

Urban Aboriginal Economic Development National Network



Opportunities and Challenges Urban Environments Represent For Urban Aboriginal Economic Development

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About the Urban Aboriginal Economic Development Network: The Urban Aboriginal Economic Development National Network is an open and inclusive multi-stakeholder network of researchers and practitioners working in urban Aboriginal and Métis communities. This includes organizations, universities, federal/provincial/municipal and Aboriginal governments, private industry, community groups, and NGO's. The network's focus is on mobilizing economic development knowledge and strengthening organizational capacity.

This paper can be found on the network website: <http://abdc.bc.ca/uaed>

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In the 1940's, relatively few Aboriginal people lived in cities in Canada. Since then, the urban Aboriginal population has increased steadily. According to the 2006 Census, 53.2 percent of Aboriginal people lived in urban areas (Statistics Canada, 2008). Aboriginal populations comprise the largest minority group in many prairie cities, and their social and economic conditions are central to the future of these cities. Historically, migration to urban areas has been put forward as a solution to Aboriginal unemployment and poverty (Peters, 2005). The socio-economic situation of Aboriginal people on reserves and in rural areas continues to be worse than in urban areas. However, as the Royal Commission on Aboriginal Peoples (1996a, 814) noted, “[t]he economic conditions of Aboriginal people in urban areas are still well below those of non-Aboriginal people.”

This paper addresses the challenges and opportunities urban environments represent for urban Aboriginal economic development. About one quarter of reserves are located within or contiguous to the boundaries of urban areas. Reserve residents experience different legal regimes and government structures than most urban Aboriginal residents, and they are not the focus here. Instead, the focus is on urban Aboriginal people living off reserves in urban areas. The paper begins with some background material that presents the framework for organizing the analysis. Then specific challenges and opportunities are outlined. A summary of challenges and opportunities for urban Aboriginal economic development is presented by way of conclusion.

1. Understanding Urban Aboriginal Economic Development

The following section outlines the argument made by the Royal Commission on Aboriginal Peoples that economic development initiatives should focus on collectivities and not only individuals. Then the framework that organizes this paper – key ingredients for successful economic development in the Project on American Indian Economic Development at Harvard University – is outlined.

1.1. Aboriginal Collectivities and Economic Development

The Royal Commission on Aboriginal Peoples (1996b) viewed Aboriginal economic development as a key factor in the process of restructuring the relationship between Aboriginal and non-Aboriginal peoples in Canada. The Commission noted that economic problems among Aboriginal peoples have most often been seen as problems of individuals requiring assistance (1996b:777). Examples of policy interventions directed toward individuals include training for skills upgrading, social assistance for unemployment, loans or grants for entrepreneurs, or assistance in finding a job. The Commission recognized that many Aboriginal individuals would require assistance to make their way in Canadian society. However the Commission noted that an approach to Aboriginal economic development based on the needs of individuals ignored the importance of the collectively (defined as extended families, communities, and nations) in Aboriginal society. The Commission noted that a recurring theme in Aboriginal statements about economic development was that these approaches were broad in conception “including elements such as governance, culture, spirituality, education and training, and community healing and social development” (1996b:797). These are elements that go beyond individual assistance and address community or collective needs. Aboriginal people who participated in the roundtables on

urban issues organized by the Royal Commission on Aboriginal Peoples indicated that they did not perceive economic issues as existing in isolation from other issues in their communities.

Instead, they perceived the potential for success or failure of economic and employment development in their communities as being connected with the spiritual and cultural well-being in those communities. Economic development was perceived as a tool to help Aboriginal people rebuild their communities and societies. A healthier Aboriginal community might then be able to sustain itself with increased economic investment and employment opportunities in the future (1993:49).

This paper, therefore, focuses on the challenges and opportunities for economic development for Aboriginal collectivities or communities in urban areas rather than on issues associated with individual employment, training, and assistance. Urban areas may contain one or more than one Aboriginal community, and these communities may be organized along a variety of characteristics.

