UNDERSTANDING GOVERNANCE IN STRONG ABORIGINAL COMMUNITIES

PHASE ONE: PRINCIPLES AND BEST PRACTICES FROM THE LITERATURE

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Institute On Governance

in collaboration with
York University
CESO Aboriginal Services
Saskatchewan Federated Indian College

EXECUTIVE SUMMARY

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I. INTRODUCTION

The International Context

International development agencies such as the World Bank have been struggling with the following conundrum: some countries have received substantial foreign aid and yet their incomes have fallen while others have received little assistance and their incomes rose. Indeed, there appears to be a slightly negative relationship between aid and growth.

Based on a growing body of research and evaluations, the World Bank and others now judge that "poor countries have been held back not by a financing gap, but by an 'institutions' and 'policy' gap".

There has been little research of a similar nature directed at Aboriginal communities in North America. A major exception – and an important inspiration for this study – was research conducted by two American scholars, Stephen Cornell and Joseph Kalt, as part of the Harvard Project on American Economic Development. Their conclusions[1], based on an empirical study of American Indian Reservations, closely parallel those of the World Bank: the 'development puzzle' of why some tribes develop while others do not is determined by three factors:

- having the power to make decisions about their own future;
- exercising that power through effective institutions; and
- choosing the appropriate economic policies and projects.

Purpose of this study

With this international context very much in mind, four organizations – CESO Aboriginal Services, York University, Saskatchewan Federated Indian College and the Institute On Governance – have formed a partnership to conduct an in-depth study of the linkages between sound governance and strong Aboriginal communities with a three-fold objective:

1. To increase awareness among Aboriginal leaders and their communities and among government policy makers about the linkages between governance and sustained socio-economic development in a Canadian Aboriginal context;

[1] Cornell, Stephen and Joseph P. Kalt, *Reloading the Dice: Improving the Chances for Economic Development on American Indian Reservations*, Harvard Project on American Indian Development, John F. Kennedy School of Government, Harvard University, March 1992.

2. To increase awareness about the process of transformation in the strong Aboriginal communities; and

3. To explore specific, concrete steps that Aboriginal governments and other affected 'players' might undertake to improve well-being in Aboriginal communities.

This paper represents the first phase on the study and will focus on summarizing the principles and best practices to be gleaned from international and, where available, Aboriginal experience through a literature search. The emphasis is on teasing out what one might expect to find in strong communities, not on the process of transformation itself. Thus, there are few references to literature dealing with community development in small communities or the process of individual and community healing.

The second phase of this study will be empirically-based and will centre on some four to six First Nation success stories of effective development at a community or tribal council level over a sustained period of time. The intent, among other things, is to test the results of Phase One to ascertain which of the principles and best practices appear most relevant in a Canadian Aboriginal context. (For a compilation of issues raised in Phase One, refer to Appendix F.) To conduct the case studies, the study will use a community empowerment strategy emphasizing the direct participation of the First Nation communities themselves in the production of the cases.

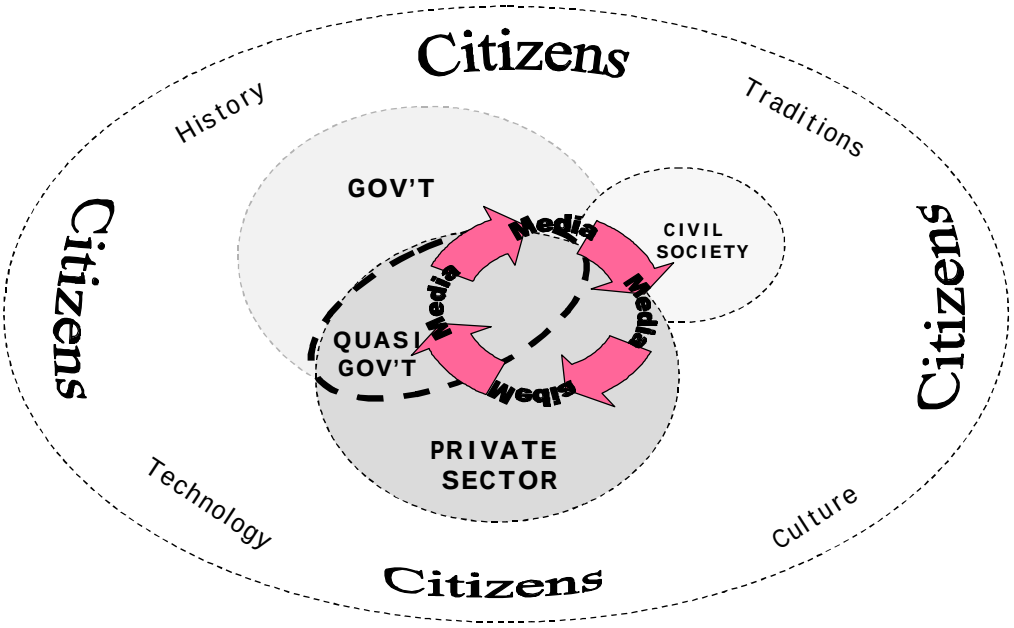
Final phases of the study will centre on a series of learning events and other activities designed to disseminate the results of the earlier phases and to encourage further innovation.

II. GOVERNMENT V. GOVERNANCE

Governance, a concept central to this study, is usefully defined today as *the art of steering societies and organizations*. Governance occurs through interactions among structures, processes and traditions that in turn determine how power is exercised, how decisions are taken, and how citizens or other stakeholders have their say. Fundamentally, therefore, governance is about power, relationships and accountability: who has influence, who decides, and how decision-makers are held accountable.

Governance is not synonymous with government. Governments are concerned with public issues, but interest in such issues is not confined to the domain of government. Other actors, such as the non-profit sector, (including voluntary agencies), the media, and in some societies, the military and religious organizations as well as business organizations, share an interest and sometimes a role in addressing public issues. Figure 1 illustrates the significant actors involved in governance in a non-Aboriginal Canadian context.

Figure 1 – Governance – Mapping the Relationships



The remainder of this paper is organized around the main actors involved in governance as illustrated earlier in Figure 1. Section III, which follows two introductory sections, centres on government itself and examines a wide range of factors including the role of government, some principal institutional characteristics such as the absence of corruption, its principal laws and policies relating to development, accountability mechanisms and some of its essential capacities. In Section IV, turning our attention to Citizens and Civil society, we look at four critical aspects of the governance of a society: voluntarism and the creation of trust in political institutions; the resolution of conflict; citizen participation; and the impact of systems for choosing political leaders. Section V focuses on the Private sector and examines three broad strategies for achieving economic development – encouraging entrepreneurship, partnering with non-Aboriginal business and community-owned entreprises. Finally, Section VI looks at the question of media and governance.

The context in which these actors operate, a context determined by traditions, culture, history and technology, help shape the roles and tactics adopted by the various actors in the governance of any society.

III. CONCLUSIONS: AREAS OF ENQUIRY FOR PHASE TWO

Phase Two of this project will consist of an empirically-based research study that will profile between four and six First Nations who have achieved durable socio-economic development. The objective will be to better understand the linkages between their success in achieving strong development and the governance practices they have adopted.

The results of this literature review suggest that Phase Two might profitably focus on, among others, four areas:

1) Getting Government Right – in particular addressing issues relating to:
   - forging a clear vision
   - matching roles to capabilities
   - having the fundamentals in place – legal and policy regimes
   - promoting an effective public service
   - eliminating corruption
   - building sound institutions
   - instilling healthy competition in the provision of public services
   - promoting social development
   - recasting roles among national and sub-national governments, and
   - encouraging partnerships with other sectors.

2) Social Cohesion and Governance – in particular how communities go about:
   - promoting volunteerism and trust in political institutions
   - resolving conflict among citizens, governments and between citizens and governments
   - involving citizens in decisions that affect them, and
   - designing appropriate electoral systems or other approaches for choosing leaders.

3) The Private Sector – in particular how communities have gone about:
   - encouraging entrepreneurship
   - partnering with non-Aboriginal business
   - promoting community-owned enterprises

4) The Media – in particular in strong communities:
   - The extent to which the media influences the public policy process
   - Whether the community has taken a pro-active role in relating to the media
   - Whether 'civic journalism' plays a role, if any.

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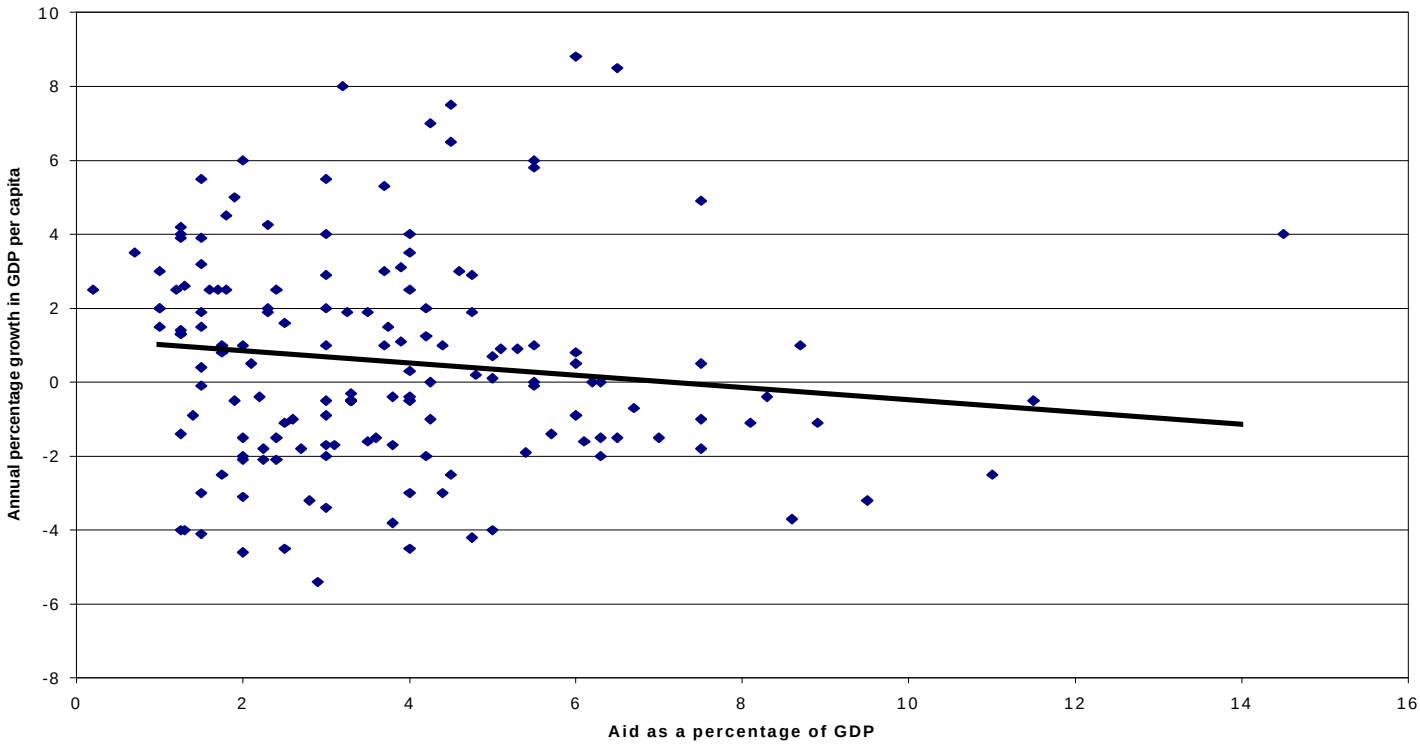
The International Context

International development agencies such as the World Bank have been struggling for decades to understand the depressing conundrum outlined in Figure 1[2].

Figure 1 .1 – Aid and Growth in Selected Developing Countries 1970-93

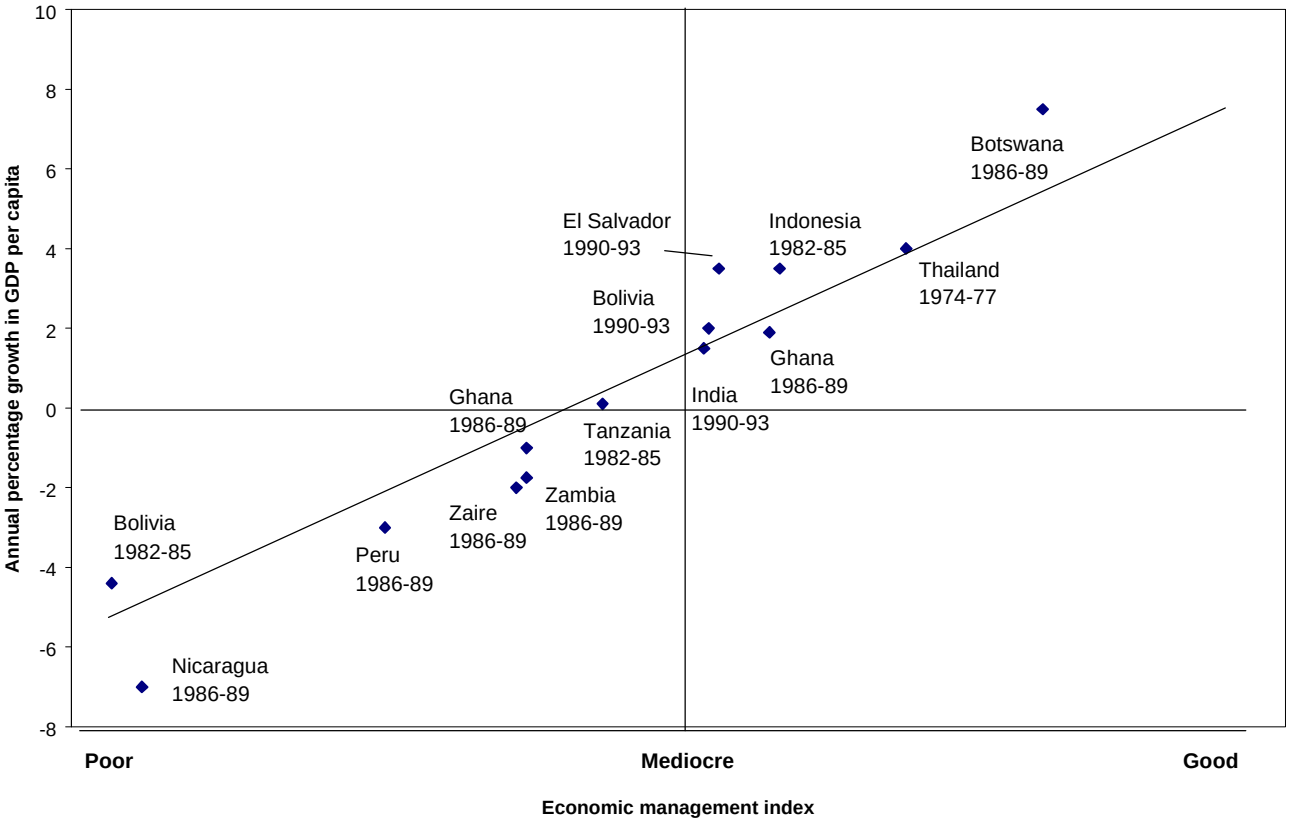


[2] World Bank, *Assessing Aid: What Works, What Doesn't, and Why*, Oxford University Press; New York, 1998, p. 35.

Thus, some countries have received substantial foreign aid and yet their incomes fell while others received little assistance and their incomes rose. Indeed, there appears to be a slightly negative relationship between aid and growth.

Based on a growing body of research and evaluations, the World Bank and others now judge that "poor countries have been held back not by a financing gap, but by an 'institutions' and 'policy' gap."[3] Figure 1.2 summarizes some of the evidence for this conclusion.

Figure 1.2 - Economic Management and Growth in Selected Developing Countries



John Kenneth Galbraith, the Canadian born economist not known for his conservative views, shares the World Bank's central conclusion:

> "As we look at the achievements of the century, we must all pay tribute to the end of colonialism. Too often, however, the end of colonialism has also meant the end of

[3] *Ibid*, p. 33.

> effective government. Particularly in Africa, colonialism frequently gave way to corrupt government or no government at all. Nothing so ensures hardship and suffering as the absence of a responsible, effective, honest polity... Economic aid is important but without honest, competent government, it is of little consequence. We have here one of the major unfinished tasks of the century."[4]

There has been little research of a similar nature directed at Aboriginal communities in North America. A major exception – and an important inspiration for this study – was research conducted by two American scholars, Stephen Cornell and Joseph Kalt, as part of the Harvard Project on American Economic Development. Their conclusions[5], based on an empirical study of American Indian Reservations, closely parallel those of the World Bank: the 'development puzzle' of why some tribes develop while others do not is determined by three factors:

- having the power to make decisions about their own future;
- exercising that power through effective institutions; and
- choosing the appropriate economic policies and projects.

In its treatment of economic development, Canada's Royal Commission on Aboriginal Peoples (RCAP) relied on the Cornell and Kalt study[6] in their analysis but undertook no original research of its own along similar lines. That said, the relationship between political systems and development is a central element of the Commission's thinking throughout its reports. In its chapter on *Health and Healing*, for example, the Commission notes that the link between health and self-government is critical. Whole health, in the full sense of that term, does not depend primarily on health and healing services according to the Commission. Rather, whole health depends as much or more on the design of political and economic systems. But the dependence is mutual: the new economic and political systems that Aboriginal peoples are struggling to build will not work effectively unless health and healing have been achieved.[7]

Purpose of this study

With this international context very much in mind, four organizations – CESO Aboriginal Services, York University, Saskatchewan Federated Indian College and the Institute On Governance – have formed a partnership to conduct an in-depth study of the linkages between sound governance and strong Aboriginal communities with a three-fold objective:

1. To increase awareness among Aboriginal leaders and their communities and among government policy makers about the linkages between governance and sustained socio-economic development in a Canadian Aboriginal context;

[4] Galbraith, John Kenneth, a lecture delivered at the London School of Economics, quoted in *The Globe and Mail*, July 6, 1999.
[5] Cornell, Stephen and Joseph P. Kalt, *Reloading the Dice: Improving the Chances for Economic Development on American Indian Reservations*, Harvard Project on American Indian Development, John F. Kennedy School of Government, Harvard University, March 1992.
[6] See, for example, the Royal Commission on Aboriginal Peoples, *Final Report*, Volume 2, Part 2, Minister of Supply and Services, Ottawa, 1996, pp. 823-825.
[7] Royal Commission On Aboriginal Peoples, *Final Report*, Volume 3, Ottawa, Minister of Supply and Services, Canada, Canada Communication Group Publishing, 1996, p. 316.

2. To increase awareness about the process of transformation in strong Aboriginal communities; and

3. To explore specific, concrete steps that Aboriginal governments and other affected 'players' might undertake to improve well-being in Aboriginal communities.

This paper represents the first phase on the study and will focus on summarizing the principles and best practices to be gleaned from international and Canadian experience through a literature search. . The emphasis is on teasing out what one might expect to find in strong communities, not on the process of transformation itself. Thus, there are few references to literature dealing with community development in small communities or the process of individual and community healing.

The second phase will be empirically-based and will focus on some four to six First Nation success stories of effective development at a community or tribal council level over a sustained period of time. The intent, among other things, is to test the results of Phase One to ascertain which of the principles and best practices appear most relevant in a Canadian Aboriginal context. To conduct the case studies, the study will use a community empowerment strategy emphasizing the direct participation of the First Nation communities themselves in the production of the cases. The results of Phase Two will be discussed at a second seminar with the steering committee but augmented by representatives from each of the case study communities.

Final phases of the study will centre on a series of learning events designed to disseminate the results of the earlier phases.

Scope and Organization

The scope of this paper will be both broader and narrower than that of the work of the World Bank and other international financial institutions. Following the lead of the RCAP, our concern will encompass development in the broad sense of that word and will not be confined to economic development. Furthermore, our inquiry will not focus solely on 'institutions' and 'policy' but will encompass other aspects of governance ranging from electoral process to the voluntary sector to dispute resolution.

On the other hand, we will not deal with some aspects of 'policy' that figure prominently in international studies – for example, what economists call macro-economic policy, concerned with matters of interest rates, exchange rates and international trade policy. These are matters that, with few exceptions, do not have an immediate relevance to Aboriginal communities.

We begin with a discussion of governance, a central concept to the study. This discussion will provide a framework for how the remainder of this paper is organized.

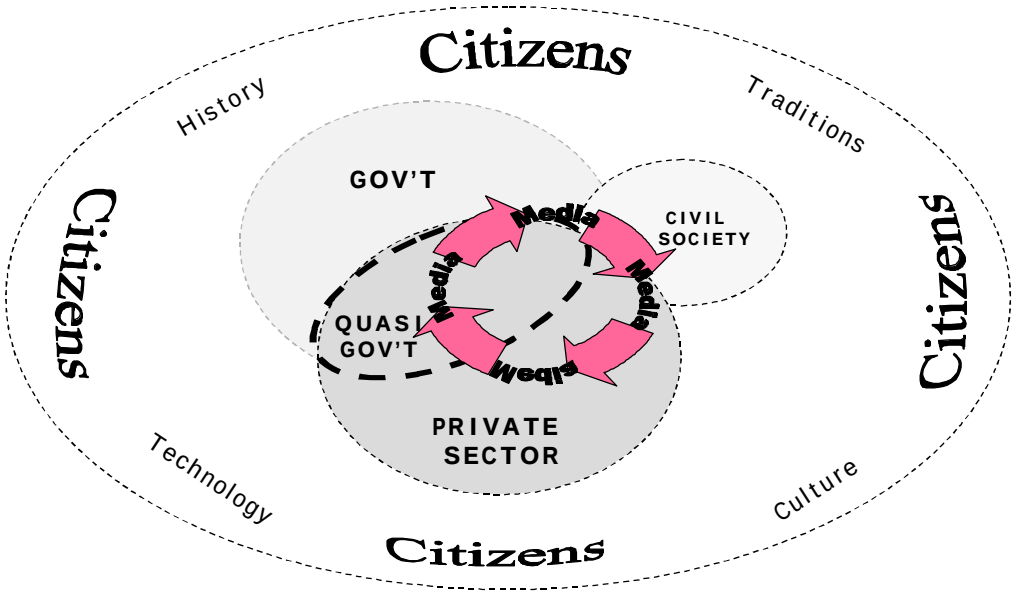
II. GOVERNANCE AND SOUND GOVERNANCE

A. GOVERNMENT V. GOVERNANCE

Some find discussions of definitions tedious. In the case of governance, however, definitions matter. At a recent seminar of Canadian academics concerned with policy trends, for example, the discussion focused on 'governance' mechanisms to facilitate attainment of environmental goals. Throughout, the word 'governance' was used synonymously with 'government'. The implicit premise was that the only way to address these goals was through government initiative.

The need for governance to be separated from government occurred when government became an institution apart from citizens. In ancient Athens, reputedly the cradle of democracy, citizens met in the marketplace to deal with issues of public concern. Government in such a setting is simply a *process*. Now, government is seen less as a process and more as an entity among several societal 'players' or actors. Governments are concerned with public issues, but interest in such issues is not confined to the domain of government. Other actors, such as the non-profit sector, (including voluntary agencies and non-governmental organizations (NGOs)), the media, and in some societies, the military and religious organizations as well as business organizations, share an interest and sometimes a role in addressing public issues. Figure 2.1 illustrates the significant actors involved in governance.

Figure 2.1 – Governance – Mapping the Relationships



Source: Institute On Governance, 1999.

Governance is usefully defined today as *the art of steering societies and organizations*. Governance occurs through interactions among structures, processes and traditions that in turn determine how power is exercised, how decisions are taken, and how citizens or other stakeholders have their say. Fundamentally, therefore, governance is about power, relationships and accountability: who has influence, who decides, and how decision-makers are held accountable.[8]

Governance is not a new word, but its growing prevalence in discussions about social organization is a comparatively recent development. It lacks a satisfactory translation in many languages. However its rapid progress into contemporary vocabulary in English (and perhaps, in other languages) suggests there is a need for a word of this kind.[9]

The *idea* of governance makes it easier to have discussions about how communities can take action independently of established government structures to address issues of concern to citizens – this is described as community governance. Governance also comes into play in circumstances of 'government failure' or incapacity – that is, when governments lack the jurisdiction, capability, or interest to deal with a problem of public concern.

