SOCIAL CAPITAL AND ABORIGINAL ECONOMIC DEVELOPMENT:

OPPORTUNITIES AND CHALLENGES

by

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ABSTRACT

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Two main concerns animate this dissertation. On a theoretical and methodological level, it investigates the analytical utility of social capital, a concept that has gained prominence in recent years. I examine the different levels of social capital – strong, bonding ties with primary reference groups; intermediate, bridging relations between such groups; and weak, linking networks with networks of power. Associating them to geographic scales, I reinforce the analytic framework with which social capital terminology may be employed. Moving away from the uncritical celebration of social capital as a panacea to all types of social ills, I also examine issues, such as accessibility and control of resources, historical constraints and the dysfunctional potentials of social networks themselves.

At the same time, as an empirical and practical study, this dissertation explores the history and future of economic development in three Northern Ontario Aboriginal communities. Canada is among the most affluent countries in the world, ranked highly on quality of life indices. Yet its First Nations share this prosperity only to a small extent. Policies aimed at improving Native peoples' lives focus on the promotion of one economic development strategy in particular, entrepreneurship. My research examines the role social capital plays in entrepreneurial success or failure.

I suggest that geographical isolation segregates individuals and communities from linking and bridging networks; reliance on bonding networks in such locales often results in limited access to financial and human resources. In places where networks extend beyond the community, larger pools of resources are accessed. The dissertation highlights, however, the potential detrimental role that such external networks can play in the daily lives of marginal communities. Analysis of the colonial legislative framework which guided twentieth century policy makers in Canada examines how assimilative policies have interfered with various levels of social capital, and the consequential effect of such interference to economic and social development.

My analysis, which offers some insights into the major determinants of present-day social and economic hardships in Aboriginal communities, also suggests ways in which lessons learned in the Aboriginal framework may be transposed elsewhere. At the same time, I offer a critique of social capital theory and propose ways of refining its concepts and extending its applicability.

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CHAPTER 1 – INTRODUCTION

This dissertation tells two stories: One explores the application of the idea of social capital to the study of economic exchange and economic development; the other explores economic development policy for Aboriginal peoples in Canada. The storylines follow about a century of scholarship and policy making. Their convergence enriches both narratives: understanding how family, friendship and leadership networks interact with elements such as access to capital, markets and resources contributes to our understanding of the opportunities and challenges that Aboriginal economic developers face. The specific historical and geographic prism of First Nations in Canada sheds light on how factors such as space and time influence the interaction between social and economic processes. Thus, this dissertation tries to make a geographical contribution to the field of social capital, adding to an already growing economic geography literature on the subject (Bebbington, 1997; Bebbington & Perreault, 1999; Gertler, 2003; Maskell, 2000; Morgan & Henderson, 2002). The research undertaken here also contributes to a better appreciation of the under explored role of social networks in Aboriginal economic development.

In this introductory chapter, I lay out the two storylines, providing a brief history of the concept of social capital and outlining key issues in Aboriginal economic development. Next, I list the research questions that emerged from these narratives, which guided my research and writing. The third section provides an overview of the chapters that follow. I conclude with a consideration of terminology, explaining the key labels I use, and briefly reflect on issues of representation.

1. Social Capital – A Brief Introduction

The twentieth Century was marked by a lively debate about the importance of social institutions to economic exchange. From Simmel (1971 [1908]), Weber (1969 [1947]) and Polanyi (1957) to Granovetter (1973; 1985), Putnam (1993b; 1995a), Portes and Landolt (1996; 2000) and Woolcock (1998), there is wide agreement that social relations can turn into both resources and liabilities for economic development, and particularly for entrepreneurship. The last decade has also seen the meteoric rise of one concept in particular – social capital. Some celebrate it as an element by which communities, individuals, governments or financial organizations foster economic growth and stability. Others highlight the potential costs and risks implicit in social relations as they manifest themselves in economic exchange (e.g. opportunism, nepotism).

"Bonding", "bridging" and "linking" are recurring terms in the social capital debate; they relate to different forms of social capital and the ability of these forms to affect coping mechanisms of struggling individuals and communities (Gittell & Vidal, 1998). Bonding relationships or "strong ties" refer to relations between family, friends, and neighbours. Bridging networks or "weak ties" refer to relationships between associates, colleagues, or people who share some demographic characteristics, irrespective of how well they know one another (Woolcock, 2000: 10). Linking (Briggs, 1998; Woolcock, 2000) refers to the capacity to leverage resources, ideas, and information from formal institutions beyond one's own locality (Woolcock, 2000: 11). In the following chapters I look at how these various levels of social capital help and hinder economic development in Aboriginal communities.

From the outset, it is important to emphasize that by choosing to analyze First Nations economies from a social networks angle, I do not discard the role of other factors such as the availability of natural resources, location relative to supplies and markets, the allocation of public funds or legislation. I believe, however, that social capital is an important mediating factor in accessing these resources.

2. Development and Aboriginal Peoples – A Brief Introduction

Limited access to resources such as funds, skills and markets hinders economic development efforts in First Nation Communities. Stimulating Aboriginal economies, however, is key to the improvement of Native peoples' lives. Two centuries of radical transformations in the ways of life of Aboriginal peoples in North America have resulted in great social upheaval. A large body of research has documented the consequent socio-economic reality and the gap between Native and non-Native socio-economic conditions (see, for example, Abadian, 1999; Gagnè, 1994; Hawthorn, Cairns, Jamieson, & Lysyk, 1966; Royal Commission on Aboriginal Peoples, 1996b, 1996c; Shkilnyk, 1985; Warry, 1998; and York, 1990). The popular media have also been preoccupied with the dismal living conditions experienced by First Nations. Focusing on the challenges and hardships facing Aboriginal peoples is important, as it turns public attention to such issues and to the need to address them. At the same time, interest in learning from past experiences in Aboriginal economic development to understand how First Nations can take control of their destinies and change their lives for the better is growing.[1] The majority of policies

[1] See, for example, Alfred, 1999; Anderson, 1995, 1999; Black, 1994; Caldwell and Hunt, 1998; Champagne, 1992; Chataway, in press; Chiste, 1996; Cornell, 1995a, 1995b, 2000; Cornell & Kalt, 1991, 1992a, 1992b, 1997b; Elias, 1991; George, 1989; Julnes, 1994; Native Investment and Trade Association (NITA), 1998; Royal Commission on Aboriginal Peoples, 1993, 1996b; Wuttunee, 1992.

designed to stimulate economic development in First Nation communities has been geared towards entrepreneurship. Individual economic success is assumed to strengthen the community (by generating jobs and wealth). Moreover, the community as a collective is perceived as a potential entrepreneur, providing employment for its members and generating capital for social and economic programming. Consequently, much research has been directed to examining factors influencing successful business development. In this dissertation, it is not my objective to evaluate whether entrepreneurship is the right approach to stimulate Native economies; instead, I prefer to examine how social capital can help or hinder this preferred economic strategy. In particular, I analyze the role of social networks in overcoming or exacerbating specific barriers to entrepreneurship, such as access to capital and markets.

Location is pivotal to understanding Aboriginal socio-economic reality and to the effectiveness of programs aimed at changing this reality. Peters (2001) points out that "the Aboriginal population in Canada is much more rural than the Canadian population as a whole" (p. 140). The focus of this research is therefore on rural and remote communities in northern Ontario, considered by the Royal Commission on Aboriginal Peoples [RCAP] (1996e) as a mid-north region.[2] A large proportion of Aboriginal peoples (ca. 26%) live in Canada's mid-north; in Ontario, of the 184 communities in that area, 110 (ca. 60%) are Aboriginal. Approximately 30% of the communities in Ontario's mid-North are considered remote (over 350 kilometres away from an urban centre) and most of them are accessible only by air (McCue, 1994: 404). Other communities are equally divided between settlements defined as rural (50 kilometres to 350 kilometres

[2] The Commission's zones are based on determinants "like geography, climate, population density, economic structure and the proportion of the population made up of Aboriginal people" (RCAP, 1996e: 497n1).

away from an urban centre) and those defined as urban (within 50 kilometres of an urban centre) (ibid.). Summarizing the Rosehart (1986) report on resource dependent communities in Northern Ontario, Gertler et al. (1993: 64) show that northern entrepreneurs (whether Aboriginal or not) face specific challenges such as difficulty in attracting and/or retaining highly skilled workers, and high costs of doing business (e.g. transporting goods to and from the region, high energy costs, and high local supply prices due to a lack of competition). For Aboriginal peoples these hardships are compounded by legislation that poses additional barriers to access to funds and other material resources (for instance, high quality housing).

3. Hypotheses and Questions

Using location as a key variable, and through the convergence of the two story lines, I argue that spatial boundaries have the capacity to limit or enable communities and individuals to move beyond their close-knit community networks to access greater resources outside their locality. I also maintain that in the Aboriginal context, the problem of small scale economies has been exacerbated by years of policy making that undermined social networks, previously crucial to the survival of their members. Finally, although boundaries pose limits to the ability to reach out beyond one's locality, effective leaders and mechanisms of local governance can, given enough time, build and maintain such networks. To test these hypotheses, the research project sought to answer the following questions regarding Aboriginal economic development:

1) Can social capital generate the needed resources to overcome the challenges facing Aboriginal economic development? That is, can social networks help individuals and communities gain access to capital, land and markets?
2) The negative qualities associated with social capital, such as nepotism or exclusion of outsiders, have been well documented. How do these characteristics exacerbate the challenges to Aboriginal economic development?
3) Given the above, how can governments and Aboriginal institutions enhance the positive aspects of local social networks to support Aboriginal economic development?

Concerning social capital the dissertation asks:

4) What can we learn from the Aboriginal context about the ways in which social policy can influence the formation or breakdown of social relations?
5) Why do some communities appear to be able to capitalize more on their social relations while others do not? To answer this question, I focus on the role of governing institutions in creating and maintaining social capital.
6) How do geographical scales shape social relations?

4. Overview

To understand these issues, I have reviewed scholarly publications and government and policy documents as well as Aboriginal and non-Aboriginal newspapers. My empirical analysis is based on case studies conducted in three Aboriginal communities in northern Ontario, located in fairly remote areas (Moose Factory Island and Manitoulin Island). The communities have a relatively large number of businesses,

which differ by sectoral composition and ownership models (collective vs. individual ownership of businesses). The variety of business practices enabled me to draw some conclusions that can be applied beyond the local case studies. In the summer and fall of 2000, I conducted 99 interviews with 113 individuals, both individually and in groups. I spoke at length with business owners, community leaders, and economic development officers, as well as community members of various age, gender and economic groups. The result of this work is presented in the next six chapters.

Chapters 2 and 3 introduce the theoretical issues guiding this work and provide a broader social and historical context for the case studies. Specifically, Chapter 2 provides a critical review of the social capital literature, introducing terms used by scholars from various disciplines to describe the concept. The discussion traces the precursors of social capital in sociological and economic writings from the beginning of the twentieth century and highlights some of the debates arising from these works. Debates include factors that influence the creation and maintenance of social capital, the possible downsides of social capital, the use of the concept by politicians with different agendas, and issues related to measurement.

In Chapter 3, I examine the meaning of development from conventional and Aboriginal perspectives, i.e. what criteria can be used to determine the stage of development within a community. The analysis outlines traditional measures of development (such as the United Nations Human Development Index) as well as Aboriginal approaches to development. Following this analysis, I suggest a framework with which researchers and policy makers can compare the development of Aboriginal communities. The chapter then provides an overview of the state of development in the

First Nations context. Because of the lack of national data on some of the alternative measures outlined earlier in the chapter, I use mainstream measures such as health, education, income and labour statistics to compare Aboriginal and non-Aboriginal realities in Canada. To understand these realities, I offer an analysis of a century of policies and legislation aimed at First Nations and examine their effect on social capital. In the final sections of the chapter I review economic development strategies undertaken by Native and non-Native policy makers to alleviate some of the development challenges described earlier. The chapter concludes with a focus on Aboriginal entrepreneurs that includes key statistics from Aboriginal firms. A discussion of opportunities and challenges facing First Nation businesses provides the context to understand how social capital interweaves as both an opportunity and a challenge to this economic development approach.

Following the introduction of the broader theoretical and contextual issues, Chapter 4 moves on to describe the methodological approach undertaken for this project. In addition to describing the literature and documents reviewed, I outline the process for selecting and approaching the communities and interviewees and explain how the interview guide was developed. Finally, I reflect on ethical and practical issues related to the research process, and particularly on how my Israeli Jewish identity influenced both the research encounter and the analysis of the data.

Having presented the theoretical and methodological groundwork, the next two chapters shift to the analysis of the issues presented in the first half of the dissertation. The purpose of Chapter 5 is twofold: first, it lays out the descriptive base for the empirical analysis, describing the communities along the three dimensions presented in

the comparative framework presented in Chapter 3: community assets and vitality, culture and spirituality, and community empowerment. Second, the chapter concentrates on strong ties and community networks to understand their role in helping and hindering entrepreneurship, and particularly in overcoming barriers to capital, resources and market access. For this second objective, I explore the quality and quantity of bonding networks and the benefits derived from them. To better understand the dynamics of community networks and how these relationships interact with economic development, the chapter concludes with an historical account of the change in the settlement, economies, and ways of life that the communities participating in this study have undergone. Particular attention is turned to the role government policy plays in transforming these social networks.

The final empirical chapter (Chapter 6) moves beyond bonding networks to examine the extent to which the communities are linked to outside organizations and the resources available from such external relationships. The role of public policies in helping communities forge bridging and linking relationships is also explored. Of particular interest are various programs that fund regional, provincial and national Aboriginal organizations as well as policies that are aimed at helping communities develop economic networks. Since linkages to networks of political and financial power are important for the success of firms, I also analyse local relationships with higher levels of government. The chapter concludes with a focus on local leaders and administrators and their role in forging relationships outside the community; the analysis concentrates on temporal issues, looking at electoral terms and the challenges to continuity of such networks over time.

Finally, in the concluding chapter (Chapter 7), I highlight the theoretical and policy implications emerging from the results presented in the previous chapters. I reflect on the usefulness of the social capital paradigm and specifically on commonly used terms. Focusing on the need for an inclusive economic development process, I highlight the need to ensure the participation of representatives from various local and external social networks in this process. The discussion contributes to the understanding of development issues not only in the Aboriginal context, but also in those of other marginalized populations around the world.

5. TERMINOLOGY

Throughout the dissertation I use the terms 'Aboriginal,' 'First Nations' and 'Native' interchangeably to refer to the indigenous populations of North America. I am well aware that these terms obscure the distinctiveness of the various First Nations of Canada (RCAP, 1996b: 11), as they encompass groups that differ in their political, legal and cultural history. The Assembly of First Nations (2002d) notes that the term 'Aboriginal' covers 633 First Nation communities, representing 52 cultural groups and more than 50 languages. As a general rule, it argues, most individuals prefer to be referred to by the specific nation to which they belong (such as Cree or Dene). Research about the preferred labeling among Aboriginal people in Canada confirms that the majority prefers tribal and linguistic designations such as Cree, Nisga'a or Anishinabek (Bowd & Brady, 1998; Peters, 2001).

In my empirical chapters I focus on two such groups, Ojibway (in Manitoulin Island) and Cree (in Moose Factory), who also belong to two nations (the Anishinabek

Nation and Nishnawbe Aski Nation respectively). These linguistic, cultural and tribal groups are, however, part of a larger political and legal entity: they are all legislated by the *Indian Act* and largely funded by the Department of Indian Affairs.

Moreover, although some of the people I interviewed also referred to themselves as Indians, most expressed their preference for other labels. The complexity inherent in the terminology has led me to use interchangeably the terms accepted by the Assembly of First Nations (AFN). Similarly to the Royal Commission on Aboriginal Peoples (1996b), I use the term Indian only where it is used in quotations from other sources, in legislation or policy (e.g. *the Indian Act*), and when it is used in statistical data from federal and provincial agencies.

Other terms used in the following chapters include 'band,' 'status Indians' or 'registered Indians' and 'reserve', all of which are legal terms from the *Indian Act*. The following is a brief glossary of these terms as presented by the Department of Indian Affairs and Northern Development [DIAND] (2002d):

- A **band** is a group of First Nation people for whom lands have been set apart and for whom money is held in trust by the Crown.
- A **Status** or **Registered Indian** is a person who is listed on the Indian Register.
- A **reserve** is land set apart and designated as a reserve for the use and occupancy of an Indian group or band.

6. Representation

Finally, in writing this dissertation I am aware that I may misrepresent Aboriginal experiences and views (for a detailed discussion, see Chapter 4). After all, in doing my fieldwork, I have only begun to glimpse the complex set of relationships and intricate history of particular First Nations. I have tried, however, to follow the guiding principles of the Royal Commission on Aboriginal Peoples, and to represent the multiplicity of viewpoints present within Aboriginal communities by including people from various age, gender and socio-economic groups. A year after the data was collected I also returned to share my findings with the communities. I also received some valuable feedback from a number of individuals (for more details, see Chapter 4). Nevertheless, I take full responsibility for any misinterpretation or inaccuracies. Finally, the fieldwork in this dissertation was an exercise in building social capital, which I hope to maintain. I also hope that the result of this exchange indeed sheds light on how social relations help or hinder Aboriginal economic development.

CHAPTER 2: SOCIAL CAPITAL – A CRITICAL REVIEW

1. INTRODUCTION

Social scientists are agreed that geographical, cultural and social variables are important to an understanding of economic life (e.g. Gertler, 1995, 2003; Granovetter, 1985; Leyshon & Thrift, 1997; Light & Karageorgis, 1994; Martin, 1994; Storper, 1997); location, culture and social dynamics, they argue, can serve as both a boost and a barrier to individuals' and groups' economic opportunities. Literature on cultural and geographical barriers, in particular, focuses on the exclusion of certain groups from economic life (e.g. de Haan & Maxwell, 1998; Evans, 1998; Gaventa, 1998). Scholars who study the benefits of culture, on the other hand, point to the ability of communities, firms and organizations situated within ethnic enclaves (e.g. Li, 1998; Light & Bonacich, 1988; Light & Karageorgis, 1994) or embedded in geographically-bounded areas (Barnes & Gertler, 1999; Gertler, 1995; Gertler, 1997; Porter, 1998; Putnam et al., 1993b; Storper, 1997) to support and promote their members' economic success.

In the last decade or so, social capital, defined here as *the networks and relationships, which are imbued with values, norms, and attitudes and that facilitate trust, reciprocity and the collaborative production of tangible resources like services and money*,[1] has taken centre stage in the debate over the significance of the 'social' and the 'cultural' in the 'economic'. The result of this debate is a tremendous growth in research and writing about it. Woolcock (1998: 193-194n20) highlights seven main subject areas that have been covered in various studies: economic development, families and youth

[1] This definition is a synthesis of previous conceptualizations made by Bourdieu (1986), Coleman (1988), Putnam (1993a), Putnam (1995b), Grootaert (1998), Woolcock (1998), Gertler (2000), Schuller, Baron, & Field, 2000, and Maskell (2000).

behaviour problems, schooling and education, community life in physical and virtual settings, work and organizations, democracy and governance and general cases of collective action problems. The theoretical framework of this dissertation has drawn on the works of many of the writers in these sub-areas. Since the focus of my research, however, is entrepreneurship in economically developing Aboriginal communities in Canada, a developed country, studies conducted in both developed and developing regions which link social capital with community and economic development are of particular interest.[2]

The great interest in social capital provokes both celebration and critique of the concept by scholars and policy makers from various disciplines.[3] Proponents of the concept celebrate the marriage of the 'social' (relationships and networks) with the 'economic' (resources and money), arguing that the merger of disciplines results in a better understanding of the practices that foster economic growth and stability for communities, individuals, governments or financial organizations (e.g. Cooke & Morgan, 1993; Fukuyama, 1996; Grieco, 1995; Grootaert, 1998; Isham et al., forthcoming; Morgan, 1997; Putnam, 1993). At the same time, researchers agree that one should

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[2] For the purposes of this study I found the following thematic groupings of the literature on social capital and community and economic development especially useful: 1) Social capital, social networks and poverty alleviation (see, for example, Adler & Kwok, 1999; Bebbington, 1997; Bebbington & Perreault, 1999; Collier, 1998; Daniere & Takahashi, 2000, 2001; Edwards, 1999; Evans, 1996; Grootaert, Oh, & Swamy, 1999; Grootaert & van Bastelaer, 2001; Isham, 2000; Isham & Kähkönen, 1999; Isham, Kelly, & Ramaswamy, forthcoming; Krishna & Shrader, 1999; Narayan, 1999; Rankin, 2002; Uehara, 1990; Wallis, Crocker, & Schechter, 1998; Woolcock, 1998, 2000; Woolcock & Narayan, 2000; World Bank, 2001; World Bank Group, 2000c) 2) Ethnic entrepreneurs and ethnic economies (For summary and examples see Li, 1998; Light & Bonacich, 1988; Light & Karageorgis, 1994; Portes & Landolt, 2000; Portes & Sensenbrenner, 1993; Woolcock, 1998: 204n116) 3) Firms and industrial regions (Barnes & Gertler, 1999; Burt, 1997; Clark, Feldman, & Gertler, 2000; Cohen & Fields, 1999; Cooke & Morgan, 1993; Dicken, 2000; Gertler, 1993, 1995, 1997; Gertler & Wolfe, 2002; Granovetter, 1995; Ibarra, 1997; Maskell, 2000; Porter, 1998; Putnam et al., 1993b; Storper, 1997)

[3] A survey of the academic literature indicates that most of the literature on social capital is published in development, economic, sociology, and public policy journals and to a lesser extent in geography publications.

embrace the conceptual union critically, pointing at the potential costs and risks implicit in social capital, such as nepotism or exclusion of certain ethnic groups from certain occupations and industries, or the imposition of excess claims on group members and restrictions on their individual freedoms (e.g. Adler & Kwok, 1999; Portes, 1998; Portes & Landolt, 1996, 2000; Portes & Sensenbrenner, 1993; Woolcock, 1998).

This chapter provides a critical review of the social capital literature. First it delineates common terms used by scholars from various disciplines to describe the concept. Next, some of the debates arising from the literature are examined, including factors that influence the creation and maintenance of social capital, the possible downsides of social capital, the use of the concept by politicians with different agendas, and issues related to measurement. Throughout the chapter I illustrate how the bond between the 'social' and the 'economic' does not represent a new marriage of ideas but is more of a renewal of vows between old partners.[4] Finally, I describe some of the critical questions that remain contentious within the social capital literature and which are addressed in this study.

[4] Granovetter (1985), Portes and Sensenbrenner (1993), Putnam (1995a), Woolcock (1998), and Gertler and Wolfe (2002), are among those who already identified links between current discussions of social capital and earlier works of sociologists and economists such as Polanyi, Durkheim, Weber and Simmel.

2. Social Capital – Basic Concepts

As the social capital definition above indicates, the basic ingredients that contribute to the economic success of the people and communities endowed with social relationships are trust, reciprocity and collaboration. Research also shows that individuals and communities utilize different types of networks for the attainment of different goals. Granovetter (1973; 1995:148) has coined the terms 'strong' and 'weak' ties to describe the various forms of networks and their usefulness. In a study of job-seeking practices of 282 professionals he concluded that job-seekers who reached for job referrals beyond networks of family and close friends (i.e. their "strong ties") into networks of acquaintances (i.e. "weak ties") fared better in actually finding a job. Briggs (1998:178) suggests that weak ties provide social *leverage* and help people 'get ahead,' whereas strong ties offer social *support*. The work of sociologists like Erickson (1998), Lin (1998), and Burt (2000) who study organizational networks, offer additional support to Granovetter's theory. They argue that individuals with weaker ties as well as strong ties are more likely to reach out vertically i.e., upwards (Lin, 1998:4), while those who have ties that are primarily local (strong) may lack connection to the wider world and its more expansive opportunities (Erickson, 1998: 1). An individual who is skilful in forging interpersonal networks that go beyond his/her closest relations and friends create a competitive advantage for him- or herself (Burt, 2000:9).

Whereas the studies described above focus on personal networks employed by individuals, a large body of literature addresses social capital in community and institutional settings. Scholars and professionals working in these settings argue that communities, like individuals, can benefit from social relationships by pooling resources

and reducing opportunism (Collier, 1998), thereby enabling these groups to deal with poverty challenges (Narayan, 1999; Woolcock, 2000; Woolcock & Narayan, 2000). Furthermore, Woolcock (2000:4) maintains that a defining feature of poor communities is limited access to certain social networks and institutions. Gittell and Vidal (1998:10) have coined the terms 'bonding' and 'bridging' that parallel Granovetter's (1973; 1995) strong and weak ties to describe the different levels of social capital in communities. Bonding refers to relationships between people who know each other well, i.e. family members, close friends, and neighbours (Gittell & Vidal, 1998; Woolcock, 2000; Woolcock & Narayan, 2000), which correspond to Granovetter's "strong ties." Bridging social capital corresponds to Granovetter's "weak ties." It refers to relationships between people who do not know each other well (Gittell & Vidal, 1998:10), i.e. associates and colleagues, or people who share some demographic characteristics, irrespective of how well they know one another (Woolcock, 2000:10). The utility of each of these relationships is demonstrated by Edwards (1999:6), who maintains that for social and economic transformations to be achieved, community members must make political alliances with groups other than their own (i.e. outside the clan, tribe or village). The main benefit of expanding the breadth of one's relationships is the ability to tap into a larger pool of resources.

Although relationships between communities and organizations are crucial for collective action and social and economic change, Woolcock (2000: 11) also stresses the need to foster relationships with formal institutions beyond the community, i.e., 'linking' social capital. Using Briggs' (1998) concept of 'social leverage,' Woolcock asserts that strong relationships with formal institutions are instrumental in that they allow groups to

access resources, ideas, and information from institutions of power. The importance of 'linking' networks is corroborated by Bebbington's (1997:1) evidence, which highlights the significance of bridging the state, the market, and civic networks in promoting strategies for economic and environmental sustainable development in the rural Andes in Peru.

On the flip side, lack of bridging and linking networks can be restrictive to economic development efforts. Summarizing recent research, Woolcock (2000:11) concludes that struggling communities typically have thick networks of bonding relationships, only a modest amount of bridging networks (typically deployed by the non-poor to 'get ahead'), and almost no linking social capital that could enable them to gain access to formal institutions such as banks or funding agencies. Moreover, the obstacles that poor communities face seem to stem from their members' inability to "scale up" micro-level social capital and social action on a scale that is politically and economically effective (Evans, 1996: 1124). Fukuyama (1996: 55), too, argues that communities that fail to compete in the market economy are those that suffer from a "missing middle", i.e. cohesive or durable intermediate associations. Fukuyama lays the responsibility of the ability or inability to support such intermediate associations on the cultural makeup of nations. On the other hand, others (e.g. Evans, 1996; Gertler, 1993; Kenworthy, 1997; Putnam et al., 1993b) seem to offer a less deterministic view of the formation of social capital by arguing that governments can create organizations and institutions that foster social capital.

Politicians and policy makers in government and non-government settings have, in fact, found the concept increasingly attractive and have been working in the last

decade to devise policies that encourage the creation of social capital. Robert Putnam, considered one of the most prominent advocates of the concept, brought it into the White House during Bill Clinton's presidency. The World Bank has also welcomed the concept into its policy and research division. The recent excitement around the concept suggests that it is a new and original idea. In actuality, however, sociologists and economists, as pointed out earlier, have highlighted the importance of the 'social' to the 'economic,' for many years even prior to Bourdieu (1986), Coleman (1988), or Putnam (1993a). Although recent works have been instrumental in coining new terms and advocating for the consideration of social and cultural process in economic policy, almost half a century ago, Karl Polanyi (1957) observed that "man's economy, as a rule, is submerged in his social relationships" (p. 46); Polanyi also asserted the importance of reciprocity as a key element in economic exchange. Woolcock also observes (1998: 161) that Georg Simmel, (1971 [1908]) and Max Weber noted that reciprocity and trust are crucial to economic transaction. Moreover, even apparently original terms such as bonding, bridging and linking[5] are actually revisited ideas. According to Woolcock (1998: 168), Simmel has identified the value of bridging networks, for example, when "he recognized early on that poor communities need to generate social ties extending beyond their primordial groups if long-term developmental outcomes were to be achieved." And even before Simmel, John Stuart Mill asserted that "it is hardly possible to overrate the value... of placing human beings in contact with persons dissimilar to themselves, and with modes of thought and action unlike those with which they are familiar. ... such communication has always been, and is peculiarly in the present age, one of the primary sources of progress" (Mill,1987 [1848]:581, in Burt, 2000:21).

[5] These terms can be traced back only to 1998.

3. Social Capital: A Chaotic Concept?

3.1. An Hierarchical View of Networks

Both the new (e.g. Fukuyama, 1996; Narayan, 1999; Putnam, 2001; Putnam, 1995a) and the old (Simmel, 1971 [1908]) literature on the relationship between the social and the economic suggests a hierarchical view of networks, which considers familial and friendship networks the foundations of social capital; these networks provide their members with comfort and daily needs. Other relationships, with further acquaintances and formal institutions, enable people to access resources that advance them in life. A common hypothesis is that the higher levels of social capital (bridging and linking) rely on the lower ones (bonding). Both in the Third World context (e.g. Narayan, 1999) and in the North American context (e.g. Putnam, 1995a) researchers conclude that the family, or clan and tribal group in a non-Western context, are the most fundamental sources of social capital. Evans (1996), summarizing research from the Third World, claims that without these essential foundations there is "nothing to build on" (p. 1125).

This hierarchical theory is also supported by Abraham Maslow's theory of human motivation (Maslow, 1943; 1954). Maslow maintained that generally, before one develops the need to be involved in causes outside one's own skin (which he called 'self actualization'), one seeks the satisfaction of his/her basic needs, such as the need for food, sleep, personal safety, love, belonging and sense of self esteem. Going back to the social capital theory – it is the family relationships which provide these basic needs: communities that foster healthy bonding networks would also be most likely to cultivate the more distant bridging and linking networks that foster strong societies. A common assumption is that bonding ties are abundant in most communities, and are indeed used as

a resource. In the next sections I highlight the importance of understanding the context in which social capital operates.

3.2 The Importance of Context

The great intuitive appeal of social capital theory has resulted in a wide embrace of the concept by researchers who work in very different contexts. It is important, however, to understand and report the context in which the 'social' interacts with the 'economic.' Polanyi (1957) recognized long ago that the social interests that affect economic ones are "very different in a small hunting or fishing community from those in a vast despotic society" (p. 46). More recently, Edwards and Foley (1997) have argued that generally "what constitutes social capital in one setting may not in another, and what facilitates action in one historical period may not do so in another temporal context" (p. 669). To understand the dynamics of social capital, a number of commentators (Edwards & Foley, 1998; Edwards, 1999; Portes & Landolt, 2000; Putnam, 1995b; Woolcock & Narayan, 2000) have suggested that the following factors are important to the understanding of social capital in a specific context: the level of education of a population, its geographic concentration and location, its history of mobilization, its political, legal, and institutional environment, structures of power and discrimination, political repression, economic distress, and conflict. Furthermore, Edwards (1999:9) argues that western viewpoints and institutions dominate the theoretical debate on social capital and it is therefore particularly important for western researchers to address issues of context. A number of studies have highlighted how the analysis of the factors outlined above contributed to the theory; the next sections review some of the findings of these

studies.

3.2.1 Economic Realities

Limited financial resources can affect both the formation of social ties and the resources one can extract from them. Woolcock (1998) argues that certain economic realities such as entrenched poverty, inequality, discrimination, and underemployment can undermine the particular combinations of social relations required for sustainable, equitable, and participatory development (p. 187). Portes and Sensenbrenner (1993) emphasise that some economic conditions can create social relationships that curb development rather than encourage it. Drawing on research of some populations whose economic mobility was blocked by coercive non-market means, they indicate that the longer such conditions prevail "the more likely the emergence of bounded solidarity that negates the possibility of advancement through fair market competition" (p. 1344). Moreover, Portes and Landolt (1996: 30) indicate that even when networks do exist, in some poor areas such relationships do not turn into assets simply because the resources available are too scarce to share. As an example, they describe the problems of inner cities where, they argue, the problem is not the lack of social capital, but the lack of objective economic resources.

3.2.2 Education

Like economic conditions, lower levels of education curb individuals' participation in their communities' endeavours. Putnam (1995b) finds that "education correlates highly with civic engagement and trust... Highly educated people are much more likely to be joiners and trusters, partly because they are better off economically, but

mostly because of the skills, resources, and inclinations that were imparted to them at home and in school" (p. 667). Fukuyama (1996: 336) agrees that strong emphasis on learning can offset negative social capital in societies where networks that are too strong and can result in negative consequences such as nepotism. Fukuyama goes further to identify certain cultures with higher emphasis on education (for example, Jewish and Confucian) than others.

3.2.3 Culture and Ethnicity

Much of Fukuyama's (1996) analysis of social capital relies on his assumption that 'community' and social capital depend "on trust, and trust in turn is culturally determined." Consequently, he argues, "it follows that spontaneous community [...] emerge[s] in differing degrees in different cultures" (p. 25) There are two drawbacks to this argument: first, Fukuyama views culture as 'organic', 'inherited' or 'natural.' Culture, however, is "socially defined and socially determined. Cultural ideas are expressed in the lives of social groups who articulate, express and challenge these sets of ideas and values, which are themselves temporally and spatially specific" (McDowell, 1994:148). Fukuyama's deterministic view of Soviet vs. Japanese or Jewish cultures, and the value attached to the social capital accumulated by each, has disturbing racial overtones to it; as Cope (1985) suggests: "naturalizing culture ... and thus making it seem as if the world is the way it is because of primordial immutable traditions or ethnicities, is a polite new form of racism"(p. 18 in Smith, 1993:61).

Second, Fukuyama tends to group several ethnic communities into one cultural entity. For example, he speaks of Jewish people as one cultural group when, in fact,

Jewish people are comprised of many sub groups with different norms and attitudes: Ashkenazi Jews are different from Sepharadic Jews, North American Jews are different from Russian or Ethiopian Jews. In another example, he confuses political ideologies with culture. In his account of the decline of social capital in the former Soviet Union, he treats communism as a culture rather than a political ideology, overlooking the difference between the many ethnic groups that formed the old Soviet Union. These ethnic groups may have different norms and attitudes that affect their members' levels of trust, norms of reciprocity and consequently, the formation of social capital.

3.2.4 The Minority Experience

Since analysis of culture and ethnicity often results in misleading generalizations about certain nations or social groups, it is more useful to understand how the experience of minorities, or belonging to an ethnic group in a multiethnic nation, may affect the formation of social capital. Portes and Sensenbrenner (1993) observe that solidarity among immigrants "depends on an emergent sentiment of 'we-ness' among those confronting a similar difficult situation" (p. 1328). Confrontation with a host society, they find, not only activates dormant feelings of belonging to the group, but sometimes creates such feeling where none existed before. In their review of the experience of immigrant communities, they find a relationship between social capital and the minority experience: "trust is directly proportional to the strength of outside discrimination and inversely proportional to the available options outside the community for securing social honor and economic opportunity" (p. 1336).

Schafft and Brown (2000:210-212) developed a particularly useful set of terms to

understand social capital among ethnic minorities, using data from their study of the determinants of the success of self-government for Hungarian Roma. The terms they coin parallel the concepts of bonding, bridging and linking. Bonding is comparable to 'minority community embeddedness,' or the extent to which a locally-situated minority population coheres organizationally as a community through norms of trust, reciprocity, and cooperation. Bridging corresponds to 'minority-majority linkage,' or the degree of resistance/ cooperation between the majority and minority populations, and the norms of trust and reciprocity that are shared in common by these two groups. Linking is analogous to 'minority vertical linkage,' and measures the institutional ties extending vertically between the minorities and extra-local organizations positioned to provide assistance at the local level. One would expect successful communities to enjoy high community embeddedness, a large number of minority-majority linkages as well as vertical linkages to institutions of power.

3.2.5 Public Policy

Institutions of power are often synonymous with government organizations. Public policy, however, can have a role in both severing and supporting social ties. In *The Death and Life of Great American Cities* Jane Jacobs (1961: 137) commented on the destructive influence on social networks arising from the so-called urban renewal policies to clear slums in U.S. cities. According to her, such policies may have improved the physical conditions of inner city residents, but dissolved support networks and social capital.

Morgan (1996, cited in Gertler, 2002), on the other hand, describes a more

constructive part that public policy can play in creating social capital. Analyzing the post WWII Japanese economy, he expresses scepticism of culturalist interpretations of the success of the Japanese economy. Instead, he suggests that the high stocks of social capital, as manifested in strong interfirm cooperation, are "actively constructed through a combination of corporate necessity… and legislation which promoted small firm associations on the one hand and prevented unfair subcontracting practices on the other" (p. 4).

Warner (1999, 2001), focusing on the role of local government in building community social capital argues that government programs are most effective in promoting community level social capital when they develop a facilitative, participatory process, rather than viewing participants in their programs as clients (Warner, 2001: 189). Such a process, she explains, increases the autonomy of participants (Warner, 1999: 377). Moreover, she believes that the nature of the forum created by the intervention has the potential to have an important impact on the type of linkages built amongst community members and between community members and outside stakeholders.

Gertler and Wolfe (2002: 29) also report attempts of regional institutions to build a 'collaboration culture' by way of promoting research networks, and sectoral centres for training and/or research. They warn, however, against overemphasizing the role of local or regional institutions to the exclusion of national institutions, and suggest that one has to consider how these three scales of regulation interact to produce outcomes in particular places. Warner's (2001) analysis supports this view; she argues that a focus on the role of local government in community level social capital has two key limitations. First, she reminds us that even though public sector institutions may foster social capital formation,

those institutions are themselves a product of social relations (p. 190). Such circularity requires that public policy interventions will take into account the underlying social relations in a community (ibid.). Second, focusing on the local scale diverts attention from broader social, economic and political issues which are responsible for community conditions (p.191). Consequently, Warner argues, a focus on social capital building must address transformations in governmental institutions at the local, state, and national levels (ibid.).

3.2.6 Geographic Scales

Geographic scales do not only provide the context for understanding how the regulatory framework can create or destroy social capital, but also add to the understanding of how spatial boundaries limit or enable individuals and communities to shift between levels of social networks (i.e. bonding/bridging and linking relationships) Simmel (1964 [1922]) was one of the first scholars to comment on the spatial dimension of social networks: "Although from the beginning workers came together on the basis of their similar activities, their association depended largely on the fact that they were neighbors" (p. 129). The value of geographical proximity, he explained, is that "it makes it possible for the individual to make his beliefs and desires felt" (p. 130).

In his earlier work, Simmel (1971 [1908]) also commented on how distance can limit economic development and noted that spatially isolated communities are economically restricted, mainly due to transportation difficulties, which restrict the flow of goods, skilled people and knowledge. Much later, Edwards (1997) observed that "geographic and social isolation constrain the structural availability of social capital" (p.

672). Maskell (2000) suggests ways to address such constraints. He maintains that since geography restricts some forms of social interaction, firms that wish to access the social capital of geographically embedded communities should co-locate within the boundaries of the community (p. 117). Curiously, despite the underlying implicit geographical arguments in this literature, the spatial dimensions of key concepts associated with the idea of social capital have not yet been made explicit. Using these observations, I suggest that the various components of social capital (bonding, bridging and linking) are strongly associated with certain spatial scales. In table 2.1, I delineate a conceptualization of how social capital and spatial scales relate to one another.

Table 2.1: Spatial Scales and Social Capital

	Social Capital Forms		
Scale	Community	Individual	Minority-Majority Linkages
Local	Bonding relationships	"Strong ties"	Minority community embeddedness
Regional	Bridging relationships	"Weak ties"	Minority-Majority linkages
Provincial/National/Global	Linking relationships	Social leverage	Minority vertical linkages

In geographical terms, I suggest, bonding relationships and minority community embeddedness refer to relationships that occur in a small, limited geographic area, i.e. at the local scale (neighbourhood, small town or rural community). Bridging relationships take place at a broader spatial scale, but one which is still somewhat physically accessible or imaginable to community members (e.g. region, city). Linking relationships often occur over wider and less readily accessible territories (province, state, national or global

scale).

The above homology between social capital and geographic scales implies that individuals living in poor communities tend to be bound by their geography, and conduct most of their social and economic life in physically limited spaces, enjoying the assets of these areas, but also being constrained by their liabilities. In addition, poor communities often have only a moderate amount of bridging relationships, and therefore one might expect few intra-regional alliances between such communities. Finally, the lack of linking relationships means that struggling communities are spatially segregated from higher levels of government and institutional resources, i.e. that their members feel that the provincial, state, national or global resources are inaccessible to them.

3.2.7 Individual vs. Collective Social Capital

Most of the discussion to this point has addressed the contextual variables that contribute to the understanding of community social capital. Communities, however, provide the context for individual action, and it is important to distinguish between individual and community social capital, since relationships have a different value to a person then they do to a collective. On the one hand, individuals can benefit the community when members pool resources for collective purposes such as exerting pressure on public officials to protest certain policy or to raise concerns (e.g. criminal activities, construction of or polluting by industrial site). In addition, if people share resources (e.g. by babysitting for each other), they also free up time for collective action.

On the other hand, research indicates that individual and community social capital are often at odds with each other. Portes and Landolt (1996; 2000) describe how the

benefit accrued by an individual can come at the expense of the collective. Nepotism, for example, allows members of a family to gain various advantages by curbing others' access to employment benefits; this often hurts the collective as a whole, as people get work based on who they know, not what they know. Portes and Landolt (1996) provide even more radical examples of the strong networks among mafia families (also in Sciarrone, 2002), prostitution rings, and youth gangs that provide their groups with benefits but cause suffering to individuals outside of them.

3.3 Social Capital: The Dark Side

Nepotism and criminal groups are only two examples of the perverse results that may flow from strong social capital. Alongside the explosion of literature celebrating the virtues of social capital, a critical body of work has also emerged which examines the potential costs and risks implicit in the use of the concept (see for example, Adler & Kwok, 1999; Collier, 1998; Portes, 1998; Portes & Landolt, 1996, 2000; Portes & Sensenbrenner, 1993; Putnam, 1993; Sciarrone, 2002; Woolcock, 1998, 2000; Woolcock & Narayan, 2000). Expanding on the issue of criminal networks, Granovetter (1985) argues that the "trust engendered by personal relations presents, by its very existence, enhanced opportunity for malfeasance." "Force and fraud", he continues, "are most efficiently pursued by teams, and the structure of these teams requires a level of internal trust – 'honor among thieves' – that usually follows preexisting lines of relationship" (p. 492). Although not as intentionally malicious as crime, exclusion of outsiders from certain groups is another negative by-product of social capital. In addition to nepotism, which tends to be exercised on an individual level, Portes and Landolt (1996) observe

that entire ethnic/professional groups can exclude other groups from certain occupations. Granovetter (1995) explains how this is done:

> The combination of effective referral networks and the domination of informal training that can be mobilized against newcomers from the wrong kinship, ethnic, or friendship group may be extremely effective in closing off whole segments of the labour market to groups that have no foothold there (p. 176).

Belonging to an "insider" group, however, often comes at a high price, when the group imposes excessive claims on its members, such as time and money, for example, by demanding conformity or by restricting individual freedoms (Portes, 1998; Portes & Landolt, 1996, 2000). Such a restrictive environment can be suffocating to young and independent-minded community members and may result in the departure of valuable members of the community (Portes, 1998: 13). Such exodus, in turn, produces stagnating, insulated communities, where innovative ideas are stifled (Adler & Kwok, 1999; Coleman, 1988). Strong ties which replace exchange with external partners may also filter information and perspectives necessary for approaching problem solving and development creatively, thus generating a "cognitive lock-in" that isolates individuals, organizations and communities from the world outside them (Grabher, 1993). Finally, societies made up of many insulated interest groups are also too fragmented (Adler & Kwok, 1999: 17) to be able to articulate common goals to which resources should be allocated.

