

# Discussion Paper

## Building an Innovative Economic Model “ON” Indigenous Lands

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## **“Building an Innovative Economic Model ON Indigenous Lands”**

### Introduction:

Since the beginning of time, Indigenous peoples have always practiced the “do good to people” principle in all aspect of their interactions. It’s innate. Otherwise, Indigenous peoples wouldn’t have been able to sustain their way of life as they did for thousands of years. It’s also an irrefutable fact Indigenous peoples lived selflessly, multi-dimensionally and sustainably for thousands of years, changing as foreign visitors started to arrive in North America. Then in just a short period the social influences worsened amongst Indigenous peoples. They no longer applied the do good to one another model. Instead, people became selfish, single – dimensional and applied unsustainable thinking!

When the modern treaties were established in the late 1800's and early 1900's, there was something else going on throughout Indigenous original soil. People were becoming more and more separated and exclusive than ever before. When the treaties were recognized amongst sovereign Nations, Indigenous peoples inadvertently began supporting institutions that would suppress grassroots advancement and development. Perhaps this is an understatement. Nevertheless, these systems, starting with INAC and its formation, manufactured hundreds of stand – alone “flower pots” and began relocating the “seeds” onto it. In this analogy, the flower pots are the “reserves” and the seeds are the “people”.

Today, the reason why there is little or no economic foundation in most Indigenous communities is because external institutions were created to have financial power over Indigenous peoples. These governments created what I refer to as the economic flower pots or synthetic wealth systems. It's an illusion Indigenous peoples have a "real" balance sheet measuring wealth! All we have throughout Indigenous country is an "income statement" economy. Money comes in and then goes out. Money doesn't even circulate twice in most Indigenous communities!

Let me voice this now. The money that comes into the Indigenous community is far from being a "contribution", but rather it's a "corporate royalty" levied on the Canadian levels of government. If perceived as a financial contribution then the Canadian levels of government can fund as little as they want but just enough for them to rationalize their obligation without qualifying it to anyone other than between themselves. Hence, the "Treasury Board" rules the roost and the various tentacles of government submit their requests through financial instruments (Income Statement and Balance Sheet) for their exclusive review and approval. Preferably, Indigenous governments should accept these as foreign aid rather than transfer payments.

In recent years the Department of Indian Affairs receives approximately (7) seven billion dollars in transfer payments from the "Treasury Board" and they keep 20 to 30% for their internal operations, and the rest is funneled down to over 590 Indigenous communities in Canada. Other players at the "Federal" level include Health Canada and Service Canada. At the Provincial

level are the “Aboriginal” focused bureaucracies and social services organizations. In total, approximately \$11 billion dollars is transferred to the Indigenous *illusionary economy*.

Aside from these “corporate” entities that transfer funds to Indigenous communities, there's no other capital supply to the community. No one else dares to become a money supplier because Indigenous peoples don't own anything even though on the balance sheet it shows assets in the millions. The ‘economic flower pot’ makers know that!

If it's true that the entire world has subscribed to one type of economic model, then this explains why Indigenous peoples get treated the way they are. Unfortunately, many Indigenous peoples have been conditioned to perpetuate the typical "flower pot" mentality too! The solution is to return to the values of **selflessness**, multi – dimensionality and sustainability because this is where the other choice is. Not only can Indigenous peoples work with the profit maximization model of capitalism, but they can also champion the do good to people model of capitalism as well. The concept of “Social Business” fits well with the Indigenous ideology and values. Let's now explore this idea further.

## Indian Agent Syndrome:

First, let me set the stage. As part of the government's plan to assimilate Indigenous peoples into the European way of life, the foreign governments created “Indian Agents” to act as gatekeepers to control and monitor the

traffic of Indigenous peoples. I've labeled these Indian Agents as the original "crabs" of Indigenous country because their job was to keep Indigenous peoples down. It was their job to make certain Indigenous peoples didn't get ahead by going anywhere. If they kept Indigenous peoples in the "container", they couldn't grow to their potential. Sure growth was possible but only to a certain level or point, much like a cedar tree will only grow a certain height in a flower pot.

It's well known these Indian Agents meddled in every aspect of Indigenous peoples lives. There wasn't anything the Indian Agent's didn't know. They knew all there was to know throughout Indigenous Country, and that's how they kept Indigenous peoples controlled. Then around the mid-1950's they just disappeared! Indian Agents were no longer visible anywhere on Indigenous territory. Once again life began to change for Indigenous peoples. Around the mid-1950's urban organizations were forming. In 1957 – 1958 an organization based on helping Indigenous peoples adapt to the urban environment was established.

If we reflect back on what happened throughout Indigenous Country, we intuitively know Indian Agents had a profound "cultural impact" on Indigenous peoples. I admit this is a blatant understatement! It's been approximately 65 years since the day Indian Agents left Indigenous territory and what happened next was perhaps inevitable according to "mirror neuron" theory.

In short, Indigenous peoples took over the Indian Agent role of keeping their relatives down. Making sure no one got ahead, and if someone looked like they were getting ahead, they would be pulled back down immediately.

