

Development in Harmony: The Community Futures Program as a Model of
Community Economic Development in Northern Manitoba

By

Vishal Kapur

A Practicum
Submitted to the Faculty of Graduate Studies
in Partial Fulfillment of the Requirements
for the Degree of

Master of City Planning

Department of City Planning
University of Manitoba
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of Manitoba in partial fulfillment of the requirements of the degree
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Abstract

Community Economic Development has established itself as an alternative, proactive approach to dealing with disadvantaged and underdeveloped communities. However, while CED has gained popularity as an effective means of capitalizing on niche or marginal opportunities for disadvantaged individuals and communities, its value in northern and remote environments is much less clear.

This practicum has sought to explore the practice and impact of CED in northern Manitoba. The confabulous idea of CED is surveyed in a literature review to derive a manageable definition; CED can be seen as a means of orienting the community development process around broadly defined economic strategies. Although economic goals are the focus of such a process, they are generally subordinated or integrated within broader community or social development objectives.

This study has also afforded attention to the increasingly aboriginal nature of the northern Manitoba demographic, raising issues of particular concern to aboriginal communities. The link between CED and the field of Planning is also presented, with CED being seen as a form of radical planning. CED's participatory, innovative and collective orientation meshes well with the structural transformation and democratic devolution advocated by the radical planning (or alternative development) perspective. The Planner is also of value to the CED process in being able to bring technical expertise to a local level, while concomitantly mediating the dialectical intercourse between the community and the state.

Grounded by this discussion, as well as a socio-economic overview of the northern Manitoba context, the Community Futures Program is examined as a case study of Community Economic Development in the North. Findings, through interviews with over fifty residents and CED practitioners in northern Manitoba, found that though the Community Futures program has considerable support among those northern residents interviewed, the development corporation approach does seem to impose greater constraints in the North. These interviews confirmed a number of findings from the literature review, and also demonstrate the difficulty in taking a generic approach to CED practice.

Finally, this practicum offers recommendations for further enhancement of the Community Futures program to better tailor it to the needs of the North. However, it is also acknowledged that to truly foster economic self-reliance in the North, far more fundamental changes may be required. Foremost is the need to better involve aboriginal communities in community economic development activities. As well, mitigating dependency in the North will require specialized mechanisms to diversify the economic base.

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This practicum would not have been possible without the support and assistance of many people. In particular, I would like to thank all those individuals who gave generously of their time to participate in this project, and offered many valuable insights into the challenges faced by Manitobans in the North.

I would also like to express my appreciation to the staff at Western Economic Diversification. In particular, I would like to acknowledge George Skinner, for having the vision to undertake an exploration of the development situation in northern Manitoba which led to the eventual development of this practicum, and Dale Johnston and Don Cardinell, first for hiring me, and secondly for providing guidance, time, advice and feedback on my efforts.

Gratitude also goes to the members of my examining committee: My advisor Ian Skelton has been particularly helpful in guiding the writing of this practicum and accommodating of a rather spurtive approach to completing the project; Ian Wight and Darren Lezubski have also been kind enough to take the time to participate on the committee.

Finally, I would like to thank my friends and housemates who offered innumerable pints of distraction during my time in Winnipeg, but who nonetheless certainly made my sejour there worthwhile.

Dedication

**This work is dedicated to the Toad in the Hole,
for offering sustenance**

Glossary

Community Development Corporation: A form of organization which is officially incorporated and run by an elected board of directors. Generally not-for-profit, they are accountable to broadly defined communities and carry out activities on behalf of those communities.

Community Futures Program (CF): A program of the federal government, initially established in 1986 in selected parts of the country, now expanded to cover most communities in western Canada.

Community Futures Development Corporation (CFDC): Organizations established under the CF program which provide community and business development services to communities within a self-defined region. Operate with an elected board of directors, and are accountable to community members, although a contractual relationship is held with WD which funds the CF program.