Similar to many other aspects of the social capital discussion, the recent debate concerning its negative consequences is not new, but echoes Simmel's earlier observations. Almost a century ago Simmel (1971 [1908]) observed that smaller social circles restrict their members' individual freedoms (p. 269). A number of years later, anticipating the recent discussion on the ability of social capital to exclude certain groups

and thus fragment societies he argued:

> In ancient times the organization of armies was largely based on the clan or the family... this organic structure was certainly useful in many respects: a great capacity of individual division to hold together, a stimulus to ambition... however, these advantages were obtained at a price. Frequent outbreaks of old prejudices and feuds between the clans would paralyze the unity of the whole movement. And among themselves the individual divisions were lacking in organic unity and cohesion to the same extent that each division possessed these qualities internally.
>
> (Simmel, 1964 [1922]: 192)

What is missing from Simmel's discussion on the disadvantages of social capital is the implicit price that members pay for joining groups and maintaining their status in them. To establish and maintain relationships one has to invest emotional and material resources (for more on this see Adler & Kwok, 1999). Opportunism (Collier, 1998) and free riding (Portes & Sensenbrenner, 1993) are ways for some to avoid the price of investing their resources in the network; the consequence of such practices, however, is that some members pay an even higher cost, since they overcompensate for the lack of investment by free riders.

3.4 Caveats in Social Capital Policy and Theory

Another set of concerns associated with social capital arise from its recent use by policy makers in the public sphere. Some scholars have recently argued that social capital can be used to justify contradictory policies, particularly for poor societies. Both Woolcock (1998) and Rankin (2002) observe that conservatives invoke social capital to justify the dismantling of the welfare state and greater reliance on voluntary support groups. Liberals, notes Woolcock, regard social capital as a tool to correct market failures and to ensure that the rule of law and due process applies to everyone (p. 157).

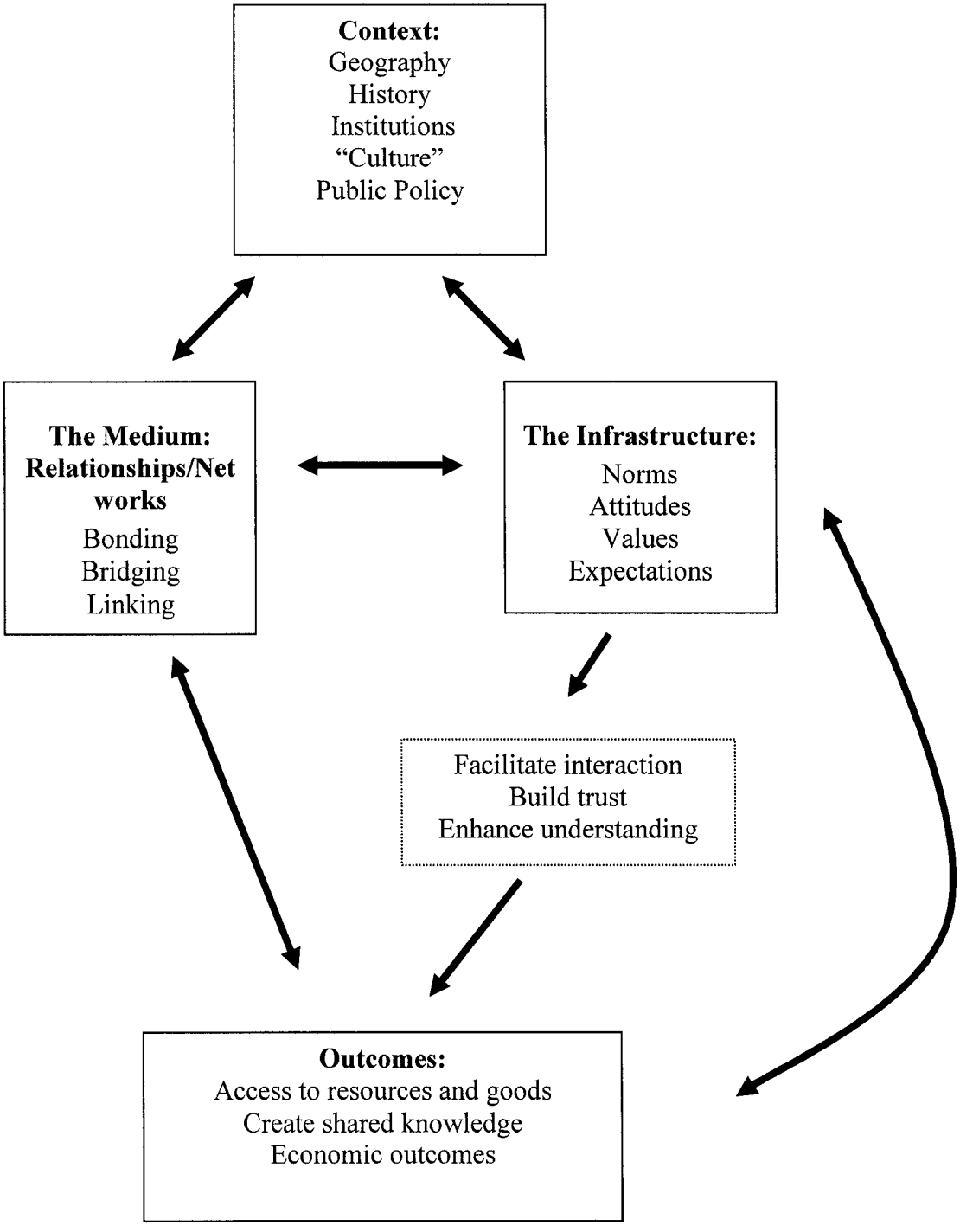
The use of social capital in public policy can also result in misguided planning strategies. Portes and Landolt (1996), for example, argue that the "call for higher social capital as a solution to the problems of the inner city misdiagnoses the problem and can lead to both a waste of resources and new frustrations" (p. 21) It is not the lack of social capital, they argue, but the lack of economic stability and opportunities for autonomous growth that underlie the plight of these impoverished neighbourhoods (Portes & Landolt, 1996, 2000).

Another negative by-product of social capital research is that, by overusing the term one risks "trying to explain too much with too little" (Woolcock, 1998: 155). Portes and Landolt (1996) argue that intellectuals and policy-makers, in their search for new ideas, apply the concept indiscriminately to a large range of domestic and international issues (p. 18). For example, success in public education, the battle against inner-city crime and the rejuvenation of America's small towns are all attributed to social capital. Gertler (2000), on the other hand, contends that in some cases exactly the opposite occurs, i.e. that current social capital analysis is incomplete, as it does not provide answers to crucial questions. Social capital theory, according to him, is "mute on the crucial issues of why some regions or nations appear to have an abundance of social capital while others have little, as well as which institutions matter most in the production of social capital"(p.747). Hence, although there is abundant scholarly work related to the theory, there are still many gaps and contradictions within it.

3.5 A Model of Social Capital

The debates, perspectives and cautionary tales reviewed above suggest the various components that should be taken into account in a comprehensive theoretical model of social capital. These components include social networks, norms, values, attitudes, resources, culture, history and geography. The social capital definition suggested at the beginning of this chapter includes most of the elements suggested in the model. Figure 2.1 illustrates that in this theoretical framework the various components of the model are inter-dependent. For example, social relationships are influenced by norms and attitudes, which in turn are shaped by culture and location. The relationship between norms and social relationships, however, is reciprocal, and people's attitudes are obviously affected by other members in their networks. Finally, as the discussion above indicates, the geographical, historical, institutional and ethnic context influences social relationships and attitudes in a way that can facilitate or inhibit the accumulation of resources. The contribution of this model to previous social capital models is that it highlights the interdependence of all the elements outlined above and emphasizes how social foundations such as geography, history, and public policy shape social relationships.

Figure 2.1: A Model of Social Capital



4. MEASURING SOCIAL CAPITAL: SOURCES VS. OUTCOMES

The growing engagement of scholars from various disciplines with the definition and conceptualization of social capital has also resulted in a vibrant discussion about which of its various elements should be the focus of research agendas and how social capital should be measured. Woolcock (1998: 156) identifies three possible measurable elements: The 'infrastructure' of social relations (e.g. norms, values, attitudes), the 'medium' in which they are conducted (e.g. relationships and networks), and the 'message' they transfer (e.g. economic outcomes or specialized knowledge that is not widely shared). Portes and Landolt (1996), Newton (1997), and Erickson (1998) are among the scholars who believe that in measuring social capital, there is a need to differentiate between these various components and separate the *sources* or *inputs* of social capital from the *outcomes* or the *benefits* derived from it.

Portes and Landolt (1996:19) provide an example that illustrates how failing to differentiate between source and outcome can create an inaccurate interpretation:

> A student who obtains the money necessary to pay for college tuition from her parents or relatives is thought to have social capital; no tuition, no social capital [should probably read, no social capital, no tuition; Y.L.]. Such an inference does not take into account the possibility that the unsuccessful student also may have highly supportive social networks that simply lack the economic means to meet such an expense. For social capital to mean something, the ability to command resources through social networks must be separate from the level or the quality of such resources. When social capital and the benefits derived from it are confused, the term merely says that the successful succeed.

In other words, failure to be precise in articulating both the theoretical construct and its operationalization results in a vague concept that confuses what social capital *is* from what it *does* (Edwards & Foley, 1997: 669) and muddles empirical analysis. It is clear that to be empirically useful, the elements of social capital – that is,

sources/'infrastructure,' 'medium,' and outcomes/'message' – need to be measured separately, though within an integrated conception of social capital (as the discussion above and Figure 2.1 illustrate). In the next sections, I outline what constitutes sources of social capital and what are its outcomes. I also suggest how these inputs and outputs can be measured.

4.1 Sources and Inputs of Social Capital – Relationships and Networks

Social relationships and social networks of individuals, groups, and organizations are the crucial sources of social capital. Lin (2001: 20) argues that there are four explanations to why and how social networks work. First, networks facilitate the flow of information about opportunities (economic or social). Second, social relationships can exert influence on network members in a decision making process related to such opportunities. Third, social ties may be utilized as 'social credentials,' acknowledging membership in a group and thus signifying the member's access to network resources. And fourth, social networks reinforce an individual's identity by providing recognition: "being assured of and recognized for one's worthiness as an individual and a member of a social group sharing similar interest and resources not only provides emotional support but also public acknowledgement of one's claim to certain resources" (Lin, 2001: 20).

One of the most prevalent measures of social relationships is membership in associations and/or interest and professional groups. In his much-cited study of the decline of civil society in the United States, Putnam (1995a) identified memberships and participation in numerous groups as sources of social capital:

> Church-related groups constitute the most common type of organization joined by Americans; they are especially popular with women. Other types of organizations frequently joined by women include school-service groups (mostly parent-teacher

> associations), sports groups, professional societies, and literary societies. Among men, sports clubs, labor unions, professional societies, fraternal groups, veterans' groups, and service clubs are all relatively popular (p. 68).

Grootaert and van Bastelaer (2001: 23) observe that in addition to associational membership, some researchers measure other aspects of group dynamics such as internal heterogeneity or institutional functioning, as expressed, for example, in the extent of democratic decision making.

The focus on associations alone has been criticized as being too limited to capture all aspects of social relationships. Such focus overlooks informal or less traditional forms of gathering. Even Putnam (1995a), who has championed associational membership as measure of social capital, has noted that in some organizations

> The only act of membership consists in writing a check for dues or perhaps occasionally reading a newsletter. Few ever attend any meetings of such organizations, and most are unlikely ever (knowingly) to encounter any other member… Their ties, in short, are to common symbols, common leaders, and perhaps common ideals, but not to one another (p.71).

One motive for favouring formal membership data is that such information is "objective and observable" (Newton, 1997: 577), and to a certain degree, accessible. Putnam's recent account of his methodology indicates that he avoided measuring informal association until recently, because he had no access to large databases with such information:

> I do not believe, nor have I ever believed, that associations were some privileged form of social capital, except in the sense that associations tend to gather data on themselves and, therefore, it is easier to gather data on associations. Beyond this greater ease of measurement, there is nothing canonically superior about formal associations as forms of social networks.
>
> Of course it could be true that associations were becoming less common in America but that we were hanging out in bars more, that we were having more picnics, that we were seeing folks at our home at night more often, and those forms of informal social capital can be quite important. But I could not figure out

where the picnic register in American society was located.

(Putnam, 2001: 43)

Data found for his later studies addresses informal aspects of social life by accessing information (through the Roper Survey, and the DDB Needham Survey) which inquires about whether people sign petitions, write to their congressman, attend local meetings, have friends over to their house, or go on a picnic.

There is growing evidence to suggest that informal relationships are particularly significant in developing regions and rural areas. In such places, according to Woolcock and Narayan (2000: 240), community festivals, sporting events, neighbourhood connections, connections with family and friends, and other traditional methods of fostering social connections are fundamental to the creation of social capital.

Sociologist like Wellman, Lin, and Burt, employ an alternative approach to association measures, which does not assume that individuals are aggregated into groups or areas (Wellman, 1998: 11), and which can represent informal relationships. Social network analysis focuses on individual or groups and the ties that connect them. Burt (2000, Appendix, P. 2) explains that the most common method of collecting such data is by designing surveys, in which members are asked to generate names of other members in their networks. In addition, network analysis often includes characteristics such as network size or average income of network members (Borgatti, 2002).

The network analysis approach is a quantitative methodology; computer software has been developed to represent and analyze data collected using this methodology. Borgatti (2002) explains that the main problem with network analysis data that it is autocorrelated; autocorrelation is an obstacle to statistical hypotheses testing, since most statistical tests assume that variables are independent (as a result of random sampling).

More advanced mathematical methods are currently tested to overcome this obstacle. Furthermore, if chosen as a methodology, network analysis should be supplemented by qualitative interviews which can interpret quantitative findings. Often, qualitative analysis is also more appropriate to populations which have been surveyed repeatedly and may be reluctant to participate in survey studies, as many members of First Nations are (see Chapter 4 for more on this).

4.2 Trust, Norms, Attitudes, Values and Expectations

A key motivation for participation in formal and informal relationships and which encourages cooperative behaviour is shared norms, attitudes and values among network members (for extensive discussion, see Coleman, 1988; Fukuyama, 1996; Minkoff, 1997; Newton, 1997). Common values and norms encourage individuals to trust and empathise with each other, transforming them from "egocentric calculators, with little social conscience or sense of mutual obligation, into members of a community with shared interests, shared assumptions about social relations, and a sense of the common good" (Newton, 1997: 576). Gertler (1997: 49) asserts that in an organizational context, to be innovative and successful, individual firms come to rely more heavily on their relationship with each other; firms develop interdependence with other, however, only when trust is established.

The most prevalent method of measuring trust, values, norms and expectations is asking respondents about behaviours which relate to them (Grootaert & van Bastelaer, 2001: 23). Possible questions are 'do you trust other people?' or responses to statements about feelings of trust and safety, tolerance, and diversity (Woolcock & Narayan, 2000: 241), such as 'most people can be trusted' or 'people here are only interested in their own

well being.' Murphy (2002), who studied trust in businesses in Tanzania asked questions such as 'How do you know when you can trust someone?' 'Is trust important to you? Why?' and 'What kind of people do you distrust? (p. 602). The relationship between trust and outputs can also be measured: 'Do you think that in this village/neighborhood people generally trust one another in matters of lending and borrowing?' 'Suppose someone from the village/neighborhood had to go away for a while along with their family; in whose charge could they leave their fields or their house'? (Krishna & Shrader, 1999, Annex D, Household Questionnaire).

Alternatively, norms of trust can also be inferred from qualitative information collected about relationships and the benefits they produce. For example, one can assume that mothers who share child-care responsibilities trust each other and share similar norms about children raring. Murphy (2002: 602) suggests that trust may be recorded using more abstract generalized comments; for example, interviewees' confidence in the ability of the public sector (government or police) to protect their interests implies trust in such networks of power.

4.3 Outcomes, Outputs, and Benefits – Goods, Specialized Knowledge and Access to Resources

Finally, social relations and the motivations behind them (norms and attitudes) cannot be considered 'capital' unless individuals and groups can "cash in" on the resources they produce, turning them into assets or as Erickson (1998) calls them, "profits". In a community setting, such profits or assets include credit, information, norms that inhibit crime, safety (Coleman, 1988: 103-4), emotional aid, small services, companionship (Wellman & Wortley, 1990: 558), baby-sitting circles, community-watch

schemes, car pools, street parties, (Newton, 1997: 581), blood donations and money donations (Putnam, 2001: 45). Putnam (2001: 50) also finds that higher degrees of social capital are positively correlated with lawfulness and lower crime rates, good health, low economic and civic inequalities, and happiness. In an organizational context social capital encourages collaboration on joint projects, and fosters learning (Cooke & Morgan, 1993; Morgan, 1996; Morgan, 1997) as well as "helps reduce malfeasance, induces reliable information to be volunteered, causes agreements to be honoured, enables employees to share tacit information, and placed negotiators on the same wave length" (Maskell 2000: 116). The exchange of knowledge and information produces successful organizational innovators who are more competitive economically, who generate more jobs and are more profitable.

Measuring consequences entails asking network members directly about relevant assets they can access through their relationships. Direct inquiry about social capital outcomes might include questions related to access to services (e.g. who helps you look after your business? Did you ask for/provide babysitting services for your neighbours? How many hours?), or safety (e.g. have you been a victim to violent crime, has your house been burglarized?), access to key information or knowledge, or access to other key inputs to successful economic activity (e.g. private/informal source of capital, skilled personnel in short supply, etc.).

4.4 Relational vs. Normative Analysis – Problematizing Trust and Norms and Advocating for a Relational Analysis

The analytical approach taken in this dissertation focuses on relationships and the resources derived from them rather than on norms, values or attitudes. Underlying this approach are a number of considerations. First, my preference for measuring the sources (relationships) and outcomes (goods, knowledge) of social capital over normative measures is that sources and outcomes are clearly defined and conceptualized. Trust, on the other hand, has been theorized both as the 'infrastructure' and the outcome of social capital. For example, as was mentioned above, Woolcock (1998) regards norms and values to be the 'infrastructure' of social capital. On the other hand, he argues that "trust and norms of reciprocity, fairness, and cooperation are 'benefits' [or outcomes, Y.L.]" (p. 185). Such a circular argument also applies to the question of how trust is established: "Do social networks generate the level of trust necessary for civilized social and political life, or is it, on the contrary, the existence of widespread trust that makes the development of social networks possible in the first place" (Newton, 1997: 577).

Second, norms, values and attitudes are often considered to be determined by culture (Fukuyama, 1996; Gertler, 1997). Cultural norms and values, however, are produced and reproduced through social relationships and social institutions which reinforce them (for discussion and examples, see Bourdieu, 1977, 2002, Gertler, 1997, Wellman, 1998, Lin, 2001 and Rankin, 2002). For example, norms of competitiveness in industrial societies are not 'natural' or predetermined, but a result of relationships between individuals within and between firms and corporations. Clearly, to understand how norms and values are produced and what is their role in social capital accumulation, there is a need to examine the social relationships which convey them.

Preference for relational measures over normative ones is also a result of the former being observable, while the latter are often abstract or intangible (Wellman, 1988; Newton, 1997). Moreover, I would argue that sometime, as a result of cognitive dissonance, people might misrepresent their values. Cognitive dissonance occurs, according to Festinger (1957), when a person becomes aware that his or her attitudes, thoughts, and behaviour are inconsistent with those of another. To overcome such inconsistencies, individuals may present their values or beliefs in a more positive way. For example, when asked about whether they are trustful or whether they are inclined to volunteer and reciprocate, individuals may want to present themselves in a favourable manner and claim that they are more altruistic and trustful then they really are. Still, this may reflect the expected norm and values of a society. It may also reflect, however, an interviewee's perception of the norms and values of the researcher. Consequently, I prefer using relational measure over normative ones.

5. Conclusion

Social capital has a great appeal for researchers and policy makers from a wide range of disciplines. To a certain extent, its great attraction is in its ability to create a conceptual bridge between these disciplines and to offer a theoretical framework which is inclusive of many viewpoints rejecting a narrow economic or sociological view of economic development. Earlier in this chapter I emphasized that although social capital has been advocated as an innovative approach to the understanding of economic life, the underlying ideas of social embeddedness of economic phenomena has been around for decades. To this end, I revisited some of the previous works which are reminiscent of these seemingly new concepts. A summary of some of the issues and debates that have

recurred in the recent literature on the relationship between the social and the economic was also provided. Although many of the problems have been addressed by the research resulting from the renewed interest in the merger of social and economic explanations, there are still some issues that remain poorly specified.

First, following Edwards' (1999: 9) call for understating the complexities of the places and processes one studies, I make a specific effort in this dissertation to understand the context in which the social relations I describe operate. To this end, I examine geographical, socio-economic, and historical conditions as well as the minority experience of Aboriginal peoples. Second, taking into account that social capital has many negative by-products, I examine whether in the context of this study it is an advantage or a hindrance to economic development. In other words, I explore whether or not social capital helps generate collective goods and services that enable greater economic prosperity (Newton, 1997: 578). Third, this dissertation explores the relationship between spatial scales and forms of social capital, and examines the hypothesis that bonding, bridging and linking are restricted and related to particular spatial scales (local, regional and global, respectively). Fourth, the assumption that bonding ties of family and friends, which are also considered by some to be the foundations of social capital, are necessarily supportive is challenged. I examine the potential of public policy to undermine the foundations of social capital, but also to assist in overcoming challenges to community rebuilding. Finally, additional research should explore some of the remaining gaps in the literature. For example, Gertler (2000: 747) calls for a better understanding of why some regions or nations appear to have abundance of social capital while others have little. Putnam (1993) notes that scholars should look at

how social capital is created and how it is destroyed, and what strategies for building (or rebuilding) social capital are most promising. This dissertation attempts to address some of these issues by exploring how historical public policies depleted the social capital of Aboriginal peoples and how communities try to rebuild some of the damaged networks with and without the help of policy makers.

CHAPTER 3 – DEVELOPMENT AND ABORIGINAL PEOPLES: GOALS, HISTORY AND PROSPECTS

1. INTRODUCTION

In the previous chapter, I highlighted how both theoreticians and policy makers use social capital as a framework for understanding *one* aspect of the dynamics behind the well-being and quality of life of individuals and communities. I questioned the universal validity of the social capital theory and proposed to examine the mediating role that geography, history, and government policy have in influencing the outcomes of the relationship between the 'economic' and the 'social'. The underlying assumption in the social capital literature is that social capital can be instrumental in development (economic and social) efforts in struggling communities.

This dissertation studies the above issues through the examination of development indicators and social capital in three Aboriginal communities in Ontario, Canada. In this chapter I examine what constitutes development, i.e. what criteria can be used to assess the development of a community. I look at traditional measures of development (such as the United Nations Human Development Index) as well as elements of development highlighted in Aboriginal circles. Beyond defining 'development', the chapter's purpose is twofold: to provide a broader social and historical context for the case studies, and to offer criteria and benchmarks by which the communities in these case studies can be measured and assessed.

The chapter opens with a description of commonly used development indicators as well as alternative measures of community well-being. Next, it describes current Aboriginal approaches to development. The third section provides an overview of the state of development in the First Nations context, according to mainstream measures, by

comparing Aboriginal and non-Aboriginal peoples in Canada. Alternative measures are not provided for the national level, since no information regarding these indicators exists on this scale. The empirical analysis of the case studies, however, does employ alternative approaches to describe and compare the communities participating in this study. The final sections offer some historical background to explain the current state of affairs in the Aboriginal context, and review economic development strategies undertaken by Native and non-Native policy makers to address some of the development challenges. The final sections of the chapter then focus on entrepreneurship, since this is the preferred strategy among those working on Aboriginal economic development policy. Consequently, the last two sections describe the outcomes of this strategy, i.e., the state of Aboriginal entrepreneurship, and discuss some of the challenges that communities and individuals choosing to pursue this policy approach face. The discussion of opportunities and challenges facing First Nation businesses provides the context needed to understand how social capital interweaves as both an opportunity and a challenge to one economic development approach, business development.

2. How is Human Development Measured?

Current measures of human development include a variety of elements which try to capture the overall quality of life of peoples around the world. Since 1990, the United Nations Development Programme's (UNDP) Human Development Index (HDI) has been one of the most widely used indices of well-being and quality of life. Unlike earlier measures of development, which focused excessively on economic indicators such as the growth of gross national product (GNP), the rise in personal incomes, industrialization, or

technological advances (Sen, 1999: 3), the HDI broadens the scope and combines three components: longevity, knowledge and standard of living. Longevity is measured by life expectancy. Knowledge is measured by a combination of adult literacy (two-thirds weight) and mean years of schooling (one-third weight). Standard of living is measured by purchasing power, based on real GDP per capita adjusted for the local cost of living (UNDP, 2001: 14). The HDI reflects the realization of policy-makers and scholars alike that "human development ... is about creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests" (UNDP, 2001: 9). Since the HDI measures only average national achievement, however, it does not demonstrate how specific indicators are distributed across regions or social groups (UNDP, 2001: 13), and therefore cannot highlight social and economic inequalities in a country or a region. Additionally, the HDI does not look at specific causes for poor quality of life such as nutrition or suicide rates. It also overlooks environmental factors such as access to safe drinking water and clean air (Soubbotina & Sheram, 2000: 7).

The purpose of the HDI is to measure the ends or outcomes of the development process. Amartya Sen (1999) argues that a key aspect of development is the achievement of freedom. Greater freedom enhances the ability of people to help themselves and also to influence matters that are central to the process of development (p. 18). A key objective of development, according to this approach, is "the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency" (p. xii). Consequently, Sen argues that "expansion of freedom is both (1) the *primary end* and (2) the *principal means* of development" (p. 36). He describes

five instrumental freedoms – political freedoms, economic facilities, social opportunities, transparency guarantee and protective security – as important means to development. Political freedoms are "the opportunities that people have to determine who should govern and on what principles, and also include the possibility to scrutinize and criticize authorities" (p. 38). Economic facilities refer to "opportunities that individuals respectively enjoy to utilize economic resources for the purpose of consumption, or production or exchange" (p. 39). Social opportunities are "the arrangement that society makes for education, health care and so on, which influences the individual's substantive freedom to live better" (p. 39). Transparency guarantee assures that people can deal with one another under conditions of openness, full disclosure and lucidity (p. 39). Finally, protective security refers to the various social programs that provide a "social safety net for preventing the affected population from being reduced to abject misery, and in some cases even starvation and death" (p. 40). Some of the instrumental freedoms (such as economic facilities or social opportunities) are implicit in the HDI, while others (such as political freedoms) are harder to measure and are therefore not included in conventional measures of development, but can serve as guidelines to the creation of other more creative measures.

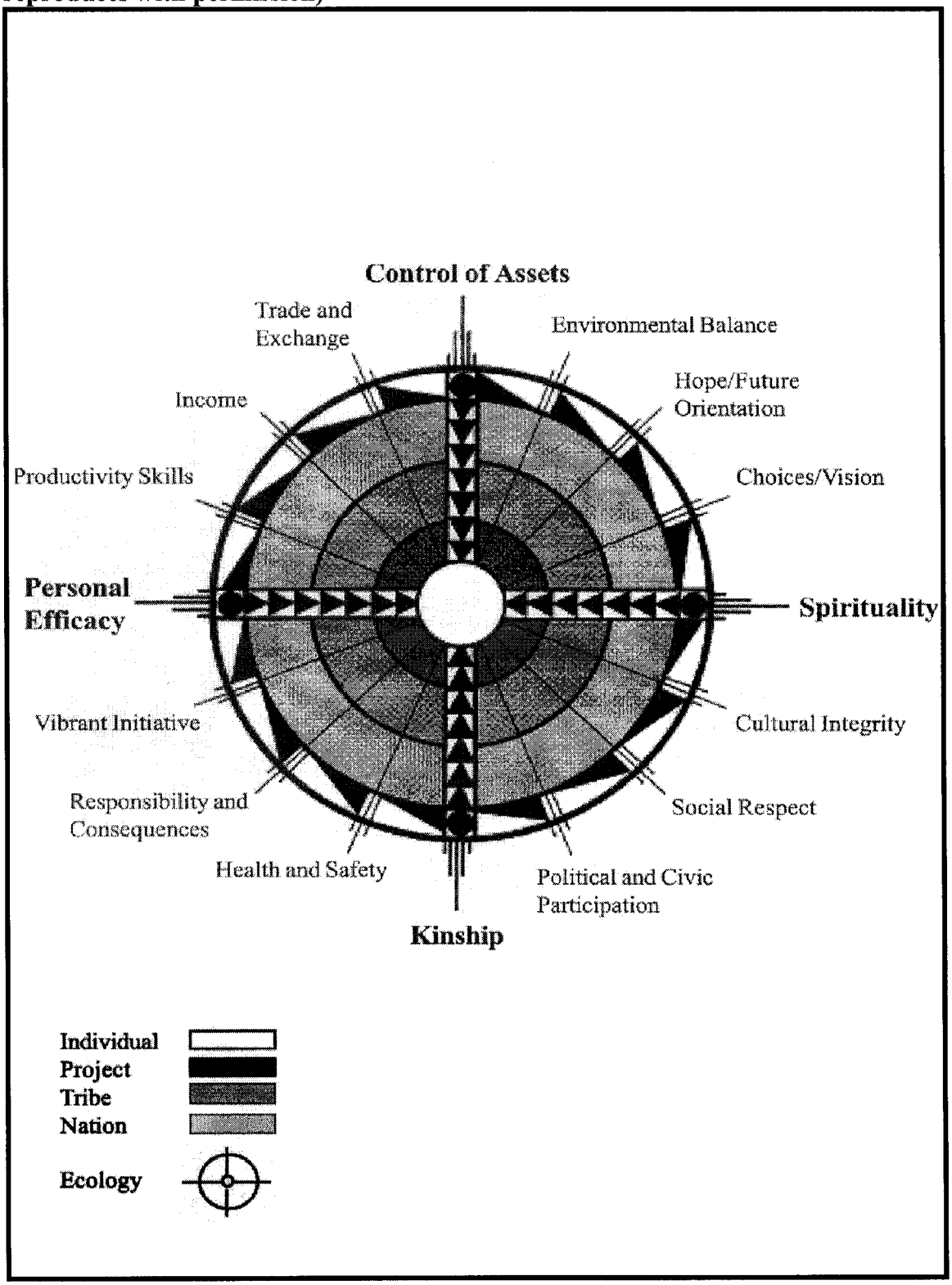
3. Aboriginal Approaches to Development

There is a growing consensus among radical geographers that defining approaches to development should not be left to policy makers and academics of the First world (see, for example, Peet & Hartwick, 1999; Peet & Watts, 1993; Watts, 1999). Current development discourse is criticized for forcing Western economic and cultural

practices and norms on Third World societies. Peet and Hartwick (1999) argue that development must satisfy "locally defined, but universally present needs" (p. 209). In this section I outline approaches to development which reflect current thinking in Aboriginal circles. Similarly to Sen, such approaches involve a broader concept of development than the HDI, and look at factors beyond socio-economic indicators to assess the state of development of First Nations. For example, the First Nations Development Institute (FNDI), a Native American organization working with tribes and Native people on community development issues, conceptualizes 16 elements of development. These elements form a circle (see Figure 3.1). The two main axes of the circle represent significant components in development: *Assets*, *Kinship*, *Personal Efficacy* and *Spirituality*. **Assets** are categorized into individual and community ones: individual assets can be defined as land, a house, a bank account, education and job skills, traditional rights to hunt and fish in a particular area, a business, trust funds, and access to credit. For a community, a reservation or tribe, assets can be social and economic programs, public land, environmental quality, trust funds, tribal hunting and fishing rights, access to credit, and natural and human resources (Black, 1994: 16). Sherry Black, the FDNI's vice president explains that "in the traditional native system, assets and wealth were distributed through the **kinship** network" (ibid). This complex kinship system continues to serve as the basis of the tribal life for many contemporary communities, and regulates the "creation and circulation of assets and the method by which generations share the culture and its values" (ibid). Consequently, Black argues, to have a strong community and economy, community members must have a strong sense of **personal efficacy** or a sense of confidence in their own ability (p. 17). Finally, Black

acknowledges that **spirituality** is the most difficult element to describe. She suggests that spirituality is a value system which includes understanding, tolerance, respect for the earth and all living things, dignity, and the ability to see a place for Native people and their contributions within that future. Within the four quadrants created by the four significant elements are 12 additional referencing elements, along which "goals and standards can be articulated and indicators and measures formulated which reflect the values and priorities of the people" (Black, 1994: 2).

Figure 3.1: The Elements of Development ©First Nations Development Institute, reproduces with permission)



Source: Black, 1994: 15

Another Aboriginal view of what constitutes a strong, developed community is articulated by Alfred (1999). In his book *Peace, Power, Righteousness: an Indigenous Manifesto*, Alfred lists the following characteristics as ones that describe an ideal strong, indigenous nation that can negotiate its place in the larger society from an empowered position:

> *Wholeness with diversity.* Community members are secure in knowing who and what they are; they have high levels of commitment to and solidarity with the group, but also tolerance for differences that emerge on issues that are not central to the community's identity.
>
> *Shared culture.* Community members know their tradition, and the values and norms that form the basis of the society are clearly established and universally accepted.
>
> *Communication.* There is an open extensive network of communication among community members, and government institutions have clearly established channels by which information is made available to the people.
>
> *Respect and trust.* People care about and cooperate with each other and the government of the community, and they trust in one another's integrity.
>
> *Group maintenance.* People take pride in their community and seek to remain part of it; they collectively establish clear cultural boundaries and membership criteria, and look to the community's government to keep those boundaries from eroding.
>
> *Participatory and consensus-based government.* Community leaders are responsive and accountable to the other members; they consult thoroughly and extensively, and base all decisions on the principle of general consensus.
>
> *Youth empowerment.* The community is committed to mentoring and educating its young people, involving them in all decision-making processes, and respecting the unique challenges the face.
>
> *Strong links to the outside world.* The community has extensive positive social, political, and economic relationships with people in other communities, and its leaders consistently seek to foster good relations and gain support among other indigenous peoples and in the international community.
>
> (Alfred, 1999: 82)

The FNDI's Elements of Development are implicit in Alfred's criteria of strength. 'Wholeness in Diversity' and 'Shared Culture' reflect the FDNI elements such as Spirituality and Cultural Integrity. Communication, Respect and Trust, Group

Maintenance, and participatory and consensus-based government relate to FDNI elements such as Kinship, Social Respect, Political and Civic Participation. Youth Empowerment corresponds to Personal Efficacy.

Although Alfred emphasizes the non-economic aspects of community strength, in others parts of his analysis, he addresses the importance of material assets to build self-sufficiency. He criticizes, however, economic development strategies that view material accumulation as an end in itself, and which involve Aboriginal communities in exploitative economies that disregard traditional values.

In addition, Alfred maintains, "money in itself does nothing to solve the problems that indigenous people face" (p. 116). The case of the First Nations in Hobbema, Alberta, illustrates this assertion. According to York's (1990) description, an oilfield was discovered at the traditional lands of the four bands in Hobbema in the 1950s. Two decades later, substantial royalties began to be paid to the First Nations in the area, and by 1983, the four bands received $185 million in annual royalties. York describes the aftermath of the sudden economic transformation in the reserves:

> As the oil money poured into Hobbema, the social upheaval was traumatic. Alcoholism increased, cocaine arrived on the four reserves, families broke apart, and the suicides mounted steadily. From 1985 to 1987, there was a violent death almost every week at Hobbema, and the suicide rate for its young men was eighty-three times the national average.
>
> (York, 1990: 91)

Given that economic growth does not necessarily translate into quality of life or well being, it is clear why non-economic development goals are at least as important as economic ones for many Native communities. Empirical research confirms that Native governments lay out development goals similar to those outlined by researchers and scholars such as Black (1994) and Alfred (1999). In a comparison of two dozen

American tribes, (Cornell & Kalt, 1992a: 230) found that in addition to economic well-being, tribal governments seek an improved standard of living and quality of life for their people, political sovereignty, and control over the impact of economic development strategies.

Similarly, in Canada, Chataway (in press) examines processes that support long-term economic development and self-governmental success. She found that the most successful processes in producing change were those that were consistent with cultural values, ensured that working relationships across subgroups are developed, and actively included the participation and concerns of interest groups across the community, making the process an empowering one.[1] Like Cornell and Kalt (1992a), Chataway's analysis reflects the approaches outlined by Aboriginal worldviews – the FDNI's and Alfred's. Furthermore, she offers an adaptation of the FNDI model in which 'economic development and self governance' replace the 'control of assets' element, 'empowerment' replaces 'personal efficacy', 'social cohesion' replaces 'kinship' and 'cultural values' replace 'spirituality'.

The above empirical examples show how Aboriginal approaches to development provide alternative development criteria for practitioners and researchers, which assist in measuring community strength and success. Since the articulation of these criteria is fairly recent, there are no comprehensive studies that provide a current state of development of Aboriginal communities, based on these newly formulated indicators.

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[1] Chataway defines three types of empowerment: (1) **formal institutional empowerment** in which institutions and professionals are committed to sharing power and to entering into a decision-making process in which no party has the ability to make unilateral decisions; (2) **personal empowerment**, or a sense of personal competence and possibility, or the actual capacity to participate (e.g., knowledge, material resources, persuasive ability) in the process of change; and (3) **social empowerment**, that is, the mutual respect and honesty which are crucial to the ability to participate.

Nevertheless, these indicators provide useful, culturally sensitive guidelines to assess the state of development in the communities participating in this dissertation research. Drawing on the concepts outlined above, a set of evaluative indicators were developed to provide the qualitative "dependent variable" for this study. Each community was compared along three criteria:

(1) *Community assets and vitality,* measured by land base, transfer payments, quality of community and housing infrastructure, employment and incomes statistics, and number and survival rate of businesses, which indicates the availability of cash to community members. This indicator draws on Black's 'assets', and Chataway's 'economic development and self governance'. Other possible measures can include education levels. Such data, however, were not available in all three communities.[2]

(2) *Community empowerment*, assessed through a review of issues taken up against extra-local governments around governance issues, and the extent to which community members were involved and aware of Aboriginal political issues. These issues were gauged by going over relevant statements that came up in interviews, and through a review of newspaper and community newsletters. The criterion draws on Black's 'self efficacy' element, on Alfred's 'group maintenance' and 'participatory government', and on Chataway's 'empowerment.'

(3) *Culture and spirituality,* measured the extent of community members' involvement in cultural practices such as harvesting and traditional ceremonies. This indicator draws on Black's 'spirituality', Alfred's 'shared culture' and Chataway's 'cultural values'.

---

[2] In the next methodological chapter, I discuss the data access and surveying challenges of this study.

Finally, elements such as Black's 'kinship', Alfred's 'respect and trust' and 'strong links to the outside world', and Chataway's 'social cohesion' were excluded from the "dependent" evaluative criteria because they are regarded as qualitative "independent variables" in the current study, as they are all elements of social capital.

The next section reviews current indicators of Aboriginal well being and quality of life as compared to the non Aboriginal Canadian population. The focus in this section is on economic, health, infrastructure and education indicators. The rationale behind a comparison based on these criteria (aside from the fact that alternative indicators are not nationally available) is that improving Aboriginal peoples' standard of living is a central goal for Aboriginal organizations as well as non-Aboriginal ones. To illustrate, in a discussion of means and goals for economic development, the Assembly of First Nations (AFN), the national representative/lobby organization of the First Nations in Canada, states that a decent standard of living is a central objective to economic development. The statement specifies that "decent" refers to "adequate housing, good health, clean water, sanitation, full employment and viable communities"(Assembly of First Nations, 2002a). The current standard of living in Aboriginal communities also provides both the context and the rationale for undertaking my dissertation research.

4. Indicators of Aboriginal Human Development

Aboriginal communities in Canada have a significantly lower standard of living, compared to the rest of the Canadian population. Aboriginal men live, on average, 6.5 years less than other men in Canada, and Aboriginal women live 4.8 years less than non-Aboriginal women (see Table 3.1).

Table 3.1: Comparing Aboriginal and non-Aboriginal Life Expectancy, 2000

	Non-Aboriginal	Aboriginal
Male life expectancy	76.0	69.5
Female life expectancy	82.0	77.2

Source: Department of Indian and Northern Affairs Canada, 2001b: 22

Causes for the shorter life expectancy can be found in the higher rates of both injury and illness among First Nations peoples, compared to the rest of the Canadian population. Aboriginal men and women are three to ten times more likely than their Canadian counterparts to die prematurely from motor vehicle accidents, fire, drowning, homicide and poisoning (see Table 3.2). Within the Aboriginal population, men are much more at risk to die of the above injuries than women.

Table 3.2: Rates of Death (per 100,000) for Selected Types of Injury, Registered Indian and Total Populations, 1989-1992

	Registered Indians		Total Population		Number of times the Aboriginal rate exceeds the Canadian rate[3]	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
Motor vehicle accidents	59.7	24.7	20.0	8.3	3.0	3.0
Fire	12.1	6.6	1.6	0.8	7.6	7.3
Drowning	20.8	3.1	3.0	0.6	6.9	5.2
Homicide	18.2	6.8	2.7	1.5	6.7	4.5
Poisoning	21.1	11.7	3.0	1.2	7.0	9.8

Source: Health Canada, Medical Services Branch, unpublished tables, 1995, cited in RCAP, 1996d: 153.

The authors of the Royal Commission on Aboriginal Peoples argue that cultural and material losses and a sense of Aboriginal powerlessness in Canadian society have contributed to anger, grief, damaged self-esteem, and a profound sense of hopelessness among First Nation people. Such feelings, in turn, contribute to

[3] These calculations were added to the original table.

- Reckless and potentially self-destructive behaviour, such as operating a motor vehicle (car, truck, snowmobile or boat) while under the influence of alcohol… [or] other forms of violent and self-destructive behaviour, including homicide and suicide…

…

- In a somewhat different vein, the casual storage and occasional misuse of firearms (which are a necessary part of everyday life in hunting cultures) may also contribute to high rates of lethal or wounding injury.

(RCAP, 1996d: 154-155)

Similar to the firearm injury risks relating to hunting cultures, the proximity and frequent access to water for people who belong to fishing cultures may explain the higher rates of drowning among Aboriginal peoples, relative to the general Canadian population. Location also plays a role in access to rescue services after an accident has occurred. High fatality rates from injuries may be caused by poor access to help in remote northern communities. Nearly 40 percent of the Aboriginal population lives in the mid- and far-north (RCAP, 1996e: 16). Many of the northern Aboriginal communities are considered remote and isolated. For example, in 1999 "only 36.4 percent of the reserve population lived in or within 50 km of urban areas" (Peters, 2001: 140). In Ontario, approximately 30 percent of the communities in the Mid-North region are located over 350 kilometres away from an urban centre and most of them are accessible only by air (McCue, 1994: 404).

People living in remote and isolated communities also have more limited access to regular preventative medical services than individuals living in metropolitan areas. Access to health services is not only an issue when attendance to injuries is considered but can also explain the much higher rates of various illnesses in Aboriginal communities compared to the general Canadian population. Table 3.3 indicates that there are much

higher rates of life threatening illnesses, such as tuberculosis (TB), hypertension, heart problems and diabetes among Aboriginal peoples compared to non-Aboriginals.

Table 3.3: Comparing Aboriginal and National Health Conditions, Canada

Number of times the First Nations/Inuit rate exceeds the Canadian rate		
	Male	**Female**
Diabetes, 1997	3.3	5.3
Heart problems, 1997	3.0	2.9
Cancer, 1997	2.0	1.6
Hypertension, 1997	2.8	2.5
Arthritis/rheumatism, 1997	1.7	1.6
Tuberculosis, 1999	8.1	

Sources: First Nations and Inuit Regional Health Surveys,[4] 1997, cited in AFN, 2002d; and Clark & Riben, 1999.

Although there are various possible explanations for the poor health of Aboriginal peoples (provided below), it is clear that limited access to health services plays a role in limiting participation in preventative programs and neglecting existing conditions. For example, Clark & Riben (1999: 34) find that active TB is more prevalent in remote First Nations communities than in non-isolated communities. They explain that health facilities in these communities are often more likely to experience staff turnover, thereby increasing the probability of late diagnosis of TB, and predisposing the community to spread of the disease and an outbreak situation. In addition, there is more strain on program resources in isolated places, where treatment and other control activities involve a great deal of traveling, and transport of equipment.