Mirror neuron theory is copying, replicating, or imitating an outer behavior. The phenomenon called the “Crab Mentality” or as I prefer the “Indian Agent Syndrome” has been operating silently throughout Indigenous country for over 140 years or so. Let’s examine this phenomenon a little closer so that we can understand it and rise above it as quickly as we can.

The **Crab mentality**, sometimes referred to as **crabs in the bucket**, describes a way of thinking best described by the phrase "if I can't have it, neither should you." The metaphor refers to a pot of crabs. Individually, the crabs could easily escape from the pot, but instead, they grab at each other in a useless "king of the hill" competition (or sabotage) which prevents any from escaping and ensures their collective demise.

The analogy in human behavior is that of a group that will attempt to "pull down" (negate or diminish the importance of) any member who achieves success beyond the others, out of jealousy, conspiracy or competitive feelings. This term is broadly associated with short-sighted, non-constructive thinking rather than a unified, long-term, constructive mentality. It is also often used colloquially about individuals or communities attempting to "escape" a so-called "underprivileged life", but kept from doing so by others attempting to ride upon their coat-tails or those who simply resent their success. The Crab bucket (Indian Agent) syndrome is often used to describe social situations where one person is trying to better themselves and others in the community attempt to pull them back down.

I admit there have been times in my life where I have been jealous of another's success, and have, in my fashion, done something to pull them

back with the rest of our mere mortals. On the flip side, I've certainly felt the Indian Agent syndrome as I've climbed out of my bucket and witnessed it in varying degrees thousands of times over.

Why do Indigenous peoples continue to sabotage the success of their relatives? Could it be a self-esteem issue within the Indigenous population? The crab has a goal; to climb out of the mass and regain freedom. In the position the crab is in, it is a very immediate and lofty goal. If the crabs worked together, one or more of their fellows would achieve freedom, and all would share in the success. Unfortunately, people seem to behave in the same manner on a more frequent basis than we would like to see.

On a daily basis, I ask for help to reach my goals and love to help be a part of others success. The work done at the time of our journey has given improvement in this area; likely not perfection, but it feels good to be part of success, even if by association. On a daily basis, may Indigenous peoples become free of the “Crab Bucket (Indian Agent) Syndrome” and adopt another more helpful, empowering way of economic life. The new economic model suggested is called Social Business.

## What is Social Business?

A Social Business is a business which defines success by positive social impact rather than monetary profit. Social Business is a new concept that changes the paradigm of social transformation – from donated dollars to creating “**sustainable self-funding solutions**” to the problems

Social Businesses are gradually shifting the path of established business practices from the self-centered drive behind profit maximizing enterprises to a model based on alleviating social ills and encompassing human nature's desire to help others.

There is only one kind of business in the world that we all know about, because in economic theory, the way business is presented, business means business to make money. Profit maximization is the mission of the business, so people in business continue to focus on that. Anybody who comes into business, that's what he or she does. And it's a very narrow interpretation of a human being. People are assumed to be money making machines; as a kind of robot-like performance to maximize money and they have no other thoughts. But in real life, a human being is much bigger than that.

Making money is not a bad thing. You want to earn money. You also want to do good to people. You want to make a difference in the world. You want to solve the problems that you see around yourself. But those things are not included in the business world. So to justify the totality of the human being, you need to create one more kind of business besides the existing type of business of making money. The second type of business would be business to do good to people without any idea of having benefit for you.

The first type of business, the profit maximizing business is all about you. You want to make money, and everything has to come to you. You are the center of everything – all your activity in the business. The second type of



business, the social business is a business where you don't feature at all. Everything is about others. Everything is to help somebody other than you.

The human being is a multidimensional being. It's not a single dimensional being, like make money and that's the only thing you do. But multidimensional aspect can be accommodated by creating that type of business, the social business. And it's a non-loss, Non-dividend Company with a social objective.

So that's a case I'm presenting – that this is what is missing in the political framework of capitalism. So that is why we have created so much of a problem around us, because these issues about environment, about housing, about poverty, about diseases, about health care, about nutrition – all these are ignored because the type of business we are involved with do not pay attention to that. By its very nature, by its very definition, it doesn't pay attention. So we need to have another type of business which will address these issues.

Here are the principles of social business:

1. Business objective will be to overcome poverty or one or more problems (such as education, health, technology access, and environment) which threaten people and society; not profit maximization.
2. Financial and economic sustainability.
3. Investors get back their investment amount only. No dividend is given beyond investment money.

4. When investment amount is paid back, company profit stays with the company for expansion and improvement.
5. Environmentally conscious.
6. Workforce gets market wage with better working conditions.
7. ...do it with joy.