Community Futures Partners of Manitoba (CFPM): The provincial association of Manitoba CFDCs. Also funded by Western Economic Diversification.

FedNor: The federal department responsible for economic development in northern Ontario. Responsible for administration of the Community Futures Program in northern Ontario. The Ontario counterpart to Western Economic Diversification.

Industrial Communities: The generally larger, resource-extraction based, communities of northern Manitoba.

NorMan Regional Development Corporation: A regional development corporation established and funded by the provincial government. Provides coverage for the entire province north of the 53rd parallel. Similar in mandate to CFDCs, but with a reduced budget.

Northern Affairs Communities: A form of jurisdiction specific to Manitoba. Refers to unincorporated, largely Métis communities which neither fall under the Indian Act, nor do they have the resources to provide municipal-level services on their own. Although they generally have elected councils, they do not fall under the Municipal Act.

Western Economic Diversification (WD): The federal department responsible for economic development in western Canada. Responsible for the administration of the Community Futures Program in the four western provinces.

Northern Manitoba

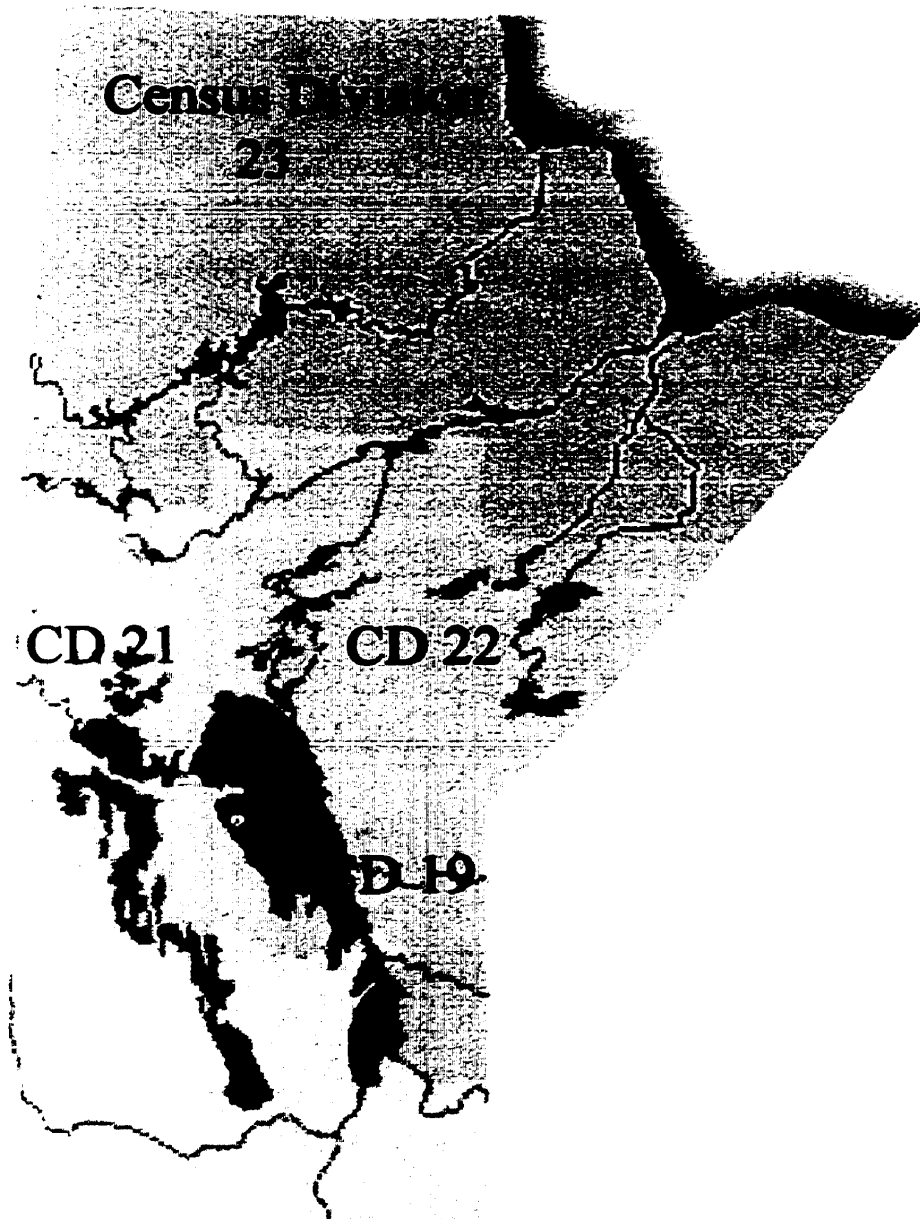


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Chapter One

Introduction

1.1 Background

Northern Manitoba, a region roughly defined as being north of the 53rd parallel (plus the area encompassing the remote communities to the East of Lake Winnipeg), accounts for approximately 80% of the Province's land base while comprising just under 8% of its population. It is a region featuring remote, isolated communities which are only loosely integrated with the southern economy. In addition, northern communities, particularly the non-industrial, First Nations, and Northern Affairs communities, must often deal with socio-economic underdevelopment reflected in a disruption of aboriginal cultures and lifestyles, and an alarming level of social, racial and health pathologies. These conditions contrast starkly with those found in industrial communities, whose economic base is tied to resource extraction (i.e., mining, forestry, and hydro-electric developments).

Further, the North as a whole exhibits a very divergent economy, with few linkages between local production and local consumption. Rather, much of what is produced in northern Manitoba is for export, creating an economy that is very sensitive to commodity price fluctuations in global markets. Compounding this dependency, much of the surplus value generated by resource extraction activities is remitted outside the region, with little being reinvested to help diversify the northern economy. The proliferation of these industries in the North has also compromised the potential for the self-reliance of many native communities, with pernicious effects on their traditional hunting, trapping and fishing grounds. These factors all pose a formidable challenge to building regional economies and creating healthy, sustainable communities in the North.