Instances of government incapacity are not uncommon. For example, governments may not act on an issue due to lack of jurisdiction (e.g. global concerns like climate change, or lack of clarity as to which level of government is responsible for an issue in a federal state). Incapacity may also arise because governments lack the skills, financial depth, administrative competence or flexibility to address the problem. Likewise governments may be unwilling to address a politically sensitive question, preferring to live with a contentious problem rather than becoming embroiled in it (for example, legislation on population control or abortion). More prosaically, incapacity may arise if government leaders believe an issue is too small to warrant their attention, or if they choose to use their positions to further personal ambitions rather than the needs of citizens.

When governments do not or cannot act, other actors may do so. Citizens may get together to clean up a neighbourhood. "Public interest partnerships" may bring citizens, government officials and business leaders together – at the initiation of any of these players – to address some question of general concern. For example, a journalist in the Philippines initiated a project that started with children visiting the forest to learn about clean water. This initiative, which became known as the "Baguio City Eco-Walk", developed into a partnership which involves hundreds of individuals, politicians and businesses, and which is helping to re-establish the ecosystem of a threatened watershed area.

Governments today are experimenting with many partnership arrangements within which politicians or public servants share power with other sectors of society. These arrangements

[8] A similar, useful perspective on public governance is provided by Louise Fréchette, Deputy Secretary-General of the United Nations: "Governance is the process through which ... institutions, businesses and citizens' groups articulate their interests, exercise their rights and obligations and mediate their differences." Speech to the *World Conference on Governance*, Manila, May 31, 1999.

[9] A *World Conference on Governance* in Manila in June 1999 attracted over 850 participants from countries around the world.

evolve for various reasons: perhaps because it is recognized that each group has a special contribution to make on a complex question, and perhaps for more prosaic reasons, such as government's desire to get access to business capital. The prevalence of new institutional relationships is starting to raise questions about who should properly be involved in what. In particular, some are beginning to voice questions as to what extent government should 'get into bed' with business on matters of general public interest such as education or health – a classic example of a governance question.

B. SOUND GOVERNANCE

What constitutes good or sound governance is a sensitive question. Western literature on this subject appears, at first glance, to be non-controversial. (A list with many of the same attributes has been compiled by the United Nations Development Programme – see Appendix G.) Good governance is conventionally thought to be characterized by these sorts of attributes:

- Constitutional legitimacy
- Democratic elections
- Respect for human rights
- Rule of law
- Political openness
- Predictability and stability of laws
- Tolerance, equity
- Public participation
- Public expenditures directed to public purposes
- Judicial independence
- Transparency
- Absence of corruption
- Active independent media
- Freedom of information
- Administrative competence
- Administrative neutrality: merit-based public service
- Accountability to public interests on issues of public concern

However, despite appearances, these attributes may be contentious. For example, stability may stifle innovation. Public participation is attractive, but at what point does representative democracy become mass policy-making? Media unrestrained by any sense of accountability or public purpose may become irresponsible. Ascertaining what constitutes sound governance involves judgement, and not far below the surface lie different values that may be very deeply held.

Further, in some settings, the emphasis given to different aspects of sound governance will vary. For example, in more utilitarian Western cultures, great store may be placed on efficiency. In other cultures, however, consensus may override efficiency. Similarly, some cultures will give primacy to individual rights whereas others will place more stress on communal obligations. Some will accord priority to the 'objective' application of the rule of law, while others may stress the importance of tradition and clan in decisions about governance.

Defining 'good governance' thus leads toward debate on such difficult issues as: the role of government; how governments should relate to their citizens; relationships between legislative, executive and judicial branches of government; the roles of different sectors; and whether different approaches to governance are suited to different stages of development. It also raises questions about means and ends. (For example: is democracy a means or an end?) For

constructive discourse to take place, it is important that different countries' traditions be accommodated. There is no 'one size fits all' in governance.

The centrality of tradition to governance has been recognized by many Aboriginal leaders and writers. Among these is Alfred Taiaiake, a Mohawk from Kahnawake, who is Director of the Indigenous Governance Program at the University of Victoria. He warns that "…indigenous governments may simply replicate European systems" and continues his argument as follows:

> "But even if such governments resemble traditional Native American systems on the surface, without strong and healthy leaders committed to traditional values and the preservation of our nationhood they are going to fail. Our children will judge them to have failed because a government that is not based on the traditional principles of respect and harmonious coexistence will inevitably tend to reflect the cold, calculating, and coercive ways of the modern state. The whole of the decolonization process will have been for nothing if the indigenous government has no meaningful indigenous character…. Resistance to foreign notions of power and control must become a primary commitment – not only as a posture in our relations with the state, but also in the Native communities treat our own people. The state's power including such European concepts as 'taxation', 'citizenship', 'executive authority', and 'sovereignty', must be eradicated from politics in Native communities. In a very real sense, to remain native – to reflect the essence of indigenous North Americans – our politics must shift to give primacy to concepts grounded in our own culture."[10]

Alfred's list of characteristics that make up the contemporary ideal of a strong indigenous nation is captured in Appendix H.

C. CONCLUSIONS

'Governance' provides a concept that allows us to discuss the role of government in coping with public issues and the contribution that other players may make. It opens new intellectual space. It facilitates reflection on strategies that may be adopted by a society in instances of government incapacity. It opens one's mind to the possibility that groups in society other than government (e.g. 'communities' or the 'voluntary sector') may have to play a stronger role in addressing problems. It is no accident that much of the discourse about governance is directed toward the subject of partnerships among different sectors of society, and toward public participation in decision-making.

The remainder of this paper is organized around the main actors involved in governance as illustrated earlier in Figure 2.1. Thus, the next section examines government and, in particular, what appear to be the principles and best practices that lead to durable development. Subsequent sections will deal with the voluntary sector or civil society, citizens, the role of the media, and finally, the private sector. The paper concludes with some implications for subsequent phases of the project.

[10] Alfred, Taiaiake *Peace, Power, Righteousness: An Indigenous Manifesto*, (Oxford University Press, Don Mills, Ontario, 1999)

III. GETTING GOVERNMENT RIGHT

A. INTRODUCTION

This chapter will outline the various elements of sound governance focusing primarily on the role and capacity of government. Here, it is argued that good governance is indivisible from sound development principles that focus on not only economic prosperity but also the full spectrum of concerns for community growth and individual well-being. As a result, development is achieved through an integrated approach. This approach begins with the creation of a solid long-term development strategy, followed by the strengthening of the roles, capabilities and public sector institutions.

B. FORGING A CLEAR VISION

A successful development strategy must adopt a " long-term view of systemic change".[11] In this view, development is not simply defined as the injection of cash; rather, it is better described as the application of new ideas to implement a comprehensive, measured strategy for change. A vision for growth will clarify institutional priorities, assist in the efficient management of scarce resources and coordinate activities toward the achievement of understandable goals.

In the profile appearing on the following page, constructing a vision for governance was an important step in the creation of Nunavut. As the following discussion will show, the process of forging a vision lays the foundation upon which the policy process is built. Without an overall vision, governance activities may lack coherence and risk falling short of their intended outcomes.

[11] World Bank, *Assessing Aid*, op. cit.

Profile - A Vision for Nunavut

In preparation for Nunavut, extensive consultation with citizens of Nunavut resulted in a vision of a government that:

- places people first;
- represents and is accountable and fair to all its residents;
- is a servant of the people of Nunavut;
- seeks direction from the people;
- is shaped by and belongs to the people of Nunavut;
- offers programs and services in an integrated and holistic manner;
- promotes harmony amongst people;
- places ownership of well-being into the hands of individuals, families, and communities;
- conducts itself with integrity and openness;
- encourages excellence and welcomes creativity; and
- incorporates the best of Inuit and contemporary government systems.

Source: "Nunavut: - Changing the Map of Canada" *Insights – Public Sector Management in Canada*, Volume 3, Number 4, Public Policy Forum, Ottawa, January 1999.

Develop a long-term vision for change

Current research demonstrates that long-term planning is a critical function of sound development. After reviewing a number of success stories of First Nation experience in encouraging the transition from social assistance to the work force, one author notes that:

> "The most basic step is to arrive at a community vision of how it wants the future to look different from the present, followed by a strategy to get there. This is not necessarily a complex, formal process, although it can be time-consuming, since it seems to be most effective when it includes not only brainstorming by community leaders, but also community meetings in which elders, younger adults and youth have an opportunity to diagnose the state of the community and the priority directions in which to move.[12]

It is particularly important to develop a long-term vision as the pace of change is often slow. Significant policy changes will not occur spontaneously, particularly for development where longitudinal impacts may take years to manifest. Sufficient time must be allocated to permit the growth plan to take root and to flourish. In addition, the nature of economic cycles can further complicate the setting and subsequent achievement of long-term goals. Most importantly though, a long-term vision signals to all that development is a priority and that the community in question has a strong commitment towards seeking results. It also creates a more stable environment for stakeholders in all sectors in which to discuss future development priorities.

[12] Don R. Allen & Associates Consultants Ltd., *Case Studies of First Nations' Experience in Encouraging Transition of Community Members from Social Assistance to the Work Force*, March 31, 1995.

Set objectives according to local capabilities but aim to compete in the global marketplace

Commenting on the state of America's inner cities, Michael E. Porter states that "programs aimed more directly at economic development have been fragmented and ineffective. These piecemeal approaches have usually taken the form of subsidies, preference programs, or expensive efforts to stimulate economic activity in tangential fields such as housing, real estate, and neighbourhood development."[13] According to Porter, development only succeeds if it prepares a community to be self-sufficient to compete in a global economy. It must seek not only to meet immediate, regionally-specific needs, but must also to contribute to a wider vision of growth and well-being. A tenable vision for growth must therefore aim to strengthen the community's position within the global economy.

Ensure that the vision for development is relevant given the community's social, cultural and historical profile

Understanding where a community has been will improve the chances of directing it to where it must go. A sound development strategy must reflect the unique social, cultural, historical and economic dimensions. Several characteristics may determine the appropriateness and level of impact of a long-range strategy for development:

- Socio-economic indicators: education, training, access to basic health and social services, per capita income, gender equity, employment, demographic projections and other measures.
- State of the economy: diversification, growth projections, strength of capital and infrastructure, debt loads, dependence on external resources, and degree of integration with the global economy.
- Resources: access to natural resources, human capacities, sustainability of resources, and environmental protection.
- Cultural, religious and ethnic profile: traditions, norms, customs, community structure, history of relationships inside and outside the community, and internal means of resolving conflict.
- Indigenous values, networks and knowledge.[14]

However, it is important to resist the urge to generalize and to "…construct a model of an underdeveloped society and its problems, as though there were some unique situation of underdevelopment, and all empirical situations were merely variations on this ideal type."[15] While many of the considerations and strategies for development are similar for governments across the globe, it is important for governments to strive to develop their own agendas based on their unique needs, goals and objectives.

[13] Porter, Michael E., "The Competitive Advantage of the Inner City", *Harvard Business Review*, May-June 1995, p. 55.
[14] See: United Nations Development Programme, *Governance for Sustainable Human Development*, A United Nations Policy Document, 1997.
[15] Lithman, Yngve Georg, *The Practice of Underdevelopment and the Theory of Development – The Canadian Indian Case*, Stockholm Studies in Social Anthropology, 1983.

In terms of determining an effective model for governance which best supports a developmental agenda, Aboriginal communities in Canada have the benefit and the challenge of choosing between traditional and modern systems – each with its own set of strengths and drawbacks. However, striking a balance between two systems is not a simple task. Here the formulation of a strategic vision can assist in setting out a clear sense of priorities for development.

Distinguish between approach, purpose and process

The distinction between 'approach', 'purpose' and 'process' for achieving development is better understood in answering the following questions:

approach – What is the basis for development?
What principles or rationale will guide development?
purpose – Why is development a priority?
What are the objectives for development?
process – How will growth be realized?
Through what mechanisms will a strategy be implemented?

Figure 3.1 - The Eight Characteristics of Economic Development Among Aboriginal People in Canada

The Aboriginal people's approach to economic development is

1. A predominantly collective one centred on the individual Nation or community.

For the purposes of

2. Attaining economic self-sufficiency as a necessary condition for the realization of self-government.
3. Improving the socio-economic circumstances of Aboriginal people.
4. Preserving and strengthening traditional culture, values and languages and reflecting the same in development activities

Involving the following processes:

5. Creating and operating businesses to exercise the control over the economic development process.
6. Creating and operating businesses that can compete profitably over the long-run in the global economy, to build the economy necessary to support self-government and improve socio-economic conditions.
7. Forming alliances and joint ventures among themselves and with non-Indigenous partners to create businesses than can compete profitably in the global economy.
8. Building capacity for economic development through (i) education, training and institution-building and (ii) the realization of the treaty and Indigenous rights to land and resources.

Source: Anderson, Robert Brent, *Economic Development among the Aboriginal Peoples in Canada: The Hope for the Future*, Captus Press Inc., 1998, p. 13.

As Figure 3.1 demonstrates, forging a strategic vision for growth is far more than an academic exercise. Constructing a long-range strategy provides a basic yet essential framework for moving forward, as shown in this example of an economic development plan.

Understand that the factors to promoting good governance are inter-related

The contributing factors for good governance do not operate in isolation. They over-lap and thus cannot be considered independently. While the quest to develop a comprehensive strategy can be daunting, it is important to remember that many of the principles of good governance are mutually-enforcing.

> "For example, accessible information means more transparency, broader participation and more effective decision-making. Broad participation contributes both to the exchange of information needed for effective decision-making and for the legitimacy of those decisions. Legitimacy, in turn, means effective implementation and encourages further participation. And responsive institutions must be transparent and function according to the rule of law if they are to be equitable."[16]

By the same token, poor governance practices also reinforce one another. Each dimension of governance can be likened to a link within a larger chain. If one or more links are weak, the integrity of the entire chain is compromised. It is important to ensure that the vision for development is sustainable given the government's existing and projected capacity levels. Therefore, good governance requires that its long-term vision is consistent with its roles and capabilities.

Issues related to forging a clear vision

- In what ways have long-range planning assisted Aboriginal communities in attaining their developmental goals?
- What are the ways in which First Nations communities have successfully incorporated traditional governance within modern structures?
- Is successful economic development a result of an integrated approach to community development?

C. MATCHING ROLES TO CAPABILITIES

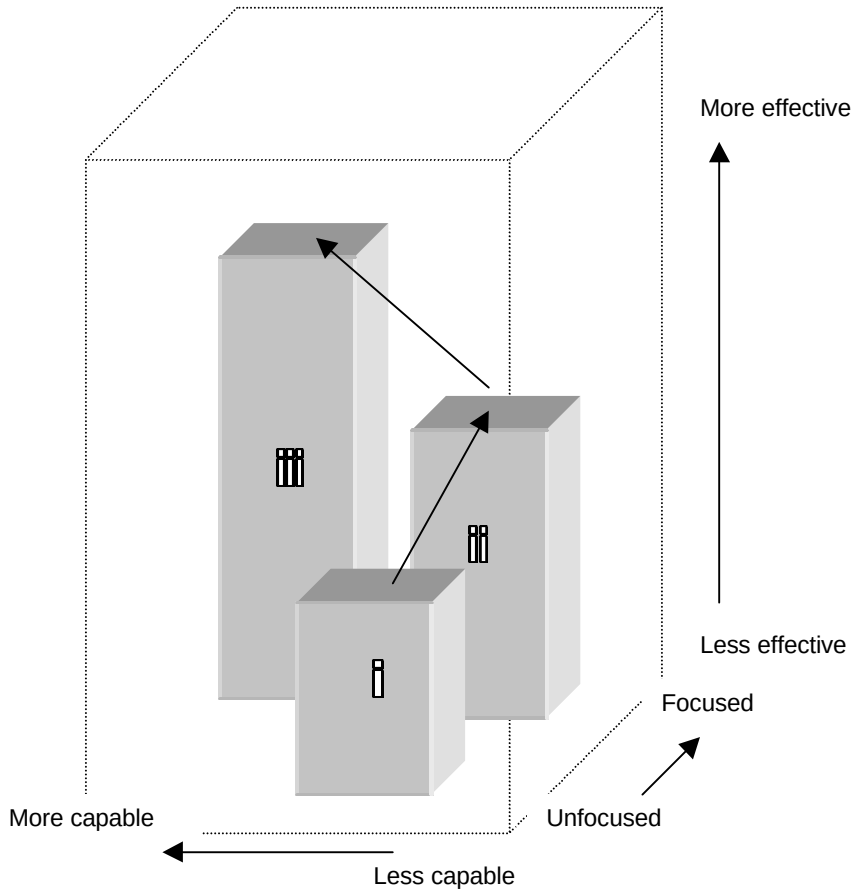
The act of governance has become an increasingly complex activity, not only for elected officials but also for policy-makers and administrators. It is particularly challenging in the face of immediate demands for services given limited resources and weak bureaucratic coordination. Public sector managers have had to learn how to do more with less despite increasing demands

[16] United Nations Development Programme, op. cit., p. 5.

for more flexible and integrated services. Matching role to capabilities is important therefore for determining "not only *what* the state does but also *how* it does it."[17]

For developing economies, the path to effective governance is a two-step process. In the first step, moving from box i to box ii, governments must focus their activities and apply existing capacity towards tasks that can be managed readily and capably. During the second step, moving from box ii to box iii, the goal is to build as much capacity as possible.

Figure 3.2 – The Pathway to a More Effective State



Source: World Bank, *World Development Report 1997 – The State in a Changing World*, Oxford University Press, 1997, p. 3.

Capacity "… is the ability to undertake and promote collective actions efficiently – such as law and order, public health, and basic infrastructure; effectiveness is a result of using that capability to meet society's demand for those goods. A state may be capable but not very effective if its

[17] World Bank, *World Development Report 1997 – The State in a Changing World*, Oxford University Press, 1997, p. 27.

capability is not used in society's interest."[18] In preparing a balanced assessment of their roles and capabilities, governments are better able to prioritize activities and to develop logical, iterated implementation strategies toward realizing their visions for growth.

Recognize that the basic functions of government are two-fold: responding to market failure and responding to the need for improved social equity

A review of contemporary research shows that governments with lower capacity levels must focus on the basic function of governance: the provision of pure public goods. Pure public goods include: property rights, macroeconomic stability, control of infections and threats to public health, safe water, air and land and protection of those in crisis. For many governments across the globe, as well as for Aboriginal communities in Canada, this remains a challenge. Yet, focusing on the provision of pure public goods represents perhaps one of the most effective strategies to promote development over the long-term.

Figure 3.3 – Core Functions of Government

	Addressing market failure			Improving equity
Activist Functions	Coordinating private activity: Fostering markets Cluster initiatives			Redistribution: Asset redistribution
Intermediate Functions	Addressing externalities: Basic education, Environmental protection	Regulating monopoly: Utility regulation, Antitrust policy	Overcoming imperfect information: Insurance (health, life, pensions) Financial regulation Consumer protection	Providing social insurance: Redistributive pensions Family allowances Unemployment insurance
Minimal Functions	Providing pure public goods: Defence Law and Order Property rights Macroeconomic management Public health			

Source: World Bank, *World Development Report 1997 – The State in a Changing World*, Oxford University Press, 1997, p. 27.

[18] *Proceedings of the Capacity Conference – Getting Beyond the Talk: "Toward Meeting the Challenges of the New Relationships Between First Nations, Public Government and the Private Sector*", Volume 1, March 1997.

Figure 3.3 demonstrates how the functions of government in addressing market failure and improving equity are tiered. Once government has been able to assure the provision of pure public goods, then the more intermediate functions of public management can be properly addressed. If public goods are not provided, then the outcomes resulting from of higher-level functions of governance are unattainable.

Figure 3.3 also reinforces the following: if social and institutional development is not pursued concurrently, then social unrest may threaten smooth transitions and the pursuit of common goals.

> "In fact, many tribes pursue development backwards, concentrating first on picking the next winning project at the expense of attention to political and economic institutions and broader development strategies. (…) Generally speaking, only when sound political and economic institutions and overall development strategies are in place do projects – public or private – become sustainable on reservations."[19]

(See *Section H* for more information on the relationship between social and economic development.)

Recognize the critical role of policy-making

Sustaining growth over the long-term demands a commitment to the development of policy-making capacity within government. Good policy is creative, pragmatic, flexible, comprehensive, equitable, fair and easy to communicate. Though they may benefit greatly from consulting external policy experts, governments with developing economies must commit in the short-term to build skills in research, analysis, strategic management, and problem solving within its own administration. As well, strong policy-making capacity better permits government to consult with the public. This leads to an overall improved quality in decision-making, greater accountability and greater responsiveness to public needs and wants.

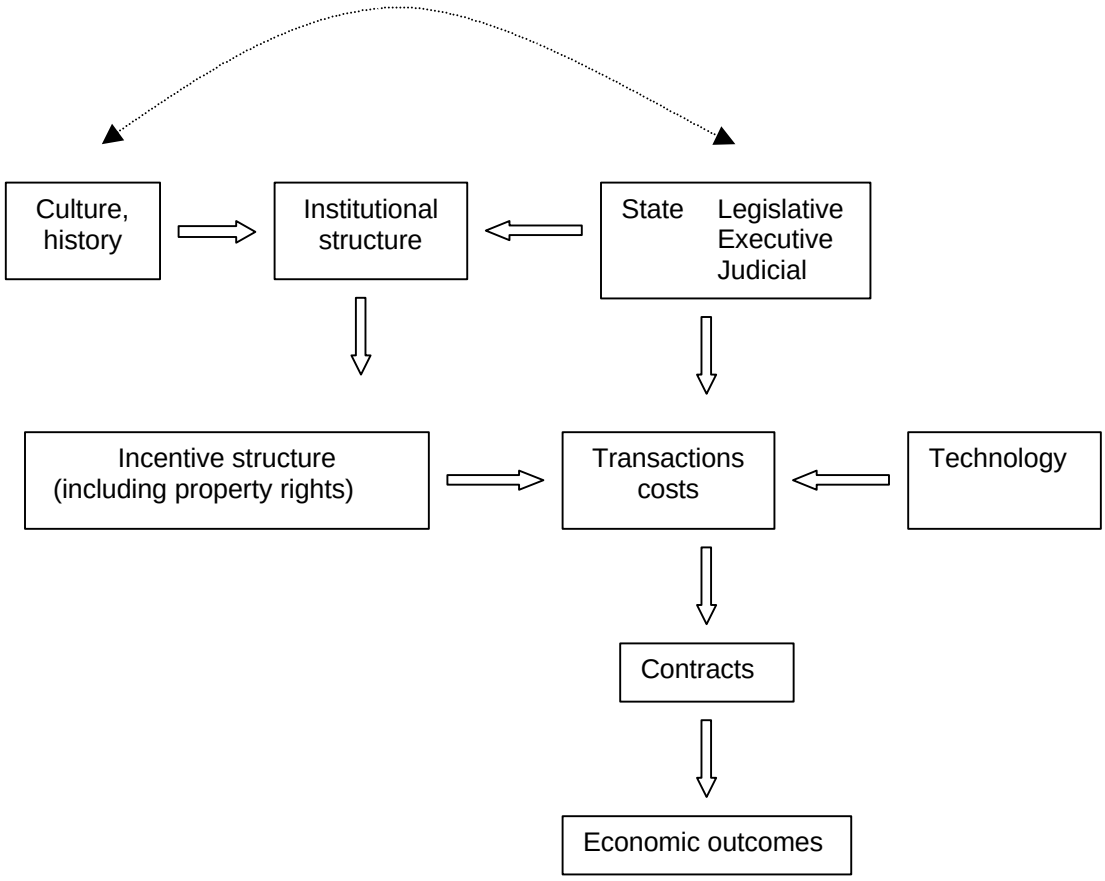
As illustrated in Figure 3.4, governments are major players in promoting and sustaining economic progress.