The prevalence of diabetes can also be explained by poor access to and quality of health care. In addition, the authors of the RCAP (1996d) assert that even though there is

[4] The surveys covered First Nations people living on-reserve all across Canada, and the Inuit of Labrador. The numbers do not include people living in the North, in the James Bay region of Quebec, or off-reserve.

an inherited susceptibility among Aboriginal people to develop diabetes, the disease was rare in pre-contact times (p. 146). Current risk factors cited in the report as increasing the prevalence of diabetes are obesity, poor eating habits and physical inactivity. It is suggested that physical activity has decreased from pre-contact times because of the adoption of a sedentary lifestyle. In addition, the change in diet from high quality country foods to processed foods with high levels of fat and sugar is cited in the report as key for the exacerbation of diabetes in First Nations communities; it is widely acknowledged that heart problems are also related to poor diet. Location plays a role in the availability of healthy foods. Fresh meat and vegetable are often hard or impossible to get in isolated communities. Moreover, even if such produce exists, it is usually very expensive and out of reach for families living in poverty (see below for a discussion of income levels).

But beyond imperfect health care and remoteness, crowding and poor housing and infrastructure conditions also worsen people's health and quality of life. For example, Clark and Riben (1999) maintain that TB is primarily spread from person to person through respiratory droplets; a national comparison of TB rates in Aboriginal communities confirm that TB is more common in communities with higher levels of household crowding. Crowding and poor housing and infrastructure are a concern in many Native communities. Tables 3.4 and 3.5 indicate that Aboriginal dwellings are more crowded and in a poorer state of repair compared to non-Aboriginal homes. Moreover, data from the Department of Indian Affairs and Northern Development (DIAND, 1999: 2) show that in 1999, 40 percent of Native communities did not have adequate solid waste disposal services and almost 50 percent did not have satisfactory

fire protection services. Clearly, the lack of sound infrastructure, safe environment and reliable rescue services limits the chances for good health and quality of life for many Aboriginal people.

Table 3.4: Comparing Aboriginal and National Housing Conditions, 1996

	Non-Aboriginal	Aboriginal
% multiple household families	3.0	5.1
% housing units needing major repairs	8.2	23.7
% housing units needing minor repairs	27.5	32.1

Source: Census of Canada, 1996 individual microdata files[5]

Table 3.5: Infrastructure Conditions in Aboriginal Communities, 1999

% communities with no electrification service	9.6
% communities with adequate road access	82.1
% communities with adequate solid waste disposal service	60.0
% of communities with adequate fire protection service	53.9

Source: Department of Indian and Northern Affairs Canada, 1999: 2

The inability to improve one's physical environment correlates with lack of available cash. First Nation peoples are almost two and a half times more likely to be unemployed than non-Aboriginal Canadians and nearly twice as likely to rely on government assistance as a major source of income (see Table 3.6). Table 3.6 also indicates that even Aboriginal peoples who are gainfully employed earn forty percent less than the rest of the Canadian population. Women and young people seem to endure the worst income levels. Although unemployment levels are lower for Aboriginal women than for Aboriginal men, the former earn nearly 30 percent less than the latter. Compared to other women in Canada, Native women earn over 30 percent less than their non-Native

[5] According to Statistics Canada, on some reserves and settlements in the 1996 Census, enumeration was not permitted, or was interrupted before it could be completed. Moreover, for some reserves and settlements, the quality of the collected data was considered inadequate. These geographic areas (a total of 77) are called incompletely enumerated reserves and settlements. For higher level geographic areas (Canada, provinces, census metropolitan areas and census agglomerations) the impact of the missing data is very small.

counterparts. In addition Tables 3.6 shows that approximately 50 percent of Aboriginal children and youth live below the low-income cut-off line. Although the rate of people living below the low-income cut-off line in the general Canadian population is quite high as well (one in five Canadians report living in these conditions), it is clear that poverty is more acute among First Nations, as they are twice as likely as non-Natives to live below the low-income cut-off line.

Table 3.6: Comparing Aboriginal and National Labour Force and Income Profiles, 1996

	Non-Aboriginal	Aboriginal
Labour Force		
% in labour force	65.6	58.3
% in labour force – male	72.8	65.3
% in labour force – female	58.8	51.9
Unemployment rate (%)	9.8	24.0
Unemployment rate (%) – male	9.9	26.5
Unemployment rate (%) – female	9.7	21.1
Sources of Income		
% employment income	75.4	70.2
% government payments	13.8	26.1
Income		
Average individual income (dollars)	$25,414	$15,699
Average individual income (dollars) – male	$31,404	$18,221
Average individual income (dollars) – female	$19,348	$13,305
% population living below the 1995 Low income cut-off line	19.3	43.7
% population living below the 1995 Low income cut-off line – 0-14 (infant/Child)	22.8	51.5
% population living below the 1995 Low income cut-off line – 15-30 (youth)	22.5	45.9
% population living below the 1995 Low income cut-off line – 31-64 (adult)	16.3	35.9
% population living below the 1995 Low income cut-off line – 65+ (retired)	19.3	30.8

Sources: Census of Canada, 1996: Dimensions series files, Portrait of Aboriginal population in Canada (94F0011XCB); individual microdata files, 1996.

The great income disparities between Aboriginal people and the rest of the Canadian society are partly explained by parallel gaps in education attainment and family structure. The data show that Native people are nearly twice as likely to have less than nine years of schooling and are four times less likely to have a university degree than non-Native people (see Table 3.7). In Canada's competitive labour force such education levels are a great hindrance to job attainment. Analysis of the Census data indicates, however, that compared to the older generations, a higher percentage of young Aboriginal people now obtain university education.

Table 3.7: Comparing Aboriginal and National Education Levels, Canada, 1996

	Non-Aboriginal	Aboriginal
Highest Level of Schooling		
Population (15 and over), less than grade 9	11.9	19.7
% population (15-24), less than grade 9	3.0	11.3
% population (25-44), less than grade 9	3.8	12.1
% population (45-64), less than grade 9	16.1	34.9
% population (65+), less than grade 9	36.5	71.9
% population (15 and over), with university degree	13.5	3.3
% population (15-24), with university degree	5.6	0.9
% population (25-44), with university degree	18.8	4.5
% population (45-64), with university degree	14.4	4.5
% population (65+), with university degree	6.0	1.1

Source: Census of Canada, 1996: Dimensions series files, Portrait of Aboriginal population in Canada (94F0011XCB)

The particular economic hardships experienced by Aboriginal women, youth and children also relate to family structure. Table 3.8 shows that one in three Aboriginal children live in lone-parent families, twice the non-Aboriginal rate; Aboriginal women are also twice as likely to be lone parents, compared to the rest of the women in Canada. Within the Aboriginal population, women are six times more likely to head a family on

their own than are men. Particularly striking are the number of young Aboriginal women who head lone-parent families; one in ten women between ages 15-24 and one in four women between the ages 25-44 are lone parents. Family structure relates to low income because lone parent families have only one income and often the lone parent, because of the need to take care of the children, has less available time for waged work.

Table 3.8: Comparing Aboriginal and National Family Structure, Canada, 1996

	Non-Aboriginal	Aboriginal
% Children living in lone-parent families	16.0	32.0
% population lone parents	3.9	7.1
% population lone parents – male	1.4	2.0
% population lone parents – female	6.4	11.9
% population lone parents – male, 15-24	0.1	0.4
% population lone parents – female, 15-24	2.9	9.7
% population lone parents – male, 25-44	1.7	3.7
% population lone parents – female, 25-44	10.4	23.6
% population lone parents – male, 45-64	2.7	5.2
% population lone parents – female, 45-64	8.5	15.7
% population lone parents – male, 65+	1.7	6.8
% population lone parents – female, 65+	5.8	16.1

Sources: Census of Canada, 1996: Dimensions series files, Portrait of Aboriginal population in Canada, (94F0011XCB); Department of Indian and Northern Affairs Canada, 2000a.

The economic hardships facing many Aboriginal individuals translate to collective challenges for Native communities. For example, the difficulty with keeping up with economic development and social programming that addresses some of the socio economic gaps described above is also enhanced by the rapid growth of the Aboriginal population (see table 3.9).

Table 3.9: Comparing Aboriginal and National Demographic Profiles, Canada, 1996

	Non-Aboriginal	Aboriginal
Population	27,729,115	799,010
% population – age 0-14	20.3	35.1
% population – age 65+ (%)	11.7	3.5
Median age	35	24
Crude birth rate (per 1000)	12.2	25.0

Sources: Census of Canada, 1996: Dimensions series files, Portrait of Aboriginal population in Canada, (94F0011XCB); Department of Indian and Northern Affairs Canada, 2000b.

The sheer magnitude of the social and economic challenges facing many individuals in Aboriginal communities lead many, and particularly youth, to desperation. Suicide rates among First Nations and specifically among teens receive a lot of media attention: suicide rates are two to three times higher among Native people relative to non-Natives and Aboriginal youth are five to six times more likely to take their own life compared to other young Canadians (RCAP, 1995: 1). Summarizing previous research on suicide, the authors of the Royal Commission's special report (1995), *Choosing life: special report on suicide among aboriginal people*, list four major risk factors associated with suicide:

- psycho-biological factors: most important are the mental disorders and illnesses associated with suicide – depression, anxiety disorders and schizophrenia;...
- life history or situational factors: early childhood trauma (e.g. disrupted relations with caregivers, family history of suicide and premature death, experience of sexual or other abuse); current family dysfunctionality; conflict in intimate relationships or with authority; imprisonment; substance abuse; current access to lethal means...; absence of religious and spiritual commitment.
- socio-economic factors: unemployment; individual and family poverty; relative deprivation or low class status; low standards of community health, stability and prosperity.
- culture stress: the loss of confidence by individuals or groups in the ways of understanding life and living (norms, values and beliefs) that were taught to them within their original cultures and the personal or collective distress that may result,

(RCAP, 1995: 20-21)

The prevalence of mental illnesses such as depression and affective disorders among Aboriginal peoples is not well documented, according to the RCAP, but evidence offered by Aboriginal community health providers to the Commission suggests that depression and unresolved grief, which are associated with suicide, may be widespread problems (RCAP, 1995: 21). Research done for the RCAP also suggests that other suicide prone illnesses such as schizophrenia and anxiety are not as common among First Nations members as they are in the general Canadian population (ibid.). Consequently, it is suggested that life history factors, socio-economic factors and cultural stress factors better explain the high suicide rates among First Nations members.

Sociologists have associated socio-economic conditions with suicide for over a century. Durkheim (1897 [1951]) argued that a change in economic conditions, for better or for worse, is related to higher rates of suicide, because of the difficulty of individuals to adjust to radical changes. Interestingly, however, Durkheim believed that poverty reduces suicide rates, rather than increasing it, since it serves as a "social restraint": "The less one has the less he is tempted to extend the range of his needs indefinitely" (Durkheim, 1897 [1951]: 254). In contrast, Steven Stack (2000a, 2000b), who conducted an extensive review of the sociological literature on suicide, finds that poverty is associated with conditions such as including unemployment, financial stress, family and mental instability (Stack, 2000a). It remains unclear, however, why members of some poor societies such as Aboriginal peoples in Canada turn to self-harming behaviours, while others, such as African Americans, do not. Comparing Caucasians and African Americans, Stack (2000a) finds that when confronted with discrimination and frustration, African Americans tend to externalize their aggression towards society, rather than inflict

it on themselves. Stack suggests that suicide is considered a "white thing" among African Americans and therefore there is a lower societal acceptability for such behaviour.

Location is another possible factor which might explain why Aboriginal people internalize, rather than externalize their aggression; less contact with the non-Aboriginal majority may lead individuals to blame themselves rather than society for their condition, and also provides fewer opportunities for expressing anger towards the majority, even though this majority is perceived as responsible.[6]

Finally, as a result of the various policies and legislation undertaken by the various governments (discussed in the next section), and because of the move to permanent, modernized communities, many Aboriginal peoples experienced radical changes in their way of life such as loss of land, weakening of social institutions, and discrimination and institutional racism (RCAP, 1995: 25).

Recalling Durkheim's (1897 [1951]) observation that radical disruptions and upheaval in one's life can be associated with suicidal behaviour, it is interesting to note that the RCAP's (1995) special report on suicide also suggests extreme change and disruption can result in 'culture stress' (p. 25). Culture stress happens when culturally transmitted norms and the rules for living in a society lose meaning or are disrespected. Consequently it is argued in the report that members of the culture lose confidence in what they know and in their own value as human beings (ibid.). The following section will examine various government policies and legislation responsible for the disruption and change experience by First Nation people which may partly account for the current

[6] The role of location in biological aspects of suicide in Aboriginal communities has not been widely addressed, but is worth examining. As noted, many Aboriginal communities are located in the north, where hours of daylight in the winter are very few. Underexposure to light is associated with higher depression and suicide rates (Rosenthal, 1993; Rosenthal et al., 1984).

socio-economic conditions they suffered. Since the focus of this dissertation is on the role of social relations in development, the section highlights policies and laws that had the greatest effect on the disruption of social networks.

5. Government Policy, Legislation and Colonialism – The Creation of Collective Trauma

5.1 History of Legislation and Policy Making

There is now widespread consensus that the great changes and upheaval that public policies and legislation created in Aboriginal people's lives were not accidental, but rather deliberate. One of the earliest attempts to formalize this attempt was the 1857 *Gradual Civilization Act*. The goal of this act was to remove the legal distinctions between Indians and non-Indians through the process of enfranchisement.

> Enfranchisement, which meant freedom from the protected status associated with being an Indian, was seen as a privilege. There was thus a penalty of six months' imprisonment for any Indian falsely representing himself as enfranchised. Only Indian men could seek enfranchisement. They had to be over 21, able to read and write either English or French, be reasonably well educated, free of debt, and of good moral character as determined by a commission of non-Indian examiners. For those unable to meet these criteria, a three-year qualifying period was allowed to permit them to acquire these attributes.
>
> (RCAP, 1996b: 271)

Aside from aiming to rid Aboriginal peoples of their "uncivilized" cultures, the legislation served as a 'divide and conquer' strategy where the enfranchised and non-enfranchised Aboriginal populations did not share the same governing structure and therefore would not have a common goal to contest legislations and policies.

Twelve years after the *Gradual Civilization Act*, in 1869, the *Gradual Enfranchisement Act* was passed. This act introduced more measures to achieve the goal of assimilation, and resulted in the additional breakdown of former social networks. The

RCAP (1996b) describes the process of removing traditional governments and enforcing elections in which the superintendent representing the Crown set election terms and conditions according to this judgement, without consultation with local populations (p. 281; p. 297). The change in governing structure also changed the power relations among various social networks. In addition, Native Women who married non-Native men lost their Indian status; these women were then cut off from treaty moneys and from their community networks.

To further cement the control over Aboriginal lives, the *Indian Act* was passed in 1867. This Act legislated (and still does) the daily lives of on-reserve Aboriginal peoples. It covers aspects such as schooling, land ownership, and political structures. The first *Indian Act* included portions to ensure assimilation. For example, Gagnè (1998: 358) notes that until 1946 the act stipulated that Aboriginal people who practiced medicine, law or worked for the government lost their status and the benefits that come with it.

Legislation aimed at assimilating Aboriginal peoples went beyond laws that would encourage Native people to give up their status and adopt European lifestyles; by the 1880s measures were taken to prohibit Native people from practicing their own cultures. In 1884 amendments to the *Indian Act* outlawed the potlatch and the sun dance, which were central to the social and economic life of the peoples of the west coast and prairies, respectively (Pettipas, 1994; RCAP, 1996a). In the potlatch, for example, a hosting chief collected surplus goods from his clan and redistributed it to guests. In addition conflicts regarding land and trespassing could be resolved in these meetings (RCAP, 1996b: 74-75). Government officials did not appreciate, or were even threatened

by the social organizations present in the potlatch and sun dance customs and articulated them as obstacles to assimilation:

> It is observed with alarm that the holding of dances by the Indians on their reserves is on the increase, and that these practices tend to disorganize the efforts which the Department is putting forth to make them self-supporting. ...You should suppress any dances which cause waste of time, interfere with the occupations of the Indians, unsettle them for serious work, injure their health, or encourage them in sloth and idleness.
>
> (Instructions issues by Duncan Campbell Scott, deputy superintendent general of Indian Affairs to his agents, 1921, cited in RCAP, 1996b: 183)

Another form of controlling the socializing of Native peoples was the pass system. This system, created by the Department of Indian Affairs in 1885, restricted the mobility of Native People. The pass system was not legislated into the *Indian Act,* but it was adopted as official policy in the Prairies and in the west (RCAP, 1996b: 296-297). According to this policy, outsiders could not come to a reserve to do business with an Aboriginal resident without permission from the Indian agent, the Department of Indian Affairs representative. Moreover, in some reserves, agents understood this policy to mean that no Aboriginal person could leave the reserve without permission from them. The RCAP (1996b) suggests that the pass system was formed in response to the perceived threat by government officials that prairie Indians might forge a pan-Indian alliance against Canadian authorities (p. 296). Consequently, the policy was designed to curb the potential organization of rebellious Natives. The policy also interfered with the family and cultural life of many First Nations, as it prevented them from participating in ceremonies and discouraged parents from visiting their children in off-reserve residential schools (ibid.). Clearly, the pass system had a central role in breaking the three types of social capital, the bridging networks (regional, intercommunity ties), the linking networks

(relationships with outsiders) and the bonding (family and close community ties) networks.

Bonding networks were also greatly affected by the residential school system. The creation of the first residential schools predated other assimilative legislation. In 1849, the first residential school was opened in Ontario (RCAP, 1996a, Record 133). The residential school program was a result of a joint government-church partnership. The language spoken at the schools was English or French; children were prohibited from speaking their own languages or practicing their cultural beliefs (RCAP, 1996b: 365). The phenomenon was not specific to Canada; Duran & Duran (1995) and Hunter (1993a) report similar policies by the post-civil war United States and in Australia, respectively. By removing children from their homes and by prohibiting them from practicing their cultures, the residential schools programs broke important social ties and stopped the transference of cultural knowledge from parents to children. Children were also disassociated from their culture and community networks as a result of adoption of Native children by non-native parents.

The organized legislative efforts to integrate native peoples, with the resulting destruction of their social networks continued well into the twentieth century. In 1921, Duncan Campbell Scott, testified before a special committee of the House of Commons, which examined the Indian Act amendments. In his testimony he said:

> I want to get rid of the Indian problem. ...Our objective is to continue until there is not a single Indian in Canada that has not been absorbed into the body politic and there is no Indian question, and no Indian Department, that is the whole object of this Bill.
>
> (Leslie, Maguire, Moore, & Treaties and Historical Research Centre (Canada), 1978: 114)

Nearly half a century later, in 1969, Jean Chrétien, who was the Minister of Indian Affairs in Pierre Trudeau's government, formulated a policy paper known as the *White Paper*, which echoed, in practice, the intentions of Campbell Scott. The stated goal of the policy was to "achieve individual Aboriginal social, economic and legal equality." The *White Paper* recommended the repeal of the *Indian Act*, dismantling of the Department of Indian Affairs. The policy suggested that Native peoples receive services like other Canadians. In addition, it was proposed that the treaties should be terminated in an equitable way. The *White Paper* addressed issues related to land claims and reserve lands, understanding the importance of these issues to Aboriginal peoples (RCAP, 1996c: 793). Interestingly, over a century after the *Gradual Civilization Act* policy makers still failed to recognize that First Nation peoples do not wish to surrender their special status and assimilate into the general population, but wish to maintain their special relationship with the Government of Canada which also preserves their distinctive cultures and societies.

Even though the *White Paper* was shelved, its publication and the reaction that followed actually resulted in some positive consequences to Aboriginal networks. The Department of Indian Affairs (2002a) reports that all Indian agents were withdrawn from reserves in 1969, and funding was allocated to Native organizations, potentially strengthening troubled social networks.[7]

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[7] There is a new piece of legislation which was proposed on June 14, 2002 by the Minister of Indian Affairs, Robert Nault, called *The First Nations Governance Act*, which will affect sections related to band elections. This legislation has stirred a lot of opposition from the Assembly of First Nations, which claims it does not match First Nation priorities and needs.

5.2 Collective Trauma

Over a century of "civilization" policy-making did not end with Aboriginal peoples surrendering their cultures; even though Native cultures and societies were not obliterated, they did not emerge unscathed from years of public policy attempts to change them. First, most First Nations suffered from a great cultural loss; for example, analysis of the 1996 Census indicates that only 15 percent of Aboriginal peoples report speaking Aboriginal languages at home. A slightly higher percentage (23%) consider an Aboriginal language to be their mother tongue.

Second, beyond the loss of heritage and culture, research shows that the constant attack on Aboriginal lifestyles and cultures resulted in individual and collective psychological trauma.[8] For example, scholars have argued that the forced removal of children from their homes into the Canadian residential and or American boarding schools had devastating intergenerational psychological effects on the students in those schools, on their children and on the communities in which they lived (Abadian, 1999; Gagnè, 1998; Raphael et al., 1998). The work of the RCAP asserts that the institutional child rearing in the residential schools shaped the subsequent parenting experience of its graduates (RCAP, 1996d: 379); experiences of abuse and lack of parental role models caused some of the graduates to become abusers themselves, turning their children into victims of abuse (Gagnè, 1998: 363).

Similarly, the constant attempt to interfere with their social and cultural organization was a humiliating experience for Aboriginal peoples, and generated

[8] For an extensive discussion of the sources of Aboriginal collective trauma and possible responses and treatment of it see Abadian, 1999; Day & Weaver, 1999; Duran & Duran, 1995; Duran, Duran, Yellow Horse Brave Heart, & Yellow Horse-David, 1998; Erikson, 1994, Gagnè, 1998; Raphael, Swan, & Martinek, 1998; and Shkilnyk, 1985.

mistrust. Chataway (in press) argues that "people who have been shut out of decision-making, experienced repeated broken promises, or been told for generations that they don't have the capability to understand or contribute, require considerable support and reassurance before they will enter into dialogue" (p. 12). Broken promises and constant abuse has a detrimental effect on people's trust, which is a key component in the creation of social capital.

6. Beyond History – Additional explanations for Variation in Development Indicators

Although the history of colonial relationships is central to the understanding of the current socio-economic reality for Aboriginal Canadians, the variations in socio-economic conditions among Native communities calls for additional explanations. Cornell and Kalt (1992a: 225-228) review the literature on American economic development in an attempt to understand why some U.S. reservations do better than others. Focusing on economic performance, they offer four categories of explanation of reservation economic performance. The first category attributes Native poverty to the historical and contemporary appropriation of Native resources by non-Natives. Overcoming the aftermath of the colonial past, through self-government negotiation and physical and emotional healing is key to success of Aboriginal communities (p. 225). This category is particularly relevant to this dissertation, as was shown above, because it highlights the role of public policies in altering social relations that are important to economic development.

The second category ties variation in economic performance to the differential endowments of natural resources, human capital or access to financial capital. Although Cornell and Kalt agree that this explanation can be useful because it is quantifiable, they argue that there are reservations that share similar natural/human capital endowments, and yet vary in economic performance (p. 225-226).

A third explanation identifies intrinsic aspects of Native societies, such as indigenous culture or tribal social organizations as an obstacle to successful economic development (p. 226-227). To refute this explanation Cornell and Kalt describe a tribe (the Cochiti Pueblo) which they consider conservative, since it devotes considerable energy to the preservation of indigenous patterns of organization, action and belief. This does not hinder their economic development efforts, however, and the reservation operates a successful corporation. This leads Cornell and Kalt to conclude that indigenous culture, in of itself, is not the obstacle to development, as it is often portrayed.

The last category suggests that variation in development can be accounted for by absence of effective governing institutions. According to this explanation, poor economic performance can be explained by the lack of institutions capable of regulating and channelling individual and collective behaviour. Specifically, tribal decision-making, dispute resolution, and regulatory functions which are a-political and stable are said to encourage investment (p. 227).

Since none of the above explanations alone can account for variation in economic development, Kalt and Cornell's 25-year study at the Harvard Project on American

Indian Economic Development examines all the above factors together.[9] Based on nearly two dozen case studies of successful and struggling reserves, on statistical analysis of economic and governance data in 70 tribes, and consulting projects carried by their graduate students, Cornell and Kalt argue that the keys to successful long-term economic development are more likely to be 'soft,' institutional considerations, rather than 'hard' factors such as simple availability of resources; in particular they highlight self-government, functional governing institutions and culture (Cornell, 2000; The Harvard Project on American Economic Development, 2002). They argue that tribes that make their own decisions about what approaches to take and what resources to develop consistently out-perform external decision makers (Cornell and Kalt, 1998: 33). Moreover, governments that settle disputes fairly, separate the functions of elected representation and business management, and successfully implement tribal policies achieve their goals (Cornell and Kalt, 1998: 15). Finally, Cornell and Kalt's research indicates that Native cultures are a resource that strengthens tribal government and effect development goals. This dissertation suggests that the access to and the efficacy of various levels of social capital are additional factors that explore in greater depth the role of 'soft' or institutional processes in successful Aboriginal economic development efforts.

Even though the focus of Kalt and Cornell's comprehensive research is economic, the factors they identify as crucial to economic success are relevant also to strengthening other development indicators. For example, effective governance institutions are important not only for regulating and mobilizing a community for

[9] For a detailed account of the methodologies, analysis and findings of their work see Cornell, 1995a, 1995b, 1998, 2000; Cornell & Kalt, 1991a, 1991b, 1992a, 1992b, 1997a, 1997b, 1992c; Kalt & Cornell,1994.

economic development efforts, but also for designing and executing health and education programs in an efficient and fair manner. In addition, a large body of work has been examining the importance of culture in Aboriginal health management, calling for more reliance on traditional healing methods that often prove more effective for First Nations people than is western medicine.

Having emphasized a set of explanations focusing on institutions as governance and decision-making, it is still important to acknowledge that, to achieve many of the non-economic development goals set by Aboriginal people, such as self-government and better quality of life, there is a need for resources and wealth which come from strong economies. The Royal Commission on Aboriginal Peoples (1996c) asserts that "self-government without a significant economic base would be an exercise in illusion and futility." The Assembly of First Nations created its Economic Development Secretariat in April, 1998; in the Economic Secretariat's mission statement, quality of life and respect for traditional values and beliefs are cited as central goals of economic development (Assembly of First Nations, 2002a). In addition, in the current Liberal party leadership race Aboriginal issues are recurring: in his speech to the AFN (Fraser, 2002: A2), Paul Martin, former finance minister and Prime Minister hopeful, said that "[Aboriginal] economic development is a priority for Canada." He emphasized the need to develop economic strategies to improve the "unacceptable lives of Aboriginal communities in Canada". Since economic development is crucial to the achievement of many of the development goals of Native and non-Native leaders, and as a result of the preceding discussion which has highlighted the importance of focusing on economic development strategies, the rest of this chapter will examine such strategies, focusing on the current

preferred one, entrepreneurship. Opportunities as well as obstacles to entrepreneurship will be highlighted.

7. Approaches to Native Economic Development

The current concern of policy makers (Aboriginal and non-Aboriginal) with economic development did not always prevail. The RCAP (1996c) reports that governments were not very active in promoting Aboriginal economic development before the 1960s (p. 790). The RCAP writers maintain that since 1960, the federal government's economic development approaches broadened to include other strategies: First, *migration to mainstream employment sites*, especially urban areas, was encouraged (RCAP, 1996c: 790). Second, the government supported *business development*, through various commitments to loan funds (RCAP, 1996c: 793). Third, in the 1980s, policies lent support for controlled *sectoral development* organizations in areas such as forestry, fishing, agriculture, arts and crafts and tourism (RCAP, 1996c: 794). Fourth, various resources were devoted to *human resources development* and specifically to increasing enrolment in schools, higher education institutes, and to vocational training (RCAP, 1996c: 795). It is lamentable that migration strategies were developed alongside training policies, since educated individuals were encouraged to migrate, depleting their home communities of valuable human and social capital.

The 1989 Canadian Aboriginal Economic Development Strategy (CAEDS) reflected some of the above approaches. The stated goal of the CAEDS was "to assist Aboriginal groups and individuals to develop viable enterprises, access long-term employment, and manage their resources" (DIAND et al., 1989: 9). The key recurring

components were still business, employment and resources; the role of the strategy, however, was to coordinate the responsibilities of various government departments in delivering programs geared towards Aboriginal economic development:

> The Department of Indian Affairs and Northern Development has responsibility for community economic and resource development; the Department of Employment and Immigration is responsible for skills development and urban employment; and the Department of Industry, Science and Technology is responsible for business development and the establishment of aboriginal capital corporations. The three departments share the responsibility for research and advocacy in the promotion of aboriginal economic self-reliance.
>
> (Ting, Lalonde, Foote, & Dickson, 1993, section 11.10)

Interestingly, although the three federal ministries involved in designing the strategy were supposed to each pursue various aspects of economic development, such as training and resource development, the Strategy's emphasis was on entrepreneurship: "The key goal of the new strategy will be to provide long-term employment and business opportunities to Canada's Aboriginal citizens, by giving them the means to manage effectively their own business enterprises, economic institutions, job training and skill development" (DIAND et al., 1989: 5). Oddly enough under "new directions" of the Strategy, its writers echoed past policies. The aim of the policies is to incorporate Aboriginal people into the mainstream: The CAEDS sought to

- Increase Aboriginal joint venturing with "mainstream" business; and
- Breakthrough in increased opportunities for employment and self-sufficiency by Aboriginal people who have chosen to live in urban areas.

(DIAND et al., 1989: 5)

Unlike the assimilative policies of the past, however, the CAEDS also sought to develop a network of economic institutions, controlled by Aboriginal people, that eventually would assume responsibility for much of the delivery of the government's investment funding, business and employment programs and advisory services.

Incorporation in the market economy has been, and clearly still is, a top priority for economic developers in the Aboriginal context. Years of policy-making seem to promote business development as the route to such incorporation. For over a decade since the CAEDS was drafted, its guidelines still hold. The Department of Human Resources and Development (HRDC) replaced the Department of Employment and Immigration's role in developing human capital. Together with the Department of Indian Affairs and Northern Development (DIAND) it sponsors the Aboriginal Human Resources Development Council of Canada. Industry Canada has developed the Aboriginal Business Canada program, which provides business grants and loans.

The six program areas of the economic development branch of the Department of Indian Affairs and Northern Development are geared almost entirely to entrepreneurship; they cover issues related to access to capital, access to markets, supportive business climate, access to workforce skills and experience, partnership building, and improved access to lands and resources (for more details, see DIAND, 2002). These program areas attempt to respond to the challenges facing most Aboriginal entrepreneurs, as outlined below.

Most economic development efforts to improve the socio-economic conditions of Native people are clearly channelled into business development strategies. Furthermore, analysis of the federal *Public Accounts – Transfer Payments* (Public Works and Government Services Canada, 2002) highlights that more funding is allocated to business programming than to natural resource development: Industry Canada, responsible for Aboriginal Business Canada, allocated in 2000-2001 approximately $32 million to the

program; the Department of Indian Affairs, on the other hand, allocated only about 40 percent of this amount, or about $13 million to resource development.[10]

It is worth noting that the economic development objectives of Aboriginal peoples, as outlined in the AFN's Economic Development Strategy (Assembly of First Nations, 2002c) prioritize resource development over business programming. At the top of the hierarchy the AFN states that its number one objective is to

> promote the return and co-management of an equitable share of the Natural Resources, existing within traditional territory, to the First Nations of that territory. It is through control of these natural resources that First Nations will assure their future and have a vehicle for long term sustainable development.

Nevertheless, even though business development is not placed at the top of the AFN's economic development strategy, its prominence in Aboriginal circles is clear: the strategy's other four objectives address partnerships and joint business venturing, access to equity capital, advocacy to ensure that all government departments understand First Nations' priorities and needs, and ensuring that the tools of economic and business development are equally accessible to all Aboriginal people.

The centrality of entrepreneurship in both Aboriginal and non-Aboriginal policy circles underlies the focus of this dissertation on the business development strategy. This study does not provide, however, an analysis of whether this policy choice is the most appropriate or most successful; neither does it compare the success of natural resource

[10] Surprisingly, although there is a lot of publicity and discussion around the need for Aboriginal economic development programs, analysis of the federal *Public Accounts* document (Department of Finance Canada, 2002) indicates that the DIAND devoted only 2.3 percent of its 2000-2001 budget to economic development programming. Social development and social assistance (25%), education (26%) and capital facilities and maintenance (22%) received the bulk of the budget.

programs vis-à-vis entrepreneurship programs.[11] There is a need for such a comparison, but this is left for future research.

8. Aboriginal Entrepreneurship – Opportunities and Challenges

Aboriginal trade and businesses have existed in North America for centuries. Champagne (1992: 197) describes extensive trade networks even before Columbus landed in North America. He notes, however, that most of economic production prior to contact was geared to satisfying subsistence and redistribution needs. Newhouse (2000b) provides an account of entrepreneurship after contact; he describes the fur traders in Northern Saskatchewan (in the 1800s) as excellent businessmen and argues that throughout contact Aboriginal people have engaged in trade with those who arrived to the continent, and prior to that, with each other (p. 57). The last two decades saw 170 percent growth in Aboriginal entrepreneurship (Sawchuk & Christie, 1998: L1).[12] The organization, management and goals of these businesses probably differ from those of their ancestors. The following sections will delineate key characteristics of Aboriginal businesses operating today. This will place the entrepreneurs in the case studies of this dissertation in a larger context, showing the opportunities and challenges they face.

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[11] The Income Security Program for individuals and communities who wish to pursue harvesting (e.g. hunting and fishing) activities as a way of life is another potential economic development policy. Pursuing this strategy, the argument goes, would preserve Native traditions. George (1989) argues that the success of the Income Security Program for Cree hunters in northern Quebec suggests that, with the appropriate institutional support to supplement incomes and with reduced the risks of bush life, some families can return to traditional ways of life (p.61). George asserts, however, that most of the participants in the program are members of older generations, who were raised in the bush and consequently are experience in bush life. In contrast, only a few young Cree have been attracted to the bush; as a result policy strategies rarely address this program.

[12] Reported from 1996 Census data on Aboriginal self employment.

8.1 Aboriginal Businesses – A Typology

The empirical component of this dissertation was aimed at comparing communities that vary in their business development models. One of the criteria guiding selection of the case studies was the type of business ownership, i.e. band owned or individual. Newhouse (1999, 2000a) provides a useful description of Aboriginal business economies, which help relate the specific case studies to economic models in other Native communities. Aboriginal entrepreneurial economies, according to Newhouse, can be divided into three main categories: a small business economy, a community enterprise economy, and a resource dependent economy.

(1) **A small business economy** consists of small, individually or community owned enterprises, which are geared towards local markets (Newhouse, 2002a: 81). Most of these businesses provide services such as gas, groceries, videos, or fast food. Newhouse (1999) maintains that most of these enterprises are marginally profitable (p. 69). Since many of them do not have many full-time employees, they contribute only slightly to employment growth in their communities (ibid.) The economic development office in communities dominated by small business provides individuals with small loans and grants, helps them to understand and satisfy requirements set out by provincial and federal programs, organizes training and information sessions and advocates on behalf of the entrepreneurs at the local level (p. 70).

Since most of the customer base is local, small Aboriginal business economies tend to be geographically bound and locally oriented (Newhouse, 1999, 2000a); business are often linked, however, to the surrounding regional economy as

purchasers of goods and services; occasionally they may also have customers in neighbouring communities, depending on the remoteness and isolation of the specific place. A minority of the small business economies, particularly those consisting of enterprises growing into a medium size, become part of a regional market. They include businesses such as craft outlets, construction companies, hardware and lumber yards, quarries and gravel pits, or consulting and computer services (Newhouse, 1999: 69). An even smaller number of businesses may venture into international markets, such as arts or specialized travel services, like adventure tourism.

(2) **A community enterprise economy** consists of enterprises owned by a band, a Tribal Council, or a Development Corporation established by one or more communities (Newhouse, 2002a: 82). Businesses in such an economy usually access higher amounts of capital, hire a relatively large number of employees, and are embedded in their regional economy. Like their regional counterparts in the small business economy, community enterprises tend to seek a customer base outside their community, and include business such as large-scale tourism services (outfitters and airlines), hardware yards, or farming operations (wild rice and cranberries are among those attempted in Ontario).

(3) **A resource dependent economy** develops as a result of a natural resource opportunity (Newhouse, 2000a: 82). Often, mainstream companies are hired to bring in their specialized expertise to help extract the resource. This results in pre-negotiated agreements related to employment, licensing, rights of way, and training issues (ibid.). Because of the scale of their operations, resource dependent

economies tend to be outwardly oriented, and seek national and international customers.[13]

Given that the total number of bands in Canada (in 1995) was 608 (RCAP, 1996c: 811), and that in 1996 the total number self employed Aboriginal people in Canada was 20,195 (Sawchuk & Christie, 1998: L3), it is safe to assume that the majority of Aboriginal businesses are small, individually owned, rather than part of a community enterprise economy. The following section will therefore provide a profile of individually owned Aboriginal enterprises and compare them to their non-Aboriginal counterparts. This not only provides further background to the case studies chosen, but also offers some benchmarks to assess whether the businesses studied in this project are representative of other Native businesses.[14]

8.2 Aboriginal Businesses: A Profile – Size, Profit, Age and Sector

Table 3.10 summarises key data regarding the size, profit, age and industry of Aboriginal businesses and compares them with non-Aboriginal enterprises. The data show that like their non-Native counterparts, the majority of Aboriginal firms are small (over 90 percent of the firms have four employees or fewer). The profitability and sales figures point, however, to the smaller entrepreneurial scale of First Nations businesses compared to other businesses in Canada. For example, 75 percent of Aboriginal businesses have sales below $50,000, and Native entrepreneurs' earnings are almost 40

[13] See Newhouse, 1999, for a detailed account of international markets.
[14] The choice to analyze individually owned businesses over both individually and collectively owned firms was taken for two reasons: First, non-Native small business data refer to individually owned enterprises. Second, at this point, information about collectively owned businesses is not publicly available.

percent less than their non-Native counterparts. Moreover, a higher proportion of non-Aboriginal firms report profitability relative to their Aboriginal colleagues.

These figures seem to predict lower chances of the success for First Nations businesses. Nevertheless, the survival rate figures indicate that Aboriginal firms are doing quite well in terms of their ability to exist; in fact Native enterprises are more likely to survive for a decade and less likely to exit after only five years, compared with their non-Native counterparts (see Table 3.10).

Survival rates may relate to the sectoral distribution of Aboriginal businesses and to the level of training provided to their employees. Aboriginal businesses exist across the economic spectrum (see Table 3.10). They are over-represented, however, in the primary resources and construction industries and are under-represented in the manufacturing, business and finance sectors. The prevalence of businesses in the low-knowledge sectors might explain the relatively lower earnings of Aboriginal businesses.

The sectoral distribution is logical; for example, the last decade's building boom in Aboriginal communities can explain the great number of construction companies. Housing in Aboriginal communities needs improvement. In the last ten years, about 3000 new dwelling units were built on reserves annually and approximately 3300 units were renovated each year (DIAND, 2002b:51). Since many Aboriginal communities are located in remote places and often in zones of extreme climate conditions, it is reasonable that the local labour force will respond to the need. Obviously, many Aboriginal entrepreneurs have recognised the great opportunity in the building industry and have started companies in this sector. The over-representation in primary resources industries can also be explained by the location of many Aboriginal communities in resource-rich

areas and by Aboriginal tradition in which pursuits like hunting and fishing are a way of life. Furthermore, the remote location of many communities results in high transportation costs of raw materials and final products and may be prohibitive to manufacturing ventures, which explains the low rates of such firms in Aboriginal communities.

Remoteness, on the other hand, encourages some entrepreneurs to innovate and develop new products. Aboriginal peoples who live in northern communities tap into eco/adventure tourism in their areas. Others capitalize on winter clothing designs, using locally-based knowledge (RCAP, 1996c: 905). This specialized market may explain the slightly higher rate of international export (6%), among Native businesses, compared to other business in Canada (4%) (Caldwell et al., 1998: 16).

The lower incidence of profitability of Aboriginal firms compared to Canadian businesses may also relate to their underutilization of modern technologies. Table 3.10 indicates that compared to First Nations firms, mainstream businesses are almost 2.5 times more likely to use a computer for their operations, and are nearly six times more likely to be connected to the Internet, where they can access information and market their products. Finally, mainstream businesses are almost three times more likely to provide their employees with training, upgrading their skills and making them more competitive.

Table 3.10: Comparing the Aboriginal and Non-Aboriginal Businesses[15]

	Aboriginal	Non-Aboriginal
% of home-based businesses	74 (in 1996)	7 (in 2001)
Size		
%Owner only, no full time employees	54 (in 1995)	59 (in 1994)
% Owner + 1-4 full time employees	38 (in 1995)	31 (in 1994)
% Owner + 5-19 full time employees	7 (in 1995)	7 (in 1994)
% Owner + 20 + full time employees	1 (in 1995)	3 (in 1994)
Earnings and Profitability, 1995		
% profitable firms	62	71
Self employed earnings (urban and rural)	$18,947	$29,897
Self employed earnings (urban)	$19,710	$32,951
Self employed earnings (rural)	$18,148	$23,753
Sales, 1996[16]		
% Less than $10,000	19	Average $1.2 million in sales
% Less than $50,000	56	
% Over $250,000	12	
Survival Rate, 1996		
% 0 to 5 years	30	51
% 6 to 9 years	18	15
% Over a decade	51	33
Industry		
% Primary	25.3	8.2
% Manufacturing	2.4	5.9
% Construction	27.9	15.8
% Retail	17.6	6.1
% Wholesale	1.9	15.3
% Finance, Real estate and Business service	5.7	16.3
% Public Administration	1.2	8.1
% Hotel, Restaurant	6.8	7.1
% Other	11.2	17.2
Training and technology, 1996		
% Uses computer	35	84
% Connected to the internet	6	33
% Owner provides training	14	38

Sources: Assembly of First Nations, 2002b; Caldwell et al., 1998; Johnson, Baldwin, & Hinchley, 1997; Native Investment and Trade Association (NITA), 1998; Sawchuk & Christie, 1998.

[15] Most of the sources for the Aboriginal data relied on the Aboriginal Business Survey (ABS), conducted by Industry Canada and Statistic Canada in 1996. This survey approached individuals who participated in the 1991 Aboriginal People Survey (APS) and said they were or planned to be entrepreneurs. Since the APS was based on the 1991 Census responses for Aboriginal peoples, the ABS results also reflect individual businesses and not communities.

[16] Only 65% of the Aboriginal businesses reported their income.

8.3 Challenges to Business Development

Access to training and education is one of the many challenges that face Aboriginal businesses. In the last section of this chapter I highlight the seven most pressing challenges to Native entrepreneurship (as identified by Assembly of First Nations, 2002a; Caldwell et al., 1998; Cornell & Kalt, 1992b; NITA, 1998): access to capital, access to resources, access to markets, access to skills and training, geographical access to suppliers, markets and educational institutions, norms and values, and absence of consensus about communities' economic development direction. The first five challenges point at physical and legislative concerns, whereas the last two bring the discussion back to the theoretical discussion of social capital outlined in the opening chapter.

8.3.1 Access to Financing and Capital

One of the most serious barriers to Aboriginal business development is access to start-up and growth financing. Financial institutions define the risk involved in granting a loan in the following way:

> Risk is determined in large part by the perceived 'credit worthiness' of the borrower, an assessment which is based not only on some indication of the extant wealth of the borrower but also on an estimate of their future income which gives a further indication of how likely it is that the loan will be repaid.
>
> (Leyshon & Thrift, 1997: 228)

According to this definition, lending to Aboriginal business is risky. First, economically excluded communities with high levels of unemployment and low incomes provide few opportunities for individuals to accumulate savings that might be used for business investment (RCAP, 1996c: 890) and to guarantee repayment; for the same

reasons family and friends cannot act as guarantors. Second, as many Aboriginal businesses are small and reliant on local markets, they are deemed unstable and risky by mainstream financial institutions. Third, the small size of many Aboriginal communities and their distance from urban areas are deterrents to the development of a financial infrastructure: "Most Aboriginal communities have no financial institutions. The closest one may be hundreds of miles away, and its staff may have little understanding of, or empathy with, the conditions under which Aboriginal businesses operate" (RCAP, 1996c: 908). Fourth, even legislation aimed to protect Aboriginal land and property rights serves as a barrier for financing. Section 89 of the *Indian Act* reads:

> Subject to this Act, the real and personal property of an Indian or a band situated on a reserve is not subject to charge, pledge, mortgage, attachment, levy, seizure, distress or execution in favour or at the instance of any person other than an Indian or a band.