The extent of this challenge is evident in the persistence of these socio-economic conditions, in spite of considerable provincial and federal government. This is particularly true of the predominantly aboriginal, non-industrial communities of northern Manitoba, which have historically been on the margins of development in Canadian society. Largely isolated on reserves (i.e., miserly parcels of land generally thought to have been of little use or value to the increasingly dominant non-aboriginal population), aboriginal peoples were distanced from the opportunities to be derived from the rapidly industrializing Canadian economy. The alienation

from their traditional lands and resources, as well as assimilative efforts which eschewed and actively undermined native cultural traditions, further limited the ability of aboriginal peoples to both retain a measure of their traditional lifestyles and to develop their available natural and human resources to attain at least a degree of self-reliance.

The various strategies for building the regional economy that have been attempted over the past several decades have generally met with more criticism than success. More recently, however, an alternative approach at development, based in the Community Futures (CF) program, has been attempted. In contrast to previous top-down strategies, a more grassroots community economic development (CED) framework is encouraged to address socio-economic issues in rural Canada, including remote, northern communities. However, while the CF program model has demonstrated its effectiveness as a mechanism for revitalizing local economies in many rural communities, difficulties have been experienced in applying the approach to regions which are susceptible to rapid fluctuations in their resource-based activities resulting in precarious boom and bust economies.

1.2 Purpose

The purpose of this Practicum will be to compare the practice of community economic development northern Manitoba and within that region's aboriginal context, through the vehicle of the federally sponsored Community Futures program, to the expectations laid out by community economic development literature. Central to this will be a review of the principles of Community Economic Development (CED). CED is a planning and development approach which challenges existing economic structures in order to enhance local community and regional involvement in both economic and social development processes. It has gained widespread recognition because of its demonstrated successes in assisting communities in identifying and capitalizing upon their strengths, and the attention it affords to the *building* of community; traditional economic development approaches often exacerbate societal anomie, whereas CED efforts seek to weave social cohesion with a locally defined vision of development (Rix, 1996:iv).