## Why Social Business for Indigenous country?

The indigenous community needs a new kind of capitalism that serves Indigenous peoples, which means an economic model that operates outside of the profit-seeking world. As it stands now, money comes into the community (which is not the case because the banks are located in town) from transfer payments from the levels of government and it's redirected to employees who go and spend it in town and suppliers are paid who are in town. Money barely circulates once in the community. The following chart depicts the one-way flow of money:

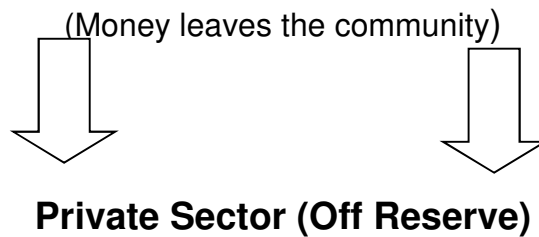
### **INDIGENOUS Economy**

#### **Public Sector (Off Reserve)**



(Money in the form of transfer payments, social assistance and interest earned)

**Enterprises      Households      Government Operations**



In the middle is where Indigenous peoples would build social business enterprises alongside the few profit maximization enterprises. Indigenous peoples can then recycle the money that comes into the community at least two or three times before leaving the community into the pockets of the private sector of mainstream.

On a side note, Indigenous peoples have been keeping the neighboring economy vibrant and healthy for some time although the treatment Indigenous peoples receive, which is less than encouraging. Let's get back to the new economic model. In time this new type of economy would evolve, and it would be based primarily on the social business principles.

In a social business environment, the investors and business owners only get back whatever money they've put into the business to get it started and running. As a general rule, the business profits are returned to the business to improve, expand or advance the business even more.

The business becomes sustainable over time. One of the fundamental principles of social business is sustainability. As it sustains itself more employment, more economic activity is occurring. The flower pot is being transformed. The Indigenous world is on its way to building a social business

environment. In a social business environment, many of the social issues would be eradicated then another type of social business would be developed. When a social business succeeds in the community everyone in the community succeeds.

## Social Business throughout Indigenous Country

There's certainly no shortage of social problems or issues throughout Indigenous Country. You've heard or read about the high percentages or above average ratios of social ills throughout Indigenous country. I will not reiterate those statistics. They're well documented in almost every level of government today. Despite the rapid pace of development in mainstream society, Indigenous country is clearly lagging by ten to fifteen years in all areas of development and even further behind in economic growth. In this day and age, there are still a few Indigenous communities who still have no running water or electricity in their community. Talk about being behind!

Where do you start? Start from where you are. If you look around your Indigenous community, you'll find something not going right, and that's where you can focus your attention. I am assuming that whatever is attracting your attention is what you're inclined to do or have some skill to address. Match yourself with a social issue in your community. Take some time to research and understand the issue. You're starting your "market research" on your social business idea. Again, social business as defined as a "Non-loss, Non-dividend Company with a social objective". Another way to say this is to

focus on a social goal using business formats and methods to solve the social issue.

Here are 14 examples:

- Errand Service for non – vehicle owners and elders
- Rental garage repair and maintenance service
- Medical travel services
- Justice related services
- Infant and youth clothing and footwear
- Home cleaning services
- Home maintenance and repair
- Lawn care services
- Diabetic food preparation and delivery services
- Seasonal tourism related services
- Cottagers services
- Fisheries
- Renewable energy
- Technology

## Financing Social Business

Just like any regular business, a social business will require a business plan describing its initial funding for start – up. Once the social business gets its economic or business footing, then it can finance its ongoing growth and development because it must be financially sustainable.

There are hundreds of financing sources that available today. The most obvious ones can be found locally. The community government certainly has access to money they can use as a "social business fund". If none exist then, other government agencies can provide financing.

Another source is the citizens themselves. They can invest in a social business as shareholders as well. In fact this addresses the "Indian Agent Syndrome". Rather than focusing on hand – out, attention is given to hand – up! Local citizens can get involved as active investors in their community businesses. The cost per share need not be out of reach but within reach to allow citizens to become shareholders of the company. Inclusivity is automatically built into the investment process.

There are hundreds of philanthropic organizations in mainstream society. Many of them have been waiting for years for a vehicle to invest. When a humanitarian organization gives money to a local business throughout Indigenous territory it's not going to be charity but investment. These investors are assured they'll get their original investment back because that's how social businesses are structured. It's one of the principles of social business.

Other profit maximization companies in mainstream have money they'd like to invest aside from their economic model. They're calling it corporate social responsibility. Now they have more of a choice between investing and charity giving. They can do now do both!

Ordinary taxpaying citizens can also participate in the Indigenous economy. There are employed people out there that would consider investing if there was a way to go about doing it without feeling nervous about losing their money. There is no shortage of where capital can come from to get social businesses off the ground throughout Indigenous territory.

## Summary

Indigenous peoples were forced into a "flower pot" economic environments, and can be changed by creating an innovative economic model for Indigenous communities. The Indian Agent syndrome can be erased forever. Social business is different yet familiar because it's based on principles that make sense to most Indigenous peoples. Indigenous peoples can keep their money circulating just a little longer in the community. There's no shortage of capital support to start social businesses in the community today. Indigenous communities can advance social business development by becoming economic practitioners that initiate an innovative economy throughout Indigenous country.