1.2. Factors Associated with Economic Development

Because of the focus on the economic development of collectivities, the analysis in this paper was organized using the key ingredients for success identified in the Project on American Indian Economic Development at Harvard University, a long-term research project on economic development with a large number of American Indian tribes. The Project compared cases of successful economic development with cases where development had failed. Based on this research, Stephen Cornell and Joseph Kalt (2003) identified a number of key ingredients for successful economic development. They (2003:8-11) divided these key ingredients into the categories “external opportunity” and “internal assets”. Of particular interest in this research is that successful economic development was connected to factors beyond the classic prerequisites of “land, labour and capital”, and included some of the broader elements of Aboriginal approaches to economic development identified by the Royal Commission (1996b).

Cornell and Kalt’s category of “external opportunity” (2003:8-9) referred to political, economic, and geographic setting that enhanced or limited development goals. The first critical ingredient they described was “political sovereignty”. Cornell and Kalt found that increasing a tribe’s genuine control over decision-making concerning economic development increased the tribe’s chance of success. “Market opportunity” referred to unique economic niches in local regional, or national markets. “Access to financial capital” had to do with the tribe’s ability to obtain investment dollars from private, government or philanthropic sources. “Distance from markets” was also important. Tribes that were more distant from markets faced more challenges in economic development.

“Internal assets” (2003:9-10) referred to the characteristics of tribes themselves and the resources they could commit to economic development. The availability of “natural resources” affected chances of success. Increasing “human capital” (the skills, knowledge and expertise of the labour force) increased the chances of successful economic development. Effective “institutions of governance” created stable environments for investment and increased the chances of success.

The fourth internal asset contributing to successful development was the fit between tribal cultures and institutions of governance.

Cornell and Kalt argued that weakness in one or even some of the internal or external factors was not automatically associated with unsuccessful economic development. “A surplus of one factor may compensate for a shortage of another” (2003:11). However, they emphasize the importance of the “fit” between different ingredients as well as their interdependence. For example, the ability to attract financial capital was related to the existence of stable and effective institutions of governance.

Clearly the situation of Aboriginal peoples in Canada is not identical to that of the US. There are important differences in legal and political histories, as well as significant variations in geography and populations size (Simeone 2007). In addition, urban Aboriginal economic development varies in crucial ways from economic development by tribes on reservations. Nevertheless, while there have been critics of Cornell and Kalt’s research (e.g. Dowling 2005, Simeone 2007), it provides a useful framework to organize a discussion of the challenges and opportunities urban areas represent for Aboriginal economic development. The following sections follow Cornell and Kalt’s framework to explore opportunities and challenges urban environments create for their “key ingredients” for economic development.

2. Opportunities and Challenges

2.1. Political sovereignty

The degree to which a tribe has genuine control over government design, the use of resources, development strategies, the organization of individual affairs, and relationships with the larger society is positively related to economic development, according to Cornell and Kalt (2003:8). Gaining this type of political sovereignty is a major challenge for urban Aboriginal communities because of differences in histories and legal status.

In his report for the Native Council of Canada (now the Congress of Aboriginal People), Morse (1993:88) pointed out that the fragmentation of the urban Aboriginal community derives in part from a “long history of federal intervention”. Although the Canadian *Constitution Act* (1982) defined Aboriginal people to include the Indian, Métis, and Inuit people, Aboriginal people living in Canadian cities are subjected to a complicated legal regime. First Nations (Indian)¹ people include both individuals who are registered under the *Indian Act* (Registered or Status Indians), and individuals who identify as First Nations people but who do not have the rights, benefits, or status associated with registration. Because the federal government has negotiated agreements only with First Nations on reserves, only members of those First Nations bands have opportunities to participate in self-government arrangements through their bands of origin. These opportunities are denied to Aboriginal people who do not have band membership. The federal government has recognized its responsibilities only to Inuit people and to First Nations peoples living on reserves, although some federal programs are accessible to First Nations people no matter where they live. The federal government has regarded non-registered Indians and Métis as

¹ Many people identified in the Census and the Constitution as “Indian” prefer the term “First Nations” because of the colonial associations with the term “Indian.”

a provincial responsibility. These legal differences fragment the urban Aboriginal population and make it difficult to create urban Aboriginal communities and institutions of governance.

The Royal Commission on Aboriginal Peoples (1996b:816) summarized the challenges facing urban Aboriginal communities.

The lack of urban Aboriginal governing structures is a further impediment to the development of distinct Aboriginal economic and cultural communities in urban areas. Where representative organizations have developed, they have lacked the resources and the legislative authority to plan and implement economic policies and programs aimed at building linkages within the community. Moreover, the development of these structures has been complicated by debate about the form urban Aboriginal organizations should take. Some support the idea of umbrella organizations to represent all Aboriginal groups, while others advocate separate First Nations and Métis organizations.