According to this section, those living on-reserve are not 'credit worthy' since they cannot use their land or buildings as collateral, as it is often impossible for lending institutions to seize assets if a business fails (RCAP, 1996c: 890). The final challenge to financing relates to human capital. Many Aboriginal people applying for grants have little education and training (as discussed above) and a short or uneven track record in business. Financial institutions, which have set guidelines for loan provision, are often reluctant to provide such entrepreneurs with funds.

8.3.2 Access to Land and Natural Resources

A second key obstacle to Aboriginal entrepreneurship is lack of resources to develop. Peters (2001) argues that "the focus on contemporary social and economic marginalization hides the way the dispossession of Aboriginal peoples from their lands contributes to their contemporary conditions" (p. 138). Resources other than land, such as raw materials for manufacturing or goods for retailers and wholesalers are scarce, especially in remote communities. Consequently, businesses must import, often at a very high cost, such goods and materials. The Assembly of First Nations (2002c) argues that to be self sustaining, Aboriginal people must have an equitable share of the lands and resources existing within their traditional territories. These resources, it is argued, should be either returned or at least co-managed with the communities. Obviously, since many of these resources are owned and managed by private companies, the issue is complicated by legal and ethical issues.

8.3.3 Access to Skills – Training and Education

But beyond hard goods and financial assets, Aboriginal businesses face human capital challenges. As the previous section indicated, fewer Aboriginal employees receive training, relative to their non-Aboriginal counterparts. Owners and managers, not just their employees, face training barriers. Baldwin (1994) emphasizes that management skills and advanced management practices are essential for business success. Aboriginal entrepreneurs rarely have business training: three out of four Aboriginal business owners did not take any business training before or during their entrepreneurial career (NITA, 1998: 29). It is worth noting that analysis of perceived training needs by Aboriginal

entrepreneurs in both Canada (Assembly of First Nations, 2002b) and the United States (Julnes, 1994) indicates that acquiring management skills and financial planning capabilities are a top priority to firm owners. Location, again, plays a great part in the inability of Aboriginal entrepreneurs to receive better business education; training programs, which are often located near urban centres, require owners to be absent for a long time from the community and from their businesses (RCAP, 1996c: 278).

8.3.4 Access to Markets

The human aspect of the challenges to Native entrepreneurship lies not only in the workforce's educational assets, but also in access to customers: most Aboriginal businesses rely on a very small local market. Results from the Aboriginal Businesses Survey (ABS, conducted by Statistics Canada) report that 74% of all Aboriginal firms rely on the immediate local market for the majority of their clients. Moreover, nearly three in ten conduct their business only with Aboriginal customers (NITA, 1998: 42). Section 32 of the *Indian Act* may be partly responsible for this trend as it reads:

> (1) A transaction of any kind whereby a band or a member thereof purports to sell, barter, exchange, give or otherwise dispose of cattle or other animals, grain or hay, whether wild or cultivated, or root crops or plants or their products from a reserve in Manitoba, Saskatchewan or Alberta, to a person other than a member of that band, is void unless the superintendent approves the transaction in writing.
>
> (2) The Minister may at any time by order exempt a band and the members thereof or any member thereof from the operation of this section, and may revoke any such order.
>
> 33. Every person who enters into a transaction that is void under subsection 32(1) is guilty of an offence.

Thirty nine percent of Aboriginal businesses are located in Manitoba, Saskatchewan and

Alberta (NITA, 1998: 34), which means that a large proportion of Aboriginal Business people encountered and might still face initial legal obstacles to marketing their products. An exclusive reliance on local Aboriginal markets is very limiting since, as Wolfe and Convery (1990) point out, many First Nation communities are small and their residents have small disposable income. Moreover, Baldwin (1994), who conducted a study of growing small and medium-sized Canadian enterprises (GSME), maintains that successful GSMEs are outward oriented, i.e. they sell a large percentage of their products outside their home province to other Canadian regions and are often active participants in export markets (p. xv). The ABS results show that only 21 percent of Aboriginal firms do business with other provincial or national partners.

8.3.5 Geography – Remoteness and Isolation

The various challenges outlined above highlighted the key role that location plays in access to physical, financial and human capital. Aboriginal people, however, share many of these geographical barriers with non-Aboriginal people living in rural communities. Drawing on Rosenfeld (1991) and Rosenfeld, Shapira, and Williams (1992), Gertler et al. (1993: 61-62) assert that in non-metropolitan areas, the shortage of labour skill, difficult access to information, service and assistance, distance to markets and difficult access to capital are significant disadvantages for the development of businesses and entrepreneurial networks. Recall, however, that 40 percent of reserves are located in the Mid to Far North, a remote and isolated area. The geographical location barriers are further compounded by constraining legislation and often by the stereotypical attitudes of the non-Aboriginal majority. In addition, Gertler et al. note that the lack of a

cooperative ethic is another characteristic of rural areas. They suggest that competition for resources and customers are causes for mutual suspicion preventing local firms from engaging in closer collaboration (p. 61).

8.3.6 Values and Norms

Aboriginal people do not belong to one culture. The RCAP (1996b: 11) notes that the term 'Aboriginal' obscures the multitude of traditions and cultures. For example, in Canada alone there are over 50 distinct language groups. Among the Inuit, there are several dialects within Inuktitut, and Métis people speak a variety of languages such as Cree, Ojibwa or Chipewyan (RCAP, 1996b: 11). Newhouse argues, however, that even though Aboriginal people belong to many cultures, and do not adhere to a single life philosophy or moral code, they share a core belief system (Newhouse, 2000b: 58). According to him, this belief system is different from most Western approaches because, instead of assuming the dominance of human kind over resource and land, it assumes dependence on these resources for survival.

In addition, a number of commentators (Erikson, 1994; Newhouse, 2000b; RCAP, 1996c) highlight the cooperative orientation of many First Nations; Western business culture, on the other hand, "is not favourably predisposed to the idea of co-operation" (Gertler, 1997: 47). Although this normative differentiation is sometimes contested, it is well documented that historically, harvesting cultures relied heavily on their social networks, i.e. the clan or the tribe, for survival. Erikson (1994: 51) explains that these groups shared the meat from a successful day of hunting or the rice from a successful day of harvesting because it was a collective activity to begin with. Consequently, the need of

the group took precedence over the needs of the individual (Newhouse, 2000b: 58). Wages, on the other hand, are individual and have "an intensely private feel to [them]" (Erikson, 1994: 51).

Intuitively, the collective orientation of Aboriginal societies seems only beneficial, as it encourages co-operation from community members towards common goals. An imperative to share, however, can also become an impediment to Aboriginal entrepreneurs, as individual success may create jealousy and an attempt by the collective to obstruct the success of the individual. Moreover, George (1989: 60) claims that since World War II, Native Canadian attitudes have somewhat shifted, and gradually been submerged with a dominant North American 'industrial' work ethic. Young generations, discouraged by the low returns of traditional sources of livelihood such as trapping, actively seek other means of employment. This normative shift on the part of the Aboriginal population brings us to the last challenge facing Aboriginal entrepreneurs, the need to develop community consensus on issues related to economic development.

8.3.7 Absence of Consensus about Communities' Economic Direction Access to Markets

Economic development in Native communities is often challenged by an "absence of consensus over value and cultural commitments and legal and political supports and stability that might foster sustained market entrepreneurship" (Champagne, 1992: 209). Elias (1995) reports that where harvesting lifestyles are still practiced, there is competition between those who want resources as commodities and those who want them for subsistence.

Disagreement on how, if at all, to develop resources, is also compounded by competition for financial resources. Elias (1995: 13) maintains that since more young people and women want jobs, and as a result of the great growth in the Aboriginal population, there are scarce economic resources. This competition produces widening social gaps between those who earn wages and those who do not; the end product of this competition is tension between those who want to use resources to create wage employment and those who do not reap the fruits of such resource use.

9. Summary and Conclusion

In 1998, the Committee on Economic, Social and Cultural Rights of the United Nation's Humans Rights Commission observed:

> The Committee is greatly concerned at the gross disparity between Aboriginal people and the majority of Canadians with respect to the enjoyment of Covenant rights. There has been little or no progress in the alleviation of social and economic deprivation among Aboriginal people. In particular, the Committee is deeply concerned at the shortage of adequate housing, the endemic mass unemployment and the high rate of suicide, especially among youth, in the Aboriginal communities. Another concern is the failure to provide safe and adequate drinking water to Aboriginal communities on reserves. The delegation of the State Party conceded that almost a quarter of Aboriginal household dwellings required major repairs and lacked basic amenities.
> (United Nations. Office of the High Commissioner for Human Rights. Committee on Economic, 1998)

Essentially, the above description offered the background, context and motivation for this research project. In this chapter, I provided a detailed account of the socioeconomic conditions referred to by the Human Rights Commission. To understand why these conditions prevail and what policy tools were and are used to alleviate them, subsequent sections offered evidence of over a century of policy-making aimed at addressing social

and economic Aboriginal development concerns. Particularly, the chapter highlighted legislation that affected various social networks crucial to individuals' and communities' well-being. The evidence indicated that many of the Canadian assimilation policies of the late nineteenth century were potentially detrimental to the bonding, bridging and linking relationships of Aboriginal peoples.

The empirical research undertaken for this dissertation examines the current state of social networks in three Aboriginal communities, that is, the number of bonding, bridging and linking ties that community members, leaders and businesspeople have, and the extent to which they rely on these networks to promote their individual and collective goals. Evidence relating to policies which have affected the communities participating in the project is also analyzed, to better understand the links between legislation and social capital.

A second goal of this chapter was to describe current economic development strategies, highlighting the challenges and opportunities of the prevailing strategy, business development. The main characteristics of the growing number of Aboriginal businesses were outlined; challenges facing individuals and communities choosing the entrepreneurship route were also described, i.e. access to capital, resources, markets and skills and normative and community relationship issues. The empirical component of my research looks at how the various levels of social capital can either help stakeholders within a community to overcome the challenges described above, or how they can exacerbate access issues. In other words, it looks at whether social capital helps or hinders business development. This analysis complements previous work on Aboriginal economic development. Specifically, the focus on social networks and community

relationships advances Cornell and Kalt's extensive work (Cornell, 1998, 2000; Cornell & Kalt, 1992a, 1992b, 1997a) on how 'soft' or institutional factors such as governing institutions and culture influence effective economic development practices. Moreover, in the following chapters, evidence from the three communities will be analyzed to examine how geographic location affects access to various social capital resources, in addition to access to natural and physical ones.

Finally, to be able to compare the communities participating in the project, a qualitative dependent variable was created, which allowed an assessment of their state-of-development. Drawing on Aboriginal and Western approaches to development, reviewed in the first section, the communities are compared along the following factors:

(1) *Community assets and vitality,* measured by land base, transfer payments, quality of community and housing infrastructure, employment and incomes statistics, and number and survival rate of businesses.

(2) *Community empowerment*, assessed through a review of issues taken up against extra-local governments around governance issues, and the extent to which community members were involved and aware of Aboriginal political issues.

(3) Culture and spirituality, measured the extent of community members' involvement in cultural practices such as harvesting and traditional ceremonies.

Using these evaluative guidelines, I now turn to a description and analysis of the case studies to provide insight into some of the issues highlighted in the discussion so far.

CHAPTER 4: METHODOLOGY

1. INTRODUCTION

The collective case study approach (Stake, 2000), allows researchers to use multiple case studies to provide insight into study questions, and then to make some generalizations (p. 437); this study employs this method. The three individual communities chosen for this research share some common characteristics: they all have access to similar business development funding and development programs, and their residents are Status Indians. They differ, however, in other important aspects: access to urbanized areas, type of business ownership, and access to federal funds. The communities were selected because they are examples of localities where the business development model was employed successfully (more on the selection criteria and process below).

Chapters 5 and 6 are based on multiple data sources: structured and semi-structured interviews with various community and government stakeholders, statistical data, and a literature and secondary document review. In this chapter, in addition to describing the literature and documents included in the review, I outline the community and interviewee selection and approach process. I also describe how the guide used in my interviews was developed. It is also important to report on methodological issues beyond the actual development of research tools. In tightly-knit, geographically remote Aboriginal communities such as these, an outsider must expect to have some trouble gaining access. This insider-outsider problem is a classic ethnographic dilemma, and one that had to be continuously negotiated throughout the research process. Consequently, I explore some of the dilemmas and the ethical issues that I encountered as a researcher.

Finally, last but not least, I suggest how my Jewish Israeli identity has influenced both the research encounter and the analysis of the data.

2. Literature and Secondary Document Review

Secondary documents were central to my analysis. These fell into three categories: academic papers, government and newspaper accounts of the history and current affairs of Aboriginal socio-economic reality, and policy responses to this reality. The academic literature included journals, monographs and dissertations from various disciplines: geography, Native studies, management, anthropology, psychology, psychiatry, public policy and sociology. These sources provided me with multiple perspectives on the issues at hand. As Abadian (1999: 22-23) suggests, a multidisciplinary approach is beneficial when studying Aboriginal issues, because the issues at stake are too complex to be comprehended using one perspective alone. Similarly, my understanding of the social capital concept was enriched by a review of sources from a wide variety of disciplines (e.g. economic geography, development studies, sociology, political science, and policy studies).

Government documents reviewed for this study included the *Indian Act*, as well as federal and provincial policy guidelines, statements and promotional material. The most extensive government sources for Aboriginal entrepreneurship and economic development were Industry Canada and the Department of Indian Affairs as well as information distributed by the Ontario Native Affairs Secretariat. Government documents provided additional insights into current and historical approaches to Aboriginal policy making. World Bank policy and research papers (Adler & Kwok, 1999; Collier, 1998;

Edwards, 1999; Grootaert, 1998; Grootaert et al., 1999; Grootaert & van Bastelaer, 2001; Isham & Kähkönen, 1999; Krishna & Shrader, 1999; Narayan, 1999; World Bank, 2001; World Bank Group, 2000a, 2000b, 2000c) have also helped consolidate my understanding of applied approaches to the role of social capital in economic development.

Additional views on historical and current Aboriginal socio-economic conditions and policies were culled from reports in national newspapers (*The Globe and Mail* and *The Star*) and Aboriginal papers and newsletters (*M'Chigeeng News, First Nation Messenger, Wind Speaker, Turtle Island*, and *Native Journal)*. Newspapers reflect public opinion about Aboriginal socio-economic conditions and policies as well as report governmental responses to these opinions. Donald (1999: 10) suggests that although newspapers set agendas and not only describe them, they are useful analytical tools because they present various perspectives over an extended period of time.

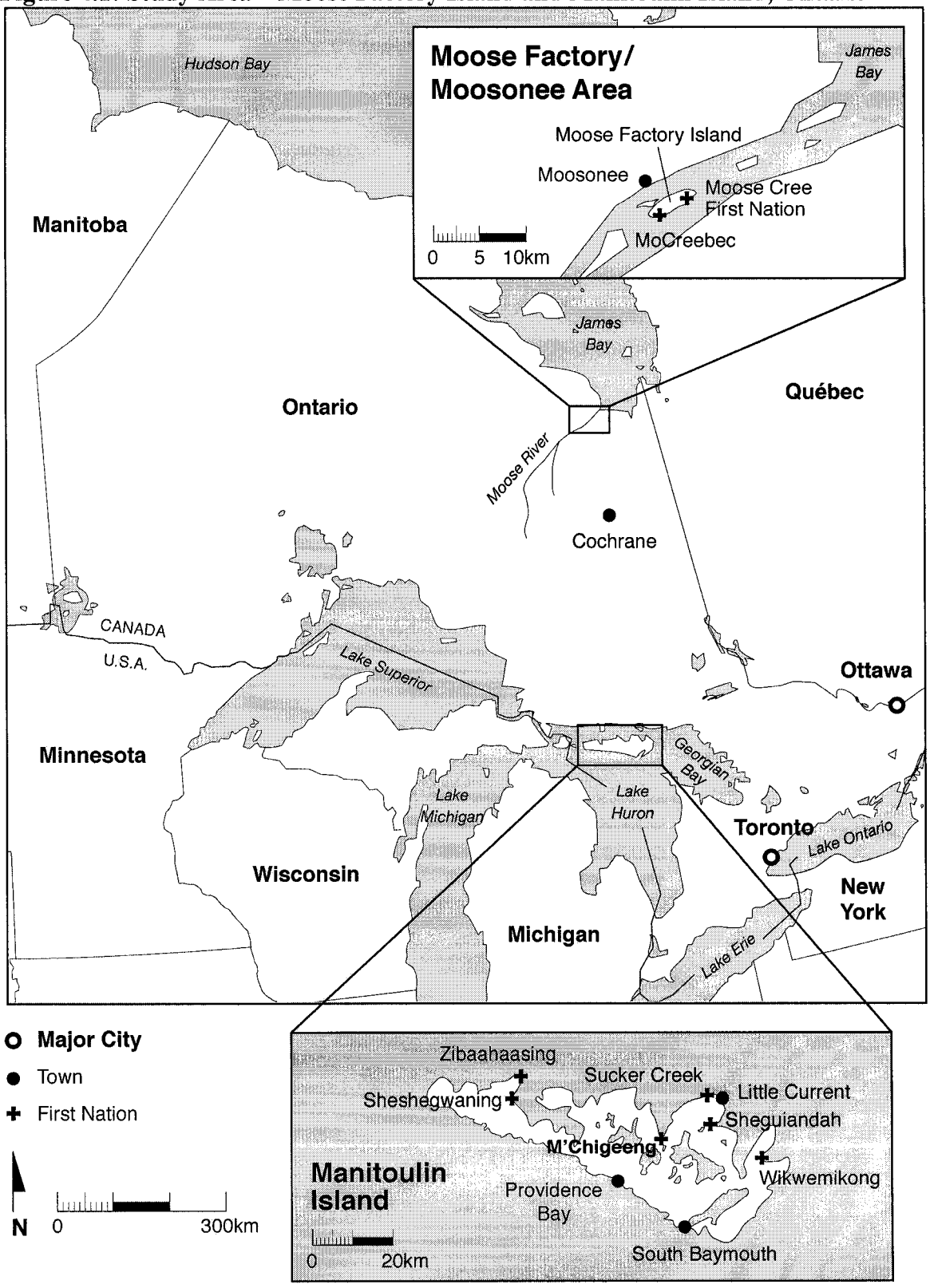
Finally, the reports of the Royal Commission on Aboriginal Peoples and the database including testimonials and presentations made to the Commission have been instrumental to my understanding of the history of Aboriginal Peoples in Canada. The reports present a variety of Aboriginal and non-Aboriginal perspectives on issues related to Native economic, health and social conditions, and the larger legal framework surrounding them. These perspectives also helped support and elucidate some of the observations I make in the following chapters.

3. Interviews and Community Visits: Power Differentials, Ethics and Practicalities – Doing Research in Marginalized Communities

In the summer and fall of 2000, I conducted 99 structured and semi-structured interviews with 113 individuals in three Aboriginal communities in Northern Ontario (see Figure 4.1): Moose Factory First Nation (MCFN) and MoCreebec on Moose Factory Island and M'Chigeeng First Nation on Manitoulin Island (the communities are described in further detail in Chapter 5). I chose interviews over surveys for several reasons. First, open-ended questions do not impose any a-priori categorizations that may limit the interviewees (Fontana & Frey, 2000: 653) and are more appropriate than surveys when asking about complex and sensitive issues. Second, it was made clear by other scholars who have conducted research in Aboriginal communities and by my local contacts that it would be difficult to supplement the interviews with surveys, as the latter are not welcome in most Aboriginal communities. Many members of these communities, I was often told, "have been surveyed to death," and the resistance to this form of research is great.[1] I therefore decided to approach this project qualitatively, relying on an interview guide to help me ensure the interviews covered most topics of importance.

[1] Personal interviews with Cameron Brown, Ted Chamberlin, Lynne Davis, Rick Glazier, Keren Rice, and Wendy Russell.

Figure 4.1: Study Area – Moose Factory Island and Manitoulin Island, Ontario



Map design: Richard Maaranen; Zack Taylor

Power Differentials

Even though I believe that the interview experience was interesting and pleasant for most participants, I am also aware of the uneven power relations between many of the interviewees and myself. First, my education and economic status were higher than that of many of the interviewees. Second, although the research was done with full consultation with the communities, like Shaw (1995), my need to ensure that the academic criteria were met in order to fulfill the requirements of a thesis meant that final control of the project remained with me. I was the one who ultimately designed the research, framed the issues, and decided which questions would be asked. I also took the data with me, and eventually was the one to decide "which quotes (and, therefore, whose 'voices') will be included" (England, 1994:86).

Being conscious of the power differential between the researcher and the study's participants is constructive only when it leads to a responsible research process and publication. Often, however, preoccupation with the issue of the inequalities between researcher and researched can be destructive to the project. Nast (1994) claims that when one focuses on the existence of inequality and not on how this inequality can be transformed, such preoccupation can become "unproductively paralyzing" (58). Hastrup (1998) stresses that this is particularly true for researchers who develop friendships with study participants, as I did:

> However sensitive one is to ethical matters and to the integrity of the subjects of study, the fact that they have to be written about implies a dramatization of their lives, and possibly symbolic violence. Writing, therefore, feels like treason, and it may block your writing for years.
>
> (Hastrup, 1998: 53)

As much as it is hard to dramatize one's friendship, the researcher, I believe, has an obligation, once allowed into the community, to make his or her findings known to the participating communities as well as to other potential interested bodies – non-academic as well as academic. Said (1994) makes a valid point in his statement that the intellectual's task is to unearth the forgotten, to make connections that are denied, and to cite alternative courses of action (p. 17).[2] Moreover, he argues, it is the obligation of the intellectual to articulate his/her opinions and findings in public (p. 10).

Ethical guidelines are often developed to address some of the concerns related to the power relations between academics or consultants and community members. In an attempt to create a research environment that is somewhat egalitarian, some scholars conduct collaborative research with the community or undertake a participatory action research (PAR) approach. Unlike conventional research, PAR assumes shared ownership of research projects, community-based analysis of social problems, and an orientation towards community action (Kemmis & McTaggart, 2000: 568). PAR researchers are often accused of lacking scientific rigour or of confusing activism with research (ibid.). In addition, collaborative and PAR projects may be burdensome to community members. In dissertation research such as mine, the researcher is often unable to remunerate participants for their time, making a collaborative project potentially exploitative. Moreover, Kirsch (1999) asserts that it is important to realize that the participants and the researcher usually do not share the same level of interest in and commitment to the research project:

> Lack of time and interest, different educational backgrounds, work and family obligations, diverging expectations about the research project, as well as

[2]His discussion of an intellectual, extends, I believe, to any scholar or researcher who theorizes and formulates research projects.

> conflicting values, all can prevent or limit the kind of collaborative relations researchers hope to achieve.
>
> (Kirsch, 1999: 36)

Community leaders cooperated with this study in that they assigned people to help me with scheduling and accessing interviewees. Such cooperation was a result of the interest in the study's results, as the communities invest personnel and funds for business development and are interested in learning what helps or hinders such an economic development strategy. I alone conducted interviews, however, although I offered to include community members as interviewers. My inability to compensate people and people's busy timetables were some of the reasons that such cooperative efforts were unsuccessful.

3.1 Ethics

Throughout the research process, I followed ethical guidelines, designed to help protect the study participants. The long history of academic research in Aboriginal communities, which is often exploitative and intrusive, has resulted in a complex relationship between academics and Aboriginal people, involving distrust and suspicion. From the onset of this research I followed the guidelines developed by the Royal Commission on Aboriginal Peoples (1996f), which outline the specific considerations and steps to be taken when conducting studies in Native communities in Canada. These guidelines were developed in consultation with Aboriginal communities and following them helped achieve not only a successful research project, but one that is suitable and beneficial to the participating communities: the appreciation that was expressed upon my departure (I received gifts and a card) indicated that I have conducted myself in a way

that was acceptable to members of the communities. Moreover, a year after the data collection I returned to the communities to share my findings. I also distributed a non-academic report and was told by a representative of one of the communities that it was used for a funding proposal.

The guidelines suggest that *prior* to embarking on a research project, researchers address the following issues: 1) what are the Aboriginal sources appropriate to shed light on the issues at question? 2) Is proficiency in an Aboriginal language required for the study? 3) Is a particular protocol or approach required for accessing the communities? And 4) how would the knowledge and perspectives brought about in the research be validated?

To assess which Aboriginal sources were crucial for this study, I contacted Native and non-Native economic development experts as well as national, regional and local representatives of Aboriginal organizations and governments.[3] These individuals helped me identify the key stakeholders to be contacted for this project in each community (i.e. leaders, Economic Development Officer (EDO) and committee members, business people and community members as listed in Table 4.1). The RCAP guidelines also direct researchers to include a representative cross-section of community perceptions (RCAPf, 1996: 327). To this end, I included specific age and gender groups. Furthermore, as the study was to focus on economic and business development, I knew that some of the questions (e.g. purchasing habits, feelings towards business people) might be influenced by an interviewee's

[3] Individuals approached at this stage were Cameron Brown, Ted Chamberlin, Andrew Chapeskie, Lynne Davis, Rick Glazier, Wally McKay, Ross Mayer, Roger Obonsawin, Keren Rice, Wendy Russell, Graham White, and Harvey Yesno.

disposable income. Consequently, I contacted people with varied employment statuses (e.g. employed, unemployed, retired students) who have different levels of disposable income (see Table 4.1).

Table 4.1: Interviewees' Characteristics[4]

		Male	Female	Total
Age	**16-30 – Youth**[5]	12 *39%*	19 *61%*	31 *27%*
	31-55	34 *57%*	26 *43%*	61 *53%*
	56 and up – Elder	10 *45%*	12 *55%*	22 *20%*
Employment Status	**Employed**	27 *59%*	19 *41%*	46 *41%*
	Self Employed	13 *59%*	9 *41%*	22 *20%*
	Not Employed	6 *43%*	8 *57%*	14 *12%*
	Retired (including retired persons who sell crafts, or practice other forms of art)	7 *47%*	8 *53%*	15 *13%*
	Student(including working summer students)	3 *27%*	13 *73%*	16 *14%*
Accessibility	**Train/Plane**	32 *49%*	33 *51%*	65 *58%*
	Ferry/Road	24 *50%*	24 *50%*	48 *42%*
Role	**Leader**	8 *62%*	5 *38%*	13 *11%*
	Economic development	9 *82%*	2 *18%*	11 *10%*
	Business person	15 *56%*	12 *44%*	27 *24%*
	Community member[6]	24 *47%*	38 *53%*	62 *55%*
Community	**M'Chigeeng**	24 *50%*	24 *50%*	48 *43%*
	Moose Cree First Nation	17 *42%*	23 *58%*	40 *35%*
	MoCreebec	15 *60%*	10 *40%*	25 *22%*
Total		56 *50%*	57 *50%*	113 *100%*

As communication is central to any research process, I was concerned that my inability to speak Ojibway or Cree would prevent me from adequately communicating with some of the stakeholders; I was especially concerned about connecting with Elders.

[4] Percentages in the male and female columns relate to the rows, whereas percentages in the total column are calculated along that column.
[5] Both the Youth and Elder categories are the ones used by local people as well as funding agencies.
[6] Individuals who are not office holders or business persons.

The *Mushkegowuk Regional Demographic Study* (Wakenagun Community Futures Development Corporation, 1999b) shows, however, that in Moose Cree First Nation only 1.5 percent of the band members speak only Cree. Of the off-reserve Aboriginal population, which includes MoCreebec members, only one percent speaks only Cree. Statistics about M'Chigeeng are not available, though in my interviews I found that many in the community, including Elders, were lamenting the loss of Ojibway among band members. Consequently, I felt assured that since nearly the entire study's population speaks English, inability to speak Ojibway or Cree is not a major impediment to the interview process.

Contacting both communities and interviewees also required following a protocol. Such a protocol requires accessing national and regional organizations (e.g. Chiefs of Ontario and the Council of Native Economic Development Officers) and local organizations (e.g. Community Development Corporations) prior to approaching communities. This ensures that the research is of interest to the communities as well as to the organizations that serve them. Once communities were selected, I sought approval from the leadership, through the local economic development officers (as detailed below in the section 'Interviews and Community Visits').

Following the protocol proved rewarding. I am aware that I was fortunate to have as many as 113 people willing to participate in the study. To examine whether my findings indeed reflected local perspectives, I produced a report for the communities based on the information collected in the interviews. I made an effort to write this report in jargon-free language to help make it accessible for as wide an audience as possible. It included tables summarizing the answers for each question in the interview guide with

brief commentary about the trend and what they may mean. In addition, I also sent my contacts a draft of an academic paper (an earlier, shorter version of Chapter 5 and 6). The members of the community economic development offices in M'Chigeeng and MoCreebec read these documents, made some correction and commented on the relevance of my interpretation. The EDOs in the community relayed this feedback to me in a visit in September 2001. Similarly, in MoCreebec the chief as well as the EDO made some suggestions and comments. I plan to go back to the communities in the Winter of 2002-3 to share the final document, sending all interviewees a note about the document and visit, to receive final comments.

Central issues in any ethical guidelines and specifically in the RCAP guidelines are consent and confidentiality (RCAPf, 1996: 326). To this end, every interview started with reading a preamble (see Appendix A), describing the purpose and nature of the research, including the expected benefits for the community (the summary report). The preamble also promised confidentiality.

Finally, to ensure the benefit of research projects to the studied communities, the ethical guidelines emphasize the obligation of researchers to ensure that their work responds to the needs of the community in which they conduct their study. To this end, I invited staff of the community economic development offices and of the CFDC to contribute questions and issues to the interview guide. The economic development officers were specifically interested in what helps and hinders businesses, which was the focus of my community report.

3.2 Community Selection

After deciding on a theme and an approach for the study, I needed to gauge which communities might be interested in participating. To this end, I described my research questions and methodology to staff at the Chiefs of Ontario, Nishnawbe Aski Development Fund and the Council for the Advancement of Native Development Officers (CANDO). During the course of a number of phone and face-to-face conversations these individuals helped me understand what specific issues might be of interest to Aboriginal communities and organizations in the context of my research topic. Staff members suggested that I approach local agencies responsible for the delivery of funding programs for business development and ask them to recommend specific communities that may be interested in participating in my project. Consequently, I contacted a number of managers of regional Community Futures Development Corporations (CFDCs),[7] and inquired about their interest in the study. The managers and business development officers of the CFDCs expressed interest in the project and nominated 21 potential communities.

I approached only three communities which I felt were enough to provide generalizations yet manageable in the context of a dissertation (both in terms of funding and time). I chose to approach M'Chigeeng, Moose Cree First Nation (MCFN) and MoCreebec because they have a relatively large number of businesses, which also differ by sector and type of ownership (collective vs. individual). This variety of business types and practices enabled me to draw conclusions that might be applied beyond the local case

[7] Specifically, I contacted the managers of Matawa First Nation Management, Nishnawbe Aski Development Fund, Waubetek Business Development Corporation and Wakenagun Community Futures Development Corporation.

studies. In addition, the communities are located in geographic locations that vary in the degrees of their accessibility to major urban centres, and are therefore useful for geographic comparative analysis.

3.3 Approaching the Communities

In order to inquire if the communities were interested in the study and to obtain permission to conduct fieldwork, I contacted the economic development officers in the three communities. The EDOs approached their economic development committees and their political leadership to get approval for my research. I first visited the communities in June and July 2000 to present the interview guides I developed and to ensure that the questions asked in the interviews would be appropriate. In these initial visits, I also conducted a small number of pre-test interviews, scheduled by staff of the economic development offices, which confirmed the length and the suitability (in terms of content and language) of the questions.

3.4 Interviewees

I returned to the communities in August and September 2000 to conduct the rest of the interviews. Overall, I spoke with 113 individuals in 99 interviews (some of the interviews were conducted in groups), including community members, economic development officers, economic development committee members, and leaders, (Chiefs and Councillors). To ensure as varied a sample as possible concerning all of the major

social groups in these communities, I asked to speak with men and women, youth, adults and Elders, and employed and unemployed people (see Table 4.1 above).

3.5 Interviews

The interview guide was based on a review of the literature related to social networks and economic development (Erickson, 1998; Newton, 1997; Woolcock, 2000). The Social Capital Assessment Tool developed by Anirudh Krishna and Elizabeth Shrader (1999) was particularly useful in developing the guide used for this dissertation. In addition to questions asked by Krishna and Shrader, I added questions that emerged from preliminary conversations with my initial contacts (staff in the Chiefs of Ontario and other researchers on Aboriginal Economic Development). Much of the interview focused on social networks and relationships; questions addressed issues such as information sharing, types of social and professional organisational membership and ways in which economic development changed or affected community relationships. I asked questions about relationships between community members and entrepreneurs and among business owners (e.g. with whom do entrepreneurs collaborate? With whom do they compete? How can community members help or hinder a business? How have businesses changed, if at all, the relationships between entrepreneurs and the community?). I also collected information related to financing sources and government programs. Slightly different sets of questions were devised for different types of stakeholders, i.e. community member, business owner, leader and economic development officer (see Appendix A).

The decisions concerning which set of questions to include for each stakeholder depended on assumptions about the interviewee's knowledge in a specific area, and on time constraints. For example, only EDOs, leaders and business persons were asked about government programs, assuming that because they deal with these programs, they would be better able to discuss them than ordinary community members. In addition, I hoped that businesspersons and EDOs would make interesting comments about the strengths and weaknesses of the community, but I did not ask them directly about such issues. I believe overwhelming participants with questions would cause important issues to be ignored because of time constraints.

3.6 Interviewee Selection

The method of selecting interviewees varied somewhat between the three communities. The method was based on the EDO's perception of what would be practical and appropriate. In M'Chigeeng the first 12 interviews were scheduled by a summer student from the community who worked in the economic development office. Most of the interviewees in that round were business people and economic development committee members, and they were scheduled based on their availability. In the next visit, the student was no longer employed, and I scheduled the interviews on my own. I contacted individuals suggested by the staff of the economic development office. Interviewees also suggested other potential contacts (known as the snowballing technique of sampling).[8] Since my goal was to represent various age and employment groups as well as different stakeholders, I asked to speak with representatives of such groups. I

[8] The advantage of this method is that accessing interviewees is easy and quick. The disadvantage is that the sample is not random, and may include too many like-minded people.

contacted most of the interviewees by phone, but since not everyone has a telephone, I reached some people at work, at a nearby restaurant or near the economic development office.

In Moose Cree First Nation slightly different methods were devised to contact interviewees. Here, the business development officer contacted some of the interviewees. Staff of the economic development office suggested other potential participants, whom I then contacted by phone. In addition, to promote participation in the project, the economic development office initiated a raffle. Posters advertising the project were put on bulletin boards, and together with the business development officer, I spent a Saturday afternoon recruiting individuals for the study.

In MoCreebec, the EDO and the Chief asked a member of the Council, employed at the time by the community office, to schedule interviews for me, based on criteria that would ensure that various age/income groups representation. Some interviewees suggested other people that I could talk to, and the community member then contacted those individuals as well.[9]

The interviews took place at the interviewee's location of choice (at home, at a restaurant or at work) and at a time that was convenient to him/her. Each interview took between 45 minutes and 2.5 hours, although most lasted for approximately 1.5 hours.

[9] A great effort was made to represent the variety of individuals living in the three communities (i.e. people from different age and income groups, people who are known in the communities to have opposing views about the issues in questions, as well as various stakeholders). This study did not use, however, a random sampling technique. To sample interviewees randomly, a complete and updated list of the entire population would be needed, from which names can be drawn at random to be included in the study; such a list was unavailable to me. Nevertheless, I hope that by setting the criteria above, a representative sample was approximated.

Approaching research qualitatively is worthwhile, given the breadth of data and the amicable research environment it creates.[10] England (1994) suggests that research based on reciprocal, empathetic relationships and on mutual respect is also appealing because of its potential to shift power from the researcher to the researched. This is especially relevant in this study because the population involves in it is among the most historically powerless in Canada. In this study, participants had control over their responses; without set categories, they chose what "story" to tell me. The conversational nature of the interview also invited participants to ask me questions, once we covered issues related to the study. Many community members "interviewed" me once we covered the issues related to the research project. Some asked me questions about Israel and Judaism; others asked me about my motivations and the benefit that the research would have for their community. These reverse-interview conversations greatly enhanced my understanding of the issues and concerns facing the communities I studied.

3.7 Data Analysis

For the analysis of the results I conducted a content analysis. First, I read my extensive notes from each interview and searched for common themes. Based on this initial scan, I created an SPSS data file in which each case represents an interview. The database includes 99 cases, with approximately 400 variables. Each case represents an interview and not an interviewee, as some of the interviews were conducted with more than one person. Consequently, if I interviewed a married couple, gender was not

[10] A qualitative methodology also involves hurdles: the data collected may not necessarily fit into fixed categories that are readily available for analysis. Consequently, analysis of open-ended interviews often requires creating extensive codebooks which can be a painstaking task. In addition, qualitative researchers often face questioning, especially from colleagues, who employ quantitative research methods, about the validity of their findings and the possibility of corroborating them.

recorded. In addition, if a youth group was interviewed, a variable was created to indicate that they were youth, but the exact ages of the participants were not recorded. This also explains why although there were 113 participants, there are only 99 reported cases. The variables include demographic information (e.g. age, gender, stakeholder, community) and a record of the answers to the various issues which came up in the interviews.

Once the database was completed, I examined how frequently each response was recorded. Often, more than one possible answer to a question was raised in an interview. To make the numbers meaningful, I calculated the percentage of individuals who provided a response to a question, out of all the people who were asked that question.

After I conducted the content analysis I went back to my notes and tapes which provided a deeper understanding of the patterns that emerged from the frequency comparisons.

4. Positioning the Researcher –How Identity Influences the Research Process and Product

Ethical guidelines and sensitivity to the vulnerability of people in marginalized communities within the research process can help monitor the study environment and create responsible research agendas. Knowledge, however, cannot be scripted in guidelines because research does not occur in a vacuum: the personal characteristics of both the academic and the study participants influence both the research process and the research product. Fontana and Frey (2000) observe that ethnographers have realized for a long time that researchers are not invisible, neutral entities; rather, they are part of the interactions they seek to study and influence those interactions (p. 663).

In the last 15 years feminist geographers have also widely commented on the ways in which geographic knowledges are constructed (e.g. England, 1994; Gilbert, 1994; Katz, 1992, 1994, 1996; Kobayashi, 1994; Nast, 1994; Rose, 1997; Shaw, 1995; Smith, 1988; Staeheli & Lawson, 1994). The key argument is that knowledge is situated (Haraway, 1991): it is marked by its origins (Rose, 1997), i.e., the time and location in which it takes place, as well as the personal characteristics of both researcher and researched (e.g. race, nationality, ethnicity, age, gender, and social and economic status). England (1994) asserts that these personal characteristics "allow for certain insights, and as a consequence some researchers grasp some phenomena more easily [or in different ways] than others" (p. 85)

Scholars who engage in this epistemological debate have also engaged in extensive discussions about their position in the research process (e.g. England, 1994; Gilbert, 1994; Hastrup, 1998; Katz, 1992, 1994; Kobayashi, 1994; Moss, 2001; Narayan, 1989; Nast, 1994; Peake & Trotz, 1999; Shaw, 1995; Staeheli & Lawson, 1994). In such debates they reflect on how their situation influences the questions they ask, how they conduct their research, and how they write their research (England, 1994: 86).

These debates have been instrumental in highlighting some of the dilemmas related to conducting research, especially in marginalized communities, but they have also been paralyzing to some, who in extreme cases chose to abandon projects. Katz (1996) asserts that the ethnography of researchers is reaching an "unproductive internal vanishing point." "It is time," she argues, "to live and work with and against the contradictions rather than employing self-confession as a barrier against them" (p.177). Ultimately, "we can never *not* work with 'others' who are separate and different from

ourselves" (Nast, 1994: 57), and we should highlight our difference to indicate how we contribute to our field and to the communities we study, rather than engage in a constant apologetic discourse.

In the initial stages of this research project I was often questioned about my motivations and ability, as a non-Aboriginal person, to do research in Aboriginal communities. My experience is not unique – Warry (1998) observes that "any non-Native person who works in Native communities is challenged by individuals who question his/her right to study Aboriginal people" (p. 9). On the other hand, in the last week of my fieldwork in Moose Factory one of my contacts expressed contentment at my interest in Aboriginal economic development issues, saying that few researchers have expressed interest in this subject in this community (ID 65, male, adult). To a certain extent, I believe that some academics shy away from conducting their fieldwork in Aboriginal communities because often it places them in a constantly defensive position. When confronted about my motivation or ability to do research in Aboriginal communities, instead of being apologetic about my identity (being Jewish and Israeli), I highlighted it and explained that my interest in the topic emerged from the commonalities, rather than the differences, between the two peoples.

During the course of my research, I began to realize how my Israeli and Jewish identity has influenced both the data collection and the data interpretation processes. Here, I locate myself in the research process, to show how difference can enrich and enhance the fieldwork encounter. In addition, as a prologue to the following interpretive chapters, I provide an insight into how some of my observations and analysis have been shaped by my personal history.

A qualitative research 'database' is a collection of people's stories about their personal experiences. The focus of this study was community life, social networks and economic development. In order to give me a better sense of what life in their community is like and how personal experiences shape it, many of the interviewees described scenes from their family history. Some chose to tell me personal stories of substance abuse and its effect on their parents, children or spouses, or about the residential school experience and how it influenced family relationships and consequently community dynamics. Others chose to describe their feelings towards non-Aboriginal people. A number of interviewees highlighted the conflict and anger they felt towards non-Aboriginal institutions, while others described feelings of shame and frustration. Such a research encounter serves as a good example of how qualitative research allows participants to "speak for themselves" and lead to insights that were not foreseen at the outset.

I have no doubt that the stories I was told were influenced by the interviewees' perception of me. Most interviewees knew I came from Israel; my nationality came up when I was asked about my accent or simply when people inquired about where I was from. Furthermore, in small communities, I learned, news travels fast about 'strange' strangers, and in places where over 90 percent of people are Aboriginal, a Caucasian woman who travels alone and is seen conversing with people in various locations around the community becomes news. Almost everyone I spoke to had some opinion or reaction to my national and cultural identity.

There were those who compared the history of the Aboriginal peoples to that of the Jewish people, making direct links between the two peoples' history of religious/cultural persecution. Others expressed interest in or appreciation of the history

of the state of Israel, talking about it as an example of the ability of persecuted peoples to gain international support, to govern themselves, and eventually to rebuild their cultural and community life. Conversely, some interviewees focused on the conflict between the Israelis and the Palestinians, and compared the Palestinians' predicament with theirs, talking about Israelis as colonizers and oppressors. The nature of the discussion about the Israeli-Palestinian conflict was never aggressive, in part because if it came up, I usually made my position about the conflict clear, i.e. my opposition to the occupation of the territories. I also made clear, however, that although I saw many similarities in the current issues facing Palestinians and Aboriginal peoples (e.g. building a socio-economic and physical infrastructure for self-government; addressing many historical wrongs and their effects), I also believe that the Aboriginal-Europeans history differs from the Israeli-Palestinian one. Regardless of my position, I think that interviewees highlighted some aspects of their own or the community's history based on their perception of me as part of an oppressed or an oppressor group.

In Moose Factory, where a larger proportion of community members are active churchgoers than in M'Chigeeng, my Jewish identity prompted reactions beyond referral to the history of the state of Israel. After many of the interviews, people "interviewed" me about Jerusalem, where I grew up, and about other religious places. Since I had recently returned from a visit home, I had with me pictures of places in Israel, which I could show to interested individuals.

Some of the practising Christians asked me many questions about my religious beliefs as a Jewish person; this was quite surprising for me at first, as I had seldom before engaged in theological discussions. I grew up in a secular family, which meant that

although I celebrate most of the Jewish high holidays (e.g. Jewish New Year, Passover), I am not an observant Jew in any other way. Conversely, as a secular person, I was often at odds with organized religion which in Israel governs a large part of what should, in my opinion, be left to civic institutions (e.g. marriage and burial). Although I was raised in a secular household, as a student in the Israeli education system (including the secular one), I was taught the Old Testament as a text and a cultural reference system from second to twelfth grades. This, to my great relief, helped me in some of my conversations in Moose Factory. These discussions often made me uneasy, both because people often told painful personal stories which related to their religious choices and because I often did not feel equipped to have such theological debates. I did, however, feel that these personal stories helped me better understand the types of challenges that face the communities and the individuals living in them. Furthermore, I think that, in part, my success in speaking to over 100 individuals in this study was a result of the curiosity of some individuals about me. In the consultation stages of this project, I was often warned that I should not expect to be able to interview more than a dozen or so community members, as most people dislike being "researched". Although recruiting interviewees was not an easy task, I often felt that some people wanted to "interview" me as much as I wanted to talk to them.