> "… the state is not merely a referee, making and enforcing the rules from the sidelines; it is also a player, indeed often a dominant player, in the economic game." [20]

The structure of the state and its institutions bear a significant impact on the overall growth of the economy. It follows that the strength of policies originating from the state will determine the pace of economic development.

[19] Cornell, Stephen and Joseph P. Kalt, op cit.
[20] World Bank, *World Development Report 1997*, op. cit., p. 30.

Figure 3.4 - The state, institutions, and economic outcomes



Source: World Bank, *World Development Report 1997 – The State in a Changing World*, Oxford University Press, 1997, p. 30.

Ensure state 'ownership' of development

Clearly, in order to achieve its goals, government cannot act solely on its own. A coordinated effort is required by the public sector, private enterprise, not-for-profit organizations, the media and the community at large. However, despite the need for the involvement of many players, it is critical that government play a significant role in managing the development process.

Profile – Systemic and persistent poverty in Bangladesh

"The heavy dependence on aid financing to underwrite most poverty alleviation programmes makes it very difficult for the Government of Bangladesh (GOB) to wean itself away from aid either at the micro or macro-level. Most such projects tend to be conceived by donors and prepared by consultants, usually expatriate, brought in by the donors. GOB ownership over such projects remains weak. The lure of a share of the delivery costs associated with a project, in the form of local consultancies, foreign travel, office equipment, imported vehicles and an independent project office serves as its own attraction to officials negotiating the project."[21]

Ownership does not imply sole sponsorship of all pursuits even remotely related to development. It does imply, though, that the government assume a strong role as a coordinator, facilitator and purveyor of economic progress. Though external expertise can be extremely helpful, governments must not abandon their involvement, thereby threatening their abilities to manage economic development over the long run.

Employ 'strategic sequencing'

In an environment of scarce resources, when and where government chooses to intervene is of critical significance. It is not a trivial decision, particularly when considerable financial resources are at stake. The key is to develop an iterated plan - a 'strategic sequence' of activities. Here, the goal is not so much to identify where the state is weak but to determine how its strengths and weaknesses can be balanced to achieve long-term sustainability.

There are two advantages in developing such a process. First, in selecting staged targets for reform, policy makers have the opportunity to learn from their mistakes and may adapt plans accordingly. Second, sequencing ensures that early results of developmental activities can be examined and measured for results, thereby strengthening accountability. As well, strategic sequencing is a useful approach not only for the purposes of program implementation but also for phasing out activities, as evidenced in the example below.

Profile - Peru's pension reform

"When the reform was launched in 1993, workers were allowed to choose between public and private pension providers. In 1996 disincentives for joining a private provider were removed, leading to a de-facto phasing out of the public scheme. During the second state a strong constitutency in favour of the reform was formed, comprising workers who had already shifted to a private provider and pension fund mangers."[22]

[21] Sobhan, Rehman, *How Bad Governance Impedes Poverty Alleviation in Bangladesh*, Technical Papers No. 143, OECD Development Centre, November 1998.
[22] World Bank, *World Development Report 1997*, op. cit., p. 153.

Issues relating to matching roles to capabilities

- Is there evidence to suggest that governments in Aboriginal communities successfully matched their capabilities to the roles they assumed?
- How did these communities go about increasing the capacity of their public resources over time?

D. HAVING THE FUNDAMENTALS IN PLACE – LEGAL AND POLICY REGIMES

Good governance is effected through strong legal and policy-making mechanisms. Current research goes so far as to suggest that that the overall success of development depends, in large part, upon the government's legal and policy regimes. Here, the four fundamental characteristics of a legal and policy foundation are explored.

Provide a foundation of law

The rule of law "refers to the institutional process of setting, interpreting and implementing laws and regulations."[23] In the absence of basic legal provisions such as the protection of property rights, industrial and commercial activity is jeopardized and represents a significant barrier to external investment.

The law must be applied fairly and without prejudice to all citizens. It follows that these principles ought to be applied to administrators and managers of public programs. While the law must be reliable and predictable, this does not mean that laws and regulations must be highly-specified or overly-detailed. On the contrary, such regulations may forestall progress.

Build strong policy capacity

Policy-making includes a wide range of activities such as: research, critical analysis, consultation, strategic planning, program design and implementation, and evaluation. As explained in the previous section, if the policy function is systematically delegated to external experts, then internal capacities to develop effective future economic policies is threatened.

> "In countries with good macroeconomic management and efficient public institutions, projects were 86 percent successful, with much higher rates of return. In countries with weak policies and institutions, the corresponding figure is a measly 48 percent."[24]

The results of the literature review show that strong policy network is essential to ensure effective relationships with its partners in development, as well as promoting cooperative

[23] OECD, *Emerging Market Economy Forum Workshop on Public Management in Support of Social and Economic Objectives*, Paris, December 10-11, 1998.
[24] World Bank, *Assessing Aid*, op. cit.

planning, design and implementation of joint initiatives. However, an increase in policy capacity may be erroneously equated with an increase in staff. In fact, a bloated civil service can lead to such problems as poor coordination of activities, implementation difficulties, as well as increased risk of bureaucratic turf wars and corruption.

Promote a climate of stability

A thriving policy environment is built upon a bedrock of reliability and predictability in administrative process. Therefore, it requires a "certain degree of political stability."[25] Political stability is described as permitting sufficient time for governments to execute its commitments. It also assumes that there will be some level of continuity in decision-making and sustained commitment to developmental imperatives over an extended time-span. This can be achieved through the sponsorship of a professional, highly-skilled public service, as well as a sustained investment in public infrastructure. As a result,

> "As these institutions become more effective at maintaining a stable environment in which investors feel secure and effort is rewarded, the odds of successful development improve."[26]

Determine the trade-off between flexibility and restraint

Rules that protect against the abuse of state may also unwittingly restrict managerial capacity to take risks. Thus, steps must be taken to ensure that the legal framework is not overly-punitive so to inhibit the development of informal norms and processes which can be just as influential and as effective as those of a more formal character.

Issues relating to having the legal and policy fundamentals in place

- What is the overall effectiveness of legal and policy regimes in strong Aboriginal communities?
- Has political stability been an important factor in promoting development?

E. PROMOTING EFFECTIVE PUBLIC SERVICE

Good governance cannot be successfully achieved without an effective civil service corps. It is impossible to overstate the impact of competent, highly-skilled and motivated people on development – in many cases, public servants do not only design the change process, they *lead* it as well.

[25] OECD,. op. cit.
[26] Cornell, Stephen and Joseph P. Kalt, op. cit., p. 8.

Fostering motivated and capable staff

As the public service is the likely source for many future innovations of the development management process, professional development must remain an institutional priority.

Managers in all sectors must adopt strategies in order to attract and maintain their staff. Payment of a competitive salary is one technique, offering acknowledgements for long-time service and rewards for initiative and service are also effective methods. Employers must create an environment in which their employees feel a sense of pride and strong commitment for the work they do. Because economic development is a process that can often take many years to carry out, having capable, knowledgeable and experienced staff to manage the process can be an extraordinary asset.

Promotion based on merit

International experience suggests that building an effective, highly-skilled public sector cadre requires that the hiring and promotion of public sector employees be based upon their professional qualifications and level of expertise. The consequences of nepotism and patronage appointments are severe. When less experienced or qualified individuals are parachuted into senior positions, there is little incentive for public servants to develop their own expertise. As well, positions granted at the pleasure of political leaders quickly disappear once there is a change in government, a situation which compromises the overall stability of the civil service. Finally, appointments based on qualifications other than merit threaten to erode the sense of confidence and trust that citizens must place in their public servants.

Fostering an esprit de corps

Esprit de corps, while difficult to define, is an important dimension of an effective, motivated and highly-competent civil service. Esprit de corps is the sense of pride and commitment to professionalism within the civil service ranks. Due to the important nature of the work that public servants do, it is important that public servants feel that their work is meaningful, is appreciated and has value.

How might governments foster esprit de corps? Indeed, there are no set methods but current literature does propose some helpful techniques. Public servants must be assigned interesting, challenging work and be permitted to take some degree of ownership of their projects. It is also helpful to encourage team-building exercises, to seek input from staff regularly, and to reward ingenuity and progress. In turn, public servants will treat their positions not just as jobs but as professions worthy of considerable investments of time and effort.

Build a learning organization

"The primary challenge facing the public service is its transformation into a learning organization."[27] The shift from an industrial and service economy to a knowledge-based economy may present the same fundamental transformations as those seen during the Industrial Revolution. Within this context, organizations must learn to adapt to these new realities in order for the public service to respond effectively. In essence, a learning organization must ensure that its public service is able to locate, collect, process and share information effectively as well as able to promote learning at the individual, team and corporate level.

Therefore, the public service must provide the following elements in order to recruit and retain the best talent:

- a sense of accomplishment
- a sense of making a valuable contribution to society
- challenge and enjoyment of work
- quality of the workplace, including workloads/work-life balance
- individual and organizational support for career progression
- learning, development and breadth of experience.[28]

The last bullet implies that life-long learning is key. The role and capacity of organizations is rooted in their ability to attract and retain quality staff. Employees must have opportunities to learn new skills if they are to foster a sense of making valuable contributions to the organzation. As a result, research demonstrates that employees must be involved in a dynamic environment that encourages workers and equips them to achieve set objectives and outcomes.

Issues relating to promoting effective public service

- What approaches or techniques do strong Aboriginal communities employ to retain and motivate their public sector?
- Do the characteristics of their public services match the principles and best practices of international experience?
- What specific challenges must public sector employees in Aboriginal communities address?

F. ELIMINATING CORRUPTION

Corruption occurs in all countries across the world in many different forms. However, pervasive corruption is particularly harmful to developing economies. Factors that contribute toward the

[27] Centre for Canadian Management Development, *Proposed CCMD Research Plan – 1999-2000,* Supply and Services Canada, July 1999.
[28] Ibid.

proliferation of corruption include scarcity or inequity of resources, unclear rules, unlikely occurrence of disclosure or punishment, and few opportunities for advancement.[29] Furthermore,

> "It tends to thrive when resources are scarce, and governments, rather than markets, allocate them; when civil servants are underpaid; when rules are unreasonable or unclear; when controls are pervasive and regulations are excessive; and when disclosure and punishment are unlikely."[30]

Corruption compromises the ability of governments to carry out their functions efficiently. "Bribery, nepotism, and venality," notes World Development Report 1991, "can cripple administration and dilute equity from the provision of government services – and thus also undermine social cohesiveness".[31]

Function and Principles

Based on a study of ethics management conducted by the Organization of Economic Co-operation and Development (OECD) of nine member countries, an OECD official connected with the study concluded that,

> "Few, if any OECD countries have escaped occasional headlines pointing to government scandals, exposing anything from inappropriate behaviour to full-scale corruption, on the part of both politicians and civil servants. Politicians can be dealt with at the polls, if not through the judicial system. But what can be done to ensure the integrity in the machinery of government?"[32]

Aboriginal governments do not appear to be immune from unethical or corrupt behaviour. Mary Ellen Turpel-Lafond, in a study completed for the Royal Commission on Aboriginal Peoples, observed that in the Commission's public hearings, "…over two hundred submissions addressed concerns relating to ethics and conflicts of interest in aboriginal governments." [33]

A number of recent studies on integrity and ethics in government have concluded that a multi-pronged approach is needed to deal with this issue. The OECD study, for example, recommended that governments create an 'ethics infrastructure' consisting of the following elements:

- Political commitment - from senior government leaders that unethical conduct will not be tolerated;
- An effective legal framework - including existing criminal codes, civil service laws, conflict of interest statutes and regulations;
- Efficient accountability mechanisms - ranging from audits, evaluations and performance measures to protection for whistle blowers;

[29] World Bank, *Governance and Development*, World Bank Publications, 1992.
[30] Ibid.
[31] Ibid.
[32] Washington, Sally, "Managing Government Ethics", *The OECD Observer*, February/March 1997.
[33] Turpel-Lafond, Mary Ellen, *Enhancing Integrity in Aboriginal Government: Ethics and Accountability for Good Governance*, prepared for the Royal Commission on Aboriginal Peoples, 1996.

- Workable codes of conduct - to define in broad terms the behaviour expected of public servants;
- Training and other professional development activities - to inculcate values;
- Supportive conditions - such as reasonable pay and good management-union relations; and
- Ethics co-ordinating bodies – either parliamentary committees or central agencies – to assume a variety of roles: watchdogs, counsellors and advisors, or overall promoters of public service ethics.

In her Royal Commission study, Mary Ellen Turpel-Lafond also advocated a multi-faceted approach with many of the same elements identified by the OECD. Several of her recommendations were based on the experience of the Navajo Nation, which had adopted an Ethics in Government Law. This law established among other things, an Ethics and Rules Committee, a quasi-judicial body to hear complaints of alleged ethics violations.

In Canada, federal and provincial governments have adopted machinery as well to promote ethics and integrity in government. At the federal level, the Prime Minister announced the appointment of Canada's first Ethics Counsellor in June 1994 with responsibilities in two related domains: conflict of interest and lobbying. Among the Counsellor's duties are the following:

- Investigating allegations against ministers and senior officials involving conflict of interest or lobbying;
- Offering guidance to lobbyists and their clients before they enter into dealings with the government; and,
- Investigating complaints about lobbying activities that may be contrary to the lobbyist's code of conduct.

The ethics counsellor reports annually to Parliament.

A number of other provinces, including Saskatchewan, have ethics or conflict of interest commissioners as well as laws or regulations dealing with such matters as disclosure, prohibited activities, criteria for gifts and other benefits and post employment time restrictions. [34]

Principles underlying any machinery in this area would include the following:

[34] For a comprehensive summary of conflict of interest approaches across Canada, see: Office of the Ethics Counsellor, "Conflict of Interest and Post Employment Code for Public Office Holders", Office of the Ethics Counsellor, Ottawa, 1994.

Principles for Ethics and Integrity Machinery

- **Independence** – it must not be subject to political interference in carrying out its mandate;
- **Fairness and integrity** – its work must meet the highest ethical standards;
- **Transparency** – what it does should be open to public scrutiny;
- **Effectiveness** – its recommendations must be taken seriously and have a good track record of being acted upon;
- **Professionalism** – the quality of any investigations must be very high; furthermore, the organization must develop a rich understanding of individual behaviour in organization settings.

Issues relating to eliminating corruption

- What 'ethics infrastructure' is in place to prevent corruption? Is there an effective enforcement system?

G. BUILDING SOUND, ACCOUNTABLE INSTITUTIONS

Once the right people are in place, it is important that they are provided a clear, ordered yet flexible organizational environment in which to work. Why are institutions and infrastructure so important? Simply put, no matter how efficient or brilliant the policy, if there are no structural mechanisms to support policy planning, development or implementation, then good governance cannot be achieved.

Infrastructure permits sound policy-development, consultation, accountability and effective service delivery. In examining the infrastructure of First Nations communities in Canada involved in economic development activities, Robert B. Anderson notes that:

> "…some tribes were found to be constructing effective institutions and others were not as productive … there is evidence that the tribes which have poor economic performance, lack institutions capable of effectively regulating both individual and collective behaviour."[35]

The following section profiles the guiding principles and overall rationale surrounding sound infrastructure.

[35] Anderson, Robert Brent, *Economic Development among the Aboriginal Peoples in Canada: The Hope for the Future*, Captus Press, 1998, p. 170.

Implement strong mechanisms to promote accountability

Upon first glance, the principle of accountability seems out of place in a discussion of public infrastructure. However, based on international experience the opposite appears to be true. Accountability is the management practice that defines key reporting relationships and the chain of command within an organizational structure. No matter what structure a government chooses to adopt, its overall effectiveness is at all times contingent on its ability to instill measures of accountability.

For First Nations communities in particular, accountability and sound fiscal management must be a priority; in 1996, the Office of the Auditor General reported that nearly one-third of First Nations and tribal councils were experiencing financial difficulties.[36] Clearly, improved financial controls would improve the delivery of programs totalling roughly $4 billion each year in the areas of social assistance, education, capital expenditures, housing as well as economic development.[37]

What measures promote accountability? It can be enhanced in the following ways:

- Breaking down broader strategic plans into smaller, more-manageable and measurable goals.
- Establishing clear reporting structures.
- Ensuring strong enforcement of rules and regulations.
- Performing detailed evaluations of programs.
- Availing annual reports and financial statements to the public.
- Measuring for performance and reporting the results to the public.

Without accountability structures, any improvements in programming or service delivery will depend solely on the motivation and ingenuity of civil servants. If the performance of public officials is open to the public, then they are more likely to exert public pressure to see that public agencies perform better. Furthermore, public reviews of state expenditures also make it possible to identify key areas of reform.

Promote transparency and access to information

Transparency assumes the free flow of information. The institutions, processes and decision-making functions of the state are accessible to those whom are affected by them. Therefore, the free access to information by the general public, interest groups, private sector interests and the media remains a critical element of a vibrant democracy.

Yet, there are three important reasons why transparency promotes efficiency. First, if decisions are incontestable, the threat of corruption is more pronounced. Second, closed consultations increase the risk of poor government decision-making as well as the risk of potential political

[36] Office of the Auditor General, *1999 Report of the Auditor General of Canada*, Chapter 10 – Indian and Northern Affairs: Follow-up, April 1999.
[37] Ibid.

backlash. Finally, investors view information disclosure as an imperative in order to reduce the risk against future losses.

Remove day-to-day decisions regarding economic development and policy management from the political arena

As a rule, the general management of development activities must not be the responsibility of political leaders. In fact, a separate organization can devote its complete attention to development, thus yielding higher results. (See Profile below.) As well, this strategy improves the likelihood that the venture will be run according to business principles freed from political power struggles. [38]

> Profile: Profitability of Tribal Enterprises in 18 U. S. Tribes: Independent v. Council-Controlled Management
>
> "As of 1990, these tribes owned a combined total of 73 enterprises covering a wide range of sizes and activities, from agriculture to manufacturing. A total of 39 of these enterprises were identified by their respective tribal leaders as being insulated formally from tribal politics, typically by a managing board of directors and corporate charter beyond the direct control of individual council members and the tribal chair. Some of these enterprises were operating profitably; others were losing money. However, the odds that an independently managed tribal enterprise was profitable were almost seven to one. On the other hand, the odds that a tribal enterprise that was not insulated from tribal politics was profitable were only 1.4 to 1.[39]

We return to this theme again in Section IV.

Issues relating to building sound, accountable institutions

- What role has the institutional structure and capacity played in achieving overall development objectives?
- What new structures or functions needed to be created?
- What has been the role or impact of accountability mechanisms in promoting effective development practice?
- Is there a separation between political and administrative powers?

[38] Anderson, Robert Brent, op. cit., p. 158.
[39] Cornell, Stephen and Joseph P. Kalt, op. cit., p. 35.

H. INSTILLING HEALTHY COMPETITION IN THE PROVISION OF PUBLIC SERVICES

Once the institutional structures are in place, governments may invent ways to organize them effectively and to use their capacities creatively. For example, in order to attain its strategic goals for development, it may consider employing measures based upon competitive forces. According to the *1997 World Development Report*, competition can be enhanced in any of the following three areas: hiring and promotion, policymaking, and service delivery. The following discussion explores some ways in which market forces can lead to better governance practices.

Promote competition in hiring and promotion

Merit appointments and promotions are perhaps the most effective means of developing a highly-skilled, non-partisan and effective civil service. Competition among applicants further heightens the likelihood that governments may choose from the best-suited candidates for public service positions.

Promote a challenge function in policy-making

Public sector officials must be awarded the opportunity to share information and knowledge within the bureaucratic ranks. An open policy-making environment has several advantages. To begin, this technique can reduce the threat of arbitrary decision-making and corruption. When administrations overlap and compete with one another, this system erodes the concentration of power in the hands of a few officials. Also, these networks serve as informal yet important reward and recognition mechanisms for innovation, responsiveness and cooperation.

Perhaps most importantly, competition among policy-makers leads to better decision-making as it encourages skeptics to raise their concerns, to challenge assumptions and identify weaker elements of the proposal. As Mark Schacter describes in *Cabinet Decision-Making in Canada: Lessons and Practices*, the challenge function within the Canadian government aims to push public servants to:

> "…represent the broader interests of the government. This means challenging departments to take a hard look at positions they have taken, and to go beyond their own department's frame of mind to re-examine their conclusions and recommendations from all reasonable perspectives. It also means being alert to situations where opinions of a dominant [high-ranking official] may crowd out valid points of view."[40]

Furthermore, Schacter argues that employees view the challenge function as an important feature of policy development and, in fact, come to expect to be challenged by their peers. On the whole, it creates a positive working environment where everyone is expected to do his/her own job.

[40] Schacter, Mark with Philip Haid, *Cabinet Decision-Making in Canada: Lessons and Practices, Institute On Governance*, Ottawa, April 1999.

However, by encouraging agencies to jockey for limited resources, governments may be unwittingly promoting a climate where agencies are engaged bitter turf wars in order to secure their funding base. Overly-competitive policy environments can, if improperly managed, lead to infighting, poor morale and poor communications.

Promote competition in service delivery

The privatization of public goods and services awarded through the competitive bidding process may lead to considerable gains in efficiency and effectiveness. It also has the added benefit of fostering greater openness and transparency of decision-making as private entreprises and not-for-profit organizations submit bids to offer services. Governments may also benefit from drawing upon the knowledge and skills of experts in the field at a lower opportunity cost than building that particular capacity within public service ranks.

There remains the risk, though, that equity may be sacrificed in the name of economic efficiency. The ambition to provide services faster, cheaper and at a lower cost must be balanced with the requirement to guarantee citizens the delivery of public goods and services. As presented in the next section, economic conditions seldom improve the overall well-being of the community when they develop at the expense of social welfare.

Issues related to competition in the provision of public services

- Have strong Aboriginal communities resulted in the use of competition in the provision of public services? If so, when?
- Is there a challenge function in the policy-making process?
- How have the potential 'downsides' of competition been minimized?

I. PROMOTING SOCIAL DEVELOPMENT

It is important to recognize that good governance practices related to economic development are often expressed in the context of outcomes of human development and the strengthening of social capital. Economic development is a broad concept: it features activities such as education, training, the building of infrastructure and institutions, as well as the acquisition of financial resources. However, economic progress pursued in tandem with investments in social progress will more likely lead to more positive developmental outcomes overall.

Linking good governance, social development and economic development

> "The debate about the contribution of social capital to economic and social development is just beginning, and the early evidence is by no means unambiguous. But some studies are already demonstrating its potential impact on local economic development, on the provision of local public goods, and the performance of public agencies."[41]

While growth does not eliminate poverty, social indicators tend to bear a positive relationship with per capita income. Life expectancy, school enrollment, infant mortality, child maturation are all "closely related to per capita income."[42] This evidence further reinforces the importance of a holistic approach to development.

In fact, there is increasing awareness the aims and outcomes of development often cannot be under discrete categories of social or economic advancement. For example, in order to improve the health of citizens, governments must address a full range of health determinants, and not those solely related to the health care field. The health and well-being of a person is determined not only by one's physical condition but is also related to one's level of mental and emotional stability such as safety, access to education and employment opportunities, and environmental quality. In many senses, good governance and the pursuit of economic and social development are indivisible. Some would argue that the whole point of governance is to improve human development; economic development remains perhaps one of the most effective means of achieving this goal.