The Royal Commission suggested that urban Aboriginal residents could have access to self-governing institutions through participation in existing political representative bodies. The challenges associated with this suggestion include the lack of focus on urban areas of most existing organizations, and the fact that some Aboriginal people live in urban areas precisely because they no longer feel connected to these organizations. As an alternative, the Royal Commission suggested that the development of urban Aboriginal organizations creates meaningful levels of control over issues that affect urban Aboriginal residents' everyday lives (RCAP1996:584). However self-determination through urban institutions does not create the same level of control over decision-making envisioned by Cornell and Kalt because membership in these institutions is voluntary, and their level of jurisdiction extends mainly to the administration of government funded services. Where urban Aboriginal political representative organizations have emerged (for example the Aboriginal Council of Winnipeg), they have difficulty accessing core funding (Loxley and Wein, 2003:227), and they face constant challenges to their legitimacy from Aboriginal political representative bodies.

At the same time, it may be important to view the idea of political sovereignty from another perspective. If the main kernel of this ingredient is control over a variety of interlocking initiatives (e.g. governance, spirituality, education, training, community healing) that have to do with creating healthy communities, it may be that some urban areas offer an advantage because of their larger population size. In other words, there may be more opportunities for "institutional completeness" in some urban areas because the large numbers of Aboriginal people can support a variety of initiatives. Few reserves, for example, unless they are very large, can support different levels of education including universities and community colleges. Similarly, it may be that there are more opportunities for healing and regaining elements of cultures in urban areas simply because there are more participants. Clearly overcoming histories of fragmentation may still represent a serious challenge, but it is possible that in some urban areas there could be Aboriginal-controlled initiatives that focus on the wide spectrum of sectors required for the development and retention of healthy Aboriginal communities.

Urban areas represent major challenges to the development of cohesive political entities capable of exerting meaningful levels of control over decision-making. At the same time, the size of many urban Aboriginal communities suggests that there are opportunities in cities to create the kind of “institutional completeness” that could support economic development.

2.2. Market Opportunity

According to Cornell and Kalt (2003:8) access to unique economic niches or opportunities such as the existence of particular assets or attributes or from supportive federal policies, can increase the chances for successful development. Because of the lack of a land base for urban Aboriginal communities, this market niche cannot include elements such as natural resources. However, there are other attributes available to urban Aboriginal communities including distinctive artistic (dance, theatre, music, material art) or craft traditions, tourist attractions (including historic sites),² as well as initiatives such as restaurants and clothing which might find a market in the non-Aboriginal population. Urban Aboriginal populations might also represent a market of Aboriginal focussed initiatives.

As the following section demonstrates, at present, there are no federal policies concerning urban Aboriginal community development that would give urban Aboriginal communities an advantage. The only federally based advantages for urban Aboriginal initiatives accrue to the tax situation of First Nations on urban reserves, which is not the focus of this paper.

However, most cities represent a larger potential market than the populations found in non-urban First Nations, Métis, and Inuit communities. The Department of Indian and Northern Affairs Canada indicates that there are currently 615 First Nations communities in Canada. Thirteen were not enumerated in 2006, including the Six Nations community of Grand River, which was estimated to include at least 20,000 people. Most enumerated First Nations communities are relatively small. Only one enumerated First Nations community had slightly over 5,000 people in 2006, 78 had between 1,000 and less than 5,000, 117 had between 500 and less than 1,000, and the remaining were smaller. Except for the Métis Settlement Areas in Alberta which contained between 600 and slightly over 1,000 people, Métis communities also tend to be small (Métis Settlements General Council, No date). Inuit community populations are also small. Iqaluit, the largest community in Nunavut, had a population of 6,184 in 2006. Ten communities in Nunavut and one in Nunavik had over one thousand people, but the rest were smaller.

Clearly, most urban areas have larger populations than these Aboriginal communities, and many also have larger Aboriginal populations. Table 1 lists Canadian cities where Aboriginal populations are greater than 10,000. With respect to potential markets, therefore, many urban Aboriginal communities have access to larger populations than rural Aboriginal communities do.

² Casinos are not included in this category because the advantages of casinos have to do with their location on reserve lands.