Although my identity, on the whole, has been a constructive and a positive element in the research encounter and the research process, it also elicited a couple of unnerving encounters. In one encounter a quite intoxicated community member, who was obviously in a lot of emotional distress, approached me when I was walking from the local store to my residence, and asked me if I was the woman from Israel. When I confirmed that I was, he asked me many questions about Israel and than asked me very

seriously if I was "the messenger" from God, which I found to be both sad and disturbing. On another occasion, while sitting with the business development officer near the local store in an attempt to recruit interviewees, an older community member approached me and asked about the research. The business development officers asked him if he would like to participate in the study to which he answered, "oh, no, we've been Jewed by researchers before." Needless to say that even though one of my contacts in the community argued that it was a figure of speech, and not an anti-Semitic comment against me, the encounter was an unpleasant one.

My identity has influenced not only the research encounter, but also part of the analysis. For example, a few of the interviewees discussed the effect of residential schools on community relationships, and especially on family relationships. A few children of individuals who attended these schools discussed the inability of their parents to function in everyday life. They felt that as a result of the emotional trauma, the older generation was unable to parent affectionately or to function as adults. Such long-term effects of traumatic events on second and third generations echoed some of the stories I heard about children and grandchildren of Holocaust survivors. Moreover, I also see possible connections between the sense of place and reaction to displacement experienced by Aboriginal peoples and by similar sentiments expressed by Israelis, Jews and Palestinian. My background, then, made me aware of these parallels, which someone else with a different background might not have noticed or chosen to address.

Locating oneself in the research process and pointing at some of the dilemmas that fieldwork entails does not mean that a qualitative researcher cannot draw conclusions or suggest policy implications that transcend the local. To validate my observations, I not

only included a range of local perspectives, but also used multiple sources of corroborating data as described in the opening sections of this chapter (i.e. newspapers, government reports and scholarly publications). Where possible I also tried to supplement my findings with census or other demographic data collected locally. The analysis laid out in the final chapters, I believe, reflects this multiplicity of sources.

Finally, great care was taken in designing the research methodology: I approached communities according to a protocol, followed ethical guidelines and developed rapport developed with the interviewees. Consequently, I am confident about the quality of my findings: even though the leaders and administrators helped me in setting up interviews, they did not pick interviewees who would only praise the community and the leadership's work. This contributed not only to the credibility of the data, but also to its richness, as will be demonstrated in the next chapters.

CHAPTER 5: BONDING RELATIONSHIP – SURVIVAL NETWORKS OR THE CRAB THEORY?

> How did I stop [drinking]? By talking to people, like Alfred [name changed, Y.L.] ... just the fact that he cared about what was happening. Just having those ties to people...
>
> (ID91, female, adult)

> I don't know if you ever heard the story about the crabs, you know, the crabs in the bucket. One crab tries to get out of the bucket and the rest of the crabs are pulling him down, and it's like our First Nations people – some of them have that type of mentality, in terms of advancement and growth.
>
> (ID91, female, adult)

1. INTRODUCTION

In previous chapters I summarized and critiqued research about social capital and economic development and provided a theoretical and statistical background to the Aboriginal context. The social capital discussion suggested a hierarchical view of networks, in which familial and friendship relationships, the 'strong ties' or the bonding networks, are considered the foundations of social capital; these networks, it was argued, provide their members with comfort and daily needs and are crucial to communities' well being. In fact, institutions like the World Bank, which develop programs that capitalize on communities' social networks, consider family and community as the building blocks of social capital and a key resource for social and economic development:

> Relations within the family foster the development of trust, essential for the formation of all outside relationships. ... [In addition], informal relationships among kin may develop into established mutual aid and credit associations, as well as enterprises. ... Through its interactions with political, economic, cultural, religious and legal systems, the family not only increases the resources available to its members, it also contributes to the social capital available to promote public goods.
>
> (World Bank Group, 2000b)

This chapter uses empirical statistical and interview data to examine if and how bonding networks turn into tangible resources for economic development, and particularly for business development. The chapter also explores government policies which transformed bonding relationships and what was the result of these transformations on the people participating in this study.

In the next section, I lay out the descriptive base for the empirical analysis of the data collected for this project. I first explore the dimensions along which the three case studies can be compared: community assets, community empowerment, and culture and spirituality, developed in Chapter 2. The communities' strengths and weaknesses, as perceived by interviewees, are also outlined. Next, I turn to exploring the bonding networks in the community – their number and the benefits derived from them. Part 4 focuses on the role of strong ties in overcoming or exacerbating the challenges to business development (e.g. access to markets, access to land and resources). Finally, to better understand the dynamics of family and other community networks and how these relationships interact with economic development, the chapter ends with an historical account of the transformations of these networks in the last century (e.g. creation of reserves) as a result of public policies.

2. Introducing Moose Cree First Nation, MoCreebec, and M'Chigeeng

2.1. Location, Access, Population, History and Governance

Moose Cree First Nation (MCFN) and MoCreebec are located on Moose Factory Island, on the west shores of James Bay in north-eastern Ontario (see Figure 4.1). The

island is accessible to the highly-populated, urbanised part of the province only by train or by plane. The airport and train station, however, are not located on the island; they are located in Moosonee, a small town across the Moose river (see Figure 4.1), accessible to the island by motor canoes and a barge in the summer (Figure 5.1), by a temporary ice road (Figure 5.2) in the winter (November-April), and by helicopter during the break-up (April-May) and freeze-up (October-November) of the river. The closest highway (Hwy 11) begins approximately 300km south of the island, in Cochrane. The Ontario Northland Railway provides freight and passenger services to Moosonee.

The train arrives three times a week, although in the summer months (late June to early September) a tourist excursion train, The Polar Bear Express, with daily service is added. Moosonee is also home to an airport where Air Creebec flights arrive; this mode of transportation, however, is more costly than the train.[1]

Other communities along the west coast of James Bay (reserves, ranging in size between 73 and 1500 persons) are accessible to Moose Factory Island only by plane in the fall, spring and summer. In winter one can reach these communities by a temporary ice road. Moosonee, to which outside transportation arrives, has a population of approx. 2500, which is mostly Native (85%-90%). Many of Moosonee's Aboriginal residents are from other James Bay First Nations such as Fort Albany, Kashechewan, Moose Factory and Peawanuck (Wakenagun Community Futures Development Corporation, 1999a). Some Moosonee residents are MoCreebec members.

[1] A round trip from Moosonee to Cochrane by train is about $90. From Cochrane to Toronto the return train fare is ca. $250. A return airline ticket from Moosonee to Toronto is around $600-$700.

Figure 5.1: Freighter Canoes in Moose Factory

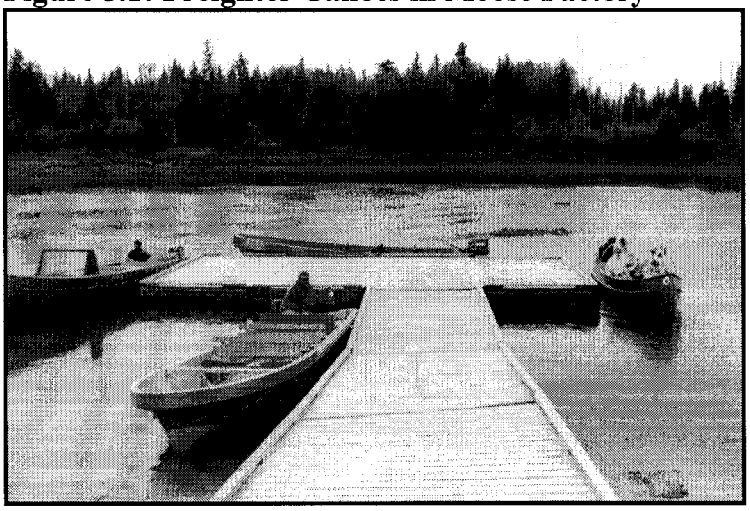
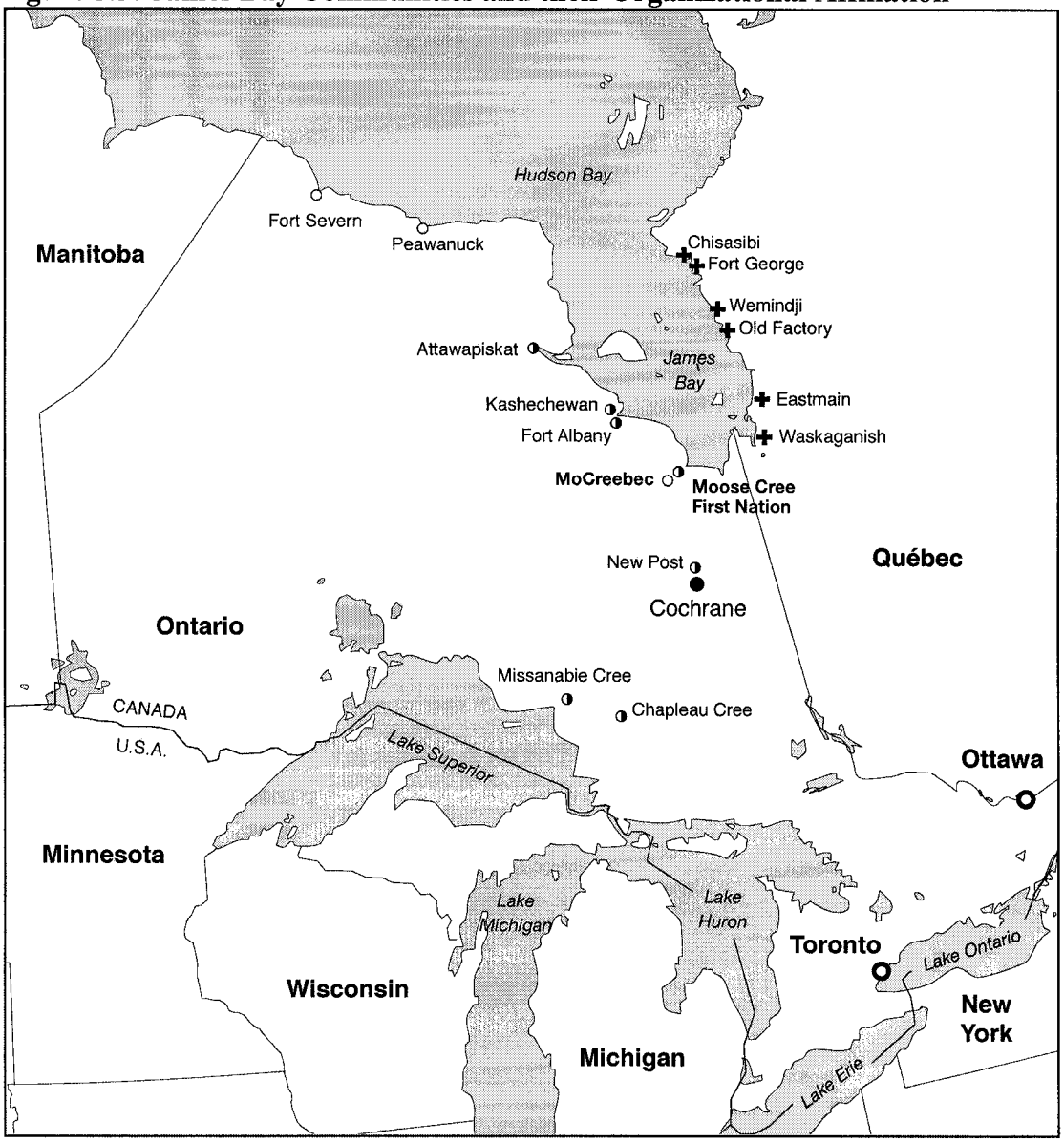


Figure 5.2: Ice Road from Moose Factory

Source: Cree Village Website (www.creevillage.com); reprinted with permission of the Eco Village CEO.

The total Moose Cree membership is 3,215 people. As of January 2002, 43 percent of the membership, or 1388 individuals, lived on reserve (Moose Cree First Nation, 2002c), and were governed by an elected Chief, Deputy Chief and fourteen Councillors; Chief and Council elections are held every three years (Wakenagun Community Futures Development Corporation, 1999b: 274). The First Nation is also a member in the Mushkegowuk Tribal Council, which represents communities on the west coast of James Bay (see Figure 5.3).

Figure 5.3: James Bay Communities and their Organizational Affiliation



Map design: Richard Maaranen; Zack Taylor

The reserve allocated to MCFN is a product of Treaty # 9, signed by the Moose Cree band and the Crown in 1905; the Treaty set aside two land parcels to the Moose Cree: the first (reserve #1), on Moose Factory Island, and a second (reserve #68), located approximately ten miles from the island on the French River.

MoCreebec is a self-defined community of approximately 650 people (MoCreebec Council of the Crees, 2001), who are registered to bands on the east side of James Bay, in Quebec (Chisasibi, Wemindji, Eastmain and Waskaganish; see Figure 5.3). Members of MoCreebec migrated to Moose Factory Island between 200 to 50 years ago; the first migrants arrived in the area when it became a government centre in the nineteenth century. In the 1920s the area attracted individuals who sought work in the construction of the Ontario Northland Railway. Some migrants also moved to the island to be near their children, who went to the local residential school (MoCreebec, 1993). Most of the adults and youth were already born, however, on the island.

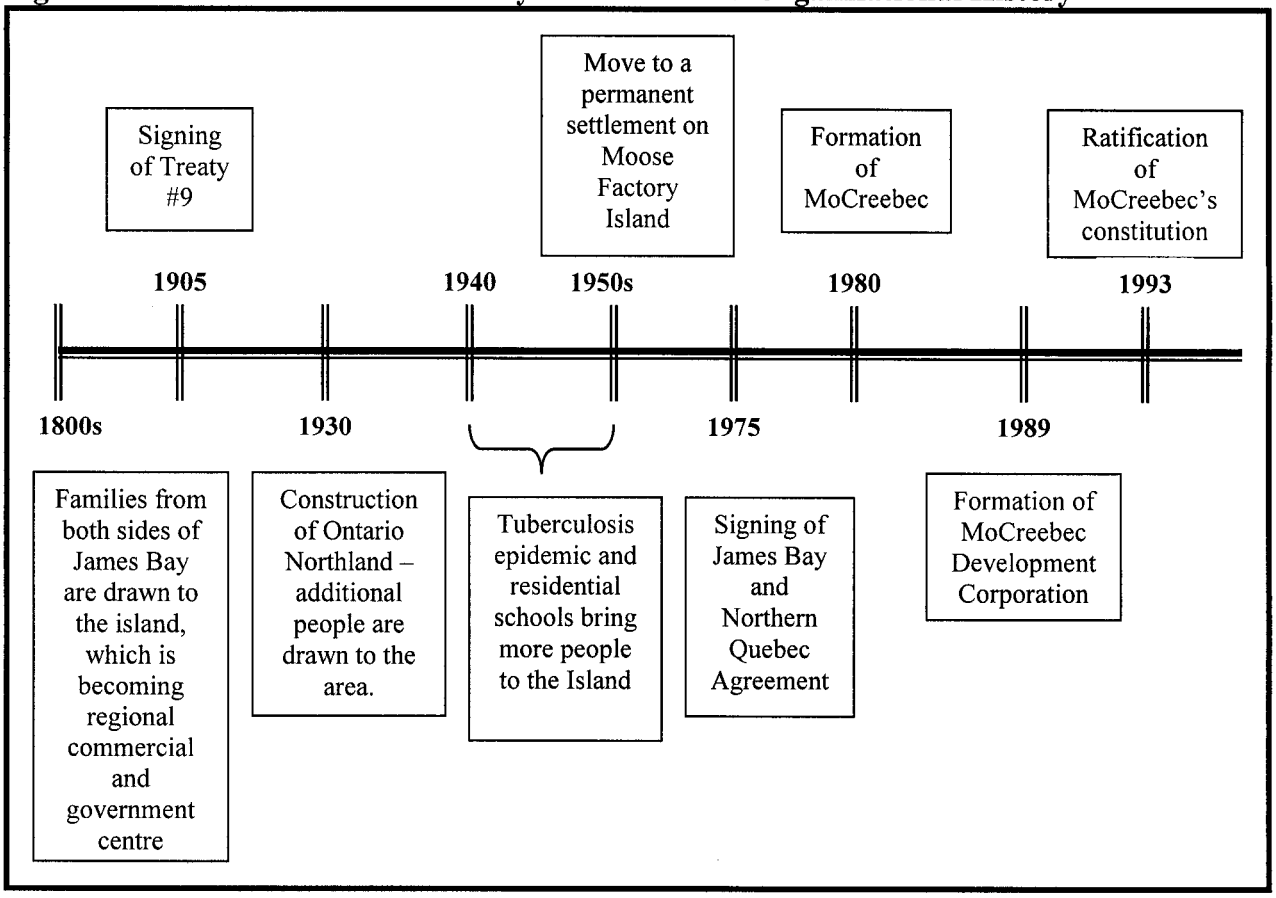
Being from the Quebec side of James Bay, MoCreebecers are signatories to the *James Bay and Northern Quebec Agreement [JBNQA],* signed in 1975 and considered to be the first modern day treaty. Section 3.2.7 of this act states, however, that:

> In the event a person mentioned … is absent from the Territory during ten continuous years and is domiciled outside the Territory, such person shall not be entitled to exercise his rights or receive benefits under the Agreement.
> Upon such person re-establishing his domicile in the Territory, the right of such person to exercise his rights or to receive benefits under the Agreement shall revive.

Consequently, most MoCreebec are excluded from the JBNQA funding, and are unable to access education or other funds for social programming. As a result of being excluded from most government funding programs, MoCreebecers lived, until two decades ago, in

squatter settlement on the island (tent frames or shacks). In 1980, the signatories to the JBNQA who lived in Moose Factory and Moosonee organized to deal with issues related to their exclusion from the JBQNA and with poor housing and poverty. In 1982 the MoCreebec Non-Profit Housing Association was formed, which negotiated the construction of homes and rental units with the Canada Mortgage and Housing Corporation (MoCreebec, 1993). In 1993, 51 JBNQA signatories ratified the *MoCreebec Constitutional Framework* (for a timeline of the Area's history see Figure 5.4).

Figure 5.4: Timeline of Moose Factory Settlement and Organizational History



To represent them, they selected an interim council of 16 people and a chairperson. Central to the *Constitutional Framework* is the creation of "Clan Councils", made up of the members of each MoCreebec family name. Each clan is supposed to elect a

representative to the MoCreebec Council. There have been some changes to the Council originally selected in 1993, but the chairperson has remained in office. The chairperson serves as Chief and represents the community in regional and national organizations, such as the Chiefs of Ontario. The community does not have fixed term elections, and has not completed the creation of the Clan Councils. MoCreebecers, together with other individuals who live on the off-reserve portion of Moose Factory, are part of the Moose Factory Local Services Board, which taxes its members to provide services such as recreation, sewage, lighting and garbage.

The third community in this study, M'Chigeeng, is located on Manitoulin Island (see Figure 4.1), accessible to the highly populated, urbanised part of the province by ferry and by road. The ferry service is provided from the south only in the summer, from May to October. In the rest of the year residents and visitors must take a road around Georgian Bay, accessing the island from its north end, and therefore doubling the distance travelled. It is worth noting, however, that even though the trip by car is longer, it takes less time because the roads around the Bay are better than the roads leading to the ferry. Other communities on Manitoulin Island and the nearby area are accessible to M'Chigeeng by car. There are six other Native communities on the island, but unlike Moose Factory, there are quite a few small non-Native communities on Manitoulin Island as well.

The total M'Chigeeng membership is 2083. As of December 2001, 47 percent of the membership, or 986 individuals, lived on reserve[2] (DIAND, 2002c). The First Nation is governed by an 11 member Chief and Council and is a member of the United Chiefs

[2] Off-reserve individuals live in Canada, in the U.S.A and even in Australia.

and Council of Manitoulin, the tribal council representing the Aboriginal communities in the area (M'Chigeeng First Nation, 1999: 11). M'Chigeeng First Nation is also Signatory to the 1862 Manitoulin Island Treaty and lands set aside for its members consist of reserve #22.

2.2. Community Strengths and Weaknesses – Members' Perceptions

The three communities share both strengths and concerns. Table 5.1 indicates that interviewees like the small scale of the islands they live on, which also gives a sense of closeness to and familiarity with other community members. Participants also feel that living in a community which is predominantly Aboriginal is a strength, since they do not feel visibly different.

Interviewees also share many concerns. Although lack of choice (shopping and leisure), dissatisfaction with youth activities, and struggle with substance abuse were brought up in all three communities, M'Chigeeng members seem to be more concerned about youth activities than interviewees from the other two communities. Accessibility is more of an issue for Moose Factory residents than it is for M'Chigeeng's population; while access to Moose Factory is limited to train and air transportation, M'Chigeeng is served by two provincial highways and is connected to the mainland by road. M'Chigeeng's better access also affects the cost of living for its members, since they can shop more easily at stores outside the island. Poor health is an additional concern, particularly for Moose Cree First Nation interviewees, which also reflects a national concern in the Aboriginal context (described in Chapter 3).

Table 5.1: Perceived Strengths and Weaknesses[3]

	M'Chigeeng	MoCreebec	MCFN
STRENGTH			
I like it because I was born and raised here	**5** *19%*	**4** *19%*	**6** *33%*
Small, quiet and peaceful	**7** *27%*	**6** *29%*	**5** *28%*
I know everyone	**5** *19%*	**6** *29%*	**5** *28%*
I like that it's native/ I like the culture	**5** *19%*	**2** *10%*	**4** *22%*
CONCERNS			
Lack of choice (leisure and shopping)	**5** *19%*	**3** *14%*	**4** *22%*
Young people don't have anything to do	**8** *31%*	**2** *10%*	**3** *17%*
Substance abuse	**4** *15%*	**2** *10%*	**2** *11%*
Cost of living	**2** *8%*	**3** *14%*	**3** *17%*
Poor health	**1** *4%*	**1** *5%*	**4** *24%*
The community is inaccessible		**3** *14%*	**3** *17%*
Total[4]	**26**	**21**	**18**

2.3. COMMUNITY EMPOWERMENT, CULTURE AND SPIRITUALITY, AND COMMUNITY ASSETS

Commentators, and especially the popular media, tend to focus on discouraging stories and figures about Aboriginal reserves. For example, in April 2000 the *Toronto Star* ran a series about suicide and diabetes in north-western reserves in Ontario. In November and December of 2001, John Stackhouse wrote a 14-part series in the *Globe and Mail* which also highlighted struggle rather than achievement. Although this approach alerts readers to the issues facing Aboriginal peoples, it fails to examine the strategies undertaken by communities and policy makers to address these concerns and to assess what helps or hinders the success of current development strategies. The following description of the three communities highlights their achievements, but also points at some of the challenges they still face. The case studies are compared along the three dependent variable dimensions: community assets, community empowerment, and culture and spirituality.

[3] The categories below are not mutually exclusively (some individuals mentioned more than one) and therefore the percentages do not sum up to 100%.
[4] Questions presented to community members and leaders

2.3.1. Community Assets: Land, Housing, Government Transfers, Employment and Businesses

2.3.1.1. Land Area and Ownership

Moose Cree First Nation's two reserves cover a total area of 17,191 hectares (Statistics Canada, 1998). Most of the land (16,883 hectares), however, is on reserve #68, 10 miles south of Moose Factory. This reserve is uninhabited and undeveloped, because low river tides limit its accessibility. Reserve #1, on Moose Factory Island, covers an area of approximately 300 hectares (two thirds of the Island). The land in Moose Cree First Nation is owned collectively by the band.

M'Chigeeng's land base covers 3,420 hectares (M'Chigeeng First Nation, 1999: 13).[5] M'Chigeeng is one of the few reserves in Canada which, as part of the treaty writing process (in 1862), divided the land among its members, allocating them 'certificates of possession of land' (similar to non-reserve fee titles). Consequently, most of the land is privately owned. In the last 5 years the band purchased land from the neighbouring Billings Township for tourism-related activities (M'Chigeeng First Nation, 1999: 12).

MoCreebec is not a band with a reserve and therefore the government did not allocate lands for the community's use; some MoCreebecers own provincial lands on Moose Factory Island. In addition, since MoCreebec is not a reserve, its members have to pay property taxes, which on-reserve Aboriginal people are exempt from.

As was mentioned in Chapter 2, as a result of section 89 in the *Indian Act* on-reserve individuals cannot use their property as collateral for loans. The MoCreebec community can, potentially, use its lands as collateral, since its lands are not governed by the *Indian Act*. M'Chigeeng members can sell their certificates of possession to each

[5] According to Indian Affairs' Community Profiles it covers only 3094 Hectares, but it is also noted that the numbers are under review.

other, and lease their land to non-Natives, but because of section 89, they cannot sell it to non-registered individuals. If a band member sells his/her certificate to another member, however, s/he does not have the needed property to build a home or a business on. Consequently, the band allocates some of the collective lands to housing development.

2.3.1.2. Housing

M'Chigeeng's Housing Department reports that in 1999 there were a total of 333 on-reserve housing units. The majority of these units were privately owned by the First Nation's members, but a number of rental units were under the control of the band; in 1999 the band received 74 requests for housing (M'Chigeeng First Nation, 1999: 11).

A need for additional housing seems to be more acute in Moose Cree First Nation. The community's website reports of a housing shortage, as the 326 housing units on-reserve do not meet the needs of the growing population (Moose Cree First Nation, 2002a). Moreover, interviewees in Moose Cree First Nation expressed concern about the housing shortage, while individuals in the other two communities did not. Housing units in MCFN are also more crowded than in MoCreebec or M'Chigeeng. The average population per unit in MCFN is 5 (Moose Cree First Nation, 2002a), whereas in M'Chigeeng it is 3.3 (DIAND, 1999). The average number of people per unit in houses located off-reserve in Moose Factory Island is 2.9.[6]

[6] The Wakenagun Community Futures Development Corporation *Demographic Study* (1999b) reports that most homes off-reserve are privately owned or are under the control of the Canada Mortgage Housing Corporation program. MoCreebec maintains ten duplexes and twenty single units. The Weeneebayko General Hospital and Moose Factory Island District Area School Board have also built houses for their staff off-reserve; the statistics about crowding off-reserve include the hospital and school; the housing statistics for the Aboriginal population per se might differ. Even if the crowding figures for the Aboriginal population off-reserve are higher, they are probably still lower than the MCFN numbers, since the majority of the population off-reserve is Native.

From a visual survey of the communities, the houses in M'Chigeeng seemed to be larger than in Moose Factory Island. The *Wakenagun Community Futures Development Corporation Demographic Study* (Wakenagun Community Futures Development Corporation, 1999b)[7] suggests that in Moose Factory, on-reserve housing is in a poorer state of repair than off-reserve units: 44.2 percent of on-reserve households need major renovations, and 28.8 percent of the units require minor renovations. Major renovations are required only for 27.5 percent of off-reserve units, while 22.5 percent of the off-reserve housing stock needs minor repairs. The better housing stock off-reserve is probably because most of the houses off-reserve was built only in the last two decades; the on-reserve housing stock is older. Housing statistics from DIAND (1999) report, however, that only 1 percent of units in MCFN are in need of major work and that minor renovations are needed for only 7 percent of the units. Having visited the community, I believe that the numbers presented in the *Demographic Study (1999)* are more dependable. In the case of M'Chigeeng the only source for statistics related to housing conditions are DIAND statistics, which suggest that 12 percent of housing units in M'Chigeeng need major renovations, while additional 12.7 percent need only minor adjustments. The discussion above suggests that M'Chigeeng and MoCreebec have a newer, less crowded housing stock, which is also in a better state of repair than units in Moose Cree First Nation.

[7] The Wakenagun survey had a 55.6% response rate in Moose Factory Island. Eight hundred and forty six MCFN members responded to the survey, which amounts to ca. 60% of the band's population. Two hundred and twenty seven off-reserve people responded to the survey; these respondents include MoCreebec members, but also 46 non-Aboriginal hospital and school employees. There are also a few Moose Cree band members who live in the off-reserve part of the island. Consequently, the response rate for MoCreebec alone must be lower than 227 individuals.

2.3.1.3. Government Grants and Transfers

The ability of Aboriginal communities to meet their members' housing needs, improve the housing stock and provide other social programming relies, to a large extent, on funds available to them from the federal and the provincial governments. Although I had no access to the communities' budgets, provincial and federal public accounts provide an insight into the amounts provided by governments for special economic development projects and for social and economic programming (see Table 5.2). The data indicate that in the last five years, MoCreebec received the largest amount of government grants for major economic development projects, such as the Eco-Lodge.

Since MoCreebec is not eligible for core funding from Indian Affairs, it receives a smaller amount of money from federal and provincial ministries, than the other two communities do from DIAND. MCFN, on the other hand, receives the largest government transfers. For example, compared to M'Chigeeng, MCFN receives over twice as much funds from the Ontario Works Program to provide for members who rely on social assistance; the band also receives almost three times more funds from Indian Affairs for various social, educational and infrastructure facilities.[8] The allocation of funds to First Nations, according to Indian Affairs' *Band Classification Manual* (DIAND, 2001a) is influenced by factors such as geographic location, distance from major population centres, and the local climatic condition (p. 3). First Nations are classified according to these factors and assigned remoteness and environmental indices which are used to calculate funding allocations for operation and maintenance of facilities, for education, for social assistance, and for Indian government support. The *Band*

[8] Analysis of 1998-2000 figures shows similar trends.

Classification Manual provides a listing of First Nations and classifications (p. 5). Each band is assigned a geographical zone and an environmental classification. The zones are:

> Zone 1: A geographic zone where the First Nation is located **within 50 km** of the nearest service centre with year-round road access.
>
> Zone 2: A geographic zone where the First Nation is located **between 50 and 350 km** from the nearest service centre with year-round road access.
>
> Zone 3: A geographic zone where the First Nation is located **over 350 km** from the nearest service centre with year-round road access.
>
> Zone 4: A geographic zone where the First Nation has **no year-round road access** to a service centre and, as a result, experiences a higher cost of transportation.

Zone 4 is sub categorized into sub-zones:

> 0: distance < 50 km (classified as Zone 2)
> 1: 50 km <= distance < 160 km
> 2: 160 <= distance < 240 km
> 3: 240 <= distance < 320 km
> 4: 320 <= distance < 400 km
> 5: 400 <= distance < 480 km
> 6: distance >= 480 km
>
> The *Manual* further classifies the First Nations to environmental categories, which relate to the geographic location of the communities:
>
> A: geographic location < 45o latitude
> B: 45° latitude <= geographic location < 50o latitude
> C: 50° latitude <= geographic location < 55o latitude
> D: 55° latitude <= geographic location < 60o latitude
> E: 60° latitude <= geographic location < 65o latitude
> F: geographic location >= 65o latitude

The *Manual* then provides a table of indices which correspond to the above classifications (p. 6). According to this table, since M'Chigeeng is a 2-B band, it has a remoteness index of 0.18 and an environmental index of 0.4, whereas MCFN, a 4-C-4 band, has a remoteness index of 1.0 and an environmental index of 1.88. As Moose Cree

First Nation's indices are much higher, its funding is also greater. Les Alberti, Manager of Indian Affair's Corporate Databases in Ontario, explains that funding also relies on the size of the reserve's population, and the number of programs it offers its membership (e.g. housing, health or welfare). In addition to its location, then, Moose Cree First Nation probably receives more funds than M'Chigeeng, based on its population figures. While 1388 MCFN members live on-reserve, M'Chigeeng's on-reserve population is only 986. Calculating the funds per capita, however, shows that Indian Affairs transfers almost twice as much to the Moose Cree band than it does to M'Chigeeng.

Alberti suggests that another possible factor that explains funding allocation is the proportion of youth and children. Other research confirms that a young population places great demands on the local economy, since funds have to be set aside for social and educational programming (Elias, 1995; Prince & Juniper, 1995). Whereas the proportion of the population under the age of 25 in Ontario and in Canada is 34 percent, youth and children make up 54 percent of the MCFN membership and 44 percent of M'Chigeeng's membership; clearly, the largest burden on educational programming is in Moose Cree First Nation. Moreover unlike MCFN, most of the houses in M'Chigeeng are owned privately, and therefore, the band probably requires less funding for housing programs. Also, since the residential units are in a better state of repair in M'Chigeeng (which is also a factor of a more moderate climate on Manitoulin Island), the band probably allocates a smaller proportion of its budget for the renovation and maintenance of residential units.

Table 5.2: Government Grants and Transfers

	M'Chigeeng First Nation	MoCreebec	Moose Cree First Nation
SPECIAL GRANTS FOR ECONOMIC DEVELOPMENT PROJECTS, 1997-2002			
Ontario Ministry of Northern Development and Mines – 1997-2002	$26,250 to complete a feasibility study and operational plan for a waterfront marina project.	Eco-lodge financing, 1998: $3,500,000	$45,000, 1997, for a study to develop the Hannah Bay Goose Camp into a culturally oriented and self-sustaining wilderness camp. $80,000, 2002, commercial forestry operation
Total	**$26,250**	**$3,500,000**[9]	**$45,000**
TRANSFER PAYMENTS, 2000-2001			
Federal			
Department of Health	$109,516	–	$133,853
DIAND – Annual Budget[10]	$5,577,660	$288,200	$13,213,500
DIAND – Grants to Indian bands to support their administration	Included in the annual budget because of a multi-year funding agreement		$784,100
Industry Canada	–	–	$341,193[11]
Total	**$5,687,176**	**$288,200**	**$14,472,646**
Provincial			
Ministry of Community and Social Assistance – Ontario Works financial assistance[12]	$561,355	–[13]	$1,290,067
Ministry of Community and Social Assistance – Child care	$521,347	–	$513,813
Ministry of Health and Long Term Care - community support service	–	–	$196,017
Ministry of Transportation - material supplies	–	–	77,478
Total	**$1,082,702**		**$2,077,375**

Sources: Department of Finance Canada, 2002; Ministry of Finance Ontario, 2001; Ministry of Northern Development and Mines Ontario, 1996-2002

[9] The Eco-lodge also received $250,000 from Aboriginal Businesses Canada, which is a federal agency operating under Industry Canada. The federal government also contributed to the lodge through transitional job funds (just under $1,000,000) and through an Indian Affairs Grant ($250,000). Overall the project received funding in the amount of $5,000,000.

[10] Payments for the purpose of supplying public services in the areas such as economic development, education, social services, capital facilities and maintenance, and Indian government support

[11] Contributions under the Northern Ontario Development Fund to the Moose Band Development Corporation.

[12] This program replaces previous welfare programs.

[13] MoCreebec receive social assistance from the Moosonee office; I could not separate MoCreebec funds from the rest of Moosonee residents.

2.3.1.4. Employment Rates, Income and Local Economy

Employment rates vary considerably between the summer and winter in all three communities. The summer unemployment rates are much lower than the winter ones as a result of the construction and tourism industries. M'Chigeeng reports that in 1999-2000 its summer unemployment rate was 35 percent, whereas in the winter this rate climbed to 65 percent (M'Chigeeng First Nation, 1999). The band estimates that of the total working labour force, ca. 48 percent have an annual income ranging from $20,000 to $30,000. Approximately 20 percent of the rest of the labour force have an income ranging from $10,000 to $20,000.

Employment figures for Moose Factory also vary seasonally (although there are no available separate figures for the summer and winter). The *Mushkegowuk Demographic Study* (Wakenagun Community Futures Development Corporation, 1999b), suggests that in March and April of 1999, its survey group had an unemployment rate of 42.5 percent.[14] Twenty percent of the unemployed males, however, reported that they were seasonally employed (only 2.8 percent of the unemployed women indicated they worked part of the year). Moreover, over half of the unemployed indicated that they had worked in the previous year, and 17.2 percent said they worked in the months prior to the survey. Average household employment income in 1999 was reported to be ca. $38,500;[15] average government income for MCFN members was approximately $9,500.

There are no specific employment and income figures for MoCreebec. Numbers for its members are estimated from the off-reserve portion of the *Mushkegowuk*

[14] The 1996 Census reported a much lower unemployment rate of 20.2%. M'Chigeeng and MoCreebec, as was mentioned in Chapter 3, did not participate in this Census and therefore government statistics are not available for them at this point.
[15] According to the 1996 Census, average total family income is about $44,000.

Demographic Study.[6] The off-reserve unemployment rate in Moose Factory is 27 percent. The average household income from employment is ca. $52,500 and the average government income is approximately $7,500. It is important to remember that the relatively low unemployment rate and high income are affected by the presence of the professional staff of the school and hospital. These include doctors, nurses and teachers, who are well paid. Given that the majority of off-reserve people are MoCreebecers, it is assumed that income and unemployment conditions are better for MoCreebec members than they are for MCFN or M'Chigeeng.

Comparing the income and employment data above is problematic. For example, figures available for M'Chigeeng are for individual incomes, whereas the *Mushkegowuk Study* relates to household figures. Employment is also reported differently for the three places. M'Chigeeng provides figures seasonally, whereas numbers for the on- and off-reserve population in Moose Factory are for March and April 1999. Since these are winter months, it is possible to deduce that in winter, unemployment for Moose Cree members is around 40 percent, and for Moose Factory off-reserve residents, it is around 30 percent; summer unemployment rates are even lower. These rates are higher than in M'Chigeeng.

Moose Factory's lower unemployment rate is a result of its large public sector. The island is the service centre for the other communities in the James Bay region. It is home to the regional hospital, schools, police and local and regional governments. In fact, the local economy on the island is clearly driven by the public sector. The hospital is the

largest employer,[16] with 210 people working for it; Moose Cree First Nation employs 175 people and the Mushkegowuk tribal council, which is also located on the Island, has 30 employees (Wakenagun Community Futures Development Corporation, 1999a). Not all the above employees are Moose Cree or MoCreebec members. The hospital brings doctors from outside and some of the regional organizations also hire Moosonee residents. M'Chigeeng's economy is also driven by its public sector, but the total jobs available through this sector are only 150, compared to over 400 in Moose Factory.

Private businesses are also a source of employment. In M'Chigeeng, businesses employ about 30 individuals in addition to the entrepreneurs (ca. 40). Moose Cree First Nation businesses provide about 90 full and part time jobs, in addition to the business owners themselves (approximately 30 people). In addition, in 1999, MoCreebec employed 31 people (Wakenagun Community Futures Development Corporation, 1999a); since then it has opened its Eco-Lodge, which employs additional 26 full- and part-time employees. One of the largest businesses on the Island, which is not Aboriginal-owned, are the Northern Stores, which create 50 full- and part-time jobs for both Moose Cree and MoCreebec members.[17] In Moose Factory, then, one in four jobs is derived from Aboriginal-owned private and community enterprises. In M'Chigeeng, about one in three people is employed (or is owner) of a business.

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[16] The hospital has been transferred from the federal government to a Local Health Board which is a Native-run board.

[17] One of the stores is a large food and department store; the other has a gas station, two fast food outlets (KFC and Pizza Hut), and functions also as a convenience, video and furniture store. Northern stores are located throughout Canada's North and Alaska, in Aboriginal communities. Previously owned by the Hudson Bay Company, they are now owned by the Northwest Company. Although they generate employment, many residents lament that none of the capital generated by these enterprises stays in the community and express hope that one day local entrepreneurs or the band would take over these businesses.

2.3.1.5. Businesses – Demographic, Survival Rate and Available Financial Services

2.3.1.5.1. Business Number and Sector

Entrepreneurship, then, is important for the creation of jobs and to the local economy in all three communities. In MoCreebec's case, business development provides the community with the majority of it funds for economic and housing programming. In 2000, the community owned seven enterprises: the MoCreebec Housing Association with CMHC, Moosonee Cable TV, Moose Factory Cable TV, the Moose River Broadcasting Association (a community channel), TC repairs and maintenance, a bakery, [18] and the Eco-Lodge. The Cable companies are owned jointly with the Moose Cree band, but MoCreebec is in charge of its operation and maintenance.

In contrast to MoCreebec businesses, the majority of enterprises in MCFN and M'Chigeeng are privately owned (see Table 5.3 for a summary of the types and number of businesses); the data indicates that entrepreneurs in MCFN and M'Chigeeng focus on the retail, food and services sectors (Table 5.4 provides a sectoral breakdown of the businesses surveyed). Moose Cree businesses include fast food providers, taxi companies, a general store, convenience stores, pool hall, gas station, and repair and construction services. M'Chigeeng also has quite a few fast food stands and convenience stores, but its entrepreneurs also include more specialized business such as custom cabinet makers, dry cleaners, and a Skidoo dealer. This sectoral distribution indicates that the share of food and hospitality enterprises is about four times higher in the communities studied than in the other Aboriginal communities (for comparison, see Table 3.10 in

[18] The bakery closed in 2002, but a new business, internet cable services has recently been established instead.

Chapter 3). The large number of retail and construction firms, on the other hand, is representative of other Native businesses (See Table 3.10).[19]

Table 5.3: Number, Type and Ownership of Businesses, Case Study Communities

Community	Number of Businesses	Retail	Construction and construction services	Food and Hospitality	Services	Art and crafts, and woodwork	Other
M'Chigeeng	37 (1 collectively owned)	16%	22%	22%	27%	11%	3%
MoCreebec	7 (all collectively owned)		14%	29%	57%		
Moose Cree First Nation	27 (2 collectively owned)	19%	15%	26%	30%	11%	

Table 5.4: Number and Sector of Individually Owned Businesses Interviewed for this Study

	Retail	Construction and related services	Food and hospitality	Services	Arts, Crafts and woodwork
M'Chigeeng	**3** *21%*	**1** *7%*	**3** *21%*	**4** *29%*	**3** *21%*
Moose Cree First Nation	**1** *9%*	–	**2** *18%*	**4** *36%*	**4** *36%*

2.3.1.5.2. Available Financial Services

Even though there is a growing business sector in the communities studied, the financial institutions available to serve them are limited. In spring 1999, the Bank of Montreal, in co-operation with the Canada Post Corporation, opened a branch office on Moose Factory Island. Services in this branch are limited to opening new accounts, deposits, transfers, withdrawals and bill payments (Wakenagun Community Futures Development Corporation, 1999a: 274). The Northern store also provides some services such as cheque cashing and has a CIBC debit machine for cash withdrawal. Some

[19] In addition to established businesses, there are quite a few artisans in the three communities who sell their craft to tourists and craft stores as an income supplement. In Moose Factory, the majority of the known crafters are Elder women and the average income they make through the Band's craft store is $1,500 per year (Woodman, 2000). M'Chigeeng has quite a few crafter women as well. M'Chigeeng also has an organization in place, the Two Bears Cultural Survival Group, to help these women pursue self-employment.

businesses provide debit service as well. Currently, there are no banking services in M'Chigeeng; consequently M'Chigeeng's entrepreneurs and community members must travel to the neighbouring towns (where TD Bank and the Bank of Montreal are situated) for banking services. These banks are full service institutions, unlike the one in Moose Factory.

M'Chigeeng also established an employment and community development program, which used to provide business loans in the past. The program helps entrepreneurs with training funds and provides individuals who want to start a business with information about government grants and business plans. In addition, the program pursues community projects for the band, such as development of forestry resources.

Similarly to M'Chigeeng, Moose Cree First Nation has an economic development program; the program provides grants and loans to people interested in starting a business and is also involved in training projects (Moose Cree First Nation, 2002b). The band also established the Moose Band Development Corporation which pursues business opportunities on behalf of the Band, such as sustainable forestry and tourism ventures. The corporation operates the Moose Cree Complex, which houses the Northern Store, the Bank of Montreal, and the band offices. The band, through the corporation, operates a tour company (Moose Cree Discoveries and Adventures), and is developing a wilderness lodge (Washow James Bay Wilderness Centre) in a nearby site.

MoCreebec also established a Development Corporation which is in charge of the community's existing operations (described above), and which seeks additional business opportunities for its membership.

2.3.1.5.3. Stability and Growth – Business Survival Rate

In 1999 MoCreebec reported annual revenues in excess of $3 million (Trillium Foundation, 1999a). Moose Cree First Nation reports that even though its economic development program receives only $164,000 from Indian Affairs, the program generates $1.2 million annually. These figures suggest that MoCreebec's Development Corporation generates more funds than Moose band's. Unfortunately, M'Chigeeng does not provide such numbers and individual business owners in MCFN and M'Chigeeng are also reluctant to share revenue data. Consequently, as an alternative measure for economic stability and growth, I looked at business survival rate. Higher survival rate may suggest availability of cash among local customers, which can support a community's private sector. A strong local customer base is crucial to Aboriginal businesses, as evident from previous studies (Caldwell et al., 1998; NITA, 1998) as well as this one.