The inter-relationship between social and economic development can be daunting in the sense that there never seems to be enough resources to address the breath of challenges that must be addressed. At the same time, though, it is encouraging to learn that in targeting some of the most pressing social conditions – by investing in the current as well as the future workforce – governments can better prepare a community for economic growth. This is particularly encouraging news for leaders of First Nations communities who must address a whole range of urgent social conditions.

Figure 3.5 – Threats to health status within Aboriginal communities in Canada

- The life expectance of Registered Indians is seven to eight years shorter than for non-Aboriginal Canadians.
- Unemployment rates, incidence of low education attainment and welfare dependency are higher in First Nations communities.
- The incidence of violence, physical and sexual abuse and suicide is higher in Aboriginal communities.
- Children in Aboriginal communities have higher rates of accidental death and injury of all Canadian children.
- Many Aboriginal communities have higher rates of infectious diseases, such as tuberculosis and AIDS than non-Aboriginal Canadians.[43]

[41] World Bank, *World Development Report 1997*, op. cit.
[42] World Bank, *Assessing Aid*, op. cit, p. 29.
[43] National Forum on Health, *The Situation of Aboriginal Peoples – The Need for an Aboriginal Health Institute in Canada*, Synthesis Reports and Issues Papers, Final Report, Volume II, March 1996.

Again, these challenges are more easily managed with effective long-term planning.

Issues relating to promoting social development

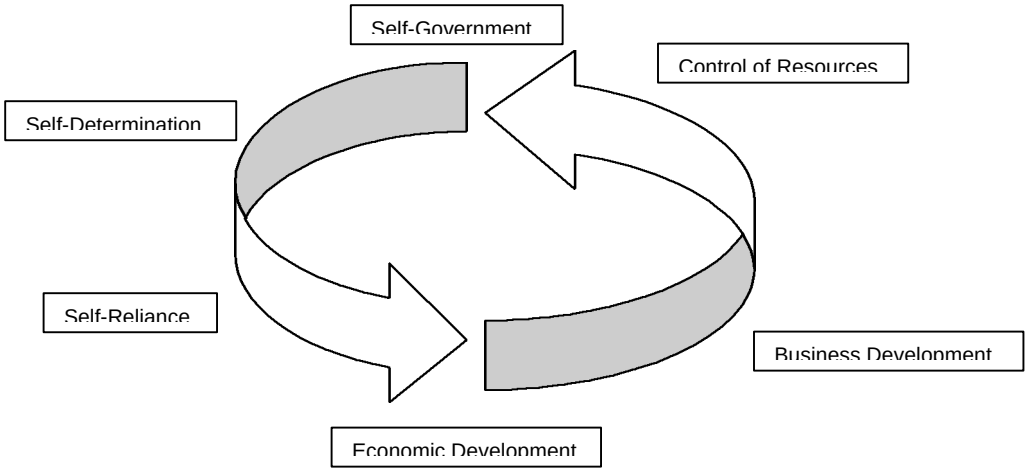
- In what ways has the developmental agenda responded to social concerns?
- What specific social challenges to development are currently targeted?

J. RECASTING ROLES AMONG NATIONAL & SUB-NATIONAL GOVERNMENTS

For indigenous peoples across the globe, one of the most critical factors of development remains redefining their relationships with their national governments from a post-colonial, patriarchal, and largely adversarial association to a more of a open, flexible, partnership based on equality and trust. In fact, current literature stresses the importance of forging a solid working relationship between developing communities and their national governments as they represent an enormous opportunity to promote growth.

Putting self-governance and development into context

Figure 3.6 – The Aboriginal Development Circle



Source: Anderson, Robert Brent, *Economic Development among the Aboriginal Peoples in Canada – The Hope for the Future*, Captus Press Inc., 1998, p. 12.

In Canada, self-government and self-determination are politically-sensitive and highly-contentious issues. Yet there are a number of compelling arguments as to why self-government of First Nations communities represents one of the most effective ways to promote development. Self-government and the control of economic resources – among other factors - can be described as essential elements or 'points' along the development circle. (See Figure 3.6 below.)

Self-government, or at the very least, First Nation program ownership "tightens the link between decision-making and its consequences."[44]

> "Self-government will result in more culturally appropriate development, more rapid decision-making, the development of Aboriginal leadership in economic matters, the reduction in program duplication and greater funding stability."[45]

An important feature of self-determination is the ability to govern one's own programs and services. When outside interests or aid agencies direct economic projects, their outcomes do not tend to reflect the priorities of the developing community. As Cornell and Kalt explain:

> "The reason why tribal sovereignty is so crucial to successful development is clear. As long as (…) some other outside organization caries primary responsibility for economic conditions on Indian reservations, development decisions will tend to reflect outsiders' agendas."[46]

Cornell and Kalt further argue that there is a strong link between sovereignty and development, but explain that this link is often misunderstood.

> "The legal and de facto sovereignty of tribes has been subject to constant challenge, and it is frequently asserted that if tribes wish to be sovereign, they must first establish sound, non-dependent economies. Our research indicates that, for two basic reasons, this reasoning is backwards. First, as we have said, sovereignty brings with it accountability. Those whose resources and well-being are at stake are the ones in charge. Without this accountability, as in the years before self-determinative became established federal policy in the 1970s, sustainable development on reservations was virtually non-existent. Second, the sovereign status of tribes offers distinct legal and economic market opportunities, from reduced tax and regulatory burdens for industry to unique niches for gaming and the commercial use of wildlife. Sovereignty is one of the primary development resources tribes new have, and the reinforcement of tribal sovereignty under self-determination should be the central thrust of Indian policy. One of the quickest ways to bring development to a halt and prolong the impoverished conditions of reservations would be to undermine the sovereignty of Indian tribes." [47]

[44] Cornell, Stephen and Joseph P. Kalt, op. cit..
[45] Institute on Governance, *Summary of the Royal Commission on Aboriginal Peoples' Final Report*, Ottawa, April 1997.
[46] Cornell, Stephen and Joseph P. Kalt, op, cit.
[47] Ibid.

Casting a new relationship with the federal government

For many nations across the globe, the breakdown of relations between governments and their indigenous peoples is the result of long-standing conflict and mistrust. And while the process of renewal is critical to respond to pressing social and economic conditions, these efforts take time. There is no set method to improve the relationship among governments. Yet, it remains clear that in order to promote economic development, governments must not ignore the various capacities and potential contributions of any of its future partners.

Promoting greater decentralization

The overall thrust in the literature reviewed by the Institute supports greater fiscal decentralization, especially in highly-centralized, emerging market economies. Fiscal relationships must consider the following features:[48]

- Expenditure responsibilities - The allocation of expenditure and tax functions to various levels of governments is the most fundamental issue in a federation. Sub-national governments ought to be responsible for those services whose benefits are confined primarily to their geographic area and for which residents should have a choice over the quantity and quality of service.
- Taxation and other own-source revenue - The objective must be to match expenditure responsibilities with revenue generation capacities thereby reducing the need for intergovernmental transfers, which may produce distortions. Even for the poorest of jurisdictions, to achieve accountability, sub-national governments ought to responsible for a portion of the costs of the services delivered.
- Fiscal transfer mechanisms - Intergovernmental transfers are appropriate to deal with fiscal gaps, to achieve equalization, to deal with spillovers and to achieve national objectives. In general, the principles of equity, neutrality, predictiblility, flexibility, simplicity and autonomy are ideal principles of a fiscal transfer system.
- Borrowing capacity - Generally, governments must only borrow for investment purposes.
- Institutional considerations - Weak fiscal accountability structures remains an obstacle to securing future investment dollars. Progress in re-vamping current funding arrangements with First Nation's communities is critical. As of January 1999, less than twenty percent of First Nations and tribal councils have successfully negotiated new funding arrangements with the federal government.[49] This lack of progress can largely be attributed to differing expectations on reporting requirements as well as a sense of mistrust among First Nations peoples that current negotiations are motivated by the urge to reduce federal funding of programs on-reserve.

[48] For a detailed analysis of this topic, please consult: Institute On Governance, *Intergovernmental Fiscal Relations: an international perspective*, February 1998.
[49] Office of the Auditor General, op. cit., p. 3.

Issues relating to recasting roles among national and sub-national governments

- Has a self-government agenda contributed in any way to development?
- To what extent do the current fiscal transfer mechanisms between federal and Aboriginal governments match the principles developed from international experience?
- Has own-source revenue been a factor in the development process?

K. ENCOURAGING PARTNERSHIPS WITH OTHER SECTORS

Though the state must secure the provision of public goods, this does not imply that it ought to generate all inputs and solutions. In its recent report, the United Nations Development Programme states that "…without the full involvement of major stakeholders and beneficiaries in design and implementation, programmes are not sustainable."[50] Partnerships lead to improved information gathering, sharing of ideas, a reduction of search costs and presents the future possibility to pool resources.

While partnerships have many advantages, it is also important to recognize their inherent limitations. Efforts to seek the input of outside stakeholders often takes time and therefore must be managed carefully if resources and timelines are defined. With partnerships comes the challenge of encountering resistance. This demands that governments be extremely clear in communicating its goals, objectives, resource commitments, and expected outcomes.

Section IV provides a detailed discussion of the role of partnerships in economic development. This following section, however, provides a brief look at how building relationships with stakeholders will improve governance overall.

Forging partnerships with entrepreneurs increases bonds within the community

First Nations entrepreneurship is on the rise. It is estimated that over eighteen thousand Aboriginal businesses were in operation during the mid-1990s.[51] The benefits of local entrepreneurship are numerous and important to consider. First, successful business ventures often rely on the growth of other ventures and help create a pool of suppliers, expert contactors, and labourers. As well, they create local employment and may be an important resource for training and community education. Finally, they can act as important drivers of prosperity and wealth creation by reinvesting their funds in other community projects as well as providing a critical tax base to further support other social developmental activities.

[50] United Nations Development Programme, op. cit., p. 26.
[51] Ponting, J. Rick, *First Nations in Canada – Perspectives on Opportunity, Empowerment, and Self-Determination*, McGraw-Hill Ryerson Ltd., 1997, p. 137.

Yet, in order to reap the benefits of economic prosperity, it is critical that governments develop a solid working relationship with the business community. In opening the dialogue, public sector officials will achieve a better understanding of the needs and challenges facing its entrepreneurs and will in turn develop policies that better serve their common goals.

Recognize that partnering does not necessarily imply a reduction in the role of government

The process of working with non-governmental organizations, private firms, and citizens in general ought to enhance decision-making and foster social cohesion yet it does not in any way decrease the role or the level of responsibility of the state in economic matters.

> "To get users or clients to become partners, public agencies often must invest considerable time and energy in building ties with communities, in building commitment among their own staff, and in ensuring that minimum standards of quality and equity are maintained."[52]

While no one can argue that external aid is often required to respond to immediate human needs, there remains the danger that the supported government may become overly-dependent on outside assistance when it ought to focus on developing its own capacities for policy-making.

Promote best practices in governance through public participation

According to the *World Development Report 1997*, governance is enhanced through public participation. This is a major theme in the Section that follows.

Issues related to partnerships with other sectors

- What is the current relationship between Aboriginal community leaders and its partners?
- What impact has partnering had on promoting growth?
- What is the role of these partners? How has it evolved over time?

L. CONCLUSION

Throughout this section, several issues relating to each of the main topics have been identified as possible avenues for future study. In assessing each of the elements of good governance, it becomes clear that economic development is not a function of the size of investment or resource outlay but more so the result of good planning and decision-making. In essence, governments adopt economic prosperity by retaining an integrated approach stemming from a long-range

[52] World Bank, *World Development Report 1997*, op. cit.

strategic vision based on the principles of good governance. There is a growing consensus among international experts that the development of key competencies in policy and structural capacity is critical to achieve social and as well as economic progress.

IV. CITIZENS, CIVIL SOCIETY AND SOCIAL COHESION

A. INTRODUCTION

As we noted in Section II, governance encompasses more than government. There are other actors involved including citizens and their roles within the voluntary sector or civil society that warrant attention.

One organizing concept that is useful in discussing this aspect of governance is the term 'social cohesion', a term that has become increasingly prominent in Canada and other western countries as concerns about the growing negative affects of globalization, among other things. In a recent review of the state of Canadian research on social cohesion, Jane Jensen, a Canadian academic, notes that the study of social cohesion, despite having roots that extend well back into the 19th century, has produced no agreed-on definition. The box below, taken from Jensen's study[53], illustrates some of the different dimensions that the term connotes:

Why Is It Necessary to Unpack the Concept of Social Cohesion

Definitions of social cohesion vary according to the problem being addressed and the individual or organization speaking.

- For some, social cohesion means primarily the capacity to construct a collective identity, a sense of belonging.
- For others, the focus is a society's commitment and capacity to assure equality of opportunity by including all of its citizens and reducing marginality.
- Social cohesion is also discussed in relation to democratic practices, including patterns of participation, and the legitimacy of representative institutions such as advocacy groups, political parties, unions and governments.
- In modern plural, liberal democracies, where value conflicts are inherent and social choices are open, social cohesion is sometimes interpreted in terms of society's capacity to mediate conflict over access to power and resources, to accept controversy without trying to shut it down.

In the sub-sections which follow, we look at four specific ways in which governance and social cohesion appear to intersect: voluntarism and the creation of trust in political institutions; the resolution of conflict; citizen participation; and the impact of systems for choosing political leaders.

[53] Jensen, Jane, *Mapping Social Cohesion: The State of Canadian Research*, CPRN Study No. F /03, Renouf Publishing Co., Ottawa, 1998, p. 17.

B. VOLUNTARISM AND TRUST IN POLITICAL INSTITUTIONS

There is considerable evidence to suggest that Canadians in general and Aboriginal people in particular have grown increasingly disenchanted with the quality of their political leaders and democratic institutions. Based on his twenty-year study of political institutions and development in Italy, Robert Putnam has advanced an explanation for this phenomenon that has affected all western countries. His thesis can be summarized in the following points:

- Citizens, acting in a voluntary capacity as members of church groups, sports clubs, neighbourhood associations, unions, political parties and political action groups, encourage social trust and co-operation – what he calls social capital. Norms of 'generalized reciprocity' (e.g. I'll rake my leaves knowing that my neighbours will do the same) also contribute to the creation of social capital.

- Trust and co-operation tend to be self-reinforcing and cumulative. A 'virtuous' circle results in higher levels of co-operation, trust, reciprocity, civic engagement and collective well-being.

- Conversely, the absence of these traits is also self-reinforcing; "defection, distrust, shirking, exploitation, isolation, and stagnation intensify one another in a suffocating miasma of vicious circles".[54]

- Higher levels of trust and co-operation lead to better government. On the demand side, citizens in communities with such traits expect better government. On the supply side, the performance of representative government is facilitated by the social infrastructure of civil society and the democratic values of citizens and officials.

- Similarly, the performance of market economies improves in societies with high levels of co-operation and trust.

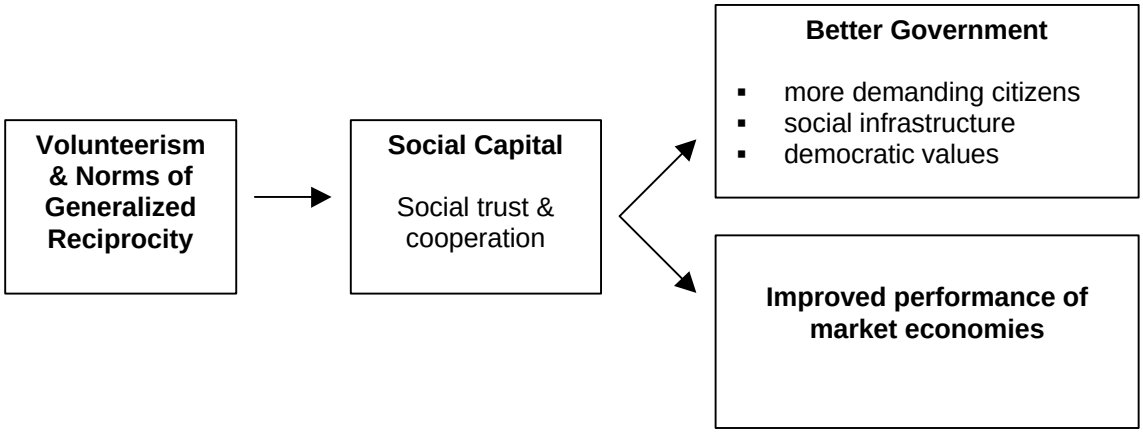
- Over the past several decades, voluntarism and other forms of civic engagement have declined significantly in the United States and other western countries. This decline has been accompanied by the lowering of trust levels in government.

- The chief culprit for declining civic engagement is television: "there is reason to believe that deep-seated technological trends are radically 'privatizing' or 'individualizing' our use of leisure time and thus disrupting many opportunities for social-capital formation. The most obvious and probably the most powerful instrument of this revolution is television."[55]

[54] Putnam, Robert, *Making Democracy Work: Civic Tradition In Modern Italy*, Princeton, Princeton University Press, 1994, p. 177.
[55] Putnam, Robert, "Bowling Alone: America's Declining Social Capital", *Journal of Democracy*, Volume 6, Number 1, January 1995.

Figure 4.1 sums up the causal relationships in the Putnam thesis.

Figure 4.1 – Making Democracy Work



Source: Putnam, Robert, Making Democracy Work: Civic Tradition in Modern Italy, Princeton, Princeton University Press, 1994.

The call for a renewed spirit of voluntarism, implicit in the Putnam thesis, appears to have resonance among many Aboriginal people in Canada. For example, at a recent conference on Aboriginal governance in urban settings held in Winnipeg in 1998, speaker after speaker called for a return to voluntary activity in order to strengthen Aboriginal communities[56].

Several empirical studies appear to support the Putnam arguments. For example, Lisa Young from the University of Alberta, using data from the 1999 Alberta Civil Society Survey, found the evidence generally supportive of the Putnam thesis at it relates to the relationship between civic engagement and higher levels of trust in government[57]. Similarly, John Helliwell and Robert Putnam, working with Italian data, found that the results supported the thesis that civic engagement led to higher economic performance.[58]

[56] Institute On Governance, 1998.
[57] Young, Lisa, *Civic Engagement, Trust and Democracy*: *Evidence from Alberta*, unpublished paper presented to the Trends Seminar on Value Change and Governance, Toronto, Ontario, June 1999.
[58] Helliwell, John and Robert Putnam, "Economic Growth and Social Capital In Italy", *Eastern Economic Journal*, Volume21, No. 3, Summer 1995.

That said, Putnam's research conclusions have spawned many counter arguments[59]. Some examples:

- Civic engagement has its dark side – the Ku Klux Klan and other racially-motivated hate groups are good examples;
- Voluntary associations may not be the only source of social capital;
- Television is not the culprit – it does not make us less trusting nor does it make us withdraw from civic engagement;
- Individual attitudes and predispositions affect the formation of social capital and its consequences; and,
- Materialistic values are the chief culprit of declining trust levels among young people.

A series of issues surrounding levels of trust and co-operation – how it is produced (or dissipated), its consequences for governance and its affects on the functioning of market economies – appear relevant for Aboriginal communities. The box below summarizes some of the key questions which might form part of the next phase of this project.

Issues related to trust and voluntarism

- Is there any evidence of the importance of voluntarism in leading to higher levels of trust and co-operation, and to more effective governance and economic development?
- What other sources create or dissipate trust and co-operation within the community?
- Are there any 'downsides' to high levels of voluntarism?

C. CONFLICT RESOLUTION

Another aspect to social cohesion and governance is how a community resolves conflicts among its members and between its members and its institutions. Indeed, as one author notes, " Public conflict resolution can be about how individuals relate to one another, how communities sustain themselves and their members and their members, how governance earns and maintains its legitimacy."[60]

Nature of conflict and disputes

Conflict, according to one set of authors[61], is the "…**process** of expressing dissatisfaction , disagreement, or unmet expressions…". Another defines the term as a form of competitive behaviour between people or groups[62]. Conflict is ongoing, amphorous and intangible.

[59] See, for example, *Political Psychology*, Volume 19, No. 3, 1998; the entire issue is devoted to exploring social capital and the Putnam thesis.
[60] Dukes, E. Franklin, *Resolving Public Conflict: Transforming Community and Governance*, Manchester: Manchester University Press, 1996, p. 117.
[61] *Constantino, Cathy A. and Christine Sickles Merchant, Designing Conflict Management Systems; A Guide to Creating Productive and Healthy Organizations*, San Francisco: Jossey-Bass, 1996, p. 5.
[62] CDR Associates, "Dispute Systems Design", material presented at a conflict management seminar, 1996.

A dispute is a **product** of unresolved conflict and, in contrast to conflict, is tangible and concrete. It has "…issues, positions, and expectations for relief"[63]. In addition to disputes, conflict can manifest itself in various of other ways – sabotage, lack of productivity, low morale, and withholding information are some examples.

Most authors view conflict as an inevitable part of the human condition. Further, from an ethical perspective it is neither good nor bad:

> "…conflict is like water: it is everywhere – within individuals, within groups, within communities, within nations, within the global village. As with water, conflict presents unlimited opportunities for growth and healing as well as for damage and destruction"[64].

Many authors find it useful to distinguish among types or causes of conflict. Some of these are the following[65]:

- Relationship conflicts – caused by misperceptions, stereotypes, strong negative emotions, poor communication etc.;
- Data conflicts – the result of a lack of information, interpreting existing information differently, being misinformed etc.;
- Interest conflicts – perceived or actual incompatible needs occurring for substantive (money, resources), procedural (the way a conflict will be resolved) or psychological (trust, fairness) reasons;
- Structural conflicts – caused by oppressive patterns of human relationships (colonization, rigid hierarchies, for example); and
- Value conflicts – the result of incompatible belief systems.

The point of distinguishing among these types of conflict is that different conflict or dispute resolution approaches may be more useful in addressing one type of conflict than another. In this vein, some authors have developed a literature around what they term 'deep-rooted' or 'identity' conflict such as that experienced in the Balkans among various ethnic groups, in Ireland among Protestants and Catholics, and in the Middle East between Arabs and Jews. Deep-rooted conflict can also exist in small communities among families or clans.

Writing in the context of Canada's ongoing crisis of national unity, three Canadian academics explain the dynamics of deep-rooted or identity conflict in the following terms:

> "Identity conflicts engage deeply felt images of the self within a community and in the larger political world. They often embody issues of recognition and respect, along with the fear of denial and exclusion. The sense of threat from competing identities may be especially acute. Often, it may seem that there is little room for differences to co-exist within the same political space, and the parties may find it difficult to understand that acknowledging the identity of others need be no threat to one's own. For all these reasons, identity conflicts tend to be expressed in zero-sum language and in the emotive discourse of powerful symbols. Such debates are not nearly as amenable to trade-offs,

[63] Costantino and Merchant, op. cit., p. 5.
[64] Ibid, p. 227.
[65] CDR Associates, op. cit. p.6.

compromises, and the kind of splitting the differences that are characteristic of the resolution of conflicts over the distribution of material goods."[66]

Aboriginal Perspectives of Conflict

While it is difficult to generalize about Aboriginal peoples in Canada, given the vast differences among them in terms of language and culture, it is clear that at least some Aboriginal groups approach conflict or more appropriately 'justice' from an entirely different world view. The emphasis from their perspective should be on proactive measures – all of which are contained in traditional teachings about how life should be lived – on maintaining harmony and thus preventing conflict. The 1993 "*Report of Grand Council Treaty Number 3*" summed up this point of view in the following words:

> "Justice in the English legal lexicon…means the system of laws, courts, penal and appeal procedures of the Euro-Canadian system. There is no direct relationship with our systems. Justice to our people means allegiance to the integrity of our spiritual principles and values. Simple in meaning, but difficult to practice; to be pursued rather than attained…"[67].