CED is generally initiated by one or more community-based organizations. Any organization seeking to facilitate a CED process must thus grapple with a number of issues—including the organization's internal structure, the operating environment and the

external forces affecting both the organization and its environment. Focusing on Community Futures Development Corporations (CFDCs)—established under the federal government's Community Futures program—this Practicum will aim to identify how CFDCs can more appropriately serve the development needs of communities in northern Manitoba. In particular, this paper will examine some of the key issues raised in the CED literature (i.e., the necessity of linking together community and business development; maintaining effective organizational structures; and the role of funding agencies) and assess how well they have been applied in the northern Manitoba context.

1.3 Methodology

This Practicum originated with a research project undertaken on behalf of the federal department of Western Economic Diversification Canada during the Summer and Fall of 1997. However, neither the results of that effort nor the content of this document should be construed as representing the opinion or policy of Western Economic Diversification.

The original research was conducted under the guidance of a committee comprised of Dr. Thomas Henley, Dr. Charles Shobe and Dale Johnston. Dr. Henley heads the Natural Resource Institute at the University of Manitoba, and chaired the provincially funded Northern Manitoba Economic Development Commission in the early 1990s. Dr. Shobe teaches at Inter-Universities North based in Thompson. Dale Johnston is a Community Futures Consultant at Western Economic Diversification and has had considerable experience in working with the northern CFDCs. This committee was instrumental in helping establish the framework for the research undertaken, and for identifying potential interview candidates and the relevant literature to be reviewed.

This research report consists of two parts. First, this Practicum surveys the literature on CED, winding through its uses in various contexts and for various purposes in order to arrive at a usable definition. It also explores the experience of development initiatives in aboriginal communities, following its evolution from government directed to more community-controlled approaches, to identify some of the key issues affecting that particular environment.

Second, the research turns to practical experiences in order to translate the issues raised in the

CED literature into a more tangible form. Using the Community Futures program as the focus, a series of open-ended interviews was conducted with 56 individuals representing a wide variety of community development, economic development and government organizations to draw on their 'ground-level' and operational insights on development issues in aboriginal communities in general, and in northern Manitoba in particular. These individuals included volunteer board members of CFDCs, federal and provincial governmental staff, staff of CFDCs, consultants with experience in the field, mayors and chiefs, representatives of aboriginal organizations in Manitoba, representatives of organizations and associations active in the North (e.g., Canadian Executive Service Overseas—Aboriginal branch, Mining Association of Manitoba, NorMan Regional Development Corporation), representatives of community groups and associations and entrepreneurs obtaining services from a CFDC. Of those approached for interviews, none refused, and most were eager to offer their input. However, logistics necessitated that some interviews had to be postponed from their original date and/or conducted over the phone.

Interviewees were chosen on the basis of the organizations they represented, rather than on the basis of their respective demographics. However, it should be noted that aboriginal individuals were well represented among those interviewed (reflecting, in part, the existence of numerous aboriginal oriented organizations in northern Manitoba), whereas women and youth were disproportionately fewer in number (perhaps reflecting the limited effort made by economic development organizations to reach out to these constituencies, and also the fact that the profile of decision-makers in general in rural Manitoba still leans towards men with considerable experience). In addition, the social sector organizations approached were relatively few in number, reflecting their relative paucity in northern Manitoba and their lack of explicit linkages to economic development organizations.

In addition to these interviews, a focus group session was conducted in the Fall of 1997 in the town of The Pas, Manitoba to present preliminary findings and to elicit additional feedback and input into the research. Invited to this session were volunteer board members of the northern CFDCs, as well as senior staff at Western Diversification. Nine individuals attended the session, of which six were board members, while the remaining three were staff of Western Diversification. Open discussion took place on the issues raised, in the interest of arriving at consensus, and there was no dissension about the oral summary presented at the end of the session. The overriding concern of the participants was instead whether or not the findings and

recommendations would be acted upon.

