussion of the modes of social regulation emerging in response to the demands of the flexible regime of accumulation. The new economy rhetoric has focused on deregulation. But, in fact, what is being touted as deregulation is not; it is re-regulation. In response to the change in the regime of accumulation, the nature of regulation is changing but regulation continues, as it must.

One thing that has occurred is a shift in the locus of regulation from the nation state in two directions—to the supra-national and the local—as a number of authors attest. For example, Scott (1988, p. 108) says that new industrial spaces result from “a very specific articulation of local social conditions with wider coordinates of capitalist development in general”. Meanwhile, Dicken (1992, p. 307) emphasizes that successful participation in the global economic system “is created and sustained through a highly localized process” and that “economic structures, values, cultures, institutions and histories contribute profoundly to that success”. On the face of it, these are promising circumstance for Indigenous people seeking to participate in the global economy on their own terms.

Local modes of social regulation can be, in Gramscian terms, both hegemonic and counter-hegemonic to the extent to which they consent to capitalist global economy, attempt to transform it, or dissent from it. Figure 1 captures these possibilities by considering a group’s response to the global
The economy on two continua. The first is the degree to which a group opts into the global economy, or opts out. The second addresses the nature of this opting in or opting out. Is the approach to accept the global economy ‘as is’, or is it to attempt to transform or adapt it in some fashion? A combination of the continua results in four extreme possibilities. The first two occur when a group chooses to opt out of the economy. At one extreme (#1) the opting out can be passive; that is, choosing not to participate and instead seeking isolation and even protection from the impact of the global economy. Alternatively, the opting out (#2) can be active and aggressive, when a group rejects the global economy and seeks to resist it or even overthrow it through protest, violence and even ‘revolution’. The U’wa provide a graphic example of the opt-out option. The other two extreme positions (#s 3 and 4) occur when a group chooses to ‘opt in’ and actively participate in the global economy. Again that participation can be characterized by the degree to which the group passively accommodates itself to the requirements of the global economy, or does not. The approach by Indigenous people in Canada has been of the opt-in variety, but it has not been passive. Participation in the economy has been accompanied by an ongoing struggle for land and other rights to allow this participation to be ‘on their own terms’. Indigenous responses elsewhere cover the entire spectrum of possibilities from rejection and violent rejection or revolution to passive acceptance and willing assimilation.

People in a particular community do not adopt their perspective on the global economy in isolation or in the abstract. It emerges in response to their direct experience with actors in the global economic system. The four groups of actors with whom they are most familiar (and therefore constitute the face of the global economy) are (i) the exogenous businesses (henceforth called corporations for simplicity’s sake) with which they interact as suppliers, customers and/or employees; (ii) the ‘state’ at local, sub-national, national and international levels; (iii) a myriad groups of the civil sector including non-government agencies (NGOs) of all types and special interest groups such as Amnesty International, the World Council of Indigenous People, the Sierra Club and so on and so on; and (iv) global and supranational bodies, such as the WTO, World Bank, the European Economic Union and NAFTA.

Corporations are most closely associated with the regime of accumulation; indeed for many they are the face of the regime of accumulation. That it is not to say that corporations are not influenced by and do not influence the mode of social regulation; of course they are, and they do. The state at all its levels is most closely tied to the mode of social regulation. Indeed, the sum of the actions of the state at all levels constitutes the bulk of the mode of social regulation at any particular time and place, though not the entirety. The organizations of the civil sector also play an important role directly and through their influence on the state and on corporations. Increasingly, supranational bodies are taking on a powerful role in the economy that is more than the expression of the collective voice of member states. They are becoming a regulatory force unto themselves, with considerable impact on states, corporations and communities. For example, according to Szablowski (2002), the World Bank, through its policy on loans associated with the mining industry, is having considerable impact of the
relationships that are emerging among mining corporations, local groups (often Indigenous) and nation states.

In any particular case, a complex set of factors influence the interaction of a group of people (an Indigenous community, or any other) with the forces of the global economy and the outcomes they experience. These factors include:

1. The impact of the ‘state’ at all levels and the ‘civil sector’ on the multiple overlapping modes of social regulation and, therefore, on participants in the global economy, and the influence of these participants on the ‘state’ and the ‘civil sector’;

2. The community-in-question’s approach to economic development (in this case Indigenous) including its (i) history, (ii) current circumstances, (iii) objectives, (iv) approach to participation in the global economy, including strategies for participation, transformation and exclusion, and (v) actual outcomes;

3. Corporate (as the usual representative of the regime of accumulation encountered by communities) responses to the community-in-question, particularly (i) motivating forces, including, but not limited to, the community’s control over the critical natural, human and financial resources and/or community members attractiveness as a market, (ii) strategies, (iii) objectives, and (iv) actual outcomes; and, as both an outcome and ongoing feedback to the process,

4. The expected mode of development and the actual mode that emerges in a particular circumstance.

If one returns to the examples illustrating the three options – opting-in, opting-out and transforming – the usefulness of this model as an analytical tool or organizing perspective becomes apparent. Take for instance the U’wa, who have chosen to opt out, Occidental Petroleum and the Government of Columbia. What has the role of the state been in the past vis a vis Indigenous rights? What is the state’s relationship with multinational oil companies? What is the state’s stance today on the ownership of resources on traditional lands? Did the recent resistance of the U’wa have any impact on this stance, or the state’s relationship with oil companies? What about the civil sector within the region, the country and internationally? Are there strong pro-development/pro-oil groups capable of exerting influence on the national government? What, if any, is the relationship between these groups and multinational oil companies? Are there civil groups and forces that support the non-development stance of the U’wa? What influence, if any, do these groups have on the state and on the multinational oil companies? What about the U’wa themselves? Is their approach to the global economy entirely one of resistance to its inroads, or is it more finely textured. For example, where would they stand on sharing their knowledge on medicinal plants for economic gain? What about Occidental Petroleum and the other petroleum companies? Are they sufficiently sensitized to Indigenous rights that they are willing to accept a non-development decision? If so, why? If not, what are they likely to do? And so on.

The model is equally effective in analyzing the relationship of the Inuit in Northern Canada, the state, and multinational oil companies in the past, the present and continuing in the future. In this ongoing story, we see all the players and forces in action, each influencing one another and the mode of social regulation and, hence, the mode of development that is emerging.

Please note: A complete list of references for this publication is available online at www.uregina.ca/sipp.

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