Rupert Ross, a Crown Attorney who has spent many years experiencing and writing about Aboriginal approaches to justice, illuminates this Aboriginal perspective as follows:

> "It appears, then, that we have two different perceptions about where the primary spotlight should be aimed when it comes to a "justice system." To use a broad generalization, while the Aboriginal spotlight seems to shine primarily on the creation and maintenance of a peaceful society, the Western one highlights processes designed to respond to actual disorder instead. Not being aware of the fact the two spotlights illuminate different aspects of the same overall problem, we of the Western system are puzzled when Aboriginal responses to our justice questions fail to shed light on the kinds of things that we expected to see, but show us very different things instead.
>
> "The best metaphor I can think of involves Western doctors asking Aboriginal people to "Please research traditional methods of dealing with heart disease". My imagination then sees the traditional medicine people putting 95 percent of their attention into describing the kinds of diets, work habits, teachings of moderation, strategies for healing and stress reduction and so forth that *prevented* heart disease from becoming a major health concern in traditional times. Only then might they mention, almost in passing, how traditional healers might have responded to an actual case of heart disease."[68]

It would appear that any durable approach to dispute resolution within an Aboriginal community would need to be sensitive to its overall perspective of 'justice'.

[66] Stein, Cameron and Simeon, "Citizen Engagement in Conflict Resolution: Lessons for Canada in International Experience", Commentary, C.D. Howe Institute, June 1997.
[67] Quoted in Ross, Rupert, "Returning to the Teachings", Toronto, Penguin Books, 1996, p.257.
[68] Ibid, p. 266.

Approaches to resolving conflict

Many writers find it useful to distinguish among three broad approaches to resolving disputes[69]:

- Through the use of power – strikes, lockouts, coup d'etats, wars, ignoring the weaker party etc.;
- Through determining which side is right[70] – courts, binding arbitration etc.; and,
- Through reconciling interests – negotiations, mediation, etc.

Some go on to argue that Western society, while successfully reducing the worst manifestations of the use of power as a dispute resolution device after two world wars, has now become a 'rights-based' culture in a way "…unimaginable 100 years ago, and still unknown in parts of the world where there is little access to legal services for ordinary people."[71] Arguments for reducing our reliance on power and rights based approaches usually revolve around the following points:

- Reduced costs – litigation involves rising costs and lengthy delays; approaches involving the use of power, such as strikes or roadblocks, can be even more costly, potentially resulting in injuries or deaths;
- Better quality decisions - resolutions through interest reconciliation tend to be more creative and more durable (research indicates a high percentage of compliance – in some cases 90% - with mediation-type approaches);
- Greater satisfaction among disputants – they become active participants in shaping the solution as opposed to detached bystanders who have lost control of the process; and
- Long term relationships are preserved – the win-lose nature of disputes settled through right-based or power-based approaches leaves the underlying conflict unresolved, suggesting the likelihood of future disputes and continued soured relations among the parties.

Of these reasons for preferring interest-based approaches, the last two appear to be particularly germane to preserving or even creating harmony and social cohesion – the central focus of this section of the paper.

Several quantitative indicator of the growing dissatisfaction with courtroom litigation arose in a recent survey in Ontario where 60% of the survey group said that they were either partly or very dissatisfied with the progress and outcome of their case through the civil litigation system.[72] Of their lawyers, only a slim majority said that they thought that the client "usually" received value-for-money in litigation.

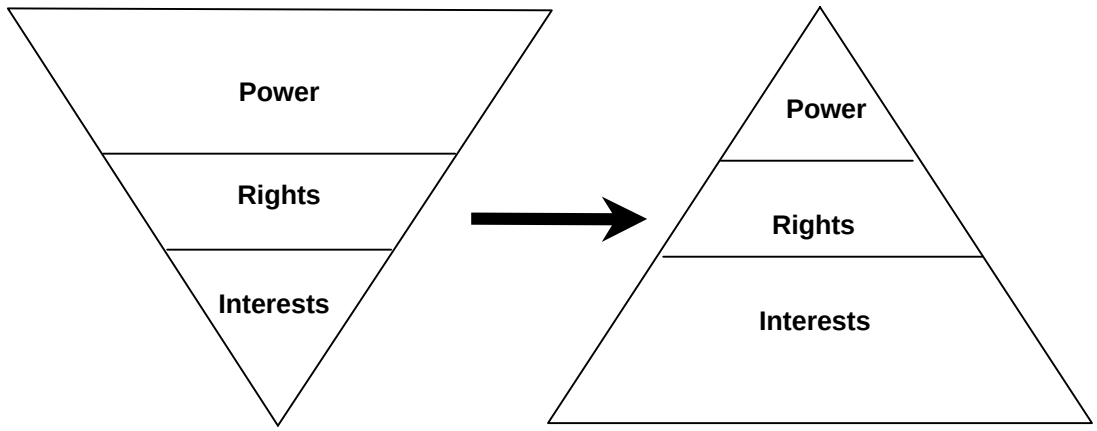
All of the literature reviewed by the Institute acknowledges that resolving all disputes through interest-based approaches is neither desirable nor perhaps feasible. Some argue, for example,

[69] See, for example, Ury, Brett and Goldberg, "Getting Disputes Resolved: Designing Systems to Cut the Costs of Conflict", San Francisco, Jossey-Bass, 1988, p.18.
[70] This second approach is still based on the application of power, albeit by a disinterested third party according to a well-established set of rules.
[71] Macfarlane, Julie, "Rethinking Disputes: The Mediation Alternative", Toronto, Emond Montgomery, 1997, p. 1.
[72] Ibid, p. 4.

that certain minority groups (e.g. blacks in the United States, Aboriginal peoples in Canada) would not have realized their sizeable gains in certain areas over the past decades had it not been for a number of seminal court decisions. Organizations may also use interest-based approaches to shield them from public scrutiny about systemic abuses. Further, it may be inappropriate or unethical to use such approaches when there is imbalance of power between the parties such as in some cases of domestic violence or when disempowered groups lack alternatives or have had no say in the design of the dispute resolution processes.

Nonetheless, there is a corollary argument made that rights-based and even power-based approaches can be made less costly and more effective in their back-up roles. [73] Tailored arbitration approaches, for example, can lead to more satisfactory results than the use of the regular court system. As well, cooling-off periods can be built into strike procedures so as to reduce the likelihood of bitter, long-term labour dispute. The following diagram [74]sums up the overall direction that appears to fall out of the literature:

Figure 4.2
Moving From a Distressed to an Effective Dispute Resolution System



Source: (To be added)

The goal is to develop a dispute resolution system that looks like the pyramid on the right where most disputes are resolved through reconciling interests, some through rights-based approaches

[73] See, for example, Ury, Brett and Goldberg, op. cit. p. 17.
[74] Ibid, p. 19.

and the fewest through the use of power. In contrast, a distressed system, portrayed as the inverted pyramid on the left, needs to be turned right-side up[75].

Arguments in the literature on Aboriginal Peoples and the justice system are even more compelling in describing the inappropriateness of rights-based approaches. Echoing ideas canvassed earlier in this paper, James MacPherson, the Dean of Osgoode Hall Law School had this to say in summing up the major themes that arose during the three day seminar on Justice issues convened by the Royal Commission On Aboriginal Peoples:

> "The current Canadian justice system, especially the criminal justice system, has failed the Aboriginal people of Canada…The principal reason for this crushing failure is the fundamentally different worldview between European Canadians and Aboriginal peoples with respect to such elemental issues as the substantive content of justice and the process for achieving justice. With respect to the former, the European Canadian definition of justice is usually centred on the word 'fairness' whereas the Aboriginal definition usually highlights a different constellation of words like peace, balance and, especially harmony.
>
> "With respect to process, it seems clear from the papers and the discussions at the Round Table that the linchpin of the current justice system (criminal and civil) namely the adversarial system, does not reflect the way Aboriginal people think about or resolve problems."[76]

Building on this last comment on thinking about and resolving problems are the observations of Elder Vi Hilbert in the Northwest Intertribal Court System's report on Salish justice:

> "I think it would have been disgraceful to have somebody else resolve your problems. Your own family needed to help clear your mind and clear your heart if you were having a problem".[77]

In summary, there appears to be considerable convergence in both sets of literature - albeit using somewhat different language and starting points - on the desirability of finding alternatives to dispute resolution based on rights and power-based approaches. Such alternatives revolve around the active participation of those affected parties in pursuing an interested based approach to dealing with conflict and are referred to under the general rubric of Alternative Dispute Resolution or ADR. (Appendix A provides an indication of the range of ADR techniques in six categories ranging from Preventive ADR to Imposed ADR.)

Other techniques might also be usefully added to this spectrum. For example, in dealing with 'deep-rooted' or 'identity –based' conflict, the usual range of ADR techniques may not prove satisfactory in dealing with a single dispute because levels of trust are so low among the affected

[75] One writer, Franklin Dukes, believes that even interest-based approaches to resolving conflict, like rights and power-based approaches, are not sustainable. Among other things, his argument is based on the view that "...human beings are something greater than possessive individuals who come together to maximize self-interest." See *Resolving Public Conflict,* op. cit., p. 139.

[76] MacPherson, "Report From the Rapporteur" in "Aboriginal Peoples and the Justice System: Report of the National Round Table on Justice Issues", Royal Commission On Aboriginal Peoples, Ottawa: Canada Communications Group, 1996, p. 4.

[77] Quoted by Ross, op. cit., p. 263.

parties. Rather, a new approach may be called for, one based on open-ended community dialogues where at least the following can be found:[78]

- Discussion of identities, values and needs;
- Procedures that are inclusive, fair and respectful;
- An open agenda; and
- The dialogue is dynamic and occurs over time so that participants have an opportunity to reconsider their positions in light of what they have learned about others.

Officials at the Canadian Institute for Conflict Resolution (interviewed in the course of another Institute study) indicated that they had used a similar technique in Aboriginal communities based on the starting question: "How do we develop a conflict-resolving community?"

Two additional techniques come from the literature on Aboriginal justice. The first is the use of **elders panels**, usually in a mediating and advisory role. The second is the use of **circle techniques** for a variety of purposes but usually with a strong healing or restorative element. Circle techniques are now enjoying increasingly wide use in non-Aboriginal settings. For example, they are currently used in sentencing situations and for assisting offenders released on parole to integrate successfully into society.

A further point is worth noting. While the literature is not extensive, there has been some analysis of ADR techniques by Aboriginal writers that suggests that mainstream ADR techniques may not be in certain circumstances sensitive to Aboriginal approaches to dealing with conflict. Summarizing the Navajo Peacemaker Court system, the Royal Commission quotes two Navajo commentators, Philmer Bluenose and James Zion:

> "American mediation uses the model of a neutral third person who empowers disputants and guides them to a resolution of their problems. In Navajo mediation, the Naat'aanii [or headman] is not quite neutral, and his or her guidance is more value-laden than that of the mediator in the American model. As a clan and kinship relative of the parties or as an elder, the Naat'aannii has a point of view. The traditional Navajo mediator was related to the parties and had persuasive authority precisely due to that relationship. The Navajo Code of Judicial Conduct (1991) addresses ethical standards for peacemakers and states that they may be related to the parties by blood or clan, barring objection". [79]

Another Aboriginal commentator notes that "…if a mediation process were to be successful in helping people make and manage change, it would need to be grounded in Aboriginal spirituality. The spiritual focus would enable participants to heal through understanding and make decisions based on dignity and respect."[80]

Finally, the literature is clear that the choice of which ADR technique to use depends on the objectives of the disputants and the impediments to settlement. On the latter point, for example, a high level of antagonism among the parties may rule out the use of unassisted techniques.

[78] Stein, Cameron and Simeon, op. cit., p.14.
[79] Royal Commission On Aboriginal Peoples, "A Report On Aboriginal People and Criminal Justice in Canada", Ottawa, Canada Communications Group, 1994, p. 190.
[80] Huber, Marg, as quoted by Ross, op.cit., p. 265.

Further, if the dispute is over an issue of fact or a question of law, then procedures such as neutral fact-finders or mini-courts may be the most appropriate.

The issue of which ADR technique to utilize may be less complicated than might first appear. As two experts note:

> "…the difficulties of process selection are substantially eased by a recognition that mediation, where it satisfies the client's goals, is typically the preferred procedure for overcoming the impediments to settlement It is on this basis that we suggest a rule of presumptive mediation – that mediation, if it satisfies the client's goals, should, absent compelling indications to the contrary, be the first procedure used. If mediation is not successful, the mediator can then make an informed an informed recommendation for a different procedure."[81]

ADR and Governance

The use of interest-based approaches to resolving conflict in Canada in both Aboriginal and non-Aboriginal settings has exploded over the past decade. It is useful to distinguish three contexts in which such approaches are being used:

- between levels of government;
- between citizens and their governments; and
- between citizens.

In the opinion of the Institute, Canada is fast becoming a world leader in the design of dispute resolution systems between levels of government and no where is this leadership more evident than in self-government agreements between Aboriginal and non-Aboriginal governments. The recently approved Nisga'a agreement, for example, has a sophisticated dispute resolution system, one that appears to be 'state of the art'. Appendix B contains a brief summary of this system. Trade agreements and the recent *Framework to Improve the Social Union for Canadians* are other examples of where dispute resolution systems figure prominently in intergovernmental relations in Canada.

The criminal justice system and more recently the civil courts have witnessed a wide range of experimentation with ADR techniques to resolve conflicts involving governments and their citizens. Similar experimentation is occurring in other fields as well – for example in trade disputes involving companies and governments. And finally, there are a number of community-based dispute resolution services in Canada directed at resolving disputes among citizens, some of which are found in Aboriginal communities or organizations.[82]

[81] Sander and Goldberg, "Fitting the Forum to the Fuss: A User-friendly Guide to Selecting an ADR Procedure", *Negotiation Journal*, Volume 10, Number 1, January 1994, p. 66.

[82] Several of these community-based dispute resolution services are described in a study completed by the Institute On Governance entitled "Dispute Resolution Systems: Lessons From Other Jurisdictions", Ottawa, March 1999. This study is available on the Institute's web site: www.iog.ca.

The proliferation of dispute resolution systems leads to the question of how such systems can be most effectively designed. Design principles that emerge from the literature are summarized in Appendix C. Similarly, there is a growing recognition of the common problems that community-based dispute resolution services face. These are also summarized in Appendix C.

Conclusions

The above overview of dispute resolution and its relationship to governance leads to a number of questions that could be usefully addressed in subsequent phases of this project. These are summarized in the box below.

Issues relating to conflict resolution

- Does the community employ interest-based techniques in dealing with conflict among citizens and levels of government?
- How has the design of such systems compare with the design principles set out in this study?
- What have been the impacts of these systems in promoting more effective governance?

D. CITIZEN PARTICPATION

Two Canadian scholars, in an overview paper on citizen involvement for a federal government agency, noted that: "The increasing reliance on myriad forms of citizen involvement[83] (in Canada and throughout the world) is one of the most remarkable features of public policy at the close of the twentieth century."[84] Indeed, citizen involvement has become so important in environmental decision-making in this country that it "...has in many ways replaced policy analysis as a means of gaining insight into policy issues."

Aboriginal peoples have been affected by this phenomenon, and in many ways, have led it. For example, the co-management regimes established in comprehensive claims agreements date back to the late 1970s. Furthermore, Supreme Court judgments, especially in the Sparrow and Delgamu'uk cases, have laid down strict tests for consulting with Aboriginal peoples in instances where Aboriginal or treaty rights might be affected by a government decision. Thus, in many cases, involving Aboriginal peoples is not a policy decision but a legal requirement – a situation in which few other groups in Canada find themselves.

That said, the Institute is not aware of any comprehensive study examining the manner in which Aboriginal governments involve their citizens in decisions affecting them. The value placed by many Aboriginal groups on consensus-style decision-making suggests, however, that citizen participation is an important issue for many of their communities.

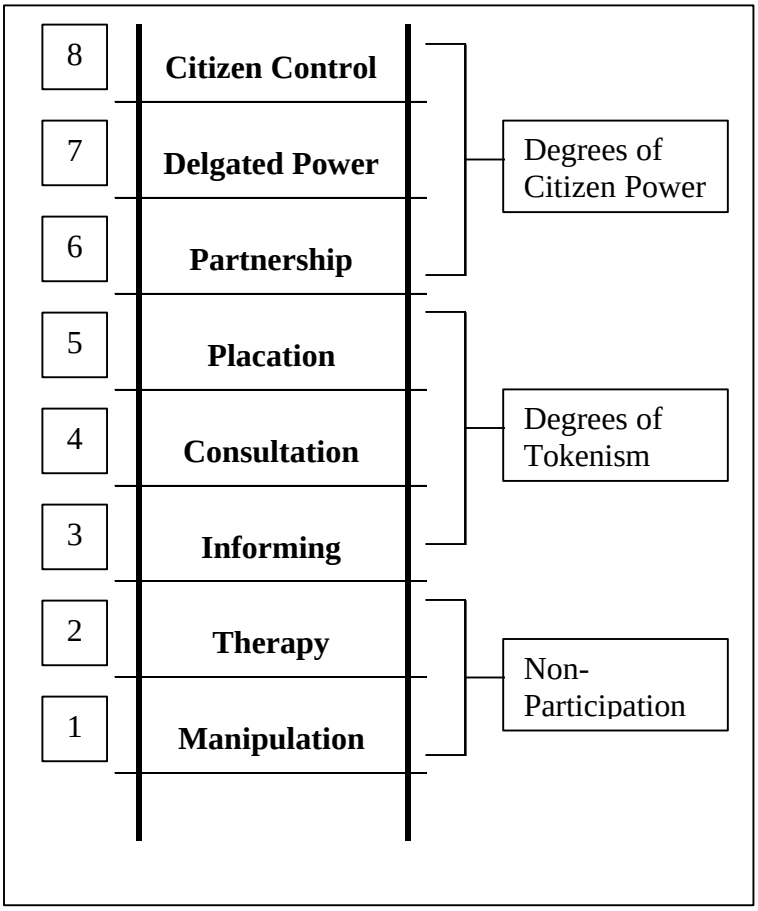
[83] For the purposes of this paper, the terms citizen involvement and citizen participation will be used interchangeably.

[84] Dorcey, Tony and Tim McDaniels, *Great Expectations, Mixed Results: Trends in Citizen Involvement in Canada*, prepared for the Social Sciences and Humanities Research Council Trends Project, Environment Theme, April 1993.

What is Citizen Participation?

There is no one definition of the term citizen participation or citizen involvement that emerges from the literature. The overwhelming tendency among writers in this area is to treat the concept as a continuum. One of the earliest writers to do so was Shelly Arnstein, who developed the topology in Figure 4.3 below. From her perspective, citizen participation was about citizen empowerment and she used her 'ladder of participation' for differentiating tokenism from meaningful citizen power. [85]

Figure 4.3 – Ladder of Citizen Participation

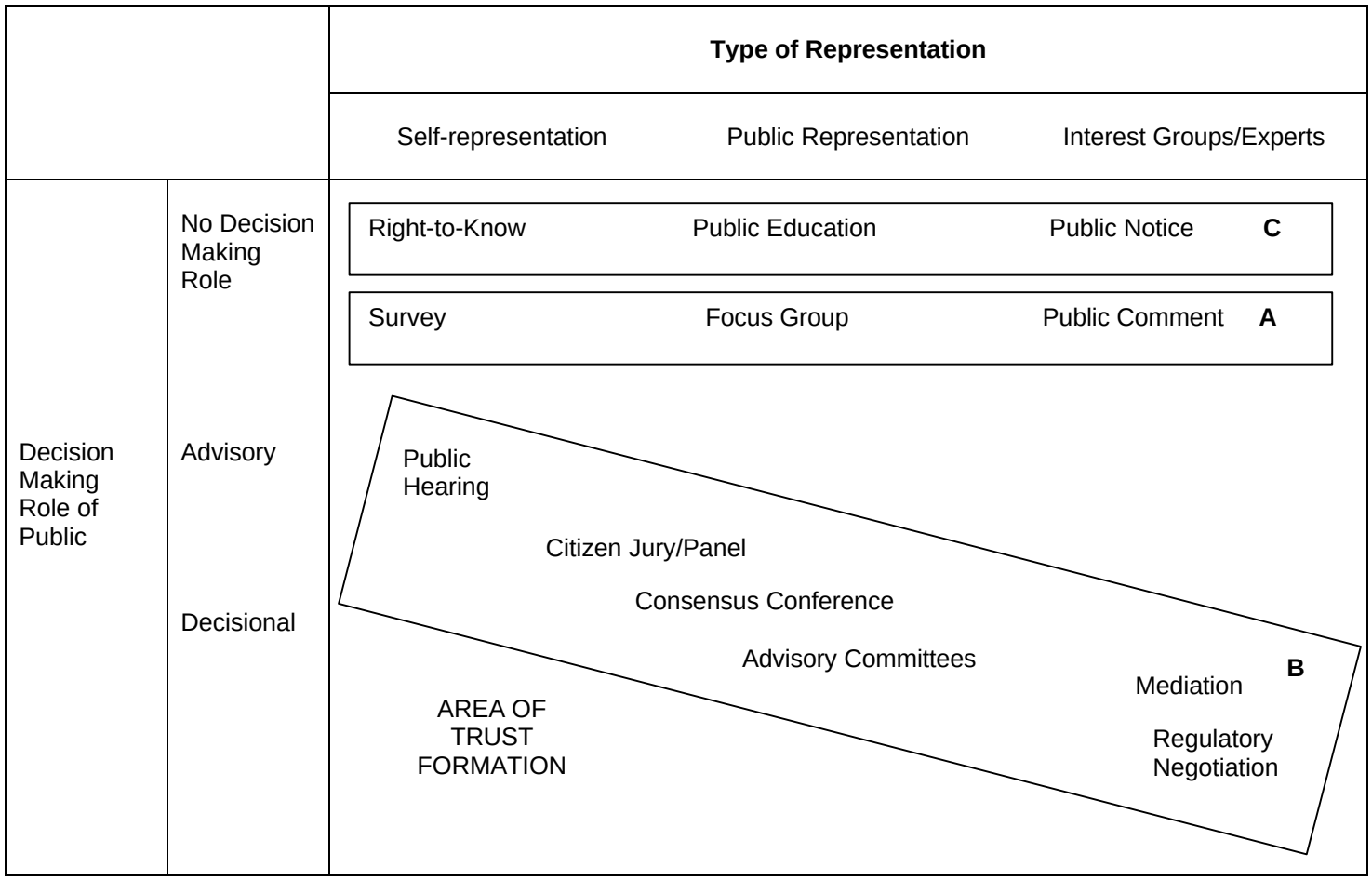


Source: Arnstein, Shelley, Ladder of citizen participation, Journal of American Institute of Planners, Volume 35, no 4, pp. 216-224.

[85] Shelly Arnstein, in Dorcey, Tony and Tim McDaniels, *Great Expectations, Mixed Results: Trends in Citizen Involvement in Canada*, prepared for the Social Sciences and Humanities Research Council Trends Project, Environment Theme, April 1993.

Another useful diagram for portraying some of the complexities of citizen participation is outlined in Figure 4.4.[86] This taxonomy has the advantage of illustrating the decision-making role of the public with the methods used for effecting participation along with a differentiation of the type of publics involved – meaning individuals, the public at large, and interest groups.

Figure 4.4 – Taxonomy of Public Participation



One final point about citizen participation is worth making: **too often this term is used only in the context of developing new government policy.** Such a narrow definition misses the significant role that citizens can play in program delivery. Partnerships between governments and citizen groups in such diverse areas as re-integrating offenders into communities, various aspects of the administration of justice (e.g. sentencing circles) and the delivery of recreation

[86] This figure is found in the Dorcey and McDaniels article, already cited above.

programs provide a multitude of opportunities for involving citizens in important decisions that affect them, especially at the community level.

Why have citizens participate in decision-making?