Table 1: Urban Areas with Aboriginal Populations of 10,000 or more

	Aboriginal Population	Percent of Total City Population
Winnipeg	68,385	10.0
Edmonton	52,100	5.1
Vancouver	40,310	1.9
Calgary	26,575	2.5
Toronto	26,570	0.5
Saskatoon	21,535	9.3
Ottawa-Gatineau	20,590	1.8
Regina	17,110	8.9
Montreal	17,865	0.5
Prince Albert	12,140	34.1
Victoria	19,905	3.4
Thunder Bay	10,055	8.3

Statistics Canada Catalogue no. 92-594-XWE. Ottawa. Released January 15 2008.

<http://www12.statcan.ca/english/census06/data/profiles/aboriginal/index.cfm?Lang=E>

2.3. Access to Financial Capital

According to Cornell and Kalt (2003:8-9), as access to financial capital (from private, government or philanthropic sources) increases, so does the chance of successful economic development. The following analysis begins with a description of the access urban Aboriginal communities have to government funding for economic development. Then it turns to access to government funding for programs and services generally, because these can be seen to support broader goals of community development. Finally, there is a short examination of access to capital from urban Aboriginal community members themselves. An examination of access to financial capital through other private or philanthropic sources is beyond the scope of this research.

2.3.1. Government funding for economic development

While many provincial governments have some programs addressing Aboriginal economic development, most focus on rural and reserve situations, and they are much more modest in terms of funding than federal government programs. The main source of funding for urban Aboriginal economic development comes from federal government sources. The Aboriginal Human Resources Development Strategy (AHRDS), administered by Human Resources and Social Development Canada, is described as a “pan-Aboriginal human resources and skills development strategy that provides support to Aboriginal organizations” (Human Resources and Social Development Canada 2009). The program is delivered by 80 Aboriginal organizations across Canada. The AHRDS is targeted at improving Aboriginal labour force involvement, but it also includes funding for capacity building for the Aboriginal organizations that design and deliver the program. An examination of the Aboriginal organizations involved in the AHRDS shows that most are First Nations focussed, and a few are Métis organizations. Of the 80

organizations delivering this program, though, only eight are found in urban areas, focussing on urban populations. Two of the urban organizations deliver services only to First Nations people. While the AHRDS can be described as “pan-Aboriginal” because First Nations, Métis, and urban Aboriginal organizations are eligible to deliver the program, in implementation it is primarily focussed on First Nations reserves or tribal councils.

There are other sources of funding for urban Aboriginal economic development. The Urban Aboriginal Strategy (UAS), administered by the Office of the Federal Interlocutor for Métis and Non-Status Indians with eight other federal departments collaborating, is an urban focused program with three main foci: to improve urban Aboriginal individuals’ life skills, to improve Aboriginal representation in the labour force, and to support Aboriginal women, children, and families in urban areas (Indian and Northern Affairs Canada 2008a). In 2007, the federal government committed \$68.5 million to the UAS for the next 5 years. While UAS initiatives are important, they do not make up for the lack of focus of the AHRDS on urban Aboriginal populations. The AHRDS received a much higher level of funding (\$1.6B from 2004-9), and the UAS is only implemented in thirteen cities. Aboriginal Financial Institutions, loan corporations initially capitalized by Industry Canada, but owned and controlled by Aboriginal people, were created to address the shortage of available credit to finance Aboriginal small business development (Indian and Northern Affairs Canada 2008b). Again, an examination of the existing corporations demonstrates that most are focussed on First Nations reserves or tribal councils. The Aboriginal Business Canada program provides a one time, non-repayable contribution of \$99,999.00 to individuals of Aboriginal heritage, on or off-reserve, with a viable business opportunity. The amount of funding available in this program is not easily found, but given the bias of other programs, it is unlikely that this program itself provides substantial incentives for urban Aboriginal economic development. Urban Aboriginal communities are not eligible for Indian Affairs’ Community Economic Development Programs which provide core funding for economic development in First Nations and Inuit communities (Indian and Northern Affairs Canada 2008c).

In practice then, urban Aboriginal communities’ access to financial capital for economic development from government sources is low, considering that over half of the Aboriginal population lives in cities. Most of the funding is directed towards reserves or tribal councils. Very few urban Aboriginal organizations receive funding for urban Aboriginal economic development.