The individual interviews were loosely structured and key comments were recorded as notes during the conversations that took place. During the focus group session, flip charts were used on to which were recorded comments made by the participants. A summary of the discussion that took place during the focus group session is attached in appendix II. As well, appendix II lists the questions that were used to guide the discussions in the individual interviews, along with the main themes used to elicit discussion among the focus group participants. The findings from these interviews (and the focus group) were assembled to relate them to the issues raised in the literature review and to arrive at recommendations for making the CED process (as manifest in the Community Futures program) more appropriate for development in the North.

1.4 Organization of the Practicum

This Practicum is organized as follows. Chapter Two details the emergence of CED as an alternate approach to economic development for underdeveloped areas such as rural communities, and for traditionally marginalized groups such as aboriginals. It describes the relevance of CED to the field of Planning and establishes its value as a means of galvanizing and focusing community-based decision-making.

Chapter Three provides an overview of the northern Manitoba context. The socio-economic demography of the region is outlined and the key impediments to development in the North are identified.

Chapter Four introduces the background of the Community Futures program. This chapter also examines the CF program with respect to some of the key CED issues raised earlier, reflecting the experiences of CED practitioners in the North.

Chapter Five then follows with a series of recommendations for improving CF program delivery in northern Manitoba, tailoring it to better address the issues raised in chapter 2 and better reflecting the needs of the northern Manitoba context.

Chapter Six presents a summary of the research findings, and points to the limitations of

CED efforts in implementing the substantive changes that would be required to truly gear the North toward self-reliance.

Chapter Two

Community Economic Development (CED) An Overview

2.1 Introduction

Our society, our communities appear to be facing mounting pressures affecting their vibrancy and sustainability. On one hand communities are increasingly beset by a sense of anomie; a feeling of powerlessness in the face of distant, esoteric, bureaucratic machinations. We are becoming fragmented by a growing fear of 'others' which serves to isolate and alienate people from each other; an isolation that is reinforced through perceptions of increasingly pervasive poverty, crime and violence. On the other hand, our standards of living have produced a level of consumption which far exceeds the sustainable capacity of our regions (Carr, 1996:1). The culture of capitalism has thus far suppressed the connection between our material appetites and the limits of all forms of capital (human, social and economic), encouraging instead a severance of society from nature (Carr, 1996:4). We are coming to realize that the state (along with its cacophony of institutions) and the prevailing corporate hegemony are unable to fulfill the liberal democratic ideals of social equality, material sufficiency and ecological stewardship (Friedmann, 1987:72).

This realization, however, is not entirely new. State interest in development, particularly with the goal of ensuring a more equitable distribution of wealth between urban agglomerations and rural regions, has been evident since at least the 1950's (Gerace, 1990:154). The principal difference has been in the processes and policies followed to undertake development, which have undergone a transition from topdown approaches to more locally driven strategies. Early development efforts targeted largescale investments in industrial projects (based on the assumption that the benefits would 'trickle down' for the betterment of all), but were soon out of favour in the face of persistent regional economic disparities and the limitations of its normative foundations. As pointed out by Rix (1996:22) not only were such activities unable to ensure the widespread distribution of wealth, but they have also been criticized for exacerbating environmental problems and neglecting debates on the 'appropriate' scale for economic activities and meaningful indicators of development¹. More recently, development strategies have

¹On the latter, broad measures of growth (e.g., the Gross National Product, or GNP) have been widely criticized for their inability to distinguish between variations in income and development at regional and local levels. Further, such measures ignore the economic contribution of activities that are not always easily quantifiable, such as volunteerism and child-rearing (see, for example, Friedmann, 1992:39).

progressed to emphasize interventions tailored to specific regional environments and driven by locally designed strategies (Gerace, 1990:156). In particular, such efforts have sought to involve citizen participation in assessing needs, developing strategies and actualizing solutions. While not without their own failings (debates continue around the extent of participation by and the extent of delegation of power to local groups), they nevertheless represent a significant break with traditional approaches to development by emphasizing local capacities and forging new linkages between government, the private sector, civil and social sectors, and various organizations designed to implement self-directed development strategies (Gerace, 1990:156).