Answers to the question of "why involve citizens?" depend to a large degree on assumptions about the nature of democracy. As one writer explains:

> "A *managerial* perspective entrusts elected representatives and their appointed administrators with identifying and pursuing the common good. While knowledge of public preferences is vital to a managerial approach, the direct involvement of the public in decision-making is seen as a threat to the common good because it opens the door to self-interested strategic behaviour. A *pluralist* perspective views government, not as a manager of the public will, but as an arbitrator among various organized interest groups. In pluralism, there is no objective "common good" but a relative common good arising out of the free deliberation and negotiation among organized interest groups. The *popular* perspective calls for direct participation of citizens, rather than their representatives, in making policy. Popular democratic theory stresses the importance of direct representation in instilling democratic values in citizens and strengthening the body politic."[87]

From a managerial perspective, only limited participation from citizens can be tolerated (at best, consultation using Arnstein's topology) and only if such participation leads to better decisions. Gaining better information on the policy issues, gauging the potential reactions to various options, gaining commitment to implementation – these would be the type of benefits that would justify participation under this perspective. In short, as one government report notes: "Better public policy requires better public participation."[88]

The following excerpt from a report by the Canadian Council On Social Development captures the essence of the pluralist perspective:

> "Through sustained participation involving deliberation and learning, people may acquire skills of citizenship, clarify their own values, better appreciate and tolerate the views of others and change their own behaviour."[89]

Those adhering to the populist perspective want more democracy. As one British author puts it, "the crisis of democracy comes from it not being democratic enough".[90] Franklin Dukes elaborates on this same theme in the following manner:

[87] Beierle, cited by Dorcey and McDaniels, op. cit., p. 8.
[88] Centre for Canadian Management Development, *Public Consultation Guide: Changing the Relationship between Government and Citizens,* Supply and Services Canada, Ottawa, 1997.
[89] Abele, Frances, Katherine Graham et al, *Talking with Canadians: Citizen Engagement and the Social Union,* Canadian Council on Social Development, July 1998.
[90] Gidden, Anthony, *The Third Way.*

> "One of the conundrums of any representative democracy is the structural antipathy between representation and participation. Representation can serve both efficiency and accountability, but it does so at an enormous cost to citizenship. Representation can be disempowering of individual initiative. It takes from individuals responsibility for their behaviour. Tocqueville himself warned that a citizenry which relies on representation tends to judge public affairs by how they meet their private economic interests."[91]

Dukes calls for an 'engaged community', the characteristics of which are summarized in the box below:

Characteristics of an Engaged Community

- empowers people to establish and maintain a high standard of public discourse;
- modulates powerlessness and alienation;
- opposes polarization and demonization;
- encourages individuals to transcend self-interest in search of common goals;
- encourages active, lasting and meaningful participation, especially by marginalized citizens; and
- develops a capacity for solving problems and resolving conflicts among citizens.

Perhaps a final and compelling reason for including citizens in the making of decisions that affect them is public demand. In a recent poll of Canadians conducted by Ekos Research Associates, fully 86% of respondents wanted the government to place more emphasis on consulting Canadians and 69% believed that increased federal government consultation with stakeholders would improve governance.[92] Conversely, only 45% of respondents judged that the federal government does a good job in consulting Canadians.

Implementing citizen participation

A wide variety of techniques for involving citizens in public decision-making have evolved over the past several decades. Appendix D provides a list of close to twenty techniques along with a reference on where more information can be obtained. Appendix D also provides a set of design principles for developing citizen participation initiatives. If there is one central theme that emerges from the literature, it is that citizen participation is not easy. Some of the frequently discussed barriers are worth listing:[93]

- Cost – Experience demonstrates that processes to engage citizens require significant funding. For example, federal government exercises spanning all of Canada can cost into the millions of dollars. That said, participation proponents have a number of compelling, counter arguments: the cost is usually a small fraction of overall program costs; program implementation will be smoother and better designed policies will save money in the long run. Those from the pluralist or populist schools would add that this is a necessary cost of democracy. (See above)

[91] Dukes, E. Franklin, op. cit., p. 132.
[92] Ekos Research Associates Inc., *Rethinking Citizen Engagement: Presentation to Institute On Governance Citizen Engagement Conference*, October 1998.
[93] See Kathy O'Hara, *Citizen Engagement in the Social Union*, Canadian Policy Research Network, 1998.

- Time – Involving citizens takes time. Some processes at the federal level have involved a number of stages and have taken several years to complete. Furthermore, some decisions have to be taken in the context of annual budget cycles or other externally imposed time tables. Counter arguments can usually be summed up by the response 'you save time by taking time'. As one author puts it,

  > "Often government initiatives run into trouble after they have been announced because the necessary time to develop citizen support has not been taken. It can sometimes take longer to respond to such situations than to address concerns through the policy development process itself. Moreover...it is not suggested that every decision of government warrants citizen engagement."[94]

- Reduction in flexibility – Some argue that citizen participation ties the hands of government by making it difficult to achieve significant policy reform; citizens will not voluntarily agree to decisions that have a negative impact on them. This argument runs counter to much evidence suggesting that citizens will support difficult decisions, especially if they understand the reasons behind them and have been involved in their development.

- Participation is undemocratic – Critics maintain that participation initiatives are dominated by special interest groups, reducing or eliminating the influence of elected representatives, who have been elected to guard the broader public interest. Arguments countering this assertion usually run in two directions. The first is that well-designed processes should take great pains to reach out to marginalized citizens. The second is to meld representative democracy and citizen participation by providing active roles for elected representatives. An example would be for a committee of elected officials, rather than listen to a series of witnesses, to participate actively in fora with citizens which encourage open, two way dialogue in a search for solutions.

Conclusions

The experience in Canada and other democracies suggests that the general trend toward increasing and diversifying citizen participation in governance – a trend that has been evident over the last three decades - will continue. This suggests the following research issues for the next phase of this project:

[94] Ibid, p. 14.

Issues relating to citizen participation

- What has been the experience of strong communities in encouraging the participation of citizens in the development of government policy and in the delivery of services?
- What have been the reasons for encouraging such participation and what approaches have been tried?
- Has the promise of citizen participation as outlined in the literature – better, more cost-effective decisions, enhanced learning among participants, the resolution of differences, greater trust levels in government – been realized?

E. ELECTORAL SYSTEMS

Aboriginal Experience in Canada

Many Aboriginal people have long commented on the divisive affects on their communities resulting from the electoral process imposed by the *Indian Act.* A former First Nation leader from Northern Ontario, Wally McKay, sums up his experience as follows:

> **"**It would be fair to state that all First Nation communities have experienced serious forms of divisions amongst themselves as a result of elections. Not only do we have divided loyalties between clans but these election systems have divided families, brother against brother, sister against sister, parents against their own children, and elders against elders. The youth are confused, frustrated and exasperated as they witness these incredible often nasty events in the selection of leaders."[95]

Exacerbating these problems is the short term of elected leaders under *the Act* – two years. This is insufficient to allow newly elected leaders to effect meaningful change, according to McKay and results in a continuing state of instability and uncertainty.

Wayne Warry, an anthropologist from McMaster University who has worked extensively with a tribal council in northern Ontario, supports the thesis of the divisive nature of the political systems imposed through the *Indian Act:*

> "To-day's band councils can be dominated by one or more family factions that are never considered to be truly representative of the community at large. Menno Boldt has suggested that there is a polarization of Aboriginal communities into haves and have-nots... Small political elites exist in almost every Aboriginal community – and this elite status translates into band employment for perhaps thirty percent of the reserve population. This group stands in contrast to the majority of residents, who rely on unemployment insurance or other forms of social assistance. This dual class and power structure, as Boldt notes, is rooted in colonial structures. Over time, those in political power have gained access to land entitlements, housing and salaries associated with

[95] McKay, Wally, *Instruments of Governance: Restoring First Nations Governments*, prepared for CESO Aboriginal Services, June 1999.

band employment. A significant portion of band members, then, feel shut out from political processes and reliant on this elite for any improvement in their social and economic well-being. This political division is at least partly responsible for the criticism that the behaviour of Aboriginal leaders replicates the sins of government bureaucrats."[96]

A related problem described by Warry is the difficulty of managing overlapping roles where community staff members also sit on boards and councils and where staff and councellors are connected as in-laws, spouses and family members.

> "For Aboriginal people, removing kinship from professional affairs – indeed from 'affairs of state' – is impossible. It is precisely because Western notions of appropriate professional conduct have been internalized through years of contact with mainstream bureaucracy that people have leave to appeal criticisms of impropriety. This can cause people to feel insecure about their professional conduct. In my experience, criticisms of misconduct, conflict of interest, or patronage more often than not have no basis in fact. Rather, such criticism comes from those that feel locked out of decision-making or wronged in a variety of ways. Yet complaints about unprofessional behaviour continue, even where bands go to extraordinary lengths to develop transparent hiring processes or guidelines for decision-making."[97]

Echoing the *Royal Commission on Aboriginal Peoples,* Warry believes that the processes of community healing and self-government are intrinsically linked. As Aboriginal communities struggle to define new governance systems, they will need to abandon the first-past-the-post election system and imposed council system in favour of a system based on community districts or electorates. "Elections might also be supplemented by appointments to ensure representation of minority religious (and other) groups."[98] Warry even hints that reform might involve non-electoral systems of choosing leaders.

Taiaiake Alfred is unequivocal in proposing that Aboriginal communities should abandon electoral systems:

> "Native governments must be made legitimate within their communities. The only way to accomplish this is by rejecting electoral politics and restructuring Native governments to accommodate traditional decision-making, consultation, and dispute resolution processes." [99]

International Experience

The nature of the problems described by Warry and McKay, problems emanating from an imposed political structure in a colonial system, have parallels internationally. In an aptly entitled article, *Electoral Systems and Conflict in Divided Societies*, two American scholars, Ben Reilly and Andrew Reynolds, sum up international experience in developing countries with ethnic, tribal or linguistic divides this way:

[96] Ibid. p. 230.
[97] Ibid, p. 235.
[98] Ibid, p. 235.
[99] Taiaiake Alfred, *Peace Power Righteousness: an Indigenous Manifesto*, Oxford University Press, Don Mills, Ontario, P. 136

> "What the collective evidence from elections held in divided societies does seem to suggest is that an appropriately crafted electoral system can do some good in nurturing accommodating tendencies, but implementation of an inappropriate system can do severe harm to the trajectory of conflict resolution and democratization in a plural society."[100]

Reilly and Reynolds note that perhaps the most common way through which democratizing societies come to use a particular electoral system is colonial inheritance. It is also likely to be the least appropriate:

> "Colonial inheritance of an electoral system is perhaps the least likely way to ensure that the institution is appropriate to a country's needs, as the begetting colonial power was usually very different socially and culturally from the society colonized. And even where the colonizer sought to stamp much of its political ethos on the occupied land, it rarely succeeded in obliterating indigenous power relations and traditional modes of political discourse. It is therefore not surprising that the colonial inheritance of Westminster systems has been cited as an impediment to stability in a number of developing countries..."[101]

The inappropriateness of imposed electoral system is also a prominent theme of the Cornell-Kalt study of tribal governments in the United States and their impact on economic development. Their emphasis is not so much on community divisiveness but a corollary, political legitimacy:

> "To perform beneficially, self-government – governing institutions and their decisions – ultimately must have the support of the community. Without this support, the results are likely to be instability, stagnation, and a government that serves only the temporary interests of the faction in power... But where does sustainable support for the institutions and policies of self-government come from? Our research indicates that such support depends critically on achieving a match between the formal institutions of governance on the one hand and the culture of the society on the other....For many American Indian tribes, there is a real possibility of a mismatch between their formal governments and the standards of political legitimacy found in their cultures."[102]

Principles for reform

Reilly and Reynolds describe eleven different electoral systems grouped into three broad categories:

- Plural-majority systems – *First-past-the-post,* the system used at the federal and provincial levels in Canada and the *Block vote,* the system established under the *Indian Act*, are two examples under this category;

[100] Reilly , Ben and Andrew Reynolds, *Electoral Systems and Conflict in Divided Societies*, Papers on International Conflict Resolution No. 2, Washington, National Academy Press, 1999, p. 8.
[101] Ibid, p. 24.
[102] Stephen Cornell and Joseph Kalt, op. cit., p.17-18.

- Semi-proportional systems – An example is *the Single non-transferable vote system*, used in Japan and several other countries whereby each elector has one vote but there are several seats in the district to be filled (this encourages minority representation); and
- Proportional representation systems – These systems aim to reduce the disparity between a party's share of national votes and its share of parliamentary seats (a minor party with 10% of the vote should gain 10% of the seats). Such systems encourage power sharing and consensus-building.

Their principles for choosing the most appropriate system for a society are summed up in the box below.

Principles for Choosing an Appropriate Electoral System

- there is no one 'best' system that will suit all societies;
- key factors that should be taken into account when designing a system include:
  - the political history of the society;
  - the way and degree to which ethnicity has been politicized;
  - the intensity of the conflict;
  - the demographic and geographic dispersion of the population and the groups in conflict
- system requirements will differ in societies which are in transition to democracy as opposed to those which are in a consolidation phase;
- avoid overly majoritarian systems i.e. the Block vote and the First-past-the-post systems;
- reform should build on the existing system rather than jumping to a completely new system.

Conclusions

The above review of experience in both Canada and abroad with electoral systems and their potentially divisive effects on communities leads to the following issues to be explored in the next phase of the project.

Issues related to electoral systems

- What has been the experience in strong Aboriginal communities with electoral systems inherited under the *Indian Act?*
- Have any utilized the custom election option under the *Act* and to what affect?
- Have they found ways to mitigate the worst affects of these electoral systems?
- What has happened to traditional patterns of choosing leaders and making important political decisions?

V. THE PRIVATE SECTOR

Aboriginal communities can adopt three broad strategies, none of which is mutually exclusive of the others, for organizing economic activity: encourage the development of a private sector through the entrepreneurship of their members; form partnerships with non-Aboriginal firms; and establish businesses owned by the community. We examine each of these strategies in turn to tease out critical governance implications.

A. ENCOURAGING ENTREPRENEURSHIP

Aboriginal small business has enjoyed spectacular growth over the past two decades. That said, the Royal Commission estimated that "...the rate of business ownership in Aboriginal communities is, on average, considerably less than it is in non-Aboriginal communities – perhaps half."[103]

In the past, researchers tended to claim that collective cultures were not naturally entrepreneurial whereas individualist cultures fostered the entrepreneurial spirit. Recent research argues that "individualism and collectivism neither categorically encourage nor discourage entrepreneurship; rather they influence how its functions are accomplished"[104]. In particular, one author claims that,

> "Individualists show proclivities for new venture formation and making major innovations. In contrast, collectivists generate variety through group-based, incremental improvements and changes. Collectivists leverage their own resources by harnessing "clanlike" affiliations, and securing the use of the resources of other firms by building close relational ties…"[105]

The Royal Commission on Aboriginal Peoples, while also asserting that perhaps "too much is made of the alleged difference between the Aboriginal approach and the ways of liberal capitalism", noted the following:

> "…the fundamental difference in emphasis between the Aboriginal view of economics and the beliefs of liberal capitalism relates less to the means by which wealth is created than to the appropriate distribution of resources once these have been acquired. Aboriginal cultures share a deeply embedded belief that the welfare of the collective is a higher priority than the acquisition of wealth by the individual… additional merit is gained by using one's skills to benefit the community.[106]"

[103] Royal Commission on Aboriginal Peoples, Report of the Royal Commission on Aboriginal Peoples – Volume 2 : Restructuring the Relationship – Part 2., Minister of Supply and Services Canada, Canada Communication Group Publishing, Ottawa, 1996, p. 890.
[104] Tiessen, J.H., "Individualism, Collectivism and Entrepreneurship – A Framework for International Comparative Research", *Journal of Business Venturing*, September, Vol. 12. No. 5, 1997, pp. 367-384.
[105] Ibid.
[106] Royal Commission on Aboriginal Peoples, 1996, op. cit.

The Commission nevertheless noted that some communities resent entrepreneurs who take advantage of opportunities to better life for themselves and their families. "This hostility is, unfortunately, all too common. It severely impairs the chance of business success, and if one family falls prey to such attitudes, it can have a devastating affect on others' aspirations for self-reliance." [107] Participants at a national conference on Aboriginal entrepreneurship arrived at the following conclusions on this topic:

> "Native entrepreneurs need the recognition and support of their communities... The communities should understand that enterprises serve the population and bring prosperity and jobs to the communities. Entrepreneurship needs to be legitimatized in the communities and young people must be made aware of it through the education system... In communities that are more developed economically, the change is already apparent: "At Mistissini, people are proud of their entreprises and every member of the community is determined to help"."[108]

The Royal Commission advises entrepreneurs who find themselves in communities with little or no tradition of small business to build links to all parts of the community as part of their business planning. They are also encouraged to give a portion of their earnings back to the community by sponsoring recreational activities or contributing to educational facilities.

Taiaiake Alfred goes further in arguing that entrepreneurship must be embedded in a traditional framework:

> "We must always look at the larger context; we must always consider the broader political ans social implications of the choices we make in our drive to accumulate wealth, whether individually or collectively…the unprincipled pursuit of money, outside a traditional framework, can only further entrench our colonization by embedding us deeper in colonial structures." [109]

B. PARTNERING WITH NON-ABORIGINAL BUSINESS

Partnerships with non-Aboriginal businesses offer a second strategy for Aboriginal communities to further their economic development objectives. Such partnerships are not without their risks. For example, joint ventures in multi-cultural settings, the most comprehensive of the partnership options, have an undeniably strong tendency toward failure.[110] Case studies have also documented instances of "...economic exploitation and dependency, while furthering factionalization in terms of politics and culture."[111]

That said, international and Canadian experience in recent years has indicated a significant untapped potential for collaboration between small scale, community-based business and

[107] Ibid, p. 891.
[108] Ibid, p. 891.
[109] Alfred, Taiaiake, op. cit. P. 119
[110] Beamish, Paul W. et al., *International Management: Text and Cases -Third Edition*, Irwin, 1997.
[111] Haddad, Tony and Michael Spivey, "All or Nothing: Modernization, Dependency and Wage Labour on A Reserve in Canada", *The Canadian Journal of Native Studies* Vol. XII, No. 2, 1992.

medium to large-scale commercial enterprise in developing economies. Where economic development in such environments was once left to government programs and non-governmental organizations, the important and perhaps more effective role of private enterprise is now being recognized. A study by the International Labour Office asserts that the contributions that corporations can make to a small business in a developing economies are "far wider – and often more precisely targeted and cost effective – than the many inputs provided by government organizations responsible for [small business] development".[112]

A variety of principles and best practices are consistently referred to in the literature regarding the development and management of a cross-cultural partnership. Many of these are not limited to joint ventures but should be considered in many or all of the business alliance options, although perhaps to varying degrees. Five principles in particular stand out and these are summarized in the box below:

Principles for business partnerships in multi-cultural settings

- **Invest significant time in partner selection –** even to the point of having a small 'engagement' period to test compatibility;
- **Manage cultural differences pro-actively –** by educating managers about the culture of the other partner and by developing a plan for cultural integration;
- **Carefully negotiate the partnership agreement –** but remember that ultimately trust and reciprocity are more important than legal agreements;
- **Respect the principle of fair exchange -** by ensuring that value is designed into the venture for both partners, by monitoring for inequities and by adjusting the relationship if fundamental inequities occur; and
- **Ensure the ongoing management of the relationship –** by ensuring the ongoing commitment of senior management and by having a well-defined communications strategy between the partners.

More information on each of these principles is contained in Appendix E.

C. COMMUNITY-OWNED ENTERPRISES

A third economic development strategy open to Aboriginal communities is to develop community-owned enterprises. As the Royal Commission noted, "It is largely through collectively owned enterprises that Aboriginal nations have become significant players in regional economies and industrial sectors."[113] The Commission then listed a dozen or so such enterprises situated in all parts of Canada.

As Cornell and Kalt note, it is difficult to make government ownership of business work "both inside and outside Indian country".[114] Some of the factors for success with a bearing on governance appear to be the following:

[112] Wright, David L. – Overseas Development Institute, London, *A study of the employment effects and other benefits of collaboration between multinational enterprises and small-scale enterprises*, International Labour Office, Geneva, 1992.
[113] Royal Commission On Aboriginal Peoples, op. cit., p. 894.
[114] Cornell, Stephen and Joseph Kalt, op. cit.

- Separate electoral politics from the day-to-day management of business entreprises – Cornell and Kalt maintain that the primary role of any government is to create and sustain an environment conducive to economic development, to lay in place an appropriate set of rules under which economic activity can occur and finally, to set the overall direction development should take. Governments should not get involved in managing the enterprises for fear that non-economic objectives:

  > "A staple of story-telling in Indian country has to do with political interference in business activity. Over and over one hears of voided leases, hired or fired cousins, politicized management and enterprises drained of funds by tribal council interference. Such problems are not unique to Indian country – witness Chicago or Boston, or the Philippines or Mexico, where the politics of personal aggrandizement have memorable histories."[115]

  To avoid the problem of political interference, most experts argue for an organization run by an arm's-length board.

- Ensure that the appropriate incentives exist for managers of these enterprises – It is generally been the practice throughout the world that managers of state-owned businesses do not receive the level of financial rewards of their private sector counterparts. Compensation equality may be even more of a problem in an Aboriginal community where cultural values would not support a system in which individual members can get wealthy off of community resources. One solution is to look for managers from outside the community. Another is proposed by the Royal Commission: "if the project is a source of pride and accomplishment [to the whole community], then those who make it successful are seen to bring honour to the community, which can be a powerful source of motivation for them."[116]

- Secure community commitment – For Cornell and Kalt, community support is necessary to ensure legitimacy of these enterprises. Otherwise, they will not be sustained over time, especially when difficult decisions need to be made. The Royal Commission echoed these views: "Managers who do not structure their projects to conform to community values, communicate constantly with the community, and provide opportunities for feedback may find themselves isolated and their projects a source of strife and division."[117]

- Equip the community with the needed skills – One strategy to deal with the shortage of adequately trained personnel, especially for senior management positions, is to hire outside professionals, at least in the critical start-up period of the enterprise. Nonetheless, this strategy is not without its risks. The Commission heard evidence of companies suffering major setbacks a result of high turnover among non-community staff. That said, experience suggests that it takes community members two to five years of work within the company's operations to take over mid-level technical and managerial positions and longer for senior

[115] Ibid, p. 34.
[116] Royal Commission on Aboriginal Peoples, op. cit, p. 897.
[117] Ibid, p. 897.

level positions. The importance then of a plan for building capacity of community members as part of the overall business plan of the enterprise can not be over emphasized.

- Have access to adequate amounts of working capital, especially in cyclical industries like forestry – This was an important lesson that emerged from a recent study undertaken by the Institute On Governance of partnerships in the forest industry.[118]

D. CONCLUSIONS

The above discussion of three basic strategies for managing the economic development prospects of Aboriginal communities suggests the following issues for further study in the next phase of the project.

Issues relating to private sector activity

- What economic development strategy or strategies have strong communities adopted and for what reasons?
- How closely have the best practices outlined in this section conformed to their experiences? What lessons have not been captured in these practices?
- What policy or program changes of non-Aboriginal governments would further their economic development prospects?

[118] See Institute On Governance, *Aboriginal-Forest Industry Partnerships: Lessons for Future Collaboration,,* Ottawa, 1999. Available on the Institute's web site: www.iog.ca.

VI. MEDIA AND GOVERNANCE

A. LINKING MEDIA AND PUBLIC POLICY

The free press has a fundamental impact on the delivery of good governance due to its role as a pillar of democratic society. The media assist promotion of governance and the protection of the public good in at least two ways. First, the media is called upon to supply an untainted representation of current events and issues. Second, it is also incumbent upon the media to act as a watchdog in demanding public accountability for those in power and assessing the outcomes of their decisions.

But the role of the media appears to go well beyond these two impacts. Current literature suggests that, increasingly, reporting shapes the policy process. Journalists have tremendous power to mold public opinion by selecting the players, setting the timing and ordering the relative importance of some issues over others.[119] Couple this with the media's ability to convey messages with the use of powerful images to any point across the globe and it is easy to appreciate how the press is garnering increasing influence in the policy-making process.