2.3.2. Government funding for programs and services

Given the more holistic focus of Aboriginal economic development described by Aboriginal presenters to the Royal Commission, it is appropriate to examine funding for programs and services as part of the Aboriginal communities’ access to funding. Because of the lack of clarity about which level of government has jurisdiction over Aboriginal people in urban areas, both federal and provincial governments have avoided taking responsibility. The Royal Commission on Aboriginal peoples (1996a:538) noted that the result is a “policy vacuum”. Hanselmann’s (2001) study found that, despite federal and provincial governments’ stated positions that they were not responsible for urban Aboriginal people, they were involved in programming for urban Aboriginal people in a large number of program fields. Even with a

limited resource base and no formal responsibility for Aboriginal residents, municipal governments with large Aboriginal communities played a role in creating and supporting initiatives for urban Aboriginal peoples.

The currently preferred way of dealing with urban Aboriginal issues appears to be through agreements or funding arrangements between various levels of government, often involving different ministries and departments. The advantages of this approach are that they avoid the “silos” of government organization responsibilities and have the ability to respond to local needs. No single level of government is required to take sole responsibility for the complex issues challenging urban Aboriginal communities, and no government is seen as establishing a precedent in assuming responsibility.

However, current arrangements lead to complexity and lack of shared information. Hanselmann (2002) reported that many of the civil servants who gathered information about programs and services for urban Aboriginal people for his research, were not aware of what other initiatives were in place. Although some urban programs have been established through federal, provincial, and municipal funding, these initiatives were unevenly distributed, with short-term and often limited funding (Hanselmann, 2001). Annual grants place an enormous administrative burden on Aboriginal organizations and limit organizations’ abilities to build successful programs over time. Dependence on government funding creates concerns about sustainability and the ability to shape aspects of programming to reflect cultural needs (Graham and Peters, 2002).

2.3.3. Capital from urban Aboriginal community members

Capital from urban Aboriginal community members cannot compensate for the lack of access to funding from federal and provincial governments. The 2006 Census showed that in urban areas, 7.5% of the non-Aboriginal population with incomes had incomes of \$80,000 or more. For urban Aboriginal residents that proportion dropped to about half, or 3.6%. These proportions vary across Canada, with New Brunswick, Manitoba and Saskatchewan faring particularly poorly (Table 2).³ Nevertheless, it is clear that urban Aboriginal communities themselves do not have the financial capital to support economic development without substantially more government support.

³ The Prince Edward Island population is small and the data are, therefore, likely to be suppressed.

Table 2: Measures of Urban Aboriginal Financial Capital by Province and Territory, Aboriginal Identity Population, 2006

	% with Incomes of \$80,000 +
Newfoundland and Labrador	3.1
Prince Edward Island	0.0
Nova Scotia	2.2
New Brunswick	1.1
Quebec	2.6
Ontario	3.7
Manitoba	1.6
Saskatchewan	1.7
Alberta	5.5
British Columbia	2.9
Yukon	2.8
Northwest Territories	6.8
Nunavut	5.0

Source: Statistics Canada, 2006 Census of Population, Statistics Canada catalogue no. 97-564-XCB2006002

2.4. Distance from Markets

Following to Cornell and Kalt (2003:9) the smaller the distance between Aboriginal communities and the products for their markets, the greater the chances of economic development. Since most of the products of urban Aboriginal communities would be services, or artistic and cultural productions, most of the consumers would be urban residents, both Aboriginal and non-Aboriginal. In general, then, urban Aboriginal communities have better access to markets for their products than First Nations bands, and Métis and Inuit communities.

While the Department of Indian Affairs and Northern Development classifies slightly less than one third (31.1%) of First Nations bands as “urban”, this category does not mean that they are located within or adjacent to urban boundaries. The “urban” classification refers to bands located less than 50 kilometres from a “service centre” defined as a community where the following services are available: “supplies, materials and equipment; a pool of skilled or semi-skilled labour; at least one financial institution; and provincial and federal services” (RCAP, 1996b:811). While there are some bands on reserves within or adjacent to urban area boundaries, these are in the minority. Almost half (47.1%) of bands are located 50 to 350 kilometres from a service centre, a few (3.4%) are located more than 350 kilometres from a service centre, and almost one fifth (18.4%) do not have year round road access. While there is no comprehensive list of the location of Métis communities, many also appear to be located in isolated areas. Similarly, most Inuit communities are not well connected to markets.