Table 5.5 summarizes the survival rate of enterprises surveyed for this project (as of 2000). Following NITA (1998: 32), I consider a business to be budding if it has existed for less than 5 years, growing if it is 6-9 years old, and established if it survives for over a decade. The findings suggest that M'Chigeeng and MoCreebec have a higher business survival rate than Moose Cree First Nation. The business survival rate in M'Chigeeng is representative of businesses in Canada. MoCreebec's survival rates are better than in the rest of the Aboriginal business community, and MCFN's are somewhat lower.

Table 5.5: Survival Rate of Businesses Participating in the study, 2000

Community	Budding (5 years and	Growing (6-9 years)	Established (10 and more)
M'Chigeeng	31%	15%	54%
MoCreebec	30%	–	70%
Moose Cree First Nation	80%	20%	There are at least two established businesses, which were not surveyed
Canadian Aboriginal Businesses	30%	18%	51%

Source for Canadian Aboriginal Businesses: NITA, 1998: 32

2.3.1.6. Community Assets – A Summary

The analysis above indicates that Moose Cree First Nation has the largest land base, and the greatest amount of funding from the federal and provincial governments. The land, however, is mostly hard to access and is therefore not developed. The land parcel available for housing and commercial development in MCFN is very small. MoCreebec relies on an even smaller land base, since it is situated on the remaining third of the Island, and does not own this piece of land in its entirety.

Although Moose Cree band receives the greatest amount of federal and provincial funding, this funding is greatly affected by location, climate and accessibility. These three factors cause the cost of living in Moose Factory to be high. MoCreebecers, who experience identical conditions, receive very little funds from the federal government, although they do get grants and loans for their business ventures. There are conflicting statistics about the quality of housing in the communities, but it is clear that Moose Cree First Nation members suffers more from a housing shortage, resulting in higher crowding rates.

Finally, the private sector in M'Chigeeng seems to be stronger and more established than in Moose Cree First Nation. MoCreebec relies almost solely on its private enterprises for its operating budget. Even though the private sector plays an important role in the employment and vibrancy of M'Chigeeng, the unemployment rate in the community is higher than on Moose Factory Island; the lower unemployment rates, in Moose Factory, are mostly due to a large public sector.

2.3.2. Community Empowerment

M'Chigeeng, MoCreebec, and Moose Cree First Nation, the business data show, are strengthening and developing, especially when compared to many other Aboriginal communities (described in Chapter 3). Early consultations with various national and provincial organizations have indicated that there is an interest to learn about what helps or hinders businesses from communities which have a growing business sector and enjoy economic growth. Regional community development corporations (CDCs) managers were then asked to nominate such places, three of which were the communities participating in this project. MoCreebec was nominated because its members moved from living in tents and shacks to full functioning housing and to operating successful community enterprises. For its achievements the community was nominated (in 1999) for the Caring Communities Award, given by the Ontario Trillium Foundation (from Lottery earnings); the first criterion to become a finalist for this award is "having significant and specific community achievements, especially in the face of limited resources and difficult circumstances" (Trillium Foundation, 1999b).

In 1997, M'Chigeeng was also nominated for this award and received it. The award text describes M'Chigeeng (then West Bay First Nation) as a place that, until two decades ago, had poor housing, poverty, despair, violence, and problems with drugs and alcohol (Trillium Foundation, 1997). Although these problems have not been eradicated, the community has been reducing them with various social programming (alcohol and drug abuse prevention, and native child and welfare programs) (M'Chigeeng First Nation, 1999).

Moose Cree First Nation has also experienced many positive changes. Data from 1966 (Hawthorn et al., 1966) indicate, for example, that just three decades ago, less than two percent of Moose Factory households had an indoor toilet and bath, and only four percent were connected to electricity. Today, although there is still a need to improve the quality and quantity of housing, all households have full amenities. In addition, whereas in 1966 less than two percent of MCFN population had over nine year of schooling, in 1999, ca. 70 percent of the people stayed in school beyond ninth grade.

The communities' achievements instil a lot of pride in their members and leadership. This is one reason, I believe, that the leadership welcomed a study on economic development. Self-confidence and empowerment are also gauged by a community's ability to define its own governance structures and to take up issues with higher levels of government. MoCreebec and M'Chigeeng are more involved with controlling their governing institutions than is MCFN. MoCreebec, as was described above, is a self-defined community that wrote its own constitution; the community's leadership is trying to introduce a form of government that will be culturally appropriate to their membership, the Clan Council.

M'Chigeeng has also drafted it own custom election code.[20] This code, however, excludes mail-in ballots from off-reserve individuals. In the last elections Chief and Council were elected under the new code; the Department of Indian Affairs, however, does not recognize the elected Chief and Council, arguing that "the Supreme Court's Corbiere ruling states that off-reserve members must be given a meaningful opportunity to vote under a voting regime that effectively provides for their participation" (Nault, 2002, reprinted in M'Chigeeng News, p. 6) and that excluding mail-in ballots is in conflict with this ruling. Consequently, DIAND decided to cut ministerial guarantees needed for non-governmental loans, as well as some funding for programs such as housing, business start-ups, education and health to M'Chigeeng (Debassige, 2002c).

M'Chigeeng, on the other hand, claims that the Corbiere ruling does not mandate mail-in ballots; it also argues that mail-in ballots are not ruled out and will eventually be phased in. Currently, the leadership feels they do not have the "financial resources to ensure a reliable method that would guarantee the integrity of the election" (Debassige, 2002b).[21] Chief and council also argue that to date no on- or off- reserve members contested the election results. The issue taken up by DIAND does not seem to be about improper management, as a letter from DIAND from a month before the elections indicates:

> A review of your audited financial statements has been conducted and we are pleased to note that you are in full compliance with your Canada/First Nation Funding Agreement ending March 31, 2005. ...We are pleased to observe that

[20] The Department of Indian Affairs and Northern Development allows bands to do this, after an approval process.

[21] The council reports that prior to the election in September of 2001, M'Chigeeng mailed out over 1,000 information packages to off-reserve addresses, but over half of them were returned unopened; they argue that they do not have the funds to compile an accurate voters list, since their off-reserve membership is scattered across Canada, the United States and Australia.

> M'Chigeeng First Nation is in a strong financial position again this fiscal year, and is to be commended for a job well done.
>
> (Reprinted in Debassige, 2002a)

Despite the funding cuts, the band is not retreating and has taken the government to court. The court has ordered the Crown to reinstate all funding, but, according to one of my contacts, not all funds have been restored. In addition, to protest the government's actions, Chief and Council organized a protest march to Ottawa on July 1, 2002, titles "F.R.E.E." - First Nations Right to Electoral Empowerment (M'Chigeeng First Nation, 2002), attended by 100 people, as well as by the AFN chief, Mathew Coon Come, and other Manitoulin chiefs (see Figure 5.5). M'Chigeeng's political empowerment and awareness relate not only to its local issues; during my fieldwork, another reserve, Burnt Church, New Brunswick was embroiled in a conflict with the federal government over fishing rights. A busload of M'Chigeeng members travelled to Burnt Church to show support.

Finally, empowerment and confidence came through in the research process as well. M'Chigeeng members challenged me more often than interviewees in the other two communities about my motivation to do the study and about the project's outcomes.

Figure 5.5: M'Chigeeng Protest March, July 2002

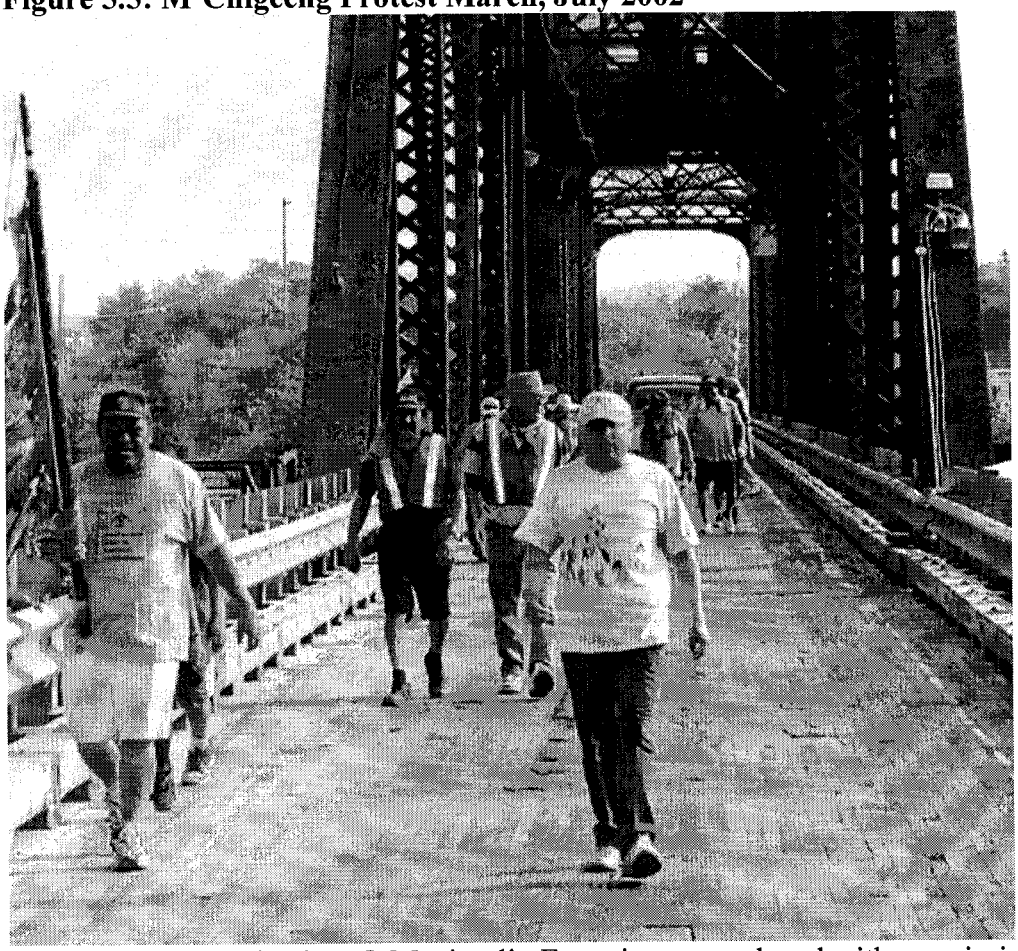

Photo: Neil Zacharjewicz; © Manitoulin Expositor, reproduced with permission.

2.3.3. Culture and Spirituality

M'Chigeeng empowerment and confidence stems, to a large extent, from its members' cultural pride. When asked by the Trillium Foundation about the catalyst to the positive change in their community, the representative replied that "Central [was] the reawakening pride in the Native cultural heritage, which has motivated West Bay to work collectively to address its problems, to make itself a community where people want to live"(Trillium Foundation, 1997). There are a number of additional indicators that illustrate M'Chigeeng's pride in its Ojibway culture. First, interviewees reported using

the healing lodge, located at the Ojibway Cultural Foundation (OCF) in the community.[22] Second, in 1998 the community changed its name back to its traditional name, from West Bay to M'Chigeeng. Third, some band members are part of the Kinoomaadoog Cultural and Historical Research Project, through which they research and discuss issues related to the Island and community's history, from an Aboriginal perspective. Finally, the community also has an annual powwow, which is well attended by locals and tourists.

In Moose Factory, MCFN and MoCreebec members also take part in traditional and cultural practices. Although "the traditional lifestyle of making a living and surviving off the land has passed," (Wakenagun Community Futures Development Corporation, 1999b: 275), many families still go out for daily or week-long trips to the bush. The majority of Moose Factory residents also practice the traditional spring and fall goose hunt (which lasts for about 1 month). Elder women still prepare and tan moose hides, make moccasins, mitts, Tamarack geese (hunting decoy made of a Tamarack tree branches) and snowshoes (Wakenagun Community Futures Development Corporation, 1999b: 275). The Island's isolation and its members' reliance, until recently, on traditional pursuits as a source of income (i.e. trapping) explain the high participation of community members in such activities.

Isolation may also explain why the Anglican residential school in Moose Factory was one of the last to close (in 1963). The Anglican Church was central to the Island's spiritual life until the early 1970s. Hawthorne (1966) reports that, in 1966, 98 percent of the Island's residents attended the Anglican church. There are very few people today who practice their Cree spirituality, such as offering tobacco (ID69, Female, youth); organized

[22] The OCF is owned jointly by all the Native communities on Manitoulin Island.

Christian religion still dominates the Island's life. There are five churches in Moose Factory: The Cree Gospel Chapel (Evangelical), the St. Thomas Anglican Church, Our Lady of Perpetual Help Catholic Church, the Native New Life Church (Pentecostal), and the Moose Factory Pentecostal Church (Wakenagun Community Futures Development Corporation, 1999b: 283). Ferrara (1998) explains that when Christianisation was introduced to the James Bay communities in the mid-nineteenth century, Cree religious beliefs were attacked and dismissed by missionaries (p. 55). In the late 1960's, Pentecostalism was introduced and today, at least half of the Cree population is Pentecostal (Prince 1993, in Ferrara, 1998: 55).

In a small settlement like Moose Factory, the church is a sources of strong ties. The following section examines the types of networks to which members of M'Chigeeng, MCFN and MoCreebec belong.

3. Abundance of Bonding Relationships

The three communities are rich in bonding relationships. Most of the interviewees claim they know everyone in their community. When I looked for an address or a person in either island, people were always able to direct me to that person's home. Many also accurately assessed whether that person was at home, at work or in any other location. Moreover, in Moose Factory Island, not all roads have names; in M'Chigeeng there are official street addresses, but very few seem to know them, yet everyone knew how to direct me to his or her neighbours. Interviewees express content with this level of acquaintance (see table 5.1 above). They feel it makes their communities friendly and safe. Members who have returned to the community after living in bigger cities explicitly

note that they and their children are safer as there is always someone outside to watch for them.

Active participation in various social organisations, which is commonly considered as an indicator for community-level social capital (Putnam, 1995a) is also common in M'Chigeeng, MoCreebec, and MCFN. Table 5.6 indicates that the majority of interviewees belonged or had a family member who belonged to some type of association or organisations. Sports are the most common way of participation in community activities. In MCFN, churches are another key source of bonding social capital. In contrast, M'Chigeeng members are more likely to be a part of a cultural group than interviewees from the other two communities. Women also tap into organized social networks more than men. This is particularly true in M'Chigeeng where the women formed the Two Bears Cultural Survival Group. According to the group's director, the Two Bears was initiated by the Indian Agent's wife, in 1937, as a home-makers' club. When she left, the women focused on what they perceived as the community's needs, including providing support to women who choose self-employment. In 1985, the group incorporated as a non-profit group, and currently has 24 members. Women in Moose Factory were also organized by the Indian Agent's wife and, in the 1970s and 1980s, the Anglican women in Moose Factory had a group with similar goals: addressing local issues, preserving craft-making traditions and supporting each other.

Table 5.6: Membership in Organizations[3]

	M'Chigeeng	MoCreebec	MCFN
Do you (or someone you know) belong to an organization (social/professional)?			
Yes	**31** *72%*	**20** *80%*	**24** *77%*
No	**12** *28%*	**5** *20%*	**7** *3%*
What kind of Organization?			
Sport (e.g. hockey, baseball)	**15** *48%*	**10** *50%*	**7** *29%*
Women	**13** *42%*	**2** *10%*	**9** *38%*
Church	**3** *10%*	**6** *30%*	**11** *46%*
Professional	**5** *16%*	**2** *10%*	**5** *21%*
Cultural	**8** *26%*	**2** *10%*	**3** *13%*
Healing	**4** *13%*		**2** *8%*
Youth	**3** *10%*	**4** *20%*	**6** *25%*
Elders	**5** *16%*	**2** *10%*	**3** *13%*
Lion's		**3** *15%*	**4** *17%*
Number of people in organizations[23]	**31**	**20**	**24**

Previous studies suggest that high participation in social groups can be a result of ethnic and linguistic homogeneity (Alesina & La Ferrara, 2000; Glaeser, 2001). Specifically, using survey data on group membership and data on U. S. localities, Alesina and La Ferrara (2000) found that, after controlling for individual characteristics, participation in social activities is significantly lower in more unequal and in more racially or ethnically fragmented localities (847). One Moose Factory interviewee seems to support such view when he explains his reasons for joining the MoCreebec organization:

> Because I happened to be born into this category of these folks that are considered to be Aboriginal, my destiny is tied into theirs.... Because we are legislated for, provided for, cut off from as a group.
>
> ID65, Male, adult

[23] Questions presented to all the interviewees

Associational life in Moose Factory is not only about a shared ethnicity and destiny, but also about a shared lifestyle:

> We're all from the island and we're all from James Bay, and we all do the same things. We all have to wait for the river to freeze, before we can drive on it; we still have to wait for it to thaw … to catch a boat.
>
> ID43, Female, adult

In remote communities, isolation also produces occasions in which community members have an opportunity to thicken their social capital, as the next section will show.

4. "Cashing in" on Social Capital

4.1. Tragedy, Celebration, and Community Projects

Strong ties provide comfort and support in difficult times in all three communities. When asked about what brings people together in their community, 20 percent of the interviewees said "tragedy" (e.g. funerals, accidents, or illness). In M'Chigeeng happy occasions like feasts and potlucks were a more common reason to come together than in the other two communities.

Interviewees viewed their participation in associations or community gatherings, however, as a source comfort and pleasure, rather than for utilitarian purposes. When I asked why people joined various groups, the most common answer (as reported by 32 percent of the interviewees) was "to keep oneself busy" and "to relieve stress." In Moose Factory there are groups of people who pool resources to save on grocery costs; the Northern Store has a monopoly on most of the goods sold on the Island and its prices are

therefore high. Consequently, some people organize once a month to buy and transport bulk foods from Cochrane.

A small proportion of interviewees (14 percent) also mentioned collective endeavours, like, "improving the community" as their main motivation for joining an association. Fundraising, which was noted by 30 percent of the respondents as a key organizational activity, (a couple of interviewees even called their community a "fundraiser's heaven"), is mostly undertaken to raise money for groups' operational costs (e.g. uniforms for the hockey team, travel expenses for the women's group); organizations that participate in community-wide activities rarely do so to raise awareness for social issues or the for development of infrastructure. They do come together, however, for community celebrations (according to 23 percent of the interviewees) or for cultural events (as reported by 17 percent of the participants). In Moose Factory, however, health issues have recently driven members of both MoCreebec and MCFN to pool resources. For example, one person reported that the Lion's club helped raise money for a dialysis machine for the local hospital, and four individuals mentioned a spring community cleanup as an activity which various organizations participate in. When I returned to Moose Factory in 2001 to share my results with the community, I was informed that some residents organized a walkathon to raise funds to bring a veterinarian to sterilize dogs, a growing nuisance and a health concern on the island. Interviewees rarely reported, however, that they rely on each other for material help in non-crisis situations; they are not likely to ask friends and family, for example, for loans for non-essential goods. Since this dissertation focuses on entrepreneurship as an economic development strategy, I was particularly interested to learn whether and how

social networks can be utilized to address business development challenges, such as access to financing, marketing, and lands.

4.2. Bonding Networks: Opportunities and Challenges to Business Development

4.2.1. Access to Financing and Capital

The first stage in realizing a business plan is accessing start-up funds. As Chapter 3 suggested, many Aboriginal people face special challenges in financing their ventures, due to legislation that bars them from using property as collateral for loans and because of a long history of economic exclusion. In Moose Factory Island and in M'Chigeeng these challenges are coupled with the absence or limited financial services. Table 5.7 describes the sources of financing used for business start-ups in MoCreebec, M'Chigeeng and MCFN.

Table 5.7: Funding Sources for Business Development[3]

	M'CH	MCFN	MoCreebec
Personal funds	**14** *64%*	**6** *35%*	**1** *14%*
Family	**3** *14%*	**2** *12%*	
Regional Community Development corporation	**6** *27%*	**5** *29%*	**2** *29%*
Band/Community	**5** *23%*	**8** *47%*	
Federal government	**5** *23%*	**5** *29%*	**6** *86%*
Provincial government	**1** *5%*		**6** *86%*
Bank	**5** *23%*	**4** *24%*	**1** *14%*
Total[24]	**22**	**17**	**7**

The findings indicate that MoCreebec's community-owned businesses are most often financed by government grants and loans. When MoCreebecers started their business ventures in the 1980s, they had very little self-generated funds or assets to pool

[24] Question presented to business persons, EDOs and leaders

together for this purpose. In their latest business venture (the Eco-Lodge), however, they allocated some of revenues from other MoCreebec ventures and could also get a bank loan based on their financial record.

Individual business owners in M'Chigeeng, on the other hand, rely mainly on their savings to start a new business. Quite a few also accessed grants from the band or from the regional Community Futures Development Corporation, Waubetek CFDC. In contrast to M'Chigeeng, MCFN entrepreneurs are more reliant on the band to help them with start-up funding. Many of M'Chigeeng's business people were previously employed outside or within the community and therefore had some savings to start a business. Participants in Moose Cree First Nation, however, did not have similar funds.

Family or friends are rarely mentioned as potential resources for business finance. Financial resources are limited for many people in the three communities (as some of the labour force data above indicated). Portes and Landolt (1996), Woolcock (1998) and Adler and Kwok (1999) are among the scholars who emphasize that it is not only social capital or the lack of it that explains the conditions of disadvantaged groups, but the available economic resources. The results from this data support such a conclusion, as they illustrate that a poor network cannot support financing.

4.2.2 Daily Business Operations

Although familial networks seldom support businesses financing, over half of the entrepreneurs participating in the study rely on family for other forms of assistance, such as watching the business while the owner is away or giving him/her advice (see Table

5.8). Friends, on the other hand, are not likely to be relied on for such help; the participation in associational life, then, does not necessarily translate into an exchange of favours in people's professional lives. The history of the extended family structure in the three communities, described later in the chapter, might explain why individuals trust and rely on their family more than on their friends.

Table 5.8: Sources of Help in Operating the Business[3]

	M'CH	MCFN	MoCreebec
Family	**10** *56%*	**8** *57%*	**2** *50%*
Friends	**2** *11%*	**1** *7%*	
Staff	**6** *33%*	**3** *21%*	
Total[25]	**18**	**14**	**4**

4.2.3 Finding and Retaining Employees: Training and Hiring

Another key input for the success of a business is a skilled, dedicated labour force. A high proportion of the businesses in all the communities are in the hospitality and other service-related sectors; these sectors are known to experiences high employee turnover not only in Aboriginal communities, but around the world (for a discussion of personnel challenges of the hospitality industry, see Michael, 1996; Rowley & Purcell, 2001). Many interviewees (approx. 40%) feel that the private sector should tap into the cultural, and eco-tourism market. Some believe that to pursue this market, individuals should be trained to become professional tour operators. Training may require lengthy absences from the community and consequently, a loss of a supportive, protecting network. In a remote place like Moose Factory, community members who choose to leave the island for education are often unable to afford the time and money to come back

[25] Question presented to business persons and EDOs

to visit. One woman described how the distance from her family and friends affected her scholarly achievements:

> I remember when I went out to school … I was so far away from my parents, and I really feel that if they had been closer, or if I had been able to be closer to them or be able to [say] "can I come home for the weekend", I think I would have done SO much better.
>
> ID96, female, adult

But even M'Chigeeng members, who can travel home more easily than Moose Factory residents, fare better if they attend school with others from their community: "If they're alone, they don't stick it. They need support from each other" (ID100, Female, Adult), explains one business woman.

Being away from family is so traumatic, that a number of interviewees, who have returned to their home community for employment, are ready to leave it again, to support their children when it is their turn to pursue higher education:

> … I've been thinking a lot about that. Even if I don't live in the same community as [my children when they] get to college at least I'd like to be closer, where if they want to come home on a weekend, or every second weekend or whenever, or when they get homesick at any time, I am closer and it's easier for us to get to each other.
>
> ID96, female, adult

Unfortunately, when educated parents leave the community to ensure that the younger generation has the support needed to succeed in higher education, they deplete the community from a much needed skilled labour force.

Social capital is essential not only for acquiring education, but also for obtaining jobs. Unlike Granovetter's (1973) findings that people find jobs through their weak ties, the finding from this study suggest that family is a key source of employees (see Table

5.9); one interview claimed that even though there is an attempt in the community to "spread out" the jobs, eventually "it's who you know ... You'd get a job if you're related or know someone" (ID6, female, youth).

The difference between this study's and Granovetter's findings are to be expected because of the scale of the community, and consequently the available employment in such a small, isolated place. Trust is also a factor in hiring kin for the jobs, since some interviewees argue that kin would look after their interests, unlike unrelated people.

Table 5.9: Business Employees (Who do you Hire?)[3]

	M'CH	MCFN	MoCreebec
Skilled people	**4** *22%*	**2** *15%*	
Family	**7** *39%*	**7** *54%*	**2** *40%*
Advertise (community channel/fliers)	**5** *28%*	**2** *15%*	**3** *60%*
No employees	**2** *11%*	**1** *8%*	
Other		**1** *8%*	
Total[26]	**18**	**13**	**5**

4.2.4 Access to Markets and Marketing Strategies

Attracting and retaining employees is a key element in attracting and retaining customers, especially in the service industry. The majority of business people, economic development officers and leaders, who were asked about customer base, said entrepreneurs catered mainly to the local and regional market (see Table 5.10). In M'Chigeeng this means that business people rely on their own band members and other Manitoulin Island residents; in Moose Factory entrepreneurs rely on the Island's residents and in the winter on people from up the coast and from Moosonee.

[26] Questions presented to business owners

Table 5.10: Markets[3]

	M'CH	MCFN	MoCreebec
Communities Served			
Local	**16** *73%*	**16** *94%*	**7** *100%*
Others communities in the region	**16** *73%*	**14** *82%*	**7** *100%*
Tourists	**7** *32%*	**2** *12%*	**2** *29%*
Total[24]	**22**	**17**	**7**

Although businesses people rely on their local networks to sustain them, the data indicates that local residents prefer shopping elsewhere (see Table 5.11): Over three quarters of M'Chigeeng interviewees and over half of MCFN interviewees reported traveling outside the community for groceries. M'Chigeeng residents can drive 12 miles to Mindemoya to shop at a large "FoodLand" supermarket. In the same amount of time, Moose Factory residents can only get as far as Moosonee, where the major store is another Northern Store. Those who do travel to Moosonee pay $10 in travel expenses, but explain that they prefer Moosonee because the produce is fresher there.

Even though quality of goods is a key factor in traveling to shop, the main reason for buying outside the community, in all three communities, is the high cost of goods at local stores. One MCFN interviewee who shops in bulk in Cochrane reported that she calculated and found that shopping on Moose Factory Island would cost her $300 more, per bulk purchase, than if she bought the same goods in Cochrane.

Table 5.11: Consumers – What, Where and Why They Shop Outside the Community?[3]

	M'Chigeeng	MCFN	MoCreebec
Goods bought elsewhere			
Groceries	**16** *76%*	**8** *57%*	**9** *50%*
Clothes	**16** *76%*	**8** *57%*	**15** *83%*
Reasons for buying Elsewhere			
Better quality/brand names	*5 24%*	**6** *43%*	**8** *4%*
Cost	**12** *57%*	**9** *64%*	**12** *67%*
Shopping location			
Moosonee	N/A	**8** *57%*	**8** *44%*
Timmins	N/A	**8** *57%*	**8** *44%*
Cochrane	N/A	**6** *43%*	**5** *28%*
Manitoulin Island (Mindemoya/Little Current)	**15** *71%*	N/A	N/A
Sudbury	**10** *48%*	**2** *14%*	**2** *11%*
North Bay	**1** *5%*	**2** *14%*	**4** *22%*
Española	**16** *76%*	N/A	N/A
Toronto		**2** *14%*	**4** *22%*
Catalogue	**3** *14%*	**2** *14%*	**3** *17%*
Total[27]	**21**	**14**	**18**

To attract more customers from within and outside the community, businesses market and advertise. As Table 5.12 shows, marketing is more common in M'Chigeeng than in the other two communities. M'Chigeeng entrepreneurs also try and reach beyond the community by advertising in the various media available on the island, such as a radio station, local newspapers and tourist maps.

Table 5.12: Marketing Strategies

	M'CH	MCFN	MoCreebec
Do Business Market?			
Yes	**17** *77%*	**9** *53%*	**3** *3%*
No	**3** *14%*	**7** *41%*	**4** *57%*
Type of Marketing[3]			
Fliers/posters	**6** *27%*	**7** *41%*	**1** *14%*
Word of mouth	**3** *14%*	**5** *29%*	**3** *43%*
Community Channel	**4** *18%*	**5** *29%*	**2** *29%*
Other media (e.g. Web/Radio/Newspaper)	**13** *59%*	**6** *35%*	**1** *14%*
Trade shows	**2** *9%*	**2** *12%*	–
Total[24]	**22**	**17**	7

[27] Question presented to community members

Since 2000 (the time when the interviews were conducted), however, all three communities have set up websites, which list and advertises their businesses (www.mchigeeng.net, www.moosecree.com, and www.creevillage.com).[28] In addition, all of M'Chigeeng's businesses have clear signs, as do MoCreebec's enterprises. MCFN establishments, however, are often hard to identify because they are unmarked. Moose Cree businesses market mainly by distributing fliers in public areas, rather than advertising in media which may be more far-reaching. It is possible that M'Chigeeng's entrepreneurs market in more varied and vigorous ways because the business community there is larger and more established. A large number of enterprises may mean more competition, which requires more advertising; businesses may watch what their competitors do and imitate them. Moreover, since advertising in local newspapers is costly, it is sometimes financially possible only for businesses that enjoy stability and growth.

In addition to the traditional methods of marketing, some businesses trust that their neighbours will spread the word about them; "the fastest way of access a market [on the Island]", one Moose Factory interviewee suggests, "is through word of mouth" (ID 55, male, adult). The data show, however, that word of mouth in a close knit community can also hinder a business (see Table 5.13).

[28] MoCreebec was the first to advertise its lodge through the internet, M'Chigeeng set up its site a few months after its legal battle with the government ensued, and Moose Cree introduced their website in the summer of 2002.

Table 5.13: Networks that Hinder Business Development

	M'Chigeeng	MCFN	MoCreebec
Can community members hinder businesses?			
Yes	**29** *67%*	**24** *77%*	**21** *84%*
No	**11** *26%*	**7** *23%*	**4** *16%*
How?[3]			
Not support/buy	**17** *40%*	**12** *39%*	**13** *52%*
Badmouth/gossip	**9** *21%*	**11** *35%*	**8** *32%*
Break in/vandalize	**7** *16%*	**6** *19%*	**3** *12%*
Can individuals from neighbouring communities hinder businesses in your community?			
Yes	**16** *37%*	**17** *55%*	**13** *52%*
No	**26** *60%*	**14** *45%*	**11** *44%*
How?[3]			
Not support/buy	**6** *14%*	**3** *10%*	**8** *32%*
Badmouth/gossip	**3** *7%*	**2** *6%*	**2** *8%*
Unfair competition	**5** *12%*	**8** *26%*	**2** *8%*
Can outsiders/non-natives hinder businesses in your community?			
Yes	**10** *23%*	**16** *52%*	**13** *52%*
No	**32** *74%*	**15** *48%*	**12** *48%*
How?[3]			
Not support/buy	**6** *14%*	**5** *16%*	**5** *20%*
Badmouth/gossip	**3** *7%*	**7** *23%*	**5** *20%*
Unfair competition	**1** *2%*	**6** *19%*	**3** *12%*
Exploit the community		**4** *13%*	**2** *8%*
Total[23]	**43**	**31**	**25**

All of the study's participants were asked about various networks and their ability to help or hinder businesses in their community. Table 5.13 shows that the majority of interviewees thought that the local community has the highest potential to be harmful to entrepreneurs. Further regional neighbours can hinder businesses as well, but not to the same extent as the close by networks do.

Rumours and boycotting of a business are often based on tensions between community groups, rather than on the service or goods it provides. When asked about the sources of such of tensions, the most common responses were "inter-family tensions,"

"disagreements about land" and "religion." Interviewees explained that although church and extended family provide community members with information, emotional support and, when possible, tangible resources like employment and money, it is these social units that also divide the community. Such tensions are especially pronounced in Moose Factory, where approximately a third of the island's residents stated that religion is a divisive factor in community relationship (as mentioned before, there are five churches in Moose Factory). Pentecostals, for example, may avoid businesses owned by Anglicans and vice-a-versa. MCFN and MoCreebec are at odds about land ownership, an issue that will be discussed in detail below. These tensions cause some MCFN members to stay away from MoCreebec businesses and vice-a-versa. The island is situated on a very small parcel of land (two by three miles) and since nearly all businesses on it rely on the entire island population for their livelihood, animosity between the two communities can translate into economic slowdown, as tensions turn into loss of clients.

Finally, a number of interviewees felt that rumours are often a result of resentment towards successful entrepreneurs. "It's unfortunate", lamented one Moose Factory resident that "[there is] jealousy towards the more successful people within the community, both business people and [those] with high academic achievements" (ID55, male, adult). In Moose Factory, at least five individuals asked me if I was familiar with the "crab theory" (see the epigram to this chapter). The RCAP (1996c) suggests that the hostility toward achievement and individual effort is often misinterpreted, particularly by outsiders, as a product of Aboriginal emphasis on the collective and the community, when in fact, it is part of the experience of despair, loss and low self-esteem (p. 886).

4.2.5 Community Approach to Economic Development: Values and Attitudes

But even if resentment of business people is not a product of tensions between conflicting attitudes, disagreements about values that should guide the community in its economic development efforts are a challenge to leaders and entrepreneurs. Since many people still practice occasional hunting and fishing in Moose Factory, for example, there is often opposition to business ventures that could interfere with these pursuits:

> The local people strongly talk against forestry, especially against clear cutting and all that. Another thing they really spoke against is when snowmobile trails were proposed into the area. There was strong opposition from the trappers. Anything, I guess, that does a bit of damage to the land. You have to be very careful with that when you propose to establish a business that involves the use of land and that there might be even a minor disruption to the land. There will be a strong opposition to that.
>
> (ID55, male, adult)

In M'Chigeeng, community members opposed the building of a marina for similar reasons: "there's a lot of people here that [say]: hey that's going to pollute out water, our fish, our way of life, there are a lot of reasons why they don't want a marina here" (ID12, male, Elder). The same Elder, also describes his feelings about opening the community to cultural tourism: "you cannot sell something like culture … it should never be for sale…because you're going to destroy something, you're going to destroy the red people;" he is also aware, however, of the multiple viewpoints in the community, and the need to negotiate between them:

> We're going to sit together and say, well, all right, during that time that we said we will only be the people that lived off the land, there are a lot of things that happened since then. You know what I mean? We're in the computer age here! And our own people went to school and they are very smart people, and they want the things that are out there.

While quite a few interviewees spoke of a need to seek balance between world views, others expressed a growing frustration with the preservationists' views:

> They're always crying: 'native rights, native lands', they're always saying, you know, 'we're the caretakers of the land', and they don't want to give up any of their resources...they say 'oh, it's going to scare the wildlife' ... Skidoos and all that. And still it's a business, they want to preserve everything, and they're the ones who throw their garbage up the river.
>
> (ID95, male, adult)

MoCreebec's Eco-Lodge is an attempt to bridge the two value systems, by developing a business which is, MoCreebecers believe, a reflection of their Cree values: the Lodge offers activities that minimise the impact on the land such as nature tours, cross country skiing, river tours, kayaking, canoeing and cultural tours. The Lodge is also designed with environmental features such as triple glazed windows, high-efficiency boilers, and was fitted for future solar, wind or distributed energy resources. The building was also constructed with materials such as natural wood, low emission paints, and organic wool carpeting.

But even this enterprise, which was designed to take into consideration the locals' world views, generated criticism and opposition. Some MoCreebecers feel that the building, which includes a restaurant, is too fancy and unwelcoming to the locals. Moreover, some MCFN members expressed anger, arguing that the Eco-Lodge is built on their traditional lands, encroaching on their territory.

4.2.6 Access to Land and Natural Resources

Land is crucial to the development of businesses not only in Moose Factory, but also in M'Chigeeng. The band has limited space for commercial use and residents who wish to start a business need to do it on their own land. A number of interviewees claimed, however, that three or four families own most of the land, since they bought it from others who were strapped for money. This, of course, causes tensions between members who have land and those who do not, especially when the younger generations of those who sold their land do not have property to build neither a home nor a business.

Moose Cree Members do not own land individually, and the land shortage for housing and commercial development is acute. Land ownership on Moose Factory Island is also a key source of tension, according to over half of MoCreebec's members and one in four Moose Cree interviewees. Some MCFN members argue that MoCreebecers live on MCFN traditional hunting grounds; they express a great deal of anger about their neighbours and their ventures:

> They made their own group without Moose Crees.... just going ahead and establishing themselves, without consultation. They are on our traditional territories. You should hear what some of the Elders are saying: 'they should go home! They shouldn't be doing that! That's good enough we took care of them when their grandfathers were starving in the bush. That's good enough we invited them.' ...[And] we have that right to use our resources on our traditional territory, first crack! First crack to use our traditional territory, and as I see it, they talk about Two-Bays (a non-Native company in Moosonee, Y.L) hogging all the tourists? The same thing is happening down here.
>
> (ID60, male, adult)

Some Elders expressed similar feelings in the interviews, but younger interviewees argue that the older generations are more resentful towards MoCreebec than the younger ones.

MoCreebec members contend that they live on provincial, not reserve lands. Since members of both communities intermarried and have hunted in the area for decades, they argue, they, too, have rights to the land. To add to the complexity, some individuals who migrated from Quebec prior to the permanent move to the reserve (in the 1950s), or married into local families, became Moose Cree First Nation members. Consequently, there are extended families in which some members of the family are MoCreebecers while others are MCFN members. The Moose Factory story illustrates how familial bonding relationships were cut as a result of the creation of the reserve. Members of the same family who now belong to two different communities are at odds over land.

4.2.7 Bonding Networks and Business Development – A Summary

The discussion above indicates that in M'Chigeeng, MCFN, and MoCreebec, bonding networks are both an asset and a liability to business development. Although members of these networks often cannot help with business finance, they can help entrepreneurs with the daily operations of their enterprise. Family businesses can also become a source of employment for other members of the network. Thick, strong ties are also a marketing tool, where the news about a new business or a new product is spread by word of mouth among network members.

Family and other close relationships may also undermine marketing efforts. The discussion above highlighted that the same networks that are celebrated as generating solidarity, support and resources, also generate conflict. In the next section I look more

closely at the role of government in transforming social networks and how these transformations triggered tensions.

5. Public Policy and Bonding Relationships

Moose Factory provides an opportunity to explore how key public policy decisions transformed and interfered with bonding relationships. Consequently, this section focuses on the history of family and community networks on the island before and after the introduction of reserves.

5.1 *The Reserve – A Community of Communities*

There were no permanent Cree communities before the European fur trade and most Cree groups led a semi-nomadic lifestyle, with the entire band meeting and living as a group for only the brief summer months (Ferrara, 1998). An Elder Moose Factory woman (ID80) describes her life before moving onto the reserve: "when I was a child, I lived off the land. I never was near anybody. Just my sisters, my father, my mother." The core family, however, was not insular from its extended kin; there was a need in "that good hunter to lead your family ... because you knew that he knows where to go and he'll give everybody a spot in the land (ID43, female, adult). The Island of Moose Factory "wasn't nobody's area specifically … We were on the land in the winter and then … in the summer time we'd come [up here] and camp" (ID43, female, adult).

Evidence from other Aboriginal communities in Canada and in Australia points to similar lifestyles.[29] Shkilnyk (1985), and Erikson (1994), for example, report that the Ojibwa of Grassy Narrows in north-western Ontario followed the same pattern of community living, of seasonal trapping and a summer spent on what is today the reserve. Shkilnyk observes that the traditional lifestyle of the Ojibwa consisted of loosely knit social units with no voluntary associations, and no institutions that demanded a high degree of cooperation (p. 94). Similarly, in Moose Factory social gatherings were for times of leisure, in the hunting off-season, not for organizing politically.

In 1905, when Treaty # 9 was signed, the Indian Agent, a representative of the Department of Indian Affairs, decided who would be included in the Treaty, and left out most of the Quebec migrants. Until the 1950s, the creation of reserve boundaries had no real impact on the people of the area, as they maintained their traditional lifestyle, living off the land most of the year, and meeting only in the summer. When the bands shifted to a sedentary lifestyle in the 1950s, both the Treaty signatories and the Quebec migrants turned the island into their permanent home.

5.2. Change and Social Upheaval

The shift to a permanent settlement resulted in a number of changes in relationships, all of which affected the ability of community members to function effectively in the new setting. First, in the traditional society, families and clans were the principal avenue for political representation. The decision-making forum might have been a circle of Elders assigning hunting grounds, or a formal Chiefs' council to decide

[29] For similar accounts see Erikson, 1994; Ferrara, 1998; Gagnè, 1998; Hunter, 1993b; Royal Commission on Aboriginal Peoples, 1996d; Salisbury, 1986; Shkilnyk, 1985; York, 1990.

on the First Nation's business (RCAP, 1996d: 17); Elders became leaders by earning the respect of their clan based on their expertise as skilled hunters. In contrast, the new communities included unfamiliar governance institutions, where family and hunting skills were not supposed to be a factor in the choice of a leader. McKay (1999) suggests that since many people remained loyal to their extended family or clan, the imposed election structures created tensions between clans and among family members who competed for management and governing positions (p. 7). Describing the Australian experience, Hunter (1993b) reports a similar process in which the congregation of small groups into a community was done with no regard for the importance of kin, but only for the needs of the Australian Department of Aboriginal affairs (p. 260). Family loyalties, the finding from my research shows, also affect access to local markets.

Second, in addition to the governing institutions being foreign, the decision-making process in the new community required levels of participation and interactions which were unfamiliar and uncomfortable to many:

> We called meetings, scheduled meetings. We even had potluck feast, prior to the meeting. ... We sent out newsletters. We even had door-to-door visitations. ...And still it just falls short. ... But I don't blame them because, like I said, it wasn't necessarily part of the culture to call group meetings, you know what I mean? For purposes of talking about things. ...There wasn't a situation that you were trying to get an input from somebody or even for them to decide about something. ... Sometime I feel that that's what people fear about meetings.... they feel awkward about it. If it was strictly a social function, the older people would be just happy with that. And come out every time.
>
> (ID88, male, adult)

Third, as was mentioned before, some interviewees reported that tensions in the community are based on jealousy between the "haves" and "have-nots." Shkilnyk (1985) confirms that prior to settling in permanent communities, Aboriginal families in the north had equal access to resources (p. 101). Once reserves were allocated, the government

took control of most of the natural resources and administered them through Chief and Council, setting in motion the conditions for the emergence of a class society. Some were faster to adapt to the new conditions (e.g. M'Chigeeng families which acquired lands from other families), while others did not. Those who were quick to adapt enjoy more economic and social stability than those who did not.

Fourth, as the example above shows, life in a permanent community requires business and social skills that are different from those needed to survive in a nomadic, hunting society:

> My parents couldn't help me. … Because this [was] a totally new thing, a foreign thing to them. The things that they knew, the things that they were good at, and that they were experts at doing, that kind of knowledge and information that they could have transferred to me… if I would have maintained that way of life, I would have done o.k. But the change occurred.
>
> (ID88, male, adult)

In the traditional lifestyle, the survival of individuals hinged on the transmission of skills appropriate to hunting and living under harsh climate conditions. Moreover, because the traditional society had very few public institutions and no formal associations, "the family unit was the individual's primary source of identity and support" (Shkilnyk, 1985: 79); this explains the great loyalty to the family unit to this day. Government policies, aimed at providing community members with skills to live in a permanent reserve, however, dismissed traditional knowledge, although Moose Factory's isolation has helped maintain the respect for this lifestyle and tradition.

