

Universal truths of politics and economics should apply

By TOM FLANAGAN

The main theme of the report of the Royal Commission on Aboriginal Peoples is that aboriginal peoples are nations in the full sense of the term. Thus Canada has to be refashioned from a nation-state (or perhaps a binational partnership) into a multinational confederacy.

Somewhere between 60 and 80 aboriginal nations (the commission is unsure of the exact number), consisting of two to three per cent of the present population of Canada, will be united with the rest by means of constitutionally entrenched treaties. Aboriginal nations, enjoying an inherent right of self-government, will exercise powers comparable to, indeed greater than, those of the provinces.

In time they will take over complete control of the health, education, welfare and economic development of their citizens. They will have nation-to-nation dealings with other governments, their own house of Parliament, a guaranteed seat on the Supreme Court and many other trappings of sovereignty.

Their operations will be supported by revenues derived from land and natural resources, including existing Indian reserves and the Alberta Metis settlements plus lands derived from new and modernized treaties as well as other lands obtained as compensation for past surrenders and cutoffs.

However, this land and resource base will not make these governments self-supporting. The commission's report contains literally dozens of suggestions for new aboriginal programs to be funded in whole or in part by the federal and provincial governments.

Four comments about this scenario: (1) As a bigger and better version of the aboriginal provisions of the Charlottetown Accord, it seems politically unrealistic, to say the least. The Charlottetown Accord was soundly defeated, not just in a national referendum but also in localities where aboriginal voters predominate. Of course, political feasibility is not fixed for all time, so I do not regard this observation of political infeasibility as a fundamental criticism.

(2) Depending on how one counts, there may be about 900,000 aboriginal people in Canada today. If there are 60 to 80 aboriginal nations, that means the average nation will consist of about 10,000 to 15,000 people — many of them children, since the aboriginal birth rate is much higher than the Canadian average. This high birth rate means that most aboriginal nations will grow steadily, so that in a few decades they might average 20,000. Still, this is an extremely small number of people to support national governments that will carry out the range of functions envisioned in the commission's report.

In practice, both funding and expertise will have to be imported from the outside, and most aboriginal nations will be self-governing in name only. This is simply a consequence of size; I would make the same prediction about attempts to turn Grande Prairie, Alberta, or Dauphin, Manitoba, into nations.

(3) Implementation of the commission's report would make the 60 to 80 aboriginal governments primarily responsible for economic development of their citizens. These governments would control the vast amounts of land and natural resources that are supposed to be transferred to aboriginal nations. Unfortunately, this is a truly retrograde notion. At a time when governments all over the planet are trying to get out of business, when it has finally been recognized that only private ownership and the market generate economic efficiency, the commission proposes to transfer billions of dollars of land and natural resources to what are essentially villages and rural municipalities masquerading as national governments.

Import substitution

The commission's espousal of notions, such as import substitution, that have had disastrous economic consequences in the Third World does not give me confidence in their economic wisdom.

Much as I esteem lawyers, judges, academics and politicians, it would have been better to have put some economists and business leaders on a commission whose mandate included designing a

new economy for aboriginal peoples. Because Indians, Metis and Inuit respond to economic incentives in the same way as all other human beings, the perverse incentives of the commission's proposal for a government-dominated aboriginal economy will have predictable consequences:

■ There will be inefficiency and bankruptcies as aboriginal governments, like all governments, make irrational investment decisions.

■ A small class of aboriginal politicians, consultants and middlemen will do very well out of the system, while most aboriginal people will fall even further behind the average Canadian standard of living.

■ There will be massive corruption, nepotism and patronage as billions of dollars wash through dozens of tiny new national governments. The sheer number of these entities, their lack of expertise and expertise, and the aboriginal mystique will make public accountability impossible to achieve. (4) These new governments will be a menace to the individual freedom of aboriginal people. In The Federalist X, James Madison made the classic argument for the so-called "extended republic." Small, homogeneous communities are easily taken over by majority factions bent on improving their position at the expense of the minority.

Overlapping interests

The best protection of liberty is a large, diverse community where many overlapping interests can keep factionalism in check. These proposed aboriginal national governments would be a perfect arena for the evils of factionalism that Madison described so brilliantly.

Moreover, the danger would be even worse because these governments would be endowed with a range of powers going far beyond those possessed by other Canadian governments. Aboriginal governments, within their jurisdiction, would own land, housing and natural resources. They would control health, education, welfare, citizenship and economic development. They would have, on a small scale, almost the kind of control

over individuals that used to be enjoyed by communist governments.

Of course, the situation would not be that bad, because people who did not like the way things were going could leave the jurisdiction of aboriginal governments and live simply as Canadian citizens. Also, the Charter of Rights would apply to aboriginal governments, and there might be recourse to the Canadian courts in some conflicts.

Pursuit of power

Nonetheless, the situation would be bad enough for many individuals. The losers in the factional struggles endemic in all small, closely knit communities could easily be deprived of their homes, livelihood and social benefits. Politics would become not just the pursuit of power but a struggle for the means of life itself, at least for those unwilling to leave the community.

In short, the political-economic system proposed by the royal commission runs contrary to human nature. It puts too much power in the hands of governments and expects those governments to do what no government has ever been able to do, namely to run an efficient, growing economy that brings prosperity to more than a ruling elite. There are universal truths of politics and economics that apply everywhere in spite of cultural differences. We cannot expect aboriginal peoples to thrive by ignoring or defying these truths.

None of this is meant to defend the status quo. The bureaucratic tutelage and state socialism of the century-long Indian Affairs regime has been debilitating for aboriginal peoples. But the royal commission's proposals, as far as I can see, would have even worse results. Fortunately, most of them seem unlikely to be implemented.

(Tom Flanagan is a professor of political science at the University of Calgary. This paper, reprinted by permission of Policy Options, is based on comments Prof. Flanagan gave at a conference on the Report of the Royal Commission on Aboriginal Peoples hosted by the McGill Institute for the Study of Canada.)

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Feb. 5/97