In summary, then, distances to markets for product most likely to be created by urban Aboriginal communities are generally smaller for urban Aboriginal populations than for non-urban Aboriginal populations.

2.5. Natural Resources

According to Cornell and Kalt (2003:8), tribes with natural resources endowments have greater access to economic development. However they also point out that “such resources are not necessarily the key to successful development. A number of tribes with substantial natural resource endowments have been unable – despite major efforts – to turn them into productive economic activity, while some tribes almost completely lacking in natural resources have done quite well.” Urban Aboriginal communities without a land base do not have access to natural resources. With respect to natural resources endowments, then, urban Aboriginal communities are disadvantaged.

2.6. Human Capital

According to Cornell and Kalt (2003:9), increased human capital (skills, knowledge, and expertise in the labour force), acquired largely through education or work experience, increased the chances of successful development. Table 3 provides some proxy measures for human capital: employment rates, and the proportion 15 or older with a Bachelor’s degree or more of education. Urban Aboriginal people fare better than people living on reserves or in rural areas with respect to employment and education. However, a comparison of urban Aboriginal and non-Aboriginal populations shows that Aboriginal populations lag behind non-Aboriginal populations on every measure and especially in terms of education.

Table 3: Measures of Human Capital by Area of Residence, Aboriginal Identity Population, Canada, 2006

	Aboriginal On Reserve	Aboriginal Rural	Aboriginal Urban	Non – Aboriginal Urban
Employment rate	39.3	55.0	59.8	62.8
% 15+ with BA or more	3.0	4.4	7.7	20.4

Source: Statistics Canada, 2006 Census of Population, Statistics

There are also variations geographically. Table 4 shows that the urban Aboriginal populations of the prairie provinces of Manitoba and Saskatchewan score low on measures of human capital, while Alberta scores high. Other provinces are more variable in where their scores fall. Table 4 illustrates another element that is important to the availability of human capital – simple population size. The urban Aboriginal populations in the Maritimes, Yukon, the Northwest Territory, and Nunavut, are relatively small, and most are divided between several cities. This means that the total population available to create programs, services, and economic initiatives is relatively limited. Some cities, like Winnipeg and Edmonton, have relative large urban

Aboriginal populations, at 68,385 and 52,100 people, respectively. However the total Aboriginal population in other cities is relatively small. Regina, for example, has an Aboriginal population of only 17,110. In smaller cities, the Aboriginal population size is even smaller. In Prince Albert, for example, almost one third (34.1%) of the population is Aboriginal, but it comprises only 13,570 people. Given the relatively low human capital of Aboriginal compared to non-Aboriginal people, small populations may limit the degree to which their capacities can be stretched.

At the same time, the process of creating urban Aboriginal organizations and delivering programs and services may help to increase the capacity of urban Aboriginal populations. In their study of Aboriginal community leaders, Silver et al. (2006:18) identified three important ‘paths’ that they followed in overcoming barriers to socio-economic mobility in the city. These included adult education, employment in Aboriginal organizations, and their involvement in activities because they were parents. Wotherspoon (2003:155) noted that in urban areas “many public and private sector agencies in both Aboriginal and non-Aboriginal sectors have created initiatives, programs, and hiring policies to attract highly qualified Aboriginal candidates”.

Table 4: Measures of Urban Aboriginal Human Capital by Province and Territory, Aboriginal Identity Population, 2006

	Aboriginal Population	Employment Rate	% 15+ with BA or more
Newfoundland and Labrador	8,885	51.0	3.1
Prince Edward Island	740	63.4	0.0
Nova Scotia	7,350	61.7	2.2
New Brunswick	4,510	56.8	1.1
Quebec	44,765	55.9	2.6
Ontario	150,025	59.1	3.7
Manitoba	185,665	52.5	1.6
Saskatchewan	149,695	48.2	1.7
Alberta	243,530	64.6	5.5
British Columbia	249,475	59.2	2.9
Yukon	7,750	56.8	2.8
Northwest Territories	20,775	52.3	6.8
Nunavut	25,120	47.1	5.0

Source: Statistics Canada, 2006 Census of Population, Statistics Canada catalogue no. 97-564-XCB2006002

According to Wotherspoon (2003:156) this replicates that way the non-Aboriginal middle class emerged historically with “the expansion of state functions to train and maintain a healthy population, manage the marginalized segments of the population, and administer public services.”