This shift toward a more "bottom-up" approach to operationalizing the development process has sired a body of literature characterized as Community Economic Development (CED). However, though it has borrowed heavily from the fields of community development and alternative economics, the rubric seems to have courted a cavalcade of meanings, understandings and manifestations, with seemingly little to bind the voluminous discourse. Nonetheless, a meaningful definition of CED is necessary for any understanding of its praxis, and we will now turn to an attempt at its articulation.

2.2 What is CED?

CED may be understood through an examination of its constituent terms: Community, Economic Strategy, and Development. An emphasis on "community" often serves to distinguish CED from traditional forms of economic development strategies, yet the term itself is generally left undefined. Conventional views of community postulate a populace, arbitrarily small in number, bound geographically and characterized by a high degree of social, economic and political cohesion (Loxley, 1986:6; Rix, 1996:37). Such a definition, however, is limited in a number of ways. For one, individuals develop affinities with others on bases far broader than simple geography. Individuals may, in fact, feel themselves to be part of a myriad of communities, with cultural, workplace, educational and hobby-based affinities perhaps even superseding a sense of community based on a physical neighbourhood or small town. Indeed, with growing Internet usage, "virtual" communities even do away completely with the geographic dimension of the term. For another, the assumption that communities are relatively homogenous and cohesive is largely a fiction; in reality, communities are often comprised of a myriad of social groups and classes whose interests may actually be at odds with one another. This should not

imply, however, that conflicting interests are a negative attribute. On the contrary, difference and heterogeneity within a community is a hallmark of vitality, and a community's effectiveness at resolving conflicts among competing interests is a critical factor distinguishing "good" communities from others (Rix, 1996; Luther, 1990:194).

More recent definitions of community, however, place less of an emphasis on geography and instead shift the focus to the interactions and institutions which forge and further a common vision (Rix, 1996:37). Perry (1987), for example, suggests that the various definitions of community are bound, not simply by geography and homogeneity, but by four discrete dimensions: psychological, cultural, geographical, and institutional. The psychological aspect defines the extent of commonalties, the existence of a common identity and vision, which may characterize a community; the cultural sphere identifies the common means of judging, believing and valuing; the geographical bound serves to physically delimit the community; while the institutional dimension refers to the organizational networks and traditions which bring community members together and facilitate the conceptualization and realization of community goals. Any of these dimensions may be emphasized to varying degrees according to the specific context.

While Perry's four dimensions provide a useful framework for describing communities, they shy away from normative evaluations of community characteristics (i.e., which elements make for better communities). However, implicit within the descriptions of the psychological and institutional dimensions is the notion that more is better; the greater the number of commonalties, and the greater the incidences of community-member interactions and community-based organizations, the greater the vitality of the community. Even the geographic dimension of community can contribute to its conviviality; the closer the affinity to a place, the better a community is able to bind its membership and frame the scope of its development efforts (Rix, 1996:38). Such valuations are corroborated, at least in part, by Luther (1990), who affirms that the characteristics of "good" community include group relationships, heterogeneity, neighbourhood control, conflict, and commitment. The first four can be seen to relate to Perry's institutional dimension of community, while the latter reflects the importance of the psychological dimension.