This section begins by examining the role of media in modern society and discusses coverage of Aboriginal issues in the mainstream press. It also looks at the rise of alternative media sources such as First Nations publications and civic journalism.

B. ASSESSING THE ROLE OF THE MEDIA IN CONTEMPORARY SOCIETY

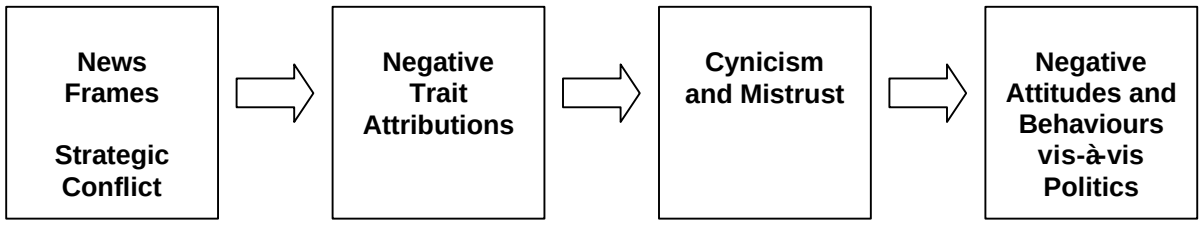
The rise of public cynicism

In *Spiral of Cynicism*, Cappella and Jamieson examine the role of the media in the decline of public trust in politicians and political institutions. They contend that "…both the contemporary journalistic culture and focus on strategy, conflict and motives invite cynicism." [120] The authors contend that modern news coverage is crafted according to strategic-bias rather than issue-bias. Strategic bias emphasizes the adversarial dimensions of politics. Metaphors borrowed from sports and war over-simplify the relative positions and power struggles within what could otherwise be described as a complex and intricate debate. Issue-based coverage is framed differently to use neutral language and present the full complexity, texture and depth of the given topic. Unlike strategically-framed stories, the motivations of the individual actors are not the dominant focus, rather these stories are better able to describe the background, the players, the policy implications and ponder alternatives and expected outcomes in more detail.

[119] Spitzer, Robert J.,(ed), *Media and Public Policy*, Praeger Publishers, Connecticut, 1993.
[120] Cappella, Joseph N. and Kathleen Hall Jamieson, *Spiral of Cynicism – The Press and the Public Good*, Oxford University Press, New York, 1997, p. 31.

The result is that the public develops cynicism and negative attitudes with regard to public actors and institutions because of repeated reinforcement of strategic-based coverage. (See Figure 6.1.)

Figure 6.1: The Workings of the Cynical Public Mind



Source: Cappella, Joseph N. and Kathleen Hall Jamieson, *Spiral of Cynicism – The Press and the Public Good*, Oxford University Press, New York, 1997, p. 203.

This cynicism then becomes the expression of a corrosive attitude regarding the overall trustworthiness of government. The consequences of this lack of trust are severe – apathy, lack of interest, non-compliance, lack of participation in the policy-making process – and are corrosive to the governance process.

Biases

One of the fundamental principles of modern journalism is that citizens have the right to expect accurate, balanced and objective coverage of news events; this is described as unbiased coverage. Observers of modern media often assert that the free press cannot be anything but biased. After all, individual journalists bear their own perceptions and opinions and these no doubt colour the content of news coverage.

However, Robert Entman, author of *Democracy without Citizens*, argues that there are certain subtle yet unchallenged biases that frequently taint the reporting of political events and public policy. For example,

Power biases - lead the public to assume that public officials have ready access to information, know how to get things done and have the power to act.
Evaluation biases - erroneously link standing in public opinion to actual performance. As a result, governments are judged according to their popularity rather than on their records and overall effectiveness.

Institutional biases - permit journalists to conform to objectivity standards while endeavouring to hold public officials accountable. This allows journalists to play a dual role of observer and watchdog, yet few question or attempt to understand the implications of this dichotomy.[121]

Entman asserts that the product of these biases lead to a poor understanding of public policy issues among the general public thereby threatening their capacity to participate in public debate.

The question of institutional biases created by ownership or financing sources appears to be a significant issue in Aboriginal communities. Most Aboriginal newspapers, for example, are either owned by an Aboriginal government or subsidized by the federal government. This leads to questions of the extent to which such papers can be 'objective' in reporting on political matters affecting Aboriginal communities.

Seeking private gains at the expense of the public good

News, though it serves a public good, is also a profit-seeking measure. Editors and publishers frequently make decisions on content based on what sells. The result, according to some observers, is an inherent conflict in trying to serve the public good as well as to achieve private gain.

According to Entman, there is an inherent contradiction between the principles of the marketplace, and the principles of ideas. The competitive nature of the media marketplace has lead to over-emphasized coverage of otherwise less-important events and a striking homogeneity and narrowed focus of lead stories. Consequently, the result is streamlined and rather bald coverage of "lesser issues" or minority viewpoints, coverage which limits the discussion of policy options and ideas.

In order to ensure high-quality coverage, Entman believes that citizens must take full advantage of their consumer power to demand better, more comprehensive coverage of politics.

> "Because most members of the public know and care relatively little about government, they neither seek nor understand high-quality political reporting and analysis. With limited demand for first-rate journalism, most news organizations cannot afford to supply it, and because they do not supply it, most Americans have no practical source of the information necessary to become politically sophisticated. (…) This vicious circle of interdependence makes the metaphor of an idea marketplace a poor reflection of the reality, and the dilemma, of [modern] journalism. The dilemma in turn has baleful implications for democratic representation."[122]

In effect, citizens must actively seek to ensure good governance as well as seek to ensure good reporting from their news providers. Just as it is not prudent to passively accept the outcomes of governance, neither it is wise to accept news coverage without considering its messages or meanings.

[121] Entman, Robert M., *Democracy without Citizens – Media and the Decay of American Politics*, Oxford University Press, New York, 1989.
[122] Ibid, p. 17.

Accountability of the media

If the news media serves to ensure that public officials are accountable to the public, who ensures that the media remains accountable? According to many authors such as Entman, the public can make certain that the media remain accountable by make proper use of its consumer power. If objectionable or inaccurate coverage is featured, then the public ought to seek out media sources that supply a better quality product. Yet as Hackett and Zhao explain in *Sustaining Democracy?*, often consumers of media products do not have the time to seek out alternative sources of coverage, and more often begin to adopt feelings of cynicism and apathy with regard to the quality of news coverage. [123]

Yet other accountability measures exist. The public is able to influence the quality and content of news coverage by voicing their opinions in letters to the editor, or by contacting ombudsmen or advisory bodies. In extreme cases, individuals may also initiate legal action under citing libel for defamatory and misleading coverage but such cases are rare in Canada.

C. EVALUATING COVERAGE OF ABORIGINAL ISSUES

Aboriginal coverage in main-stream media

Currently, Aboriginal groups in Canada face challenge of negative bias in mainstream reporting. For many large media outlets, coverage of native issues is not a priority. To illustrate this point, in examining the coverage of native issues in Alberta's two major dailies, Rennay Craats noted that neither *The Edmonton Journal* nor *The Calgary Herald* had a full-time correspondent covering Aboriginal issues. She explains that:

> "native issues were classified as essentially rural, and therefore not of interest to an urban readership. Native affairs tend to be outside the scope of the revised mandate, so natives on reserves remain underrepresented and virtually absent form the coverage until a catastrophe."

Unfortunately, modern news coverage tends to be event-centred rather than issue-centred and as a result, coverage of Native peoples is based largely on the actions of a few. Indeed, this is best illustrated by the 1990 Oka crisis, in which Canadian news agencies predominantly featured images of armed warriors to represent the Aboriginal viewpoint but not on the elders and many community members who opposed the stand-off. Furthermore,

> "As far as we know, no mainstream news organization of any size has ever decided to look closely into the role of the media in the rise of the Warrior movement and perhaps correct a few outstanding mistakes." [124]

[123] Hackett, Robert A. and Yuezhi Zhao, *Sustaining Democracy? Journalism and the Politics and Objectivity*, Garamond Press, Toronto, 1998.

[124] Windspeaker, "A very sad case indeed", editorial, July 1999.
Website: http://www.ammsa.com/windspeaker/windeditorials.html.

News coverage of mainstream outlets seems to reinforce rather than dispel negative stereotypes of First Nations peoples relating to unemployment, substance abuse, corruption, smuggling, high crime and high suicide rates.

> "For example, mainstream reporters write about alcoholism without pointing out that many reserves in Canada have outlawed alcohol, … They focus on the high suicide rates but don't include information about the peer groups of young people who help desperate people cope, or they dwell on sexual abuse without acknowledging the work being done in healing circles."[125]

It is true that many Aboriginal communities face considerable social and economic hurdles, and that it is important that they are not glossed over or concealed so that they can be properly addressed. However, there is a real risk that these enduring negative stereotypes will continue to erode public support for Aboriginal development in Canada. Thus, it is important that Aboriginal communities remain attuned to public opinion and develop strategies to address the outcomes of news coverage appropriately.

Aboriginal media sources

The rise of Aboriginal media sources has emerged from a frustration with the deficiencies of mainstream reporting that focused on negative events, offered unbalanced representation and homogeneous coverage that marginalized the interests of specific communities or groups. These sources can take the form of traditional media – print, television, radio – as well as other emerging forms appearing on the Internet.

First Nations media agencies have had the specific challenge of trying to develop a strong audience that is widely dispersed and, in some cases, under enormous resource challenges. However, as the case of the profile below illustrates, there are examples of those that have been able to foster an audience.

Profile – Windspeaker

Federal funding of Aboriginal publications was eliminated in 1990 and as a result, nine of the eleven publications of the Native Communications Program have folded. During the challenging period of federal and provincial cutbacks, *Windspeaker*, Canada's National News Publication, viewed this period as an excellent opportunity to develop a financially- and politically-independent newspaper. Owned and operated by the Aboriginal Multi-Media Society (AMMSA), the publication is committed to "maintain a current, relevant, objective and independent viewpoint while reporting news, and providing information, current affairs and entertainment features with the upmost accuracy."[126] Currently, *Windspeaker* is published 12 times yearly, has a circulation of 18,000 and a readership of over 100,000.

[125] Craats, Rennay, When Alberta's Native Canadians Make the Papers, It's No News but Bad News, *Ryerson Review of Journalism*, Issue 64, Toronto, Summer 1998.
[126] Consult the AMMSA's Website: www.ammsa.com/ammsahistory.html

As part of Phase Two of this project, further study is required to determine what if any impact these Aboriginal focused media sources have had on community development as well as on the overall quality of governance.

D. PROMOTING CIVIC JOURNALISM

The concept of civil journalism arose in the 1990's and stemmed from a growing sense of apathy and detachment of citizens from their public institutions. The decline in public interest in public affairs is of serious concern to journalists faced with a growing public that has no need for news.

Civic journalism is based on the premise that journalists can expand overall contribution to the policy development process. This can be achieved in several different ways. In some cases, journalists can be drawn into the task of better involving citizens in campaign coverage, polling, as well as identifying and defining election issues. It is also achieved through organizing town hall meetings, candidate meetings and advisory panels. In this sense civic journalism explores how to "reimagine the position of the journalist in politics. Instead of standing outside the political community and reporting on its pathologies, they took up residence within its borders [and became] activists…on behalf of the process of self-government."[127]

Civic journalism is also based on the complementary premise that citizens can act as journalists. The Internet and improved access to weblinks has opened the possibility of fostering the journalist in every individual who wishes to investigate, share information and impart opinions. This new phenomenon – where news consumers are becoming news providers – are not likely going to replace established news agencies but may produce the result of enriching and expanding the public discourse.[128] Some observers view this trend to change the role of the news consumer from a passive reader to an active contributor.

> "This is where we're heading: news not as a commodity dispensed by a professional class, but as a service in which the consumer is engaged as an active participant. In the future, journalism will become a catalyst for creating communities of interest and for building links and relationships between news providers and consumers. That's a win for everyone."[129]

For a number of developing nations, civic journalism has provided an effective model towards achieving better practices in governance.

In a recent study entitled *Democracy and Decentralization in South Asia and West Africa*, authors Richard Crook and James Manor identified the news media as an important factor in the effectiveness of local governance.[130] Accountability mechanisms linking citizens, elected officials and public servants were identified as among the most critical factors in determining

[127] O'Hara, Kathy, *Citizen Engagement in the Social Union*, Canadian Policy Research Network, 1996, p. 29.
[128] Lasica, J.D., "Citizens as Budding Writers and Editors – Seniors, teens bring personal experiences to Web publishing", *American Journalism Review*, July 27-Aug. 2, 1999. Website: www.ajr.newslink.org.
[129] Ibid.
[130] Crook, Richard and James Manor, *Democracy and Decentralisation in South Asia and West Africa*, Cambridge University Press, Cambridge, 1998.

good governance. In order for accountability measures to function, a "free and investigative press which reports on the doing of local politicians" is required.[131]

How do the news media contribute to securing effective governance? In many countries, especially developing countries, proponents of sound governance practice must confront a vicious circle: poor administration and service delivery undermines the expectations of the public who, in turn, demand little from their government. Thus poor governance practices become entrenched. Crook and Manor suggest that the media may in fact play an instrumental role in breaking this cycle by raising public awareness of the problems in service delivery and highlight possible alternatives to the problems. (See Profile below.) In effect, journalists have the capacity to foster public participation in policy-making and improve the quality of dialogue between citizens and elected officials.

Profile – Recapturing the neighbourhood of Seversville in the City of Charlotte, North Carolina

Just two years ago, the neighbourhood of Seversville was in peril. Its crime rate was four times higher than the average for the entire city of Charlotte. The streets were rampant with drug trafficers and prostitutes; worse there were no places for children to go an so they were often employed by drug merchants who had no qualms about putting them to work.

However, in 1994, *The Charlotte Observer* started a 10-part series called "Taking Back our Neighbourhoods". *The Observer* did not gloss over the situation on the streets, but the harsh coverage also included profiles of a number of citizens who were searching for ways to improve their community. The newspaper also offered a number of different ways for individuals to make a difference. The impacts were significant. Over 175 individuals, groups and businesses responded by making charitable donations and volunteering their time. The increased media scrutiny prompted government officials to bulldoze abandoned houses that were magnets for drug users and prostitutes. Community policing efforts were increased, arrests were made and gradually residents of Seversville began to feel safe on their streets again. Many people credit *The Observer* for the change. "With the news [media] coming in and calling it the way they saw it, I think that was a huge plus," said Wallace Pruit, head of the Seversville neighbourhood association.

Source: Alexander, Ames, "Hope that Sustainable Change is Possible", The Charlotte Observer, printed by the PEW Center for Civic Journalism, Fall 1996. Website: www.pewcenter.org/doingcj/civiccat

For some, however, the advent of civic journalism and alternative media sources does not represent a wholesale change in the relationship between the public, the state and the media. In fact, Michael Schudson *in Public journalism: a radical movement or conservative voice?*, describes the civic journalism as a conservative movement which does little to correct the inherent deficiencies of mainstream journalism. For example,

> "[Civic Journalism] does not propose new media accountability systems. It does not offer a citizen media review board or a national news council. It does not recommend publicly elected

[131] Ibid.

> publishers or editors. It does not suggest that the press be formally or even informally answerable to a governmental or community body. It does not borrow from Sweden the proposition that government should subsidize news organizations that would enlarge the diversity of viewpoints available to the reading public."[132]

In fact, Schudson argues that the overall contribution of civic journalism is overstated as it does not challenge the existing structure nor does it remove power from the journalists or the firms for whom they work. Instead, to achieve better representativeness and more diverse reporting of events, he advocates change within the structure of existing media outlets.

E. CONCLUSIONS

Some issues worthy of further consideration in Phase Two are:

Issues related to media and good governance

- Are the Aboriginal communities under examination currently served by news providers in which the public can place its trust?
- What, if any, contribution does the press make to the policy-development process?
- What strategies has the community implemented in order to deal with the press? In what ways do these strategies contribute to the development process?
- Is there any evidence of 'civic journalism' contributing to development in Aboriginal communities?

[132] Shudson, Michael, "Public journalism: a radical movement or conservative choice?", excerpt to appear in upcoming publication: *The Idea of Public Journalism*, edited by Theodore L. Glasser, appearing in *Media Magazine*, Spring 1999. Website: http://eagle.ca/caj/mediamag99/media99_10.html.

VII. CONCLUSIONS

Two main conclusions flow from this international review of principles and best practices of development and governance, conclusions which should underpin future phases of this project:

Governance is more than government

For many, governance is a synonym for government activity, yet the pursuit of good governance is no longer confined to the realm of government. Other actors within the private sector, as well as within the formal and informal mechanisms of civil society, are also key contributors to promoting good governance and thus to realizing development objectives. Those countries and communities that have been able to create linkages and develop partnerships among key groups generally can expect better results from their development plans.

Governance matters

International experience strongly suggests that growth, prosperity and the promotion of individual well-being cannot be achieved without good governance. Section III stresses that following a long-term vision for change, along with maintaining a clear sense of the role of government, will provide the foundation for creating an effective development plan. This will, in turn, strengthen capacity and better position communities to compete in the global economy. While other inputs to support economic development are important, (such as access to resources, access to markets, good management, and a measure of good fortune,) effective governance must be in place first.

As it was argued in each section of this study, economic development is not primarily a function of the size of investment or resource outlay but more so the result of an appropriate policy framework and institutional structure established by government. Further, recent studies clearly show that economic development must be pursued in tandem with other broader developmental pursuits such as social development. In order to achieve sound economic standing and prosperity over the long-term, it is critical that governments develop a series of key competencies in policy and administrative capacity.

Social cohesion also appears to play a significant role in laying a foundation for durable socio-economic development. Section IV examined four aspects of social cohesion – volunteerism; dispute resolution; citizen participation and electoral systems. International and nationally-based research and evaluations in all of these areas support the proposition that governance as it related and these aspects of social cohesion matters. Finally, as illustrated in Sections V and VI, the government's relationship with the private sector and the media is critical in determining sustainable long-term development.

Implications - Looking ahead to Phase Two

Phase Two will consist of an empirically-based research study which will profile between four and six First Nations who have achieved durable socio-economic development. The objective will be to better understand the linkages between their success in achieving strong development and the governance practices they have adopted.

The results of this study suggest that Phase Two might profitably focus, among other things, on four areas:

1) Getting Government Right – in particular addressing issues relating to:
   - forging a clear vision
   - matching roles to capabilities
   - having the fundamentals in place – legal and policy regimes
   - promoting an effective public service
   - eliminating corruption
   - building sound, accountable institutions
   - instilling healthy competition in the provision of public services
   - promoting social development
   - recasting roles among national and sub-national governments, and
   - encouraging partnerships with other sectors.

2) Social Cohesion and Governance – in particular how communities go about:
   - promoting volunteerism and trust in political institutions
   - resolving conflict among citizens, governments and between citizens and governments
   - involving citizens in decisions that affect them, and
   - designing appropriate electoral systems or other approaches for choosing leaders.

3) The Private Sector – in particular how the community has gone about:
   - encouraging entrepreneurship
   - partnering with non-Aboriginal business
   - promoting community-owned enterprises

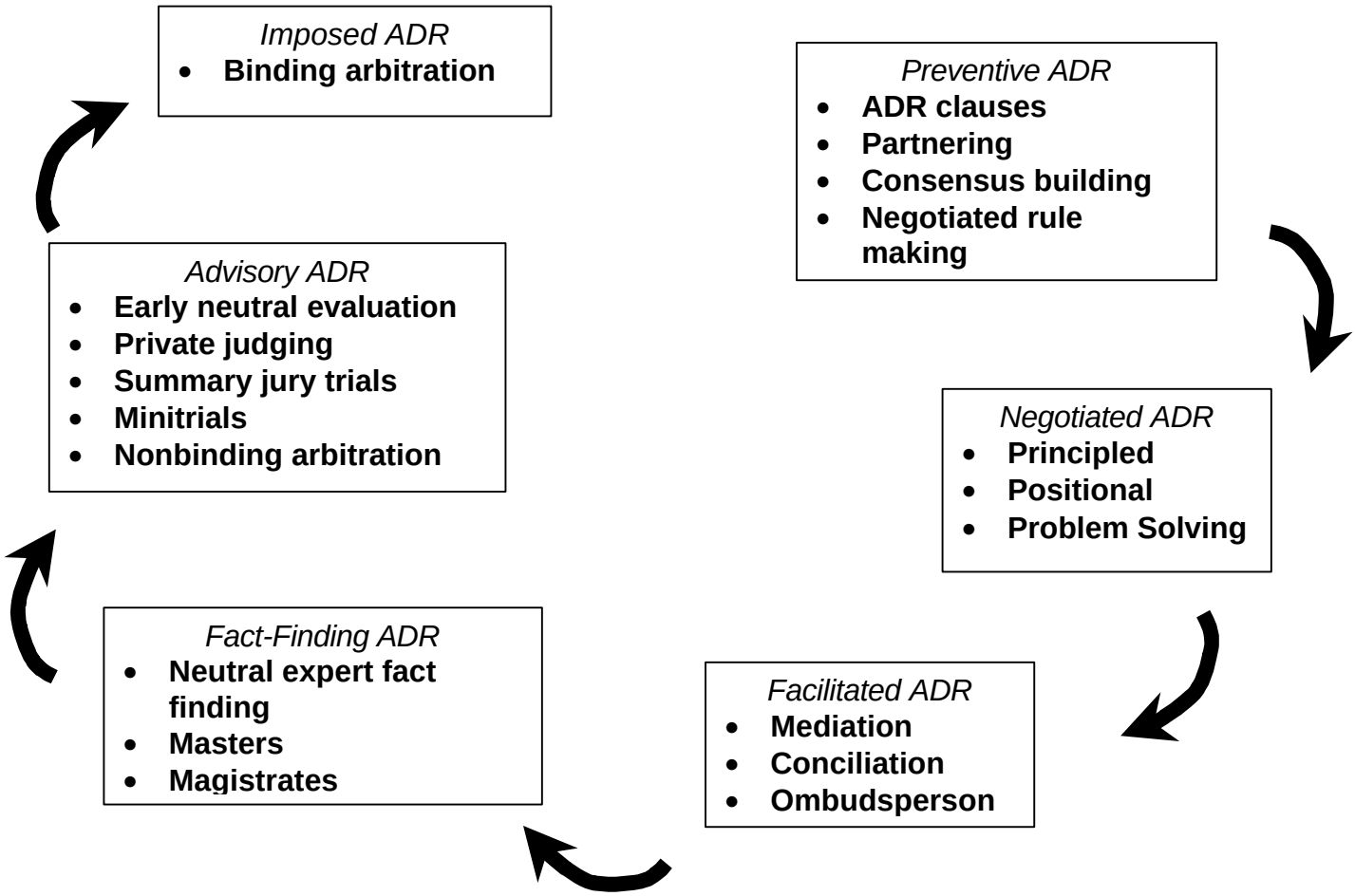
4) The Media – in particular how communities are choosing to:
   - linking media and public policy
   - assessing the role of the media in contemporary society
   - evaluating coverage of Aboriginal issues
   - promoting civic journalism

Appendix F contains a more detailed set of issues which might form the basis of Phase Two work.