While measures of human capital are lower for Aboriginal than non-Aboriginal people in urban areas, they are higher for urban than for non-urban Aboriginal people. Moreover, participation in urban Aboriginal service organizations may create capacity in this area. As a result, urban areas

could be seen as providing opportunities for economic development through nurturing human capital

2.7. Institutions of Governance

Effective institutions of governance which maintain a stable environment for investment improve the chances of economic development, according to Cornell and Kalt (2003:9). Three elements that characterize effective institutions include the development of dispute resolution mechanisms, a capable bureaucracy, and the separation of politics from day-to-day business management. Some researchers have pointed out that these characteristics are not unique to Aboriginal economic development, but are key components of standard management practices (Dodson and Smith, 2003).

There do not appear to be any factors associated with urban environments themselves that would create challenges for developing effective institutions for economic development other than those identified with other factors, for example lack of financial capital, difficulty developing political sovereignty, or a shortage of human capital. The 2006 Census shows that business development, measured by self-employment has increased since 1991. In 1991, 2.6% of individuals identifying as Aboriginal, were self-employed (RCAP, 1996b:881). In 2006, 6.8% of individuals identifying as Aboriginal were self-employed. The proportion of self-employed individuals was slightly lower in urban areas (6.4%) compared to non-urban areas (10.4%), but this is more likely to reflect access to programs, services, and financial capital than the nature of the urban environment itself.

In fact, it may be that the history of non-politically aligned organizations (for example the Friendship Centres and the non-profit housing organizations) providing services in urban areas might provide experience and models for developing effective institutions for economic development in urban areas. In addition, the larger proportion of individuals with higher levels of education, as well as higher levels of employment may provide increased capacity for creating a capable bureaucracy in urban than in non-urban areas. In summary, then, it may be that urban areas represent slightly more opportunities for the development of effective institutions for economic development, than non-urban areas.

2.8. Culture

According to Cornell and Kalt (2003:10), one of the crucial factors influencing chances of economic development has to do with the “culture of the community and the structure and powers of its governing institutions.” By “culture”, Cornell and Kalt (2003:11) mean “conceptions of normal and proper ways of doing things and relating to other people, and the behaviour that embodies those conceptions.” While some writers have interpreted Cornell and Kalt’s work to suggest that effective institutions of economic development need to replicate traditional Aboriginal cultures, this does not appear to be what they mean. Instead, they provide examples of effective economic development with tribes that follow more western institutional systems, as well as tribes that have institutions modelled on traditional governing practices. The key is that the institutions are seen as legitimate, and if they are not seen as legitimate, their

“ability to regulate and organize the development process will be undermined, and development will be blocked” (2003:10).

While Cornell and Kalt’s focus is on legitimacy rather than traditional cultures the cultural complexity of urban Aboriginal communities may make it difficult for Aboriginal communities to agree about the values, goals, and ways of operating of institutions of economic development. Table 5 shows that Métis people comprise from one quarter to over 60% of the Aboriginal population in large cities. When we examine distinct First Nations and Métis⁴ groups, we find that the urban Aboriginal community is even more complex, culturally, than the statistics in Table 5 suggest. For example, RCAP found that in 1991, in Vancouver, the largest Aboriginal cultural group contained less than 15 percent of the total Aboriginal population, and there were more than 35 other Aboriginal cultures represented in that city (RCAP, 1996a:592-507). Clatworthy’s (2000, xiii) study of the composition of urban Aboriginal populations in Winnipeg demonstrated that their diverse cultural origins and legal status created a “barrier to social cohesion, culture and language retention and the development of a shared sense of community.”