The "economic" facet of CED often refers to the economic strategy or approach

employed to achieve the goals of community development. Unlike conventional or mainstream approaches, however, CED strategies grapple with more than just the quantitative measures of development or success. Traditional measures, particularly the Gross National Product and its standardized, average annual per capita values, gained prominence from their efficacy as indices of relative development; facilitating the ability of economists and planners to compare and analyze the structural features of different countries' economies. Their use has become so pervasive and hegemonic that they are often generalized to subsume measures of both growth and social development, such that government policies and programs tend to focus their goals on achieving incremental increases in economic indices. However, as Smith (1983:349) points out, social and economic development differ in nature, and development itself cannot always be equated with growth. It is a quirk of the GNP that its value increases in the wake of natural disasters, events that are hardly causes for celebration for the people affected. In addition, economic measures tend to be very narrow in their definition, and thus denigrate the contribution of certain activities to both social and economic development (Rix, 1996:10). The field of alternative economics, for example, has highlighted the value of such activities as volunteerism and childrearing to the betterment of society, in spite of the fact that they tend to be unremunerated and ignored in the tallying up of a nation's economic wellbeing.

In contrast to the economic reductionism of traditional approaches, CED strategies tend to avoid viewing economics as an end in itself, acknowledging instead its value as a complementary support in the pursuit of social goals. Indeed, economic development is even likely to be dependent upon effective human social development, as the provision of universal social services (including education, diet, housing, etc.) and the establishment of the social bonds of trust are critical for the flowering of economic exchanges and relations (Smith, 1983; Dodge, 1996:188). Thus, CED strategies recognize the complexity of interrelated issues affecting a community's economic problems, and so may just as likely target educational and housing needs as fostering entrepreneurial skills, in the aim of furthering the economic and development capacity of a community.

The specific strategy undertaken by a given community is generally determined through a planning process which surveys existing resources and needs, building upon this to identify broadly beneficial opportunities and options for addressing community weaknesses. Blakely (1989:124) describes CED strategies as being most often concerned with:

- (a) the local environment and physical development (including housing, townscaping, planning and development controls)
- (b) business development (including access to capital and information, entrepreneurial development)
- (c) human resources development (e.g. education, social services)
- (d) community-based development (including the extent of community ownership of capital and natural resources and control over economic decision-making).

These elements are emphasized to varying degrees in developing the most appropriate approach to pursuing community economic development.

Finally, we come to the meaning of development. The word itself implies change or advancement, and presumes a base set of conditions by which the nature of that change is gauged. It also involves a host of actors and existing conditions which mold the direction of change. According to Gerace (1990:153), development is "...the complicated pattern of economic, social and political change that takes place in a community or a society as it changes from a traditional status." While development is commonly evaluated in largely economic terms at the macro, or national, level, Friedmann (1992:41) argues that development at the community level is much less amenable to a similar reductionism. Instead, operationalizing development is contingent upon an open and inclusive process of citizen participation, and so must be judged more on the extent of community involvement and attainment of a variety of community-mandated goals than on broad, simple measures of gains in wealth.

Taken together, then, community economic development points to a comprehensive process, organized and pursued by a given community, which seeks to undertake change in the status quo for the overall betterment of the community's members, emphasizing broadly defined economic strategies. The attainment of economic goals, however, is generally viewed as being subordinate or indistinguishable from social goals rather than an end in itself (Rix, 1996:25; Dykeman, 1990:10). The concern instead is with community and its institutions, and indeed to challenge the existing economic framework in favour of an economy that is more sensitive to local self-reliance, multiple bottom-lines and democratic participation. Using community needs as a starting point, CED also seeks to promote local leadership, initiative, networking, and local capacity building as means of addressing problems and taking advantage of opportunities

(Dykeman, 1990:10).