Fifth, in Moose Factory, the shift to a permanent reserve was partly a result of the depletion of wildlife to harvest and the decreased demand for furs. Consequently, there was a need in creating alternative employment, which as Chapter 3 and the discussion above suggest, requires a land base. The move to the small island created a fierce

competition for the scarce land available, which translated into tensions between the social groups that moved to the island. The tensions, however, are not among strangers, since extended families live in both MoCreebec and MCFN. Some members of the two communities delineate a clear physical boundary between the reserve area and the provincial land; a number of MoCreebec members also indicated that they dislike going "up there," to the reserve. Interestingly, there is no marker (fence, sign) that identifies the border between the reserve and the rest of the island, but interviewees clearly point at it. The border, delineated by the Indian Agent, formed artificial boundaries that not only broke off familial networks, but also created new alliances and tensions between network members who had previously depended on each other for survival.[30]

Finally, the shift to the community and the changes that followed it was disorienting, at best and devastating at worst, for many community members:

> Our parents gradually came to the community setting, which they really knew nothing about... They didn't understand that. They couldn't. They couldn't know how to respond it.
>
> (ID88, male, adult)

Beyond the tensions produced by the creation of the reserve, the great social upheaval that followed this change and the need to adjust to it has been a distressing experience to many families participating in this project. A number of interviewees explained that

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[30] There is a third group on the Moose Factory Island whose eligibility to be part of the reserve was affected by government policy. Until 1985, women who married non-Aboriginal men were stripped of their Indian Status and the social benefits associated with it, including being eligible for on-reserve social programs (such as housing). In 1985, Bill C-31 reinstated the Indian Status of these women, but allowed bands to restrict eligibility for some of the rights and benefits that used to be automatic with status (RCAP, 1996e). In Moose Factory the implication of this legislation is that since housing is in such demand, Bill C-31 members cannot access on-reserve housing. Being unable to live on-reserve also excluded these people from sending their children to the school on-reserve; the children have to travel to Moosonee for their education, which is more costly and cumbersome.

starting a business, or participating in the community's decision-making process is impossible when the suffering is so acute:

> So when you speak to the man who excessively drinks, or when you speak to the woman who her main concern is just her safety, you know, obviously, they are not going to care one way or another what kind of businesses grow or diminish.
>
> (ID43, female, adult)

One person who recovered from the social disruption in her life explained that in the past, she could not get involved because she "didn't feel worthy" to be part of the community (ID91, female, adult). Another person also tied his previous self-destructive behaviour to low self esteem, but connected it to the tensions between the two communities on Moose Factory Island as well:

> This whole area at one time used to be tents, and we were looked down upon and called names, and this doesn't really help when you're already putting your own self down.
>
> (ID93, male, adult)

The magnitude of the effects of these experiences are best described when he reflects about the past:

> When you're in too much pain most of the time you just think about yourself. You got no time to think about other people. You got no time to think about the future. And you got despair and no hope.
>
> (ID93, male, adult)

The story of these interviewees, however, is not a story of hopelessness; both of them have a strong sense of achievement, not only because they rebuilt their lives, but because they are part of their communities' endeavours. In fact, they tie their recovery to the community's leadership and direction: "I call them the external circle, you know,

people that helped keep me informed of what was happening" (ID43, female, adult); the other interviewee expresses enthusiasm about the community's endeavours:

> I think it's kind of a pretty exciting time right now. Because of the way the leadership directs their projects, you know, the Lodge, the bakery, stuff like that. … I think it's exciting [to be part of it]. … They got to do it on their own, kind of like, to survive, and that's what I like the most about it.
>
> (ID93, adult, male)

6. Summary and Conclusion

M'Chigeeng, MoCreebec and Moose Cree First Nation tell a story of a community building process. In this story I focused on entrepreneurship as a factor in this process. Business development depends on access to capital, land, skilled employees and markets. The communities in this study have different degrees of access to these elements, but it is impossible to draw a direct link between access to land or capital and business success. For example, one could argue that the private sector in M'Chigeeng is larger and more established because the available land for development on the reserve is larger than in the other two communities. On the other hand, MoCreebec, with very little land available to it, made great progress in the development of its private sector. In addition, access to government funds per se does not provide the key to a successful private sector; the funds have to be allocated specifically for economic development. But even strong support for entrepreneurship from the local band government, such as the one in MCFN, does not directly correlate with a larger and more established business sector. Finally, MCFN differs in its business development models, (collective vs. individual models), its businesses' survival rates, and the public investment in its enterprises. But they also share Cree traditions, life on an isolated island, and a history of recent

settlement as well as a similar labour force and markets, which hints that the explanations for the difference are more complex.

The case studies indicate, then, that while access to capital, resources and markets is important, there must be additional factors that help or hinder entrepreneurship. Social capital, which has been celebrated as a key mediating factor in understanding economic development, is introduced in this project to better understand Aboriginal business development. This chapter examined ways in which social networks are utilized to overcome challenges to economic development in Aboriginal communities.

The chapter focused on bonding relationships (family and neighbours), since they are considered by some to be the building blocks for relationships with broader networks of people. The findings illustrated how strong ties are useful in the daily operation of a business, as a marketing tool (spreading the word about a new place), and as a support group for individuals who are looking to upgrade their skills to meet the challenges of entrepreneurship.

The data also indicate, however, how networks can also exacerbate some of these challenges or undermine the process of business development: tensions between network members, for example, can reduce the size of an available market, when businesses are boycotted solely on the basis of loyalty to a group or family. Tensions among community members may also revolve around the direction that economic development is taking. These findings support the literature on the downsides of social capital (Adler & Kwok, 1999; Collier, 1998; Portes, 1998; Portes & Landolt, 1996, 2000) showing not only that one's strong ties are not always a source of comfort and advantage, but that they can also become a liability.

Moose Factory provided an opportunity to glimpse into the history of the creation of these tensions and the role of key public policy decisions in their creation. The island's story suggests that major transformations in a community's structure and lifestyle have consequences that are challenging, if not paralysing to its members. The transition to a new lifestyle might have been smoother, however, if instead of undermining previous social networks, policy makers would have considered building on them in the new community planning process. For example, eligibility to sign Treaty #9 could have been inclusive, based on kinship groups, rather than exclusive, based on provincial affiliation. Allowing kin to be included in the community could have allowed people to rely on familiar networks and eliminated the tensions created by the new alliances. The disregard to previous relationships created social disruption that was debilitating to a large number of people who could not participate in the new community's social and economic life.

Moreover, contrary to Alesina and La Ferrara (2000) and Glaeser's (2001) data, the findings here suggest that ethnic homogeneity of a community does not necessarily produce trust or shared values among its residents, nor does it create an "organizationally coherent" community, which fosters reciprocity and cooperation among its members (Schafft & Brown, 2000). In M'Chigeeng there are tensions among families over land ownership; in Moose Factory, members of the same family are at odds with each other based on their community affiliation, and in all three communities some members are jealous of each other's material resources. These findings provide additional evidence that being part of a close-knit network "does not guarantee progressive outcomes and may in fact perpetuate existing social hierarchies" (Rankin, 2002: 18).

Although ethnicity and membership in solidarity groups do not guarantee pooling of resources, there are other sources of solidarity which do provide collective strength. For example, the MoCreebec example shows how a shared history of economic exclusion can be turned into trust and cooperation. The following chapter will also examine how the three communities have forged alliances (i.e. bridging and linking relationship) that help them overcome some of the key challenges to business development, including those associated with social capital.

CHAPTER 6: BRIDGING AND LINKING – OVERCOMING BOUNDARIES

1. INTRODUCTION

The previous chapter suggested that dense bonding networks are a mixed blessing for Aboriginal economic development. Furthermore, it seems clear that public policies undermined some of these networks, which until a few decades ago were crucial to the survival of their members, and so transformed them that they became a potential impediment to economic development and particularly to entrepreneurship. Government policies, however, are not necessarily a destructive force in network dynamics; they can also play a constructive role in building cross-cutting ties between communities and between individuals within communities.

In this chapter I explore such cross-cutting ties (i.e. the bridging and linking social capital) in the communities participating in this project. First, I look at the extent to which organizations and their members are connected to social groups outside their community, and the possible resources available from such external relationships. Next, attention is turned once again to government policies to understand their role in helping communities to forge bridging relationships, which are necessary for accessing capital, information and skills beyond those available to individuals within their own community. Third, relationships with higher levels of government are crucial to communities' well being as they link local governments and local organizations with networks of political and financial power (linking social capital). Consequently, I analyze the communities' linking ties, looking at whether entrepreneurs, EDOs and leaders enter into a dialogue with representatives from higher levels of government to seek information about various funding programs and to provide feedback about policies. The perceived usefulness of

various government programs is also examined. Finally, I explore the role of local leaders and administrators in forging relationships outside the community to understand how local networks of power connect individuals in the communities with similar networks elsewhere.

2. Reaching Beyond the Local Bonding Networks: Inter-organizational Links and Formal Aboriginal Associations

2.1 Informal Links with External Organizations

Previous research (reviewed in Chapter 2), concluded that weak ties or bridging networks are crucial to communities' well-being because they help connect people with various backgrounds (Narayan, 1999: 13), and expand individuals' and communities' ability to tap into a larger pool of material and informational resources. To learn about bridges between local and external groups, I asked interviewees who belong to a social group to describe the circumstances under which their organization connected with other groups and the location of these organizations. Table 6.1 indicates that M'Chigeeng members have more extra-local organizational links, but that these links are mainly with regional partners (on Manitoulin Island). MoCreebec and MCFN are also quite connected, but their ties stretch further to the rest of the province. MoCreebecers also have the highest proportion of links with national organizations. MCFN 's and MoCreebec's fewer links with organizations in nearby communities can be largely explained by Moose Factory's physical isolation from its neighbours. While M'Chigeeng members can drive to partners on Manitoulin Island, interviewees from MoCreebec and MCFN must fly to meet with partners up the James Bay coast. In the winter, the temporary ice road makes travel across the James Bay region more feasible; in the rest of

the year, however, traveling south by train may be cheaper than traveling to the closer communities.

Table 6.1: Links with Organizations Outside the Community

	M'Chigeeng	MoCreebec	MCFN
Are there links with organizations outside the community			
No	**3** *12%*	**5** *25%*	**7** *32%*
Yes	**22** *88%*	**15** *75%*	**15** *68%*
Type of links with organizations outside community[1]			
Tournaments	**10** *40%*	**3** *15%*	**10** *45%*
Similar interests	**15** *60%*	**11** *55%*	**7** *32%*
Business/cultural	**2** *8%*	**2** *10%*	
Locations of co-operative organizations			
Regional	**8** 32%	**1** *5%*	**3** *14%*
Ontario	**5** *20%*	**8** *40%*	**9** *41%*
Canada	**1** 4%	**4** *20%*	**3** *14%*
Total[2]	**25**	**20**	**22**

Almost four decades ago, Hawthorn et al. (1966) made similar observations about inter-organizational links with outside communities and Aboriginal economic development:

> There appears to be a positive correlation between economic development of Indians and their participation in organized activities outside of the reserves. At the one extreme are the isolated and depressed bands, which are precluded from such participation by their very location ... among the more depressed bands in closer physical proximity to White communities, social isolation seems to go hand-in-hand with underemployment and dependency. At the other end of the pole, among the more highly developed bands are those with a large proportion of members engaged continuously in organized White activities.
>
> (Hawthorn et al., 1966: 125)

The focus of Hawthorn et al., however, was Eurocentric, assigning value only to ties with non-Aboriginal partners. Today, the value of ethnic networks for economic development

[1] The categories below are not mutually exclusively (some individuals mentioned more than one) and therefore the percentages do not sum up to 100%.
[2] Questions presented to all interviewees

is well-documented (Li, 1998; Light & Bonacich, 1988; Light & Karageorgis, 1994) and consequently its prevalence and value is also the focus of this study.

Links with external organizations in M'Chigeeng and MoCreebec are mostly based on shared interests (see Table 6.1). A number of MoCreebec interviewees reported, for example, that community members participated in various conferences in which they had the opportunity to share information about common issues they face. Among these conferences are the Indigenous Environmental Network (IEN) conference, an educational conference on stabilizing indigenous languages, and a dispute resolution conference. One interviewee explained that attendance in such conferences not only exposed him and his peers to perspectives of other indigenous nations on these issues, but also provided a place to share experiences: "At least we know there are people out there" (ID89, male, adult). In MCFN, on the other hand, the most common inter-organizational activities are sports tournaments, which indicates that community members link with other individuals outside the community mainly for leisure purposes.

2.2 Formal Aboriginal Organizations

2.2.1 *Tribal Councils*

Although MCFN seems to have fewer informal political and economic links to other organizations, it belongs to a formal political organization, the Mushkegowuk Tribal Council. The Tribal Council is located in Moose Factory Island, but its staff and leadership represent six other Cree communities in north eastern Ontario (see Figure 5.4); The Mushkegowuk communities are quite dispersed and isolated from each other, however: three are located up the James Bay coast (Attawapiskat FN, Albany FN, and

Kashechewan FN), and have limited accessibility to Moose Factory (see Chapter 5 for details); one of the communities, Taykwa Tagamou FN (formerly New Post FN), is located approximately 20 kilometres west of Cochrane, and two reserves (Missanabie FN and Chapleau Cree FN) are located just east of Lake Superior, and are about a four hour drive from Cochrane. The Mushkegowuk Tribal Council received approximately $2.5 million from the federal government (DIAND and the Department of Health) in 2000-2001 (Department of Finance Canada, 2002) and provides economic programming to its communities, such as employment and training services. The organization also litigates on behalf of it members. One example of such successful litigation was in 2000, when the Mushkegowuk Tribal Council asked the Ontario Court of Appeal to grant the seven communities a declaration that the provincial government requires the bands' consent to implement its Workfare program on reserves.

Similarly to MCFN, M'Chigeeng is also a member of a regional Tribal Council, The United Chiefs and Council of Manitoulin Island (UCCM). UCCM's office is located in M'Chigeeng and its staff and leadership represent the regional interests of the six Ojibwa communities on the Island: M'Chigeeng FN, the Ojibways of Sucker Creek, Sheguiandah FN, Sheshegwaning FN, White Fish River FN, and Zhiibaahaasing FN (see Figure 4.1). These communities are not as dispersed as the Mushkegowuk Council communities are; they are located within an hour to an hour and a half driving distance from each other. In 2000-2001, UCCM received about $880,000 from DIAND and a little over $1,000,000 from Canada's Solicitor General for the operation of its police force, the UCCM Police Service Commission. The UCCM communities also share the Ojibway

Cultural Foundation and in 2000-2001 received about $300,000 for the Foundation's operations from Industry Canada and DIAND.

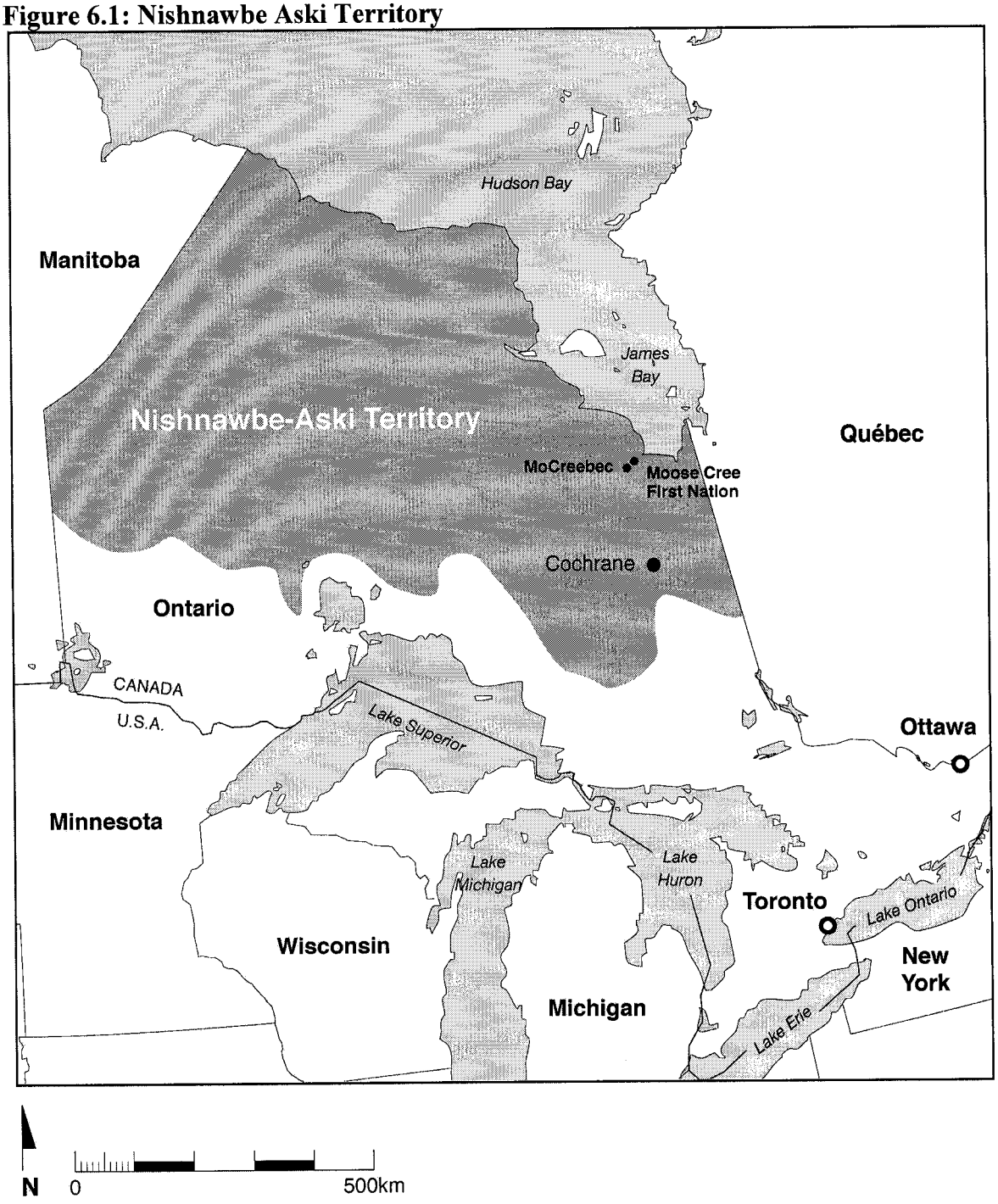
M'Chigeeng reports that UCCM is also a source of support for its current legal battle with DIAND. A press release explains that the show of support is a result "of long established familial and political ties" (M'Chigeeng First Nation, 2002). M'Chigeeng members relate this support to a long history of political solidarity among the Aboriginal communities on Manitoulin Island. A petition signed by the traditional Chiefs of Manitoulin Island in 1862 to protest "the manner in which the local superintendent of Indian Affairs was 'making chiefs' by awarding 'unfit men' Chiefs' medals" (M'Chigeeng First Nation, 2002) is brought as evidence of this long history.

In addition to lending political support, and providing legal aid to their member communities, Tribal Councils are also important players in the Aboriginal-provincial relationship, since the various social programs delivered by the council are mostly under provincial jurisdiction (Cameron, Wherrett, & Brascoupe, 1995, chapter 3). Moreover, Cameron et al. report that the Councils not only connect the communities to the province, thereby linking them to networks of power, but also act as a liaison between the First Nations and larger regional and national Aboriginal organizations which advocate on their behalf (described below); as such, Tribal Councils ensure that the larger Aboriginal organizations are informed of the political, social, cultural and economic aspirations of the First Nations they represent.

2.2.2 *Regional Aboriginal Organizations*

Although most communities in Ontario belong to a Tribal Council there are about ten that are independent, and MoCreebec is among them. MoCreebec was a member of the Mushkegowuk Tribal Council from 1986, but in 1993, as a result of its tensions with MCFN, it was removed from the organization. MoCreebec is a member, however, of the larger regional Native organization in the area, the Nishnawbe Aski Nation (NAN); NAN was established in 1973 to represent the political, social, and economic interests of the 49 Cree and Ojibwa First Nations in Northern Ontario which are signatories to Treaty #9 or Treaty #5 (Nishnawbe Aski Nation, 2002; see Figure 6.1). This organization receives funding from the federal and provincial governments for various social and economic programs; in 2000-2001 the total transfers amounted to ca. $24.5 million (Department of Finance Canada, 2002). The Department of Indian Affairs contributes the majority of NAN's funding but the federal Departments of Health, Industry and Justice and the Ontario Ministry for Community and Social Services also support the organization. The organization's activities include programs such as housing, education, land rights and Treaty research, human resources, and health. NAN also has its own police force, which serves its communities, including Moose Factory. NAN's member communities, many of which are fly-in communities, are dispersed all over Ontario's north (see Figure 6.1); its headquarters are located in Thunder Bay, in northwestern Ontario. For Moose Factory residents this means a day's trip (six hours on the train and nine hours drive from Cochrane). In 1987 MoCreebec was invited to join the organization, even though it is not a signatory to either Treaty #9 or Treaty #5. As signatories of Treaty #9, MCFN members belong to NAN as well.

Figure 6.1: Nishnawbe Aski Territory



Map design: Richard Maaranen; Zack Taylor

M'Chigeeng also belongs to a larger regional organization, The Anishinabek Nation (formerly the Union of Ontario Indians [UOI]). According to Cameron et al.

(1995, Chapter 3), Anishinabek Nation is the oldest Aboriginal political organization in Ontario, dating back to the mid-1800s. The organization represents the political interests of 43 First Nations[3] across central and mid Northern Ontario (see Figure 6.2) and receives funding from the federal and provincial governments; in 2000-2001 government transfers totaled about $14.2 million (Department of Finance Canada, 2002).

Unlike NAN, Anishinabek Nation focuses on advocating for political issues and self governance (Cameron et al., 1995, Chapter 3), and directs less attention to other programs such as housing, employment etc. In November 2001, however, the organization did establish a financial subsidiary – the Anishinabek Nation Credit Union (ANCU); this institution is owned and controlled by its members, and is aimed at helping communities overcome financing challenges. The Anishinabek Nation membership is one of the largest in Ontario, representing approximately 30% of the total First Nation population in Ontario and 7% of the total First Nation population in Canada (Anishinabek Nation, 2002).

Finally, all three communities are also members of the Chiefs of Ontario (COO) organization, which represents Ontario's 134 Aboriginal Communities. Cameron et al. (1995, Chapter 3) explain that the COO functions as a coordinating office for regional organizations such as NAN and Anishinabek Nation; the COO's Chief also represents the member First Nations at the Assembly of First Nations (AFN), the national organization representing Aboriginal peoples in Canada. COO is funded by DIAND, and by Ontario's Native Affairs Secretariat, as well as by other federal departments such as HRDC (in 2000-2001 COO's funding totalled $3.5 million).

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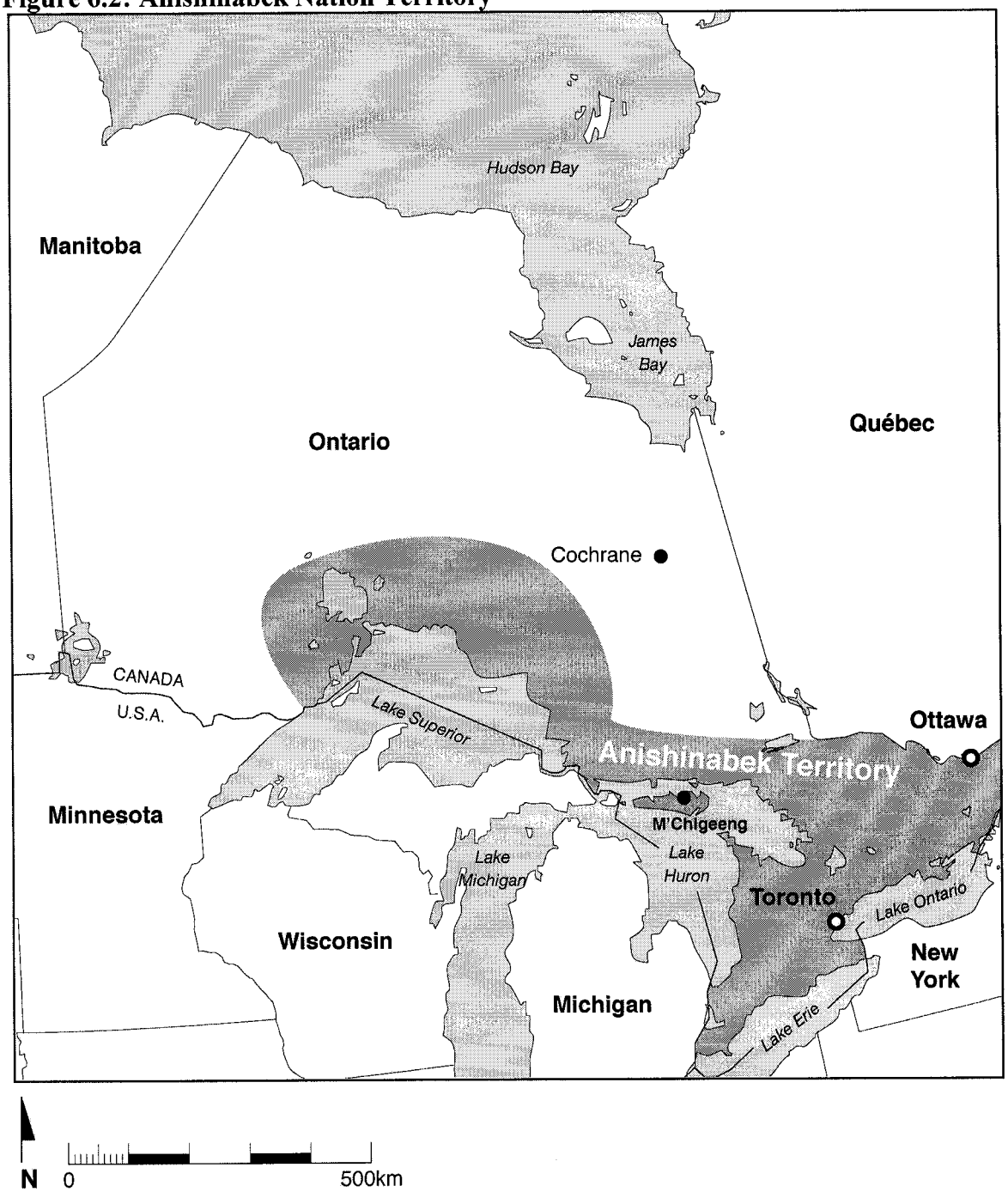
[3] Groups represented within this organization include Odawa, Ojibway, Pottawatomi, Delaware, Chippewa, Algonquin and Mississauga (Anishinabek Nation, 2002).

Figure 6.2: Anishinabek Nation Territory



Map design: Richard Maaranen; Zack Taylor

The above description suggests that the three communities are plugged into various bridging and linking networks that help them tap into federal and provincial funding and information resources. The federal and provincial governments also support the administration of these networks. Cameron et al. (1995) argue, however, that the political and service organizations which First Nations belong to often have overlapping, competing mandates. Consequently,

> significant conflicts exist within the Aboriginal community over representation and the legitimacy of organizations, which in turn affects relations with the provincial government. Both Aboriginal and government representatives interviewed spoke about some of these difficulties. There is concern at some levels of the Aboriginal community about the representation and accountability of political organizations. At the same time, the provincial government faces the difficulty of knowing with whom to negotiate, given the overlapping mandate of political organizations and questions raised about representation.
>
> (Cameron et al., 1995, Chapter 3)

Cameron et al.'s analysis[4] suggests that, as with bonding relationships, too many bridging networks can also be problematic, as it can take too high a toll to coordinate and maintain these ties. Inter-organizational conflicts were not brought up in interviews in M'Chigeeng, MoCreebec, or MCFN, however.

The relative success of the private sector in M'Chigeeng and MoCreebec can be partially attributed to the organizations to which they belong. The Tribal and Regional organizations that the communities belong to differ along a number of dimensions, such as programming focus or accessibility to members. For example, M'Chigeeng belongs to a Tribal Council whose members are located in relative proximity to each other. Presumably, such accessibility encourages more face-to-face meetings, which fosters

[4] Cameron et al.'s study was part of the research program for the RCAP. The information for their conclusions was drawn from approximately 40 interviews with Aboriginal representatives and Ontario public servants and elected officials, and from a review of available literature, government documents and other written material.

trust and exchange of ideas and information between communities. M'Chigeeng also belongs to the oldest regional organizations in the province, and consequently has a longer experience with organizing and advocacy. In contrast, MCFN belongs to a Tribal Council and a regional organization whose members are not only dispersed, but are also located in remote, isolated communities. Such dispersion and isolation may result in fewer personal meetings among members and leaders than for UCCM and Anishinabek Nation communities.

Interestingly, the activities of Anishinabek Nation and UCCM focus mostly on political issues (e.g. advocacy for self-government and Aboriginal rights), rather than economic ones. NAN, on the other hand, provides a wider variety of programming and has even established a subsidiary organization to address economic and business development issues, the Nishnawbe Aski Development Fund (NADF), located in Thunder Bay, in northwestern Ontario. NADF offers a number of programs:[5] (1) The Aboriginal Business Service Network initiative which supports a walk-in resource centre that provides internet access, library phone, fax and e-mail services, and runs workshops and information sessions. This centre is most accessible, of course, to clients who live in Thunder Bay; (2) a Loan Fund, which offers loans to NAN members (maximum loan is $250,000 for adults and $15,000 for youth); (3) Aboriginal Buying Circle, which negotiates with suppliers on behalf of NAN businesses to lower products and services prices; (4) Neegani Investment Management, which provides investment banking and business advisory services for businesses and development corporations which are involved in larger scale projects that require financing in excess of $500,000, and (5) economic and business development services such as information workshops for EDOs,

[5] The program information below is provided by the Nishnawbe Aski Development Fund (2002).

investment support, promoting community-based loan mechanisms, assisting clients with preparation of financial records business plans. Most of the above programs are financially supported by the Federal Economic Development Initiative for Northern Ontario (FedNor), launched by Industry Canada in 1987.

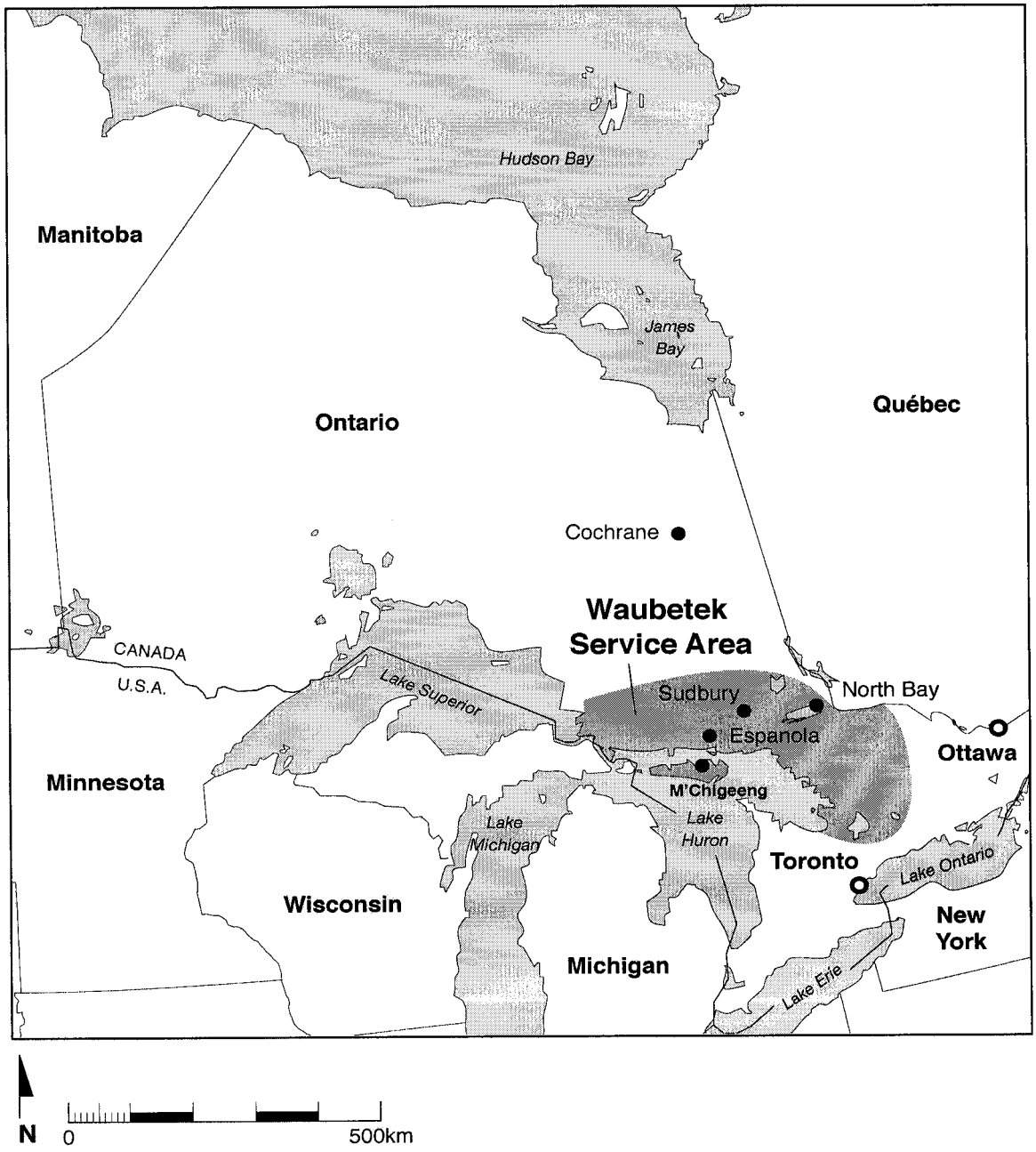
2.2.3 *Community Futures Development Corporations (CFDC)*

Even though M'Chigeeng belongs to regional organizations which are not as focused on economic development as their counterparts to the north, much of its economic success can be attributed to the Community Futures Development Corporation to which it belongs, Waubetek. FedNor is responsible for financing CFDCs in Ontario's north which were established to "assist northern and rural communities to strengthen and diversify their local economies" (FedNor, 2002). Waubetek is located about 40 kilometres north of M'Chigeeng, on Birch Island. The organization was formed in 1988 as the Waubetek Development Group by the six UCCM communities (Canadian Labour Market and Productivity Centre, 1998). In 1990 it incorporated and since then its service area has expanded (see Figure 6.3) to serve 20 additional First Nation Communities and off-reserve Aboriginal entrepreneurs (Waubetek Business Development Corporation, 2002). Similarly to NADF, Waubetek administers commercial loans, and provides information, training and business counselling to support individuals and communities who wish to start or expand a business.

According to the Canadian Labour Market and Productivity Centre (CLMPC;1998), Waubetek has an excellent track record in terms of loan losses, with losses amounting to only 0.3% of its cumulative loans. The CLMPC also reports that as a

result of this low default rate Waubetek is perceived as a model for Aboriginal CFDCs. Waubetek's management attributes its good record to the strict proposal review process and to the close formal and informal relationships the Corporation's staff keep with clients (CLMPC, 1998).

Figure 6.3: Waubetek CFDC Service Area



Map design: Richard Maaranen; Zack Taylor

Moose Cree First Nation and MoCreebec are also served by a CFDC, Wakenagun, located on Moose Factory Island. The organization started as the Mushkegowuk Community Futures Committee in fall 1993, and in 1995 was incorporated. It services the Mushkegowuk Tribal Council First Nations and three more communities: MoCreebec, Weenusk and Fort Severn (Wakenagun Community Futures Development Corporation, 2002b; see Figure 5.4). Wakenagun provides similar services as NADF and Waubetek; it administers an investment fund which provides "financing, in the form of direct loans, loan guarantees, and equity purchases of viable business opportunities as identified and documented in a well prepared business plan" (Wakenagun Community Futures Development Corporation, 2002a). In addition, Wakenagun provides general business and training information and counselling services. Both Waubetek and Wakenagun deliver federal programs like Aboriginal Business Canada (ABC)[6] grants or the provincial Canada-Ontario Business Service Centres or the Partnership Development Program.

Wakenagun's track record in loan repayment is not publicly available; it is possible to assess its performance, however, based on business survival rates data. As Table 5.5 indicates, MCFN's business community is less established than the other two communities. To a certain extent, M'Chigeeng's and Wuabetek's success is a function of their longer experience in providing loans (it has been in existence for over a decade). Wakenagun, in contrast, has been incorporated for only seven years.

[6] ABC is a subsidiary of Industry Canada.

3. Linking to Centres of Power – Relationships with Higher Levels of Government

Waubetek's longer operations may also explain why M'Chigeeng's members are more likely to view it as helpful in business development, compared to Moose Factory interviewees (see Table 6.2). Even though M'Chigeeng interviewees appreciate Waubetek's assistance, they still find that approaching the federal government directly is a more effective in getting assistance.[7] MCFN members, on the other hand, are more aware of and tend to rely more on the band when they wish to access start-up funds (see Tables 6.2 and 6.3).

Table 6.2: Most Co-operative Level of Government[1]

	M'Chigeeng	MoCreebec	MCFN
Local	**4** *19%*	**1** *14%*	**8** *47%*
CFDC (Waubetek or Wakenagun)	**5** *24%*		**1** *6%*
Provincial	**1** *5%*	**4** *57%*	**1** *6%*
Federal	**9** *43%*	**2** *29%*	**5** *29%*
Total[8]	**21**	**7**	**17**

Table 6.3: Awareness of Households to Funding Programs in Moose Factory

	MCFN	Moose Factory off-reserve (MoCreebec)
First Nation Program	49 *45.4%*	25 *29.4%*
Wakenagun CFDC	45 *41.7%*	44 *51.8%*
Banks	6 *5.6%*	6 *7.1%*
NAN	3 *2.8%*	–
Aboriginal Business Canada	2 *1.9%*	1 *1.2%*
Other CFDCs	2 *1.9%*	9 *10.6*
Total	**108**	**85**

Source: Wakenagun Community Futures Development Corporation, 1999b

[7] Interestingly, many of the interviewees who viewed the federal government as co-operative also complained that its programs were too bureaucratic and did not respond to the priorities and needs of First Nations. The federal government is legally responsible for the rights and well-being of the Aboriginal peoples in Canada (as a result of Treaty signing); possibly, some of the interviewees who chose this level of government as the most helpful expressed the way they believed things should be, and not necessarily how things are.

[8] Question presented to Business persons, EDOs and leaders.

Of the three communities, MCFN is the only one that currently provides small start-up grants, which may explain why its interviewees flag the band as most helpful. In fact, when asked about sources of capital for their enterprises almost half of MCFN's entrepreneurs mentioned local government the source. MoCreebecers, however, reach out for funds beyond their local CFDC (see Tables 6.2 and 6.3) and find the province to be most supportive for their ventures.

The perceived accessibility and helpfulness of higher levels of government is associated with an active dialogue between elected officials and civil servants from these governments and local community members. To learn more about such dialogue, I asked leaders, business owners and EDOs whether they ever attempted to provide feedback to government officials about financing programs or about economic development policies. Table 6.4 shows that most of MoCreebec respondents and almost half of M'Chigeeng interviewees communicate their concerns to government representatives. Interviewees described calling their local Member of Parliament, talking with a visiting Minister or exchanging opinions with civil servants as forms of feedback. In MCFN, on the other hand, only a third of the interviewees said they approached government representatives to discuss business development issues. These findings imply that M'Chigeeng and MoCreebec have more linkages to the federal and provincial government than MCFN; having such linkages translates to having access to these agencies' resources, which ultimately means there are more funds to support business start-ups and growth.

Table 6.4: Dialogue with Higher Levels of Government

	M'Chigeeng	MoCreebec	MCFN
Yes	**10** *48%*	**5** *83%*	**5** *31%*
No	**11** *52%*	**1** *17%*	**12** *69%*
Total[8]	**21**	**6**	**16**

Active dialogue with outside governments also translates into higher satisfaction with the ways in which the programs are conducted and communicated. For example, MoCreebec interviewees report that their communication with government officials is reciprocated; consequently they feel well informed about government policies (see Table 6.5). MCFN members, on the other hand, feel less informed than MoCreebecers. Interestingly, the business community in M'Chigeeng reported to be the least informed.

Table 6.5: Is There Enough Information About Government Programs?

	M'Chigeeng	MoCreebec	MCFN
Yes	**6** *35%*	**5** *71%*	**9** *56%*
No	**11** *65%*	**2** *29%*	**7** *44%*
Total[8]	**17**	**7**	**17**

The dissatisfaction of M'Chigeeng's interviewees with the information they get is somewhat surprising, since so many of the community's interviewees have noted that the federal government is supportive of the community's ventures. Possibly, (as note 7 suggests), M'Chigeeng interviewees feel that the federal government should be the most helpful, but this may not necessarily be the case. Data about financing sources (Table 5.7) suggest that relative to the other two communities, M'Chigeeng interviewees rely on personal funds to finance their businesses more often than on external loans and grants. These findings confirm that M'Chigeeng interviewees, in fact, have limited information about external grants and therefore rely on their own resources.

Moreover, interviewees suggest that communication between government officials and local administrators is lacking. Interviewees reported that information about federal initiatives changes frequently, and one often learns about changes only after submitting a proposal (ID88, adult, male; ID20, adult, male). They also explained that to

overcome communication barriers they directly contact officials with whom they had worked in the past and with whom they had developed a personal relationship.

But beyond being concerned about partial information, some interviewees also expressed concern about program guidelines and criteria. Many programs, it was argued, do not match northern capabilities and needs:

> We know generally what we've been working with but we have people coming up and saying: 'there's money here and there's money there,' but when we try and access this money it's mainly for the people in the south.
>
> (ID64, male, adult)

Approximately a third of M'Chigeeng and MCFN business people felt that the paperwork required for accessing and maintaining federal grants was too cumbersome and that some of the equity requirements to receive grants were unrealistic in Aboriginal communities. An American study about obstacles and needs for Native economic development reported similar views. Julnes (1994) surveyed the leadership of 123 tribes and corporations in the United States and found that the majority of the respondents (60.3%) felt that the requirements of the American Bureau of Indian affairs were an obstacle to economic development in their community (p. 171).

A second obstacle to winning grants is being isolated from the decision making process:

> There's money for northern Ontario, which includes us. But the money is administered out of Sault Saint Marie, which is quite a ways from us. … I think that one time we did have a representative from this area, but for the most part it's kind of controlled by people external from us.
>
> (ID88, male, adult)

Some Moose Factory interviewees also argued that although they are members of the Nishnawbe Aski Nation, and are therefore eligible for funding from the NADF, they can

rarely access these funds. Since NADF's offices are located in Thunder Bay, a day's travel from Moose Factory, many of the Island's residents deem it inaccessible.

Clearly, isolation can be detrimental to a two-way communication between local administrators and outsides leaders and bureaucrats. One way to overcome problems of miscommunication, however, is through personal networks, linking locals with outsiders. The analysis above suggests that MoCreebec and M'Chigeeng interviewees possess larger stocks of such linking relationships than MCFN. As a result, members of these communities access the larger pools of funds that these external funding agencies offer; Moose Cree First Nation members, on the other hand, tend to turn to their local government, i.e. the band, for business start-up grants; these grants are smaller than those offered by federal or provincial agencies.

4. The role of leadership in Linking the Community to the Outside world

The evidence above highlights the important role of leaders and administrators in forging informal relationships with colleagues outside their community. Relationships, however, take time and effort to maintain. Frequent replacement of leaders and administrators can be hazardous to forming such essential networks. In the current election system for Chief and Council (dictated by the *Indian Act*), however, elections take place every two years; obviously such short leadership terms are not conducive to lasting relationships or to long-term planning. A number of scholars have commented on the importance of strong local governments to the success of Aboriginal economic development (Champagne, 1992; Cornell, 1998; Cornell & Kalt, 1991a, 1997a; George, 1989). Cornell and Kalt (1998) make a compelling argument against the frequent replacement of leaders:

> As many developing countries around the world can attest, if governing institutions are subject to abrupt and frequent changes, then the rules of the game become uncertain. Faced with uncertain rules, investors are less likely to invest. Tribal members are less likely to put their energy and skills into the tribal future if they're uncertain what role politics will play in their jobs. Small business owners are less likely to start or expand their businesses if they think the rules of the game might change at any moment. A joint venture partner is less likely to commit if tribal policies and practices are inconsistent. In other words, instability in governing institutions discourages investment.