APPENDICES

APPENDIX A

THE SPECTRUM OF ADR TECHNIQUES



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APPENDIX B

NISGA'A DISPUTE RESOLUTION SYSTEM
SELF-GOVERNMENT AGREEMENT

NISGA'A DISPUTE RESOLUTION SYSTEM	
Stage	**Key Conditions**
Stage One • collaborative negotiations	• can be initiated by any party following informal negotiations; • notice given to other parties; • a party not directly engaged may participate • parties agree to disclose sufficient information, appoint representatives with sufficient authority and negotiate in good faith
Stage Two • mediation • technical advisory panel • neutral evaluation • elders advisory council • any other non-binding process	• must go through collaborative stage first; • can be initiated by any of the parties; • a party not directly engaged in the disagreement may participate; • each process has carefully laid out procedures in its own annex (see Appendix 11)
Stage Three • binding arbitration • judicial proceedings	• arbitration can be initiated by one party if specifically called for in the Agreement; otherwise all affected parties must agree; • must complete stages one or two unless otherwise specified

According to Bonita Thompson, a Vancouver-based lawyer who assisted the Nisga'a in negotiating the dispute resolution chapter, the Stage Two mechanisms were designed with specific disputes in mind:

- Mediation – to overcome general difficulties in negotiations
- Technical advisory panel – to deal with disagreements of a technical nature
- Neutral evaluation – where a legal opinion is required
- Elders advisory panel – where 'grey hairs' with wisdom can add a 'strategic' dimension to the dispute resolution process

Adjudication was designed to provide a non-judicial option, especially in disputes where a specific number is required such as the Nisga'a wildlife allocation of a designated species.

APPENDIX C

PRINCIPLES FOR DESIGNING DISPUTE RESOLUTION SYSTEMS

1. Use interest-based approaches wherever possible – It is critical to have the system reinforce and nurture "win/win" resolutions developed by the parties themselves or with some assistance of an outsider.

2. Develop rights-based mechanisms that are low-cost, flexible and minimize the damage to relationships when interest-based approaches do not work or are not appropriate – But parties should always have the option to return to more collaborative approaches if they so choose.

3. Provide a clear 'road map' to guide parties from one stage of the system to the next – The point here is to minimize disputes about the process to be followed to resolve the substantive issue or issues.

4. Ensure that the parties have the necessary knowledge and skills to use interest-based techniques – Disputants must understand their options and have the opportunity to develop appropriate skills.

5. Build in an assessment component to the design process – There is no one dispute mechanism that will handle all disputes; moreover, some disputes may result from deep-rooted conflict that may not be resolvable through the use of conventional ADR techniques.

6. Empower future participants to assist in the design of the system so that it reflects their culture and priorities – It is a contradiction to introduce in a hierarchical fashion a system that is premised on collaboration, accessibility and openness; moreover, imposed systems seldom work.

7. Recognize the importance of prevention – The objective is not to suppress conflict; on the other hand, many conflicts can be avoided by anticipating their likelihood and dealing with the issues involved before them become contentious.

8. Ensure that the design calls for ongoing maintenance, feedback and re-evaluation of the system – Dispute systems must be continuously evaluated and refined, based on the experience of the participants.

9. Keep things simple – The system should be easy to understand, easy to access and easy to use with minimal delays.

APPENDIX C (continued…)

COMMUNITY-BASED MEDIATION SERVICES
TYPICAL PROBLEMS

In a recent article[133], a former co-ordinator of a community-based mediation service listed the following as typical problems faced by such programs:

- Stagnation in the referral base – often because of poor publicity about the program;
- Lack of focus – it is difficult for a struggling new program to refuse anything remotely related to its mission;
- Program sloppiness – continuously changing staff and volunteers require systemic procedures;
- Lack of ethical guidelines – for such matters as confidentiality, terminating a mediation, data acquisition etc.;
- Managing volunteers – volunteer intake procedures are often inadequate; training can be poor and terminating a volunteer with poor performance can be difficult;
- Staff turnover – caused by lack of security, stress, little room for advancement etc;
- Being part of a larger agency – resulting in loss of autonomy, conflicting cultures etc.;
- Funding instability – accounting to many funders can be time-consuming; in addition, fundraising can divert energies away from the key concerns of the program;
- Turf – other social agencies may perceive the program as a threat or develop their own mediation services; and,
- Determining program value – the cost of mediation per case appears to run in the $1K to $2K range. Quantifying court-based savings is not easy, let alone broader benefits to society.

[133] Husk, Gordon, "Making Community Mediation Work", *Rethinking Disputes: the Mediation Alternative*, Toronto, Emond Montgomery, 1997, p. 287.

APPENDIX D

DESIGNING CITIZEN PARTICIPATION INITIATIVES

Citizen Participation Techniques

Approaches for Involving Citizens[134]	
❑ Media ads, inserts inviting comments ❑ Public opinion polls ❑ Constituent surveys ❑ Town hall meetings ❑ Focus groups ❑ Royal Commissions or other ad hoc advisory bodies ❑ Stakeholder meetings ❑ Open spaces	❑ Legislative hearings ❑ Policy conferences ❑ Search conferences ❑ Policy roundtables ❑ Deliberative polling ❑ Civic journalism ❑ Televoting ❑ Study circles ❑ Citizen juries ❑ Electronic town hall meetings

Principles for Designing Participation Initiatives

1. Have clear objectives and be transparent – It is important that citizens understand the nature of the exercise and that their expectations are not inconsistent with those of government.

2. Consult on the process – Stakeholder groups should be consulted beforehand on how the initiative will proceed.

3. Establish clear timelines at the beginning of the process – The 'rules of the game' should be established before the initiative proceeds, including the important issue of time. There should be a clear and compelling reason for the time constraint established.

4. Ensure that the appropriate political leaders agree with the proposed initiative – Participation exercises are inherently political. Political leaders should agree to the process, including any role expected of them.

[134] For additional information on these approaches see Kathy O'Hara, *Citizen Engagement in the Social Union*, Canadian Policy Research Network, 1996. Available on the CPRN website.

5. Include multiple stages and feedback loops – Most successful participation exercises have several stages to them (e.g. issue identification, consideration of options, nature of the preferred option). Furthermore, at the end of each stage, it is important to provide feedback to participants about the results of the current stage and what lies ahead.

6. Utilize more than one participation technique – An approach for involving easily identified stakeholder groups may not be appropriate for reaching marginalized groups like disaffected youth.

7. Engage independent facilitators to run the initiative – This is especially important when trust levels are low or in trying to reach out to disaffected groups within a community.

8. Utilize technology creatively - There are an increasing number of examples where governments are using interactive communication information technologies to reach out to citizens.

APPENDIX E

PRINCIPLES AND BEST PRACTICES
PARTNERSHIPS IN MULTI-CULTURAL SETTINGS

1. Invest Significant Time and Effort in Partner Selection

Although this point may seem obvious, this is a step that, due to time and resource constraints, is often grossly neglected. In fact "identifying and selecting a partner is possibly the most important consideration in establishing a joint venture. It also may be the most difficult and time consuming".[135] Key elements in the process for selecting partners include:

- Ensure commitment to a co-operative mode;
- Ensure understanding of motivations and objectives of both parties; and,
- Start small with an "engagement" period.

Having an opportunity to build relationships slowly with non-equity alliances has been identified as an important way to minimize risk. It allows partners to build trust over time, assess capabilities, and provides an opportunity for partners to be exposed to the foreign culture in a relatively less pressured, lower-risk environment.[136] Increasing investment in smaller projects when they prove successful is much more desirable that writing off a large-scale unprofitable venture.[137]

2. Awareness and Management of Cultural Differences

Research on international joint ventures has found that culture is frequently a source of a breakdown in effective management communications, "sometimes leading to the eventual dismemberment of the venture".[138] In an attempt to mitigate these potential problems, some concrete actions can be taken.

a) Educate managers in the culture of the venture partner

Financial and operational expertise is not sufficient when managing a cross-cultural business partnership. Successful implementation of a joint venture "requires both an understanding of the business' and the partners' cultures".[139] Culture training for managers has been largely neglected in the past. Emphasis is increasingly being placed on this important aspect of cooperative venture

[135] Lane, Henry W. and Paul W. Beamish, *"Cross-cultural Cooperative Behaviour in Joint Ventures in LDCs", Management International Review* , Special Issue 1990, pp. 87-102.
[136] Beamish, Morrison and Resenzweig, *International Management: Text and Cases*, Third Edition, Irwin, 1997.
[137] Lane, Henry W. and Paul W. Beamish, op. cit. pp. 87-102.
[138] Data, Deepak K., "International Joint Ventures: a framework for analysis*", Journal of General Management*, vol. 14, No. 2., Winter 1988, pp. 78-91
[139] Lane, Henry W. and Paul W. Beamish, op. cit., pp. 87-102.

management. Managers of cross-cultural partnerships should be sensitized to "the impact of culture on behaviour and have some background on the social, economic, political environment and history" of the partner. [140] It is also critical to understand one's own culture and the implications it has on one's own behaviour and relationships with others.

b) Develop joint strategy of cultural integration

Research has concluded that "knowledge of the cultural orientation of the country and its relationship to the strength of the social and structural bonds serve as key predictors of the long-term commitment in cross national business relationships".[141] To demonstrate long-term commitment companies are well advised to work together toward ensuring a mutual understanding of each partner's culture and the possible influences on the business environment. The relationship building and goodwill created as a result of collaboration in this area can help partners work through differences or business hardships as they arise rather than prematurely dissolving the partnership.

3. Carefully negotiate the joint venture agreement

In designing the venture, partners must look at a variety of options related to equity structure, staffing and decision-making responsibility. Decisions related to these critical design elements should be made jointly by the partners. The optimal control structure for cooperative ventures depends on the nature and motivations behind the venture as well as the environment in which they will operate.

a) *Dominant, shared or independent?*

Partners must choose between a dominant, shared or independent control structure.

Independent - These ventures "are relatively free of the interference from either parent".[142] This type of venture is quite rare. While, in theory, joint ventures are considered to be autonomous businesses, in practice, "numerous interdependencies inevitably exist between the joint venture and the parent companies".[143] In the case of the independent venture, all strategic and operating decisions would come from neither of the two parents, but would be the responsibility of the management of the new entity, without interference.

Dominant - Under this design, the dominant parent's executives would make all of the strategic and operating decisions. This structure manifests itself when multi-nationals enter into partnerships with firms in developing economies as a response to "pressure from the host

[140] Ibid.
[141] Williams, JD, SL Han, WJ Qualls, 1998, *"A Conceptual Model and Study of Cross-Cultural Business Relationships*, Journal of Business Research, vol. 42, no. 2, pp. 135-143.
[142] Data, Deepak K., op. cit., pp. 78-91.
[143] Ibid.

government or when the passive partner sees its involvement and participation as a purely financial investment with an acceptable rate of return".[144]

Shared - In the case of shared management ventures, both partners play an active role in the management of the joint business. This is not to say, however, that all decisions are jointly made, "they are in fact not being jointly made, but rather divided or split between the partners based on knowledge, skill, experience and understanding of the particular issue".[145] This type of partnership is most common in manufacturing situations with one parent supplying technical expertise and the other providing access to and knowledge of the local market.

Researchers argue that, although more complicated, the shared control structure is preferable when collaborating with developing economies. It is critical to allocate decision-making authority at a very early point, when the venture is being first being defined. A clear understanding of the expectations and contributions of each party should be a priority.

Some key decisions will inevitably have to me made jointly. Achieving a consensus on such decisions can be a significant challenge but it is believed that the value of the two sets of experience, the knowledge and skills of the two partners, and the increased information available often make consensus worth the trouble. Such an approach requires "people who are sensitive to the partners' needs and culture and who are willing to understand, learn and be persuaded, as well as being persuasive".[146]

As an example, Iisaak Forest Resources, a recent joint venture between Ma'Mook Natural Resources Ltd. (First Nation) and MacMillan Bloedel has been designed with a shared management approach. Some of the management objectives are designed into the shareholder agreement including "management and staffing, means of providing contracts for First Nations and the local community, and targets for First Nation employment and training". Any business objectives involving expanded scale or scope of the company's operations are "captured in the unanimity provisions" and must therefore be reached by consensus.

b) Relationships and trust

Recent literature asserts that " excessive concern with control can be counterproductive, that the management of alliances is critically concerned with attitudes and interpersonal relationships, and that attention should be paid to trust".[147] Although ownership, control and other legal elements of collaboration are important structural elements of a partnership, they can undeservedly take attention away from "the even more important, dynamic, but less tangible, human relationships". In fact, in increasingly competitive and uncertain environments strong partnerships characterized by trust and reciprocity will be seen more and more "as a strategic resource much like other resources as products and technology".[148] One author claims that a

[144] Ibid., pp. 78-91
[145] Lane, Henry W. and Paul W. Beamish, op. cit, , pp. 87-102.
[146] Ibid., pp. 87-102.
[147] Nooteboom, Bart and Hans Berger, *"Effects of Trust and Governance on Relational Risk"*, Academy of Management Journal, vol. 40, No. 2, pp. 308-338.
[148] Williams, JD, SL Han, WJ Qualls, 1998, op. cit, pp. 135-143.

venture's "success and failure lie ultimately in the ability of the partners to keep their trust and respect for each other as they advance this business relationship into world markets and the demands of the future".[149]

In the case of Iisaak Forest Resources, a facilitator was hired to help with the creation of the venture. The facilitation process spanned several years and "was an important part of building trust and equalizing bargaining power between the parties".[150] The Iisaak venture is relatively young, however, and its success can not yet be assessed.

c) Conflict Resolution and a "shotgun" clause

Although some fear that it indicates a rather negative view of the prospects of the joint venture, many agreements include detailed requirements for the resolution of conflict.[151] Recognizing that some disagreement is virtually inevitable in complex relationships such as joint ventures gives partners the tools to proactively respond to and resolve differences, perhaps even preventing dissolution.

The design of the venture should, however, also include an agreement on how the partnership will end in the case of serious difficulty. This should be done while "heads are cool and goodwill abounds".[152] Such an agreement generally allows either partner to buy the other's share in the venture at a named price. The second partner generally has the option sell the shares at the named price or buy the other partners shares at the same price.

The shareholder agreement for the Iisaak joint venture mentioned above includes a provision that gives MacMillan Bloedel the right to "terminate its interest in IFR for a fair value buy-out of its shares". This right can be exercised if the business relationship becomes unsatisfactory and IFR's objectives are "substantially" limited.[153]

4. Respect Principle of Fair Exchange

Partners in a collaborative venture often have varying motivators and objectives for the partnership. As indicated in relation to the selection of partners, both parties must understand these differing objectives. While partnerships are clearly expected to provide benefits to both parties, managing and monitoring these benefits is often neglected.

a) Ensure value for both partners is designed in to the venture

[149] Findlay, Caroline, "IISAAK FOREST RESOURCES LTD. –A Joint Venture Company between Ma'Mook Natural Resources Ltd. and MacMillan Bloedel Ltd", *Insight*, February 25, 1999.
[150] Ibid..
[151] Miller, Glen, Jaspersen and Karmokolias, *IFC Discussion Paper Number 29 –International Joint Ventures in Developing Countries : Happy Marriages? Statistics for 1970-1995*, International Finance Corporation. Website: http://www.ifc.org.
[152] Beamish, Morrison and Resenzweig, op. cit.
[153] Findlay, Caroline, op. cit.

As significant as determining the appropriate control structure of the venture is the need to clearly identify each partner's expected payoffs so that in addition to determining the various divisions of decision making authority and partner duties, a 'win-win' situation should be designed into the venture. Success often depends on the partners' long-term needs being satisfied by one another in a reciprocal relationship. "Need" refers to the requirement for skills or resources in the venture such as access to raw materials, distribution channels, labour, political connections, and local knowledge".[154] Agreement on both sides as to the needs of each partner puts both parties in a better position to negotiate should they feel dissatisfied with the venture.

b) Monitor performance for inequities

Both partners should take responsibility for monitoring the payoffs of the venture. They should be aware, not only of their own benefits or lack thereof, but also the payoffs to the partner. In order to ensure long-term success of the venture, hardship must be shared.[155] This is an important element of maintaining a trusting relationship and open lines of communication between partners. In addition, management should be flexible and open to making changes in the joint venture agreement as the environment and comparative advantages of partners change. The agreement should be a seen as a "living document".[156]

5. Ensure On-Going Management of Relationship

A well-designed, thoroughly planned venture is still at great risk of failure if there is not a concerted, ongoing effort to manage the relationship. Operating the venture "requires commitment by the corporation to persevere, and to work to achieve its target and not to quit as the inevitable problems appear".[157] Various forms of commitment are possible including: financial commitment; commitment to customer and partner support; to product integrity; to company employees; to understanding the politics, economics and culture of partners; to the building of trust and sharing of information; to the building of co-operative relationships.[158]

a) continued commitment of senior management early on

While managerial commitment over the long-term is considered a key success factor, particular emphasis is placed on close monitoring early on. This provides an important opportunity to solve problems before they escalate as well as demonstrating management commitment and good will toward the partnership.

b) long-term view

[154] Lane, Henry W. and Paul W. Beamish, op. cit. pp. 87-102.
[155] Beamish, Morrison and Resenzweig, op. cit.
[156] Miller, Glen, Jaspersen and Karmokolias, op. cit.
[157] Ibid.
[158] Lane, Henry W. and Paul W. Beamish, op. cit., pp. 87-102.

Too often partners enter into joint ventures with unrealistic time frames for expected payoffs. Researchers have found that alliances often fail because a joint venture is not the appropriate choice for the scope and scale of the issue being addressed. As a result, joint ventures have been described as "permanent solutions to temporary problems".[159] Before even seeking a joint venture partner, managers must determine if, in fact, the current need or problem requires such a long-term solution.

Time also plays a very important role in mitigating cultural difficulties in cross-cultural partnerships. Research has shown that, as joint ventures increase in longevity, the intensity of cultural differences is moderated. “As relationships continue members in each organization become more and more enmeshed in the social networks of the other and their relationship becomes more binding, stable, and predictable”.[160] One author has even suggested that "if a culturally-unstable international joint venture is invested with the means for long-range development, it can be expected to attain its objectives" … and that "time is the major factor in the success of a joint venture".[161]

c) well-defined communications strategy

Clear reporting relationships and a well-defined communications strategy between partners are important elements of effective joint venture management. Clear mechanisms for monitoring in addition to control of partners are necessary although often both are difficult for partners to agree upon. Personal relationships and trust will likely play an important role in developing mutually acceptable mechanisms. Some options commonly used include:

- Financial reports
- Informal visits by parent company executives
- Financial audits
- Formal planning systems
- Staff performance reviews
- Management audits

Scheduling regular meetings among senior managers to review performance, express concerns and resolve problem areas is a very simple way to nurture the relationship and avoid catastrophic problems resulting from neglect.

[159] Ibid.
[160] Williams, JD, SL Han and WJ Qualls, op. cit. pp. 135-143.
[161] Meschi, Pierre-Xavier, "Longevity and Cultural Differences of International Joint Ventures: Toward Time-Based Cultural Management”, *Human Relations,* Vol. 50, No. 2, pp. 212-228.

APPENDIX F

COMPILATION OF ISSUES RAISED IN PHASE ONE

GETTING GOVERNMENT RIGHT

Forging a clear vision

- In what ways have long range planning assisted Aboriginal communities in attaining their developmental goals?
- What are the ways in which first Nations communities have successfully incorporated traditional governance within modern structures?
- Is successful economic development a result of an integrated to community development?

Matching roles to capabilities

- Is there evidence to suggest that governments in Aboriginal communities successfully matched their capabilities to the roles they assumed?
- How did these communities go about increasing their capacity over time?

Having the legal and policy fundamentals in place

- What is the overall effectiveness of legal and policy regimes in strong Aboriginal communities?
- Has political stability been an important factor in promoting development?

Promoting effective public service

- What approaches or techniques do strong Aboriginal communities employ to retain and motivate their public sector?
- Do the characteristics of their public services match the principles and best practices of international experience?
- What specific challenges must public sector employers in Aboriginal communities address?

Eliminating corruption

- What 'ethics infrastructure' is in place to prevent corruption? Is there an enforcement system in place?

Building sound, accountable institutions

- What role has the institutional structure and capacity played in achieving overall developmental objectives?
- What new structures or functions need to be created?

- What has been the role or impact of accountability mechanisms in promoting effective development practice?
- Is there a separation between political and administrative powers?

Instilling healthy competition in the provision of public services

- Have strong Aboriginal communities resorted to the use of competition in the provision of public services? If so, how?
- Is there a challenge function in the policy-making process?
- How have the potential 'downsides' of competition been minimised?

Promoting social development

- In what ways has the developmental agenda responded to social concerns?
- What specific social challenges to development are currently targeted?

Recasting roles among national and sub-national governments

- Has a self-government agenda contributed in any way to development?
- To what extent do the current fiscal transfer mechanisms between federal and Aboriginal governments match the principles developed from international experience?
- Has own source of revenue been a factor in the development process?

Encouraging partnerships with other sectors

- What is the current relationship between Aboriginal community leaders and its partners?
- What impact has partnering had on promoting growth?
- What is the role of these partners? How has it evolved over time?

CITIZENS, CIVIL SOCIETY AND SOCIAL COHESION

Promoting volunteerism and trust in political institutions

- Is there any evidence of the importance of volunteerism in leading to higher levels of trust and co-operation, and to more effective governance and economic development?
- What other sources create or dissipate trust and co-operation within the community?
- Are there any 'downsides' to high levels of volunteerism

Resolving conflict among citizens and governments and between citizens and governments

- Does the community employ interest-based techniques in dealing with conflict among citizens and levels of government?
- How has the design of such systems compare with the design principles set out in this study?
- What have been the impacts of these systems in promoting more effective governance?

Involving citizens in decisions that affect them

- What has been the experience of strong communities in encouraging the participation of citizens in the development of government policy and in the delivery of services?
- What have been the reasons for encouraging such participation and what approaches have been tried?
- Has the promise of citizen participation as outlined in the literature- better, more cost effective decisions; enhanced learning among participants; the resolution of differences; greater trust levels in government- been realised?

Designing appropriate electoral systems or other approaches for choosing leaders

- What has been the experience in strong Aboriginal communities with elected systems inherited under the *Indian Act*?
- Have any utilised the custom election option under the *Act* and to what affect?
- Have they found ways to mitigate the worst affects of these electoral systems?
- What has happened to traditional patterns of choosing leaders and making important political decisions?

THE PRIVATE SECTOR

- What economic development strategy or strategies have strong communities adopted and for what reasons?
- How closely have the best practices outlined in this section conformed to their experiences?
- What policy or program changes of non-Aboriginal governments would further their economic development prospects?

MEDIA AND GOOD GOVERNANCE

- Are the Aboriginal communities under examination currently served by news providers in which the public can place its trust?
- What, if any, contribution does the press make to the policy-development process?
- What strategies has the community adopted to deal with the press? In what ways do these strategies contribute to the development process?

APPENDIX G

CHARACTERISTICS OF GOOD GOVERNANCE

UNITED NATIONS DEVELOPMENT PROGRAMME

Participation – all men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their intention. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively.

Rule of Law – legal frameworks should be fair and enforced impartially, particularly the laws on human rights.

Transparency – transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them.

Responsiveness - institutions and processes try to serve all stakeholders.

Consensus orientation – good governance mediates differing interests to reach a broad consensus on what is in the best interest of the group and, where possible, on policies and procedures.

Equity – all men and women have opportunities to improve or maintain their well being.

Effectiveness and efficiency – processes and institutions produce results that meet needs while making the best use of resources

Accountability – decision-makers in government, the private sector and civil society organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organizations and whether the decision is internal or external.

Strategic vision – leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded.

Source: "Governance and Sustainable Human Development", United Nations Development Programme, 1997

APPENDIX H

CHARACTERISITICS OF STRONG INDIGENOUS COMMUNITIES

Communities that commit themselves to self-conscious traditionalism will find that in translating and adapting traditional concepts to modern realities, they will come to embody the characteristics that make up the contemporary ideal of a strong indigenous nation:

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 traditions, and the values and norms that form the basis of society are clearly established and universally accepted.

Communication. There is an open and 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 co-operate 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 they 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.

Source: Taiaiake Alfred, *Peace, Power, Righteousness: an Indigenous Manifesto,* Oxford University Press, Don Mills, 1999 P. 82

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