Table 5: Cultural Characteristics of the Aboriginal Identity Population in Large Canadian Cities, 2006

	% First Nations	% Métis	% Inuit
Vancouver	60.6	38.9	0.5
Victoria	64.4	34.3	1.3
Edmonton	44.2	54.6	1.2
Calgary	42.0	57.0	1.0
Regina	56.8	43.0	0.1
Saskatoon	54.3	54.3	0.3
Winnipeg	38.5	61.0	0.5
Thunder Bay	75.4	24.1	0.5
Toronto	68.6	30.1	1.3
Ottawa-Gatineau	55.3	41.0	3.7
Montreal	60.6	36.0	3.4

Source: Statistics Canada, 2006 Census of Population, Statistics Canada catalogue no. 97-564-XCB2006002

Representatives to the Royal Commission on Aboriginal Peoples' *National Round Table on Aboriginal Urban Issues* pointed out that "any sort of co-operative urban Aboriginal movement has been hamstrung by scarce resources, fragmented populations, unclear mandates, and a lack of...federal or provincial encouragement and support" (Royal Commission on Aboriginal Peoples, 1993:79). Moreover many Aboriginal people who live in urban areas retain ties with their non-urban communities of origin, and these ties represent an important component of their cultural identities.

⁴ Anderson (2008) has argued that there should be a recognition of the differences between Métis who are associated with the historic Métis and individuals who identify as Métis because they have “mixed” First Nations and European ancestry.

However some existing urban institutions show that it is not impossible for different Aboriginal groups to organize together in support of common goals. Friendship Centres represent one example. Established as a referral service, the first centre opened in Winnipeg in April 1959. At present there are 117 Friendship Centres in cities throughout the country. Since the 1950s, many other Aboriginal organizations have emerged to address a wide variety of issues. Non-profit organizations that do not differentiate by culture or legal status have existed in urban areas for many decades (Peters, 2005). In Winnipeg the Aboriginal Council of Winnipeg emerged in order to provide political representation for all urban Aboriginal residents in the city. Loxley and Wein (2003:226-227) described the Council as follows:

The Aboriginal Council has the backing of numerous Aboriginal institutions in Winnipeg and of some very prominent urban Aboriginal activists, Status, Non-Status, and Métis alike. Its position is that Aboriginal people should have the right to self-determination regardless of place of residence. ACW believes that “status blind” institutions would best serve the interest of urban Aboriginal people...but at the same time is careful to point out that it does not believe in a melting pot approach to urbanizations. Rather, it respects the diversity of the different groups and believes in the portability of treaty rights.

The Urban Aboriginal Strategy (UAS) also provides an example for co-operation among different groups of Aboriginal peoples. Emphasizing local participation in identifying priorities and projects, and administering funding, the UAS requires steering committees in each participating community. These committees vary in their composition. For example, in Prince Albert the steering committee is comprised of 6 Aboriginal people (3 Métis and 3 First Nations individuals) with 3 non-voting advisory members representing the City, the Province, and the Federal government.

To summarize, then, the diverse cultures that comprise urban Aboriginal communities create a challenge to agreement on the legitimacy of institutions of economic development, but this challenge is not necessarily insurmountable.

3. Conclusion

Table 6 summarizes the opportunities and challenges Aboriginal communities face in economic development in urban areas. With respect to political sovereignty, Aboriginal communities face challenges because of historic and contemporary fragmentation and the lack of a legislative framework for governance in urban areas. However, the larger size (compared to many reserve and rural communities) of urban Aboriginal populations presents an opportunity for institutions in a variety of sectors and the possibility for “institutional completeness. The size of the total and Aboriginal population in many cities provides a market for urban Aboriginal community products. Access to financial capital for economic development is low in urban areas, and represents a challenge for urban Aboriginal communities. Distance to markets is low, providing an advantage. The lack of a land base for urban Aboriginal communities means that they do not have access to natural resources, and this represents a challenge. Human capital appears to be higher in the urban than the non-urban Aboriginal population, and it is possible that participation in providing services contributes to the formation of a middle class. It is difficult to identify

factors in the urban environment that would discourage the development of effective institutions of economic development, apart from elements identified under other headings. In fact, the example of longstanding, non-political service organizations (Friendship Centres, non-profit housing organizations) may provide leadership in this area and represent an opportunity in the urban setting. The existence of diverse cultures constitutes a challenge at present, although there are some examples of diverse Aboriginal cultural groups coming together in pursuit of particular objectives in urban areas.

Table 6: Summary of Opportunities and Challenges for Aboriginal Economic Development in Cities

	Opportunity	Challenge
Political sovereignty	x	x
Market opportunity	x	
Access to financial capital		x
Distance from markets	x	
Natural resources		x
Human capital	x	
Effective institutions	x	
Culture		x

Clearly, there are challenges facing urban Aboriginal community economic development. However there are also opportunities.

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