The evidence from northern Ontario echoes this conclusion. Recall that relative to MCFN, both MoCreebec and M'Chigeeng have a more established private sector. Both these communities also enjoy a higher degree of political stability. In M'Chigeeng, despite the potentially high replacement rate that the *Indian Act*'s election code dictates, the current Chief has been re-elected for five terms (ten years). The Manitoulin Expositor (October 3, 2001) reports that M'Chigeeng's leadership enjoyed such support before; another Chief, James Debassige, was also re-elected for ten years. MoCreebec also has long term leadership, with its Chief being in office since 1993. In Moose Cree First Nation, however, leaders are replaced more frequently, which may hinder Chief and Council from developing relationship with outsiders that are necessary to transcend local boundaries and access national and provincial resources.

Legislating longer Chief and Council terms can be conducive to political stability but it does not guarantee it. The personality of leaders is also crucial to their ability to form relationships within and outside their community: "To bring about a change" explains one interviewee, "you start with one person who influences other people" (ID88, adult, male). Another interviewee asserts that political leadership is important, for "providing passions and articulating needs, but also for being aware of opportunities and exploring them" (ID1, female, adult). George (1989) confirms that in Aboriginal

communities in Canada, strong community leadership has been critical to the success of economic development, both in helping mobilize community support for development efforts and in gaining access to government resource and interacting with government officials (p. 69). Champagne's (1992) evidence from the Unites States also highlights charismatic individuals as crucial to organizing successful ventures for American Tribes (p. 209). Champagne warns, however, that relying on strong, charismatic leadership to drive a Tribe's economic ventures runs the risk that these ventures will not sustain beyond the tenure of the leadership (ibid.).

Some interviewees participating in this project were also worried that the entrepreneurial activity in their community hinges on too few individuals. A few expressed concern that there are "certain people running the whole show" (ID95, male, adult, ID67, female, youth, and ID 69, female, youth), without guaranteeing that their skills are transferred to the younger generations:

> There's a need to share the knowledge of the skilled people. The skilled people do great work with grant making and so on, but they have to pass on their abilities. I think… it comes down to not enough time. Being burdened by too much work. And focusing on the day to day of surviving … I think there needs to be time and money set aside to make sure this happens over the next few years.
>
> (ID69, female, youth)

The implication of above comments is that strong leadership plays a key role in directing communities in their economic ventures; but for these ventures to be long lasting there is a need to cultivate the local networks so they can gain skills of both initiating new enterprises and maintain existing ones. Moreover, one in four interviewees reported to rely on word of mouth (from family and friends) for information on community organizations and programs. Consequently, it is important to ensure that individuals from

a wide range of bonding networks will be informed about programs, so that such programs will reach as many community members as possible.

5. Conclusion: Overcoming Space with Time

In his seminal work on social capital and economic development, Michael Woolcock (1998) asks: "given that forging linkages to outside organizations is a central task for development workers, how can this be done? Under what conditions will any linkages 'induced' by development field staff endure once those staff depart?" (p. 181) In this chapter I have shown that spatial boundaries and time play a central role in the formation and maintenance of bonding and linking relationships. Interviewees conveyed their concern that geographical isolation from centres of political and economic power impairs their ability develop lasting relationships; remoteness also hinders communication between locals and external Aboriginal organizations established to support communities (such as NADF). The evidence also shows, however, that transferring the control of economic development programming to local hands (through band governments or CFDCs) makes federal and provincial programs more accessible; individuals are more at ease approaching familiar economic development staff rather than outsiders.[9] CFDC staff is also more familiar with the opportunities and the limitations in their area than people located far away and can therefore make informed decisions about

[9] Networking with government officials is crucial for accessing information and capital for business development, but some of the problems with navigating through various programs are also a result of the sheer number of agencies that are currently assigned to deal with Aboriginal economic development issues. George (1989) confirms that the proliferation of ministries, departments and programmes dealing with Aboriginal economic development have created problems of communication and coordination. For example, a MCFN member who decides to embark on an entrepreneurial career must sift through programs from the band, Wakenagun, NADF, ABC, DIAND, the provincial government. Each of these programs has different guidelines and criteria. The multitude of programs may be overwhelming to a budding entrepreneur.

rejecting or accepting funding proposals. Cornell & Kalt (1992a) reach similar conclusions about the importance of location in the economic development decision making process: "tribes that are governed largely by decisions made elsewhere – in Congress, in federal offices in state government, in corporate board rooms – are unlikely to succeed" (p. 245).

Table 6.6 extends the previous description of the relationship between levels of social capital and geographic scales (summarized in Table 2.1), and offers insight into the usefulness and accessibility of various business development programs offered by the different levels of government. As Table 6.6 suggests, communities which have only bonding relationships tend to be bound by their locale; consequently their members approach local funding programs, and are therefore less likely to receive the larger federal and provincial grants. Government and communities can design policies such as the CFDCs, however, that bring federal and provincial resources into communities which are isolated from centres of power. These policies essentially serve as the vertical linkage needed to access outside resources.

Table 6.6: Policy, Social Capital and Scale

	Social Capital Forms			
Scale	**Community**	**Individual**	**Minority-Majority Relationships**	**Aboriginal Funding Agency**
Local	Bonding relationship	"Strong Ties"	minority community embeddedness	First Nation Grants
Regional	Bridging relationship	"Weak Ties"	minority-majority linkage	Regional Development Corporation, Tribal Council, NADF
Provincial/ National/Global	Linking relationships	"Social Leverage"	minority vertical linkage	Provincial and Federal Funding Agencies (ABC, FedNor)

Geographic remoteness does not mean, however, that the prospect of building linking and bridging networks is hopeless. Given enough time, evidence suggests, local leadership can form personal relationships with individuals from organizations that share their aspirations, and with external governments. Moreover, governments can implement policies that support this process by providing needed funds to help communities form linkages to external centres of power (such as the funds allocated to regional organizations, and CFDCs). Thus, government policies can support the infrastructure for bonding and bridging networks, but eventually, individuals who build social networks are the ones responsible for sustaining them. Moreover, since linking relationships take time and confidence to establish, they are more likely to occur in administrations that are long lasting. This might suggest that there is room to consider prolonging Chief and Council electoral terms beyond the current short two-year term dictated by the *Indian Act*.

Finally, the positive transformations that the M'Chigeeng, MoCreebec and MCFN are undergoing are a product of their own members' efforts, not of external development staff. Woolcock's (1998) dilemma of how networking skills can be transferred from development workers to local actors is still applicable, only it relates here to local leaders: Under what conditions, one can ask, will linkages 'induced' by local leaders endure once they depart? Possibly, mentorship programs to train younger generations in networking skills may complement current policies that support Aboriginal organizations.

CHAPTER 7: CONCLUSION

1. REVIEWING THE RISE OF SOCIAL CAPITAL AND ABORIGINAL ENTREPRENEURSHIP

Social capital is on the rise; Schafft and Brown (2002: 2) report that a quick subject search of the on-line Social Sciences Citation Index for articles concerning social capital indicated an increase from two or three citations in the early 1990s to over 200 articles per year by 2001 (and books on the subject are not included in this search). Aboriginal entrepreneurship is also on the rise. In 1996 more than 20,000 Native people reported themselves to be self employed, which represents a 170 percent increase from 1981 (Sawchuk & Christie, 1998: 6). In this dissertation I followed the meteoric trajectories of these two phenomena and examine how each can contribute to the other. The research undertaken for this study sought to answer questions related to the relationship between social networks and business development among First Nations in Canada. Particularly, I was interested in understanding how social relationships help or hinder Aboriginal entrepreneurs: do networks and social capital generate resources to overcome challenges such as access to start-up funds, markets and skills, or do they undermine the process of business development? Since public policy has been instrumental in promoting entrepreneurship in First Nation communities, the dissertation examined the role of relationships with civil servants and elected officials in the business development process. A second objective of the dissertation was to make a contribution to social capital theory. To this end, the analysis explored how geography and social policy influence the formation or breakdown of social relations. The research also examined the role of leaders in enabling communities to capitalize on social networks to access resources for economic development.

Although Aboriginal business growth has been rapid in Canada, business ownership among First Nations members still remains considerably below the national average – 3.9% for Aboriginal peoples vs. 7.9% for the general Canadian population (Sawchuk & Christie, 1998: L10). As the discussion in Chapter 3 shows, Native businesses face numerous challenges such as access to capital, resources, markets, skills and training, as well as the absence of consensus about the direction of future economic development in the communities. For example, legislation aimed at protecting Aboriginal lands (section 89 of the *Indian Act)* prohibits on-reserve residents from using their homes as collateral and thus limits their access to start-up loans from banks and other lending institutions. Lower education levels (especially in fields such as commerce and finance) also hinder effective business management practices.

Location is a key factor to understanding why access to physical, financial and human capital are significant barriers in many First Nations communities; almost 30 percent of Aboriginal peoples in Canada live in the mid north, and an additional 10 percent live in the far north (RCAP, 1996e: 16). Many of the northern communities are remote or isolated, with access only through air or train transportation; educational institutions and markets are therefore too distant to take advantage of. Moreover, the cost of raw materials, energy and transportation are prohibitive to business growth and impose limits on the development of specific sectors such as manufacturing. In the previous empirical chapters, I examine how various levels of social capital (bonding, bridging and linking) help stakeholders within the case study communities to overcome the challenges described above, as well as how some of these challenges are intensified as a result of such relationships.

A set of "dependent variables" was developed to compare the case studies; based on Aboriginal and Western approaches to development (outlined in Chapter 3) the communities were compared along three dimensions: (1) Community assets, such as housing, land, and government transfers, number of businesses and their survival rate; (2) community empowerment, defined as the ability to confront extra-local governments about principal issues and awareness of political issues; and (3) culture and spirituality, measured by community members' involvement in cultural practices such as harvesting and traditional ceremonies.

2. Social Capital and Aboriginal Business Development – Highlights and Contributions

The empirical analysis is based on fieldwork conducted in three Aboriginal communities – MCFN and MoCreebec on Moose Factory Island, and M'Chigeeng on Manitoulin Island (the research process and the communities are described in detail in Chapters 4 and 5). Comparative data indicates that MCFN owns the largest land base compared to the other two communities, and receives the largest amount of federal and provincial funds. Most of MCFN's lands, however, are inaccessible and undeveloped, leaving a very small area for commercial and residential development. The funds allocated to MCFN are greatly affected by location, climate and accessibility, three factors which cause the cost of living in Moose Factory to be high.

The statistics about the housing stock in the case study communities are somewhat incomplete, but clearly indicate that there is a housing shortage in MCFN, as crowding is higher in this community relative to the other two. Finally, there are more

businesses in M'Chigeeng and their survival rate is higher. Moreover, the data show that one in three jobs in M'Chigeeng is derived from the private sector, whereas in Moose Factory one in four jobs is generated by local businesses. Labour statistics, however, also indicate that the unemployment rate in M'Chigeeng is higher than in the Moose Factory communities; the public rather than the private sector drives employment in Moose Factory.

Although land and access to government funds may partly explain the differences in business performance between the case study communities, these are insufficient explanatory factors. For example, M'Chigeeng has a larger land base, which may explain its stronger business sector, but MoCreebec's enterprises are also thriving, with a very small land base (and a more remote location). The case studies indicate that capital, resources and markets are important, but there are also 'soft' or institutional factors that influence access to these elements, such as social networks.

The interviews conducted for the project focused on social networks, relationships and business financing and operations (following Krishna & Shrader, 1999). Questions focused on help in the business place, information sharing, and types of social and professional organisations to which individuals belong. I also asked questions about ways in which economic development changed social relationships between community members and entrepreneurs and among business owners. Information about ties with government representatives was also collected.

Chapter 5 included an analysis of strong ties or bonding relationships with family and neighbours (considered to be the building blocks of social capital). This analysis indicates that these relationships are instrumental in the daily operations of a business and

as a marketing tool (spreading the word about a new enterprise); individuals also rely on these relationships for emotional support when they venture out of the community to upgrade their skills (through education). Interviewees reported, however, that close networks also undermine entrepreneurship: in small rural and remote communities, where the available clientele is very small to begin with, tensions between network members translate into a decrease in the number of clients. Customers may avoid a business because of loyalty to a social group or the family, rather than due to dissatisfaction with a product or a service. Social groups in the case study communities (especially different age groups) may also be at odds on issues related to the direction that economic development is taking. The analysis of strong ties indicates, then, that although such ties can be an advantage for economic development, they also have the potential to turn into a liability.

The next step in the analysis was to understand how the above detrimental tensions among network members came about. The Moose Factory case study was very instructive in that it highlighted the role of public policy decisions in the disruption of social relationships; in forming reserve boundaries, policy makers disregarded previously existing networks. Consequently, networks that were crucial to the survival of their members were broken down. Moreover, competition for scarce land on the island fostered inter-network tensions. The breakdown of supportive relationships was disruptive, if not paralyzing to many community members, and this disruption undermined many of the community building efforts initiated after the move to the permanent settlement.

Analysis of bridging and linking relationships (in Chapter 6), on the other hand,

demonstrates how such relationships can help communities overcome some of the barriers they face in developing their economies. Looking at program use in the communities suggests that communities in which individuals rely mainly on their strong, local ties are places in which members tend to operate within the small, local scale. Aspiring and existing entrepreneurs in such localities therefore have access to smaller pools of start-up and growth funds offered by their local government. In places where networks extend beyond the locality, the business community can access larger pools of funds that come from national and provincial sources.

The analysis suggests that geography and time are central to the creation and sustainability of instrumental "weak ties". Isolation from Ottawa and Toronto, where federal and provincial decision makers are located, limits local business communities (i.e. business persons, EDOs and leader) from developing and sustaining long term relationships with public officials from the provincial and federal government; distance is also detrimental to communication about policy and programming issues.

To overcome barriers associated with isolation, federal and provincial governments support local agencies, such as band councils or CFDCs that mediate between the distant political networks and local groups. Moreover, since staff members of such mediating agencies are mostly local, they are more familiar with the factors that help or hinder economic development in their locality and can make better-informed decisions about allocation of funds or policy directions. The multitude of organizations, however, can be also overwhelming for local business persons, as Cameron et al. (1995) suggest; evidence from this study indicated that information about various programs can be confusing to community members. There is a need for more co-ordination among

organizations and a central information source about economic and social programming.

In addition, even though public policy and public funds are important for building the infrastructure for weak ties, individual leaders and EDOs are crucial for forging such relationships and for overcoming geographic barriers. Maintaining ties with external institutions, however, takes time: the findings suggest that the current two-year Chief and Council electoral term, legislated in the *Indian Act*, undermines the sustainability of local-external networks.

It is imperative, however, that the success of economic development projects will not hinge only on enduring leaders and administrators. For economic ventures to be long lasting there is a need to cultivate broader local networks so their members can gain skills to both initiating new enterprises and maintain existing ones.

The conclusions stemming from the empirical analysis highlight how social capital can be both an asset and a liability to business development; these conclusions support a growing body of evidence that documents the downside of social capital (Adler & Kwok, 1999; Collier, 1998; Portes, 1998; Portes & Landolt, 1996, 2000; Rankin, 2002; Sciarrone, 2002). Most of this literature, however, focuses on the risks implicit in social relations for an individual. In this dissertation, I show how such individual relationships can also turn into an economic liability for business development within the private sector. Moreover, the results illustrate how social relations can help or exacerbate a specific element in the business development process (e.g. relationships that make access to markets even harder).

The work presented here also contributes to previous research related to the role of ethnicity in forging trustful and beneficial relationship (Alesina & La Ferrara, 2000;

Glaeser, 2001; Light & Bonacich, 1988). Contrary to previous research, the findings indicate that ethnic homogeneity does *not* guarantee cooperation (as the case of MoCreebec and MCFN illustrated). Even though common ethnicity does not guarantee beneficial outcomes and can even intensify some of the difficulties facing entrepreneurs, there are other elements within a community that can foster solidarity for collective action, such as a shared history of economic exclusion.

The work presented here also complements previous work on Aboriginal economic development. Specifically, the focus on social networks and community relationships advances Cornell and Kalt's extensive work on how governing institutions and culture influence effective economic development practices (Cornell, 1998, 2000; Cornell & Kalt, 1992a, 1992b, 1997a), by exploring relationships among stakeholders within and outside the community as an additional explanatory factor.

3. Policy and Theoretical Implications

The findings and analysis have a number of possible implications for both policy makers and social capital theoreticians. First, in developing community economic development programs, there is still a need to take into consideration the structure of a community: sub-groups should not only be acknowledged, but social and economic programs should plan to give such groups fair representation. For example, economic and social development committees in Aboriginal communities can actively seek the input of the various family groups. In addition, since some Aboriginal communities own businesses collectively, one way to reduce tensions around the direction that these

businesses take is to invite representatives from different solidarity groups to sit on the various boards and thus take part in the decision making process.

Second, federal and provincial policies focus on overcoming challenges related to access to capital and skills, by establishing local agencies which administer federal and provincial grant and loan programs. These programs play a significant role in improving access to funds; there is a need, however, to ensure that information about such programs would reach as many community members as possible. Information in the case study communities trickles through bonding networks (word of mouth between extended family and friends); consequently, there is a need to ensure that representatives of as many such groups will be informed about funding policies and included in the decision making process about the distribution of such funds. Such an inclusive process can be written into policy guidelines and outreach programs can be developed to this end as well.

Third, evidence from this study is not specific to small remote communities in Canada's north; as one interviewee observed:

> We're no different than the majority of the world. We're a microcosm of the bigger picture in this community.
>
> (ID 65, male, adult)

The current conditions in Aboriginal communities, such as poverty, poor infrastructure, poor health, and powerlessness, are common in many other marginalized communities in the world, and specifically in indigenous ones; there are an estimated 300 million indigenous people worldwide (Amnesty International, 2002). The American and Australian experience of these populations is very similar to the Canadian one, since these populations share a history of British colonization and policy making: in the U.S. there are 2,475,956 million American Indians or Alaska Natives which comprise 0.9

percent of the population (2000 U.S. Census). In Australia 2.4 percent of the population is identified as indigenous (2002). The International Labour Organization reports that

> The world's highest infant mortality rates, lowest income levels, most widespread illiteracy and slimmest access to health and social services are to be found among the world's 300 million indigenous people, half of whom live in Asia. Wherever they may be, the 5,000 indigenous and tribal groups spread among some 70 countries around the globe tend to have one thing in common: they are the poorest of the poor.
>
> (International Labour Organization, 2001)

Moreover, there is evidence that public policies can undermine important networks in contexts other than the indigenous one. For example, American policies to clear slums in the 1960s may have improved the physical conditions for inner city residents, but dissolved support networks (Jacobs, 1961: 137). Furthermore, the multiplicity of solidarity networks is commonplace all over the world. Common sense, not only research, calls for including these sub groups in decision making processes, so that social and economic programs could be applied more effectively and fairly.

The dissertation also highlights the importance of historical and geographical context to the understanding of social relationships. First, I use the large body of post-colonial literature on the effects of twentieth century public policy on Aboriginal peoples to show explicitly how public policies and the colonial legislative framework have interfered with various levels of social capital in Aboriginal communities. Specifically, I examine how policies aimed at assimilating Aboriginal peoples, interfered with kinship networks, and how such interference turned into an obstacle to economic development.

Understanding the historical and geographical context of the populations for which various development policies are designed is crucial, particularly when Western policy makers are designing policies for societies so different from theirs. Ignorance of

different societal structures can result in policies that interfere with existing social structures. Scholars and professionals should be especially cautious in using terms like "the poor" and "community", as the evidence shows that within these generalized groups are a multitude of subgroups. Ignorance of these groups may result in disruption of social relations; such disruption, the history of First Nations in Canada has shown, can become a hazard to the community building process.

4. Remaining Issues and Questions

While this dissertation examines a number of critical ideas regarding development and social capital theory, obviously a number of areas remain ripe for exploration. First, throughout this dissertation I use the terms strong ties/bonding relationship and weak ties/bridging and linking relationships. In the context of small, rural communities, however, these terms are often insufficient or inadequate. For example, using this framework, I referred to ties among band members as bonding ties. It can be argued, however, that individuals outside the extended family or those who do not live in immediate physical proximity are not part of one's strong ties, as they are not involved in daily exchange of support or goods, and should therefore be considered weak. The weak/strong dichotomy fails to cover the unique association among people living in a somewhat isolated small geographic space, such as a First Nation community, an Israeli kibbutz or an urban slum.

The following examples illustrate why strong vs. weak ties are insufficient to describe the complexity of such relationships. In the case study communities, the familiarity of community members with each other's place of residence and whereabouts

goes beyond that of people who are only loosely tied to each other. Moreover, some individuals described that they are reluctant to participate in healing programs (such as Traditional Healing Circles or Alcoholics Anonymous) because of lack of anonymity, or the knowledge that the entire community will be privy to their problems. Another example is that of a kibbutz in Israel; friends, who grew up in such a small communal setting, once documented the lack of "weak" ties in their community: they described how the community's nurse would enter the common dining room and announce from the end of the room: 'Hey, Naomi, that blood test you took this morning, well it's positive. Why don't you drop in later today and we can talk about it." Moreover, in struggling communities knowledge about acquired assets becomes community wide "news." Stack (1974), who examined family and kinship organization in an African American urban community in the United States, observed that the people living in this community "cannot keep their resources and their needs a secret. Everyone knows who is working, when welfare checks arrive, and when additional resources are available" (Stack, 1974: 37). These examples clearly illustrates that in some localities all relationships are strong. For such places a social capital terminology that includes an implicit scale definition might be more useful. Figure 7.1 illustrates the complexity of the relationship between scale and levels of social capital. Future work should address this complexity and refine the social capital conceptual framework so that it would better represent local, regional, and extra-regional ties, so that policies that are designed to capitalize on social relationships will take into account the importance of their location.

Second, the literature on the downside of social capital tends to focus on the problems arising from strong ties, bonding relationships or local ties, but often ignores

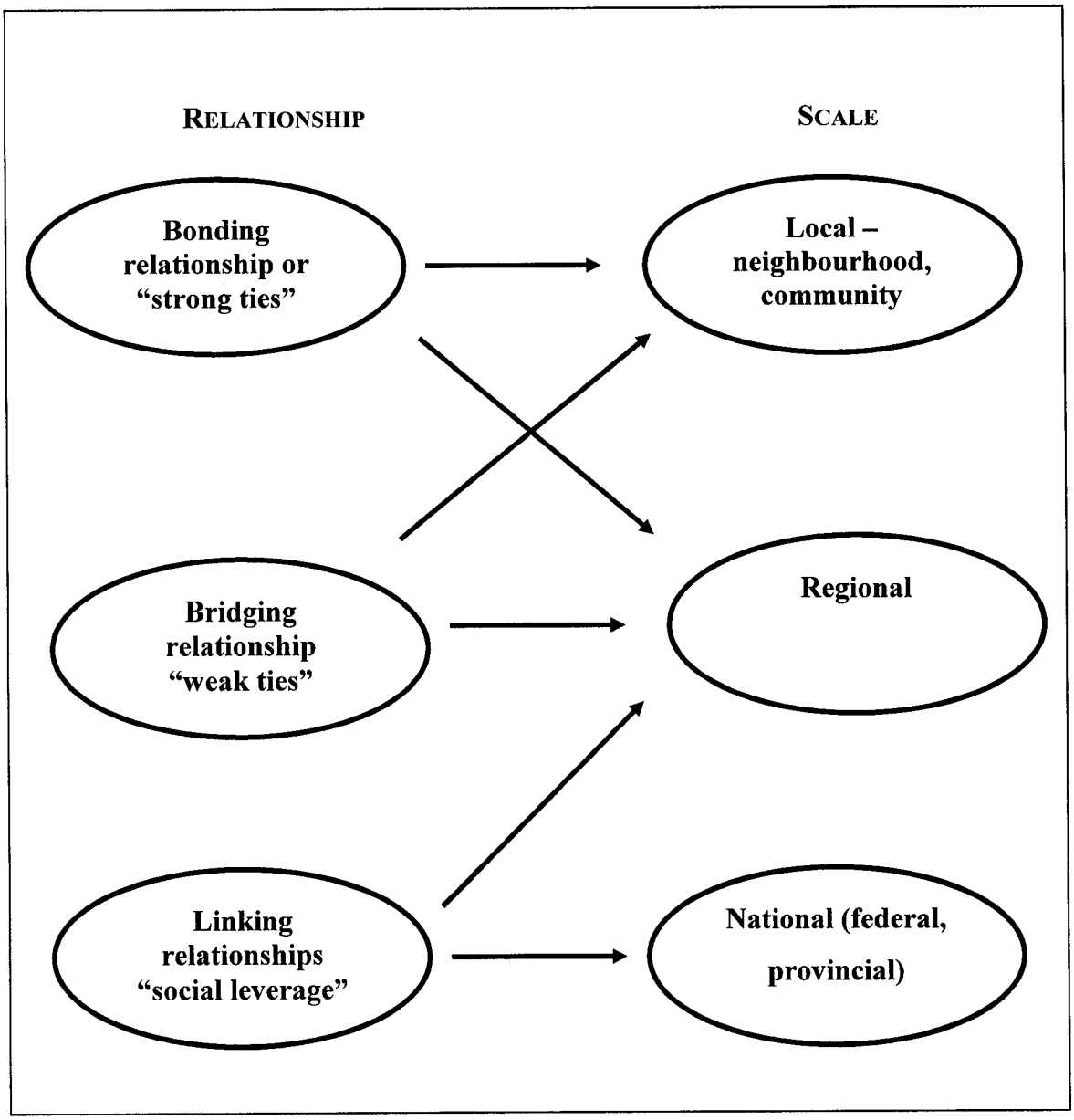
the potential of external networks to be harmful. The research presented here has clearly shown that external institutions could be detrimental to local cultures and networks. Beyond looking at the strength of weak ties (Granovetter, 1973) and the weakness of strong ties (Grabher, 1993), there is a need to examine the weakness of weak ties; this is particularly true in the development context, where all too often external networks intervene with local ones, with no regard to local cultures and institutions.

Moreover, a further analysis into relationships with external networks should address questions of power. The ability of social networks to reproduce power relations within local developing or industrial networks has been tackled recently (Gertler, 2003; Rankin, 2002; Schafft & Brown, 2002); extending this discussion, it would be valuable to understand the power of regional, provincial and national networks in shaping local economic development priorities and local decision making processes. Following from that, there is a need to examine whether the current public support in regional organizations is distributed equally among network members or whether it maintains existing power relations in the communities. It is worth exploring, for example, how to design public policy which will ensure that the economic development decisions-making and program delivery processes are inclusive to all community members.

The context of public policy and power relations brings me to my final point. Future research should examine whether public policy actually provides a forum in which members of local and external networks can enter into a meaningful dialogue about community development policy direction, or whether these organizations are only a tool to carry out policies designed elsewhere, which do not reflect local needs and desires. Some interviewees in this study argued that the latter is the case. For this project I chose

to focus on Aboriginal entrepreneurship, since public policy seemed to concentrate its efforts on this development strategy. Given the great challenges facing northern entrepreneurs, it is imperative to re-examine if this is indeed the route that northern Aboriginal communities should pursue. Other possibly economic strategies are subsidies for manufacturing operations, assistance in resource development, or offering programs that would enhance new products, rather than support redundant service industries. A more extensive research project (involving more than a single researcher and additional funds) could undertake a participatory approach, exploring alternative models of regional development more consistent with the priories and aspirations of indigenous communities.

Figure 7.1: Problematizing Social Capital and Scale



APPENDIX A: INTERVIEW GUIDES

Community Member – Interview Guide

INTERVIEWER:

Before we start the interview, I'd like to give you some general information about this project. We're going to look at what helps and hinders Aboriginal businesses and particularly at how social networks and cultural knowledge effect the success (or failure) of Aboriginal businesses. To do this, we're talking to businesses owners, community members and leaders in your community to find out what they think.

I don't need you to sign anything. But I do want to make sure that you understand what we'll be doing today. We'll be talking about you, what you think, and how you perceive businesses in your community.

If you're uncomfortable talking about any of these issues, you don't have to participate in this interview/focus group. You can pull out at any time, and your participation is entirely up to you.

I'm going to make sure that anything that you say will not have your name or any other information that might identify who you are.

Also, you will be helping your community to understand what are the best practices in business development, as I plan to provide a report and guide on what helps and hinders Aboriginal businesses.

Do you understand everything I've told you? ___ Yes ___ No
Do you agree to participate? ___ Yes ___ No

We want to make sure that everyone who participates in the study is a resident of this community.
Do you live in this community? Yes_____ No_____
(If "No", thank them for their time and end survey.
If "Yes", then continue)

Interview Guide for Social Capital and Economic Development – Community members

Date: Interviewer:

Interviewee	Age/Gender
Community	

Background:

1. What are the benefits and obligations of belonging to this community? **Or** What are the strengths of the community and the concerns you have about it?	
2. Which businesses exist in the community? which do you like and why?	

Planning and operating the business

3. What was is the role of the community in Business development?	

Resources:

4. Have you been involved in a business startup? How?	
5. When you meet with other community members do you tend to share information about social economic issues/businesses or events going on in or near the community? How often	

Markets

6. Which products/produce/Services do you buy locally? Why?	
7. Which products/produce/Services do you buy outside of the community? where? and why?	

Community

8. How would you describe the relationship between business owners and community members?	
9. Do you feel your/other people's involvement/	

role in the community has changed since the establishment of businesses?	
10. Has there been any resistance to businesses in the community? How did it express itself?	
11. What is the most important contribution of businesses to the community?	
12. How would you describe your relationship with other people in the community?	
13. When you meet with other community members do you tend to share information about social economic issues or events going on in or near the community?	
14. How can your community members **help a** business?	
15. How can your community members **hinder a** business?	
16. How can members in other communities **help a** business?	
17. How can members in other communities **hinder** a business?	
18. How can non-native people **help** a business?	
19. How can non-native people **hinder** a business?	
20. How often in the past year have you joined together with others in the community to address a common issue?	
21. There are often differences that exist between people living in the same community. To what extent do differences such as the following tend to divide people in your community?	
22. What unites people? What do people have in common?	

Organizations

23. Do you belong to an Aboriginal/community organizations? **and/or** Are you or is someone in your household a member of any groups, organizations or associations?	
24. What kinds of community activities has the organization been involved in?	
25. Do you know how these organizations were created?	
26. Can you tell me about the people involved in your organization? • How do they become involved?	

• Are all people in the community involved? • If not, why are some members of the community not involved? • Are there any obstacles to joining any of these organizations?	
27. Why do people join or are willing to serve (as officers/leaders/board members) in the organization? • Is it hard to convince people to continue being active in the organization? • What kinds of requests/demands do they make on the leadership and organization?	
28. Those who are active members in this organization, are they also members of other organizations in the community/region? • That is, do people tend to be members of just one organization or join many simultaneously? • Can you explain why?	
29. How would you characterize your organization's relationship with other community organizations?	
30. Does your organization have links with organizations outside the community? • With which ones? • What is the nature of those links?	
31. Do you feel sufficiently informed about other organizations' programs and activities? • What are your sources of information?	

Change:

32. Has businesses made a change to the community? • Which businesses? • What changes? • How?	
33. Do businesses have an effect on gender roles in the community?	
34. Do businesses have an effect on the ability of the community to deal with non-Natives?	

Closing Questions:

35. What help a business	
36. What hinders a business	

Business Owner – Interview Guide

INTERVIEWER:

Before we start the interview, I'd like to give you some general information about this project. We're going to look at what helps and hinders Aboriginal businesses and particularly at how social networks and cultural knowledge effect the success (or failure) of Aboriginal businesses. To do this, we're talking to business owners, community members and leaders in your community to find out what they think.

I don't need you to sign anything. But I do want to make sure that you understand what we'll be doing today. We'll be talking about you, what you think, and how you perceive businesses in your community.

If you're uncomfortable talking about any of these issues, you don't have to participate in this interview. You can pull out at any time, and your participation is entirely up to you.

I'm going to make sure that anything that you say will not have your name or any other information that might identify who you are.

Also, you will be helping your community to understand what are the best practices in business development, as I plan to provide a report and guide on what helps and hinders Aboriginal businesses.

Do you understand everything I've told you? ___ Yes ___ No
Do you agree to participate? **___ Yes ___ No**

We want to make sure that everyone who participates in the study is a resident of this community.
Do you live in this community? Yes_____ No_____
(If "No", thank them for their time and end survey.
If "Yes", then continue)

Interview Guide for Social Capital and Economic Development – Business Owner

Date: Interviewer:

Interviewee	Business
Position	Age/Gender

Background:

1. When was the business established?	
2. Key economic activities	
3. How did you come up with the idea to start this business?	
4. What was the business's goal? • Has the goal changed or remained the same?	
5. Who owns the business?	
6. Who/what is your main competitor/s? • Where are they located?	
7. Who/What is your main collaborator/s? • Where are they located?	

Planning and operating the business

8. What was the role of the community in the planning stage?	
9. Who are your employees? • How do you hire?	
10. Do you plan your budget? • How	

Financing

11. How was the business financed initially?	
12. Has the business grown? • Have you needed more financing?	
13. Who could you ask for financial assistance?	

Resources:

14. Who do you rely on to help you with your business?	
15. When you meet with other business owners/community members do you tend to share information about social and economic issues or events going on in or near the community? • How about business issues? • How often?	

Markets

16. What was the business's initial **target** market?	
17. What **is** the **main** target market **now**?	
18. Which communities/cities/populations do you serve?	
19. How do you market?	

Community

20. Since the establishment of your business, have you observed changes in the relations between you/your family/your employees and members of the community?	
21. Do you feel your involvement/role in the community has changed since you established your business?	
22. Have you encountered any resistance to your business from the community? How did it express itself?	
23. What is the most important contribution of your business to the community?	
24. How can your community's members **help** your business?	
25. How can your community's members **hinder** your business?	
26. How can other communities' members **help** your business?	
27. How can other communities' members **hinder** your business?	
28. How can non-native people **help** your business?	
29. How can non-native people **hinder** your business?	
30. There are often differences that exist between people living in the same community. To what extent do differences such as the following tend to divide people in your community?	

31. What unites people? What do people have in common?	

Organizations

32. Do you belong to a business organization? Which? **and/or** Are you or is someone in your household a member of any groups, organizations or associations?	
33. What kinds of activities/community activities has the organization been involved in?	
34. Why did you join this organization?	
35. Do you know how was your organization created?	
36. Can you tell me about the people involved in your organization? • How do they become involved? • Are all people in the community involved? • If not, why are some members of the community not involved?	
37. Are there any obstacles to joining any of these organizations?	
38. Those who are active members in this organization, are they also members of other organizations in the community/region? • Do people tend to be members of just one organization or join many simultaneously? • Can you explain why?	
39. Does your organization have links with organizations outside the community? • With which ones? • What is the nature of those links?	
40. How would you characterize your organization's relationship with other community organizations? • When do you feel the need to establish collaborations/links with them?	
41. Do you feel sufficiently informed about other organizations' programs and activities? • What are your sources of information?	
42. Why do people join or are willing to serve (as officers/leaders/board members) in the organization? • Is it hard to convince people to continue being active in the organization?	

• What kinds of requests/demands do they make on the leadership and organization?	

Government programs

43. Could you describe your relationship with the government? • Have you had experience in trying to get government assistance? • What was your experience? • Which level of government do you find most cooperative (local, district, national)? • Has the government made particular requests on your business?	
44. Do you feel sufficiently informed about government programs and activities? • What are your sources of information?	
45. Have you attempted to give inputs to the government? • What were the circumstances? • What have been the results? • What kinds of challenges did you have to deal with?	
46. What government programs work? • Why?	
47. Which government programs don't work? • Why	

Skills

48. What skills have you developed since you started your business?	

Change:

49. Has your business changed your perception of yourself?	
50. Did your business have an effect on gender roles in the community?	
51. Did your business have an effect your ability to deal with non-Natives?	

Closing Questions:

52. What helps your business?	
53. What hinders your business?	

Edo's and economic development committees – Interview Guide

INTERVIEWER:

Before we start the interview, I'd like to give you some general information about this project. We're going to look at what helps and hinders Aboriginal businesses and particularly at how social networks and cultural knowledge effect the success (or failure) of Aboriginal businesses. To do this, we're talking to businesses owners, community members and leaders in your community to find out what they think.

I don't need you to sign anything. But I do want to make sure that you understand what we'll be doing today. We'll be talking about you, what you think, and how you perceive businesses in your community.

If you're uncomfortable talking about any of these issues, you don't have to participate in this study. You can pull out at any time, and your participation is entirely up to you.

I'm going to make sure that anything that you say will not have your name or any other information that might identify who you are.

Also, you will be helping your community to understand what are the best practices in business development, as I plan to provide a report and guide on what helps and hinders Aboriginal businesses.

Do you understand everything I've told you? ___ Yes ___ No
Do you agree to participate? ___ Yes ___ No

We want to make sure that everyone who participates in the study is a resident of this community.
Do you live in this community? Yes_____ No_____
(If "No", thank them for their time and end survey.
If "Yes", then continue)

Interview Guide for Social Capital and Economic Development - EDOs

Date: Interviewer:

Interviewee	Community
Position	Age/Gender

Background:

1. What are the key economic activities in your community?	
2. How do people come up with the idea to start up a business?	
3. What do you see as a viable and good business goals?	
4. What skills are needed to start a business in this community? Education?	
5. Who owns the majority of business in your community? • Individuals? • Band?	
6. Who/what is the main competitor/s to the businesses in your community? • Where are they located?	
7. Who/What is the main collaborator/s to the businesses in your community? • Where are they located?	
8. How many people speak Aboriginal languages as first language?	
9. Do people travel much out of the community? • How often? • How?	

Planning and operating the business

10. What is the role of the community in the businesses planning stage?	
11. Who and how do people hire for their business?	

Financing

12. What are the possible financial sources to start a business?	
13. Who do people ask for financial help?	

Resources:

14. Who do people rely on for help with their business?	
15. Is there information sharing among community members about social economic issues/business or events going on in or near the community?	

Markets

16. What are the potential markets for a business in this community?	
17. What are the **target** markets of most of the businesses?	
18. Which communities are served by businesses in your community?	
19. How do businesses market?	

Community

20. Since the establishment of the businesses, have you observed changes in the relations between members of the community?	
21. Do you feel that the involvement/role of business owners in the community has changed since they started their businesses?	
22. Has there been any resistance to businesses in the community? How did it express itself?	
23. What is the most important contribution of the businesses to the community?	
24. How can your community's members **help** a business?	
25. How can your community's members **hinder** a business?	
26. How can other communities' members **help** a business?	
27. How can other communities' members **hinder** a business?	
28. How can non-native people **help** a business?	
29. How can non-native people **hinder** a business?	
30. There are often differences that exist between people living in the same community. To what extent do differences such as the following tend to divide people in your community?	
31. What unites people? What unites people? What do people have in common?	

Organizations

32. What organizations exist in the community? (social/economic/traditional)	
33. How were these organizations created?	
34. What kinds of (community) activities have they been involved in?	
35. Can you tell me about the people involved in the organization? • How do they become involved? • Are all people in the community involved? • If not, why are some members of the community not involved?	
36. Are there any obstacles to joining any of these organizations?	
37. Why do people join or are willing to serve (as officers/leaders/board members) in the organizations? • Is it hard to convince people to continue being active in the organizations? • What kinds of requests/demands do they make on the leadership and organization?	
38. Those who are active members in one organization, are they also members of other organizations in the community? • Do people tend to be members of just one organization or join many simultaneously? • Can you explain why?	
39. How would you characterize the organizations' relationship with other community organizations? • When do is there a need to establish collaborations/links with them?	
40. Are you aware of links with organizations outside the community? • With which ones? • What is the nature of those links?	
41. Do you feel there is sufficient information about organizations' programs and activities?	

Government programs

42. Could describe the relationship of your community with the government? • What was your experience with helping people who try to get government assistance? • Which level of government do you find most cooperative (local, district, national)? • Has the government made particular requests on your community?	
43. Do you feel there is sufficient information about government programs and activities? • What are the main sources of information?	
44. Have you attempted to give inputs to the government? • What were the circumstances? • What have been the results? • What kinds of challenges did you have to deal with?	
45. What government programs work? Why?	
46. Which government programs don't work? Why	

Change:

47. What kind of change do you see in the community as a result of the establishment of businesses?	
48. Do businesses have an effect on gender roles in the community?	
49. Do businesses have an effect on the ability of the community to deal with non-Natives?	

Closing Questions:

50. What help a business	
51. What hinders a business	

Leaders and Elected Officials – Interview Guide

INTERVIEWER:

Before we start the interview, I'd like to give you some general information about this project. We're going to look at what helps and hinders Aboriginal businesses and particularly at how social networks and cultural knowledge effect the success (or failure) of Aboriginal businesses. To do this, we're talking to businesses owners, community members and leaders in your community to find out what they think.

I don't need you to sign anything. But I do want to make sure that you understand what we'll be doing today. We'll be talking about you, what you think, and how you perceive businesses in your community.

.

If you're uncomfortable talking about any of these issues, you don't have to participate in this study. You can pull out at any time, and your participation is entirely up to you.

I'm going to make sure that anything that you say will not have your name or any other information that might identify who you are.

Also, you will be helping your community to understand what are the best practices in business development., as I plan to provide a report and guide on what helps and hinders Aboriginal businesses.

Do you understand everything I've told you? ___ Yes ___ No
Do you agree to participate? **___ Yes ___ No**

We want to make sure that everyone who participates in the study is a resident of this community.
Do you live in this community? Yes_____ No_____
(If "No", thank them for their time and end survey.
If "Yes", then continue)

Interview Guide for Social Capital and Economic Development - Leader

Date: Interviewer:

Interviewee	Community
Position	Age/Gender

Background:

1. What are the strengths and the most pressing problems or concerns of the community?	
2. What are the key economic activities?	
3. What do you see as a viable and good business goals?	
4. Who owns the majority of business?	
5. What is the process of decision making re: economic development?	
6. Since you were elected, what changes have you observed in the community?	

Planning and operating the business

7. Does the community have a role in the business development stage? What is the role?	

Financing

8. How are businesses financed?	

Resources:

9. Is there information sharing among community members about social economic issues/business or events going on in or near the community?	

Markets

52. What are the potential markets for your community?	
53. What are the **target** markets of the businesses in your community?	
54. Which communities are served by businesses in your community?	
55. How do businesses market?	

Community

10. Since the establishment of businesses, have you observed changes in the relations between members of the community?	
11. Do you feel that the involvement/role of business owners in the community has changed since they started their businesses?	
12. What are the collective community economic efforts?	
13. What are the businesses' most important contribution to the community?	
14. Has there been any resistance to businesses in the community? • How did it express itself?	
15. How can your community's members **help** a business?	
16. How can your community's members **hinder** a business?	
17. How can other communities' members **help** a business?	
18. How can other communities' members **hinder** a business?	
19. How can non-native people **help** a business?	
20. How can non-native people **hinder** a business?	
21. There are often differences that exist between people living in the same community. To what extent do differences such as the following tend to divide people in your community?	
22. What unites people? What do people have in common?	

Organizations

23. What organizations exist in the community? (social/economic/traditional)	
24. How were these organizations created?	
25. What kinds of (community) activities have they been involved in?	
26. Can you tell me about the people involved in the organization? 27. How do they become involved? 28. Are all people in the community involved? 29. If not, why are some members of the community not involved?	

30. Are there any obstacles to joining any of these organizations?	
31. Why do people join or are willing to serve (as officers/leaders/board members) in the organizations? 32. Is it hard to convince people to continue being active in the organizations? 33. What kinds of requests/demands do they make on the leadership and organization?	
34. Those who are active members in one organization, are they also members of other organizations in the community? 35. Do people tend to be members of just one organization or join many simultaneously? 36. Can you explain why?	
37. How would you characterize the organizations' relationship with other community organizations? 38. When do they establish collaborations/links between each other?	
39. Do you have links with organizations outside the community? 40. With which ones? 41. What is the nature of those links?	
42. Do you feel there is sufficient information about organizations' programs and activities?	

Government programs

43. Could you describe your relationship with the federal/provinical/regional government? • Have you had experience in trying to get government assistance? • What was your experience? • Which level of government do you find most cooperative (regional, provincial, national • Has the government made particular requests on your community?	
44. Do you feel sufficiently informed about government programs and activities? • What are your sources of information?	
45. Have you attempted to give inputs to the government? • What were the circumstances? • What have been the results? • What kinds of challenges did you have to deal with?	

46. What government programs work? • Why?	
47. Which government programs don't work? • Why	

Closing Questions:

48. What helps businesses in your community?	
49. What hinders in your community?	

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