While CED strategies and activities are diverse, including such fields as housing, education, economic development and strategic planning, it has been possible to identify two principal themes--a social stream and a business-centred focus (Clague, 1989:26). The latter is primarily oriented towards the stimulation of businesses and the accumulation of wealth through the private sector. This approach concentrates on addressing the needs of individual enterprises largely through the provision of managerial training and counselling, access to capital and access to information (Bendick & Egan, 1993:4). Its claim to be a form of CED is generally limited to a focus on small scale entrepreneurial development, and does little to redress inequities within a community or redefine relationships between the community and the economy (Boothroyd & Davis, 1991). The social, or community development stream of CED, on the other hand, is more concerned with the distribution of wealth and the empowerment of disadvantaged groups (Evans, 1998:5). This approach seeks to redefine economics and encourages participation by community members through increased local (and sometimes collective) ownership and control of resources, the encouragement of non-cash exchanges and improved community self-reliance (Boothroyd & Davis, 1991).

The classification of CED into two streams helps explain how it has gained support from proponents of both traditional economic development and of those seeking to challenge the economic status quo. The common thread running through both streams is the requirement for an entrepreneurial spirit (i.e., the ability to develop a vision, innovation, creativity and perseverance in the face of adversity), and a preoccupation with either of individual or community entrepreneurialism determines whether the form of CED undertaken is either business development or community-based social development (Rix, 1996:59). Both approaches have been found to have value in furthering their respective, though often coincident, goals (e.g., business/employment creation and a more equitable distribution of wealth), and effective CED processes are likely those that manage to bridge the two mandates.

2.3 Community Economic Development in Practice

CED efforts emphasizing business development have been effective in a number of areas. For one, the proliferation of small, locally-based enterprises helps redistribute wealth throughout the community through a multiplier effect (Bendick & Egan, 1993:8). New businesses tend to not only purchase at least some goods and services from the community, but may also sell additional goods and services to members of that community. The result is that each dollar spent is recirculated within the community, thereby increasing total community earnings. New businesses also tend to create employment within a community, helping put to work the skills and abilities of local residents who may be otherwise unemployed. By strategically mapping local assets and opportunities, CED activities in the business development vein can also precipitate initiatives to create "niche" markets which capitalize on a community's strengths (Bendick & Egan, 1993:13). Further, organizations and programs which promote entrepreneurship may benefit individuals through the development of new skills, increased self-confidence and self-esteem, and greater independence and self-determination (Rix, 1996:60). These characteristics may also be passed on to others in the community, as successful entrepreneurs often become role models and mentors, particularly for youth (Bendick & Egan, 1993:10).

While the business development stream of CED largely concentrates its benefits on entrepreneurs and generally narrow economic indicators, the social development stream aims to serve a broader range of goals. Community participation, for example, is often an important concern under the latter model of CED, and has been found to be useful in helping to resolve conflicts over issues and values within a community (Weber, 1990:204). As well, a wider range of endeavours is pursued, including housing, education and the environment. This community development side of CED also seeks to value exchanges and activities which are usually marginalized or neglected by market economics, such as unpaid labour, volunteerism, etc.. Strategic frameworks are also often established which consider multiple bottom lines for projects, develop collective resources and encourages inclusivity (Reynolds, 1998:46). However, though social development oriented CED tends to afford greater attention to the non-economic impacts of development initiatives, community development activities can and do have a significant impact on businesses and local economies. Efforts which organize joint voluntary action among businesses (e.g., joint advertising) can help boost the operating efficiency of enterprises (Bendick

& Egan, 1993:12). As well, projects (e.g., clean sidewalks program, waterfront development) which enhance the attractiveness and reputation of a community increase the level of public goods and can draw in additional business and help lower a firm's operating costs (Bendick & Egan, 1993:11).

While both streams of CED have enthusiastic adherents, other voices have cautioned against an uncritical, categorical embracing of all types of CED activities. The small business orientation of many CED programs, in particular, has come under scrutiny as an appropriate CED strategy (Rix, 1996:62). While small enterprises can be effective in redistributing wealth throughout a community, they do so at the cost of a high risk of failure (estimated at 85% within the first two years of operation), and generally feeble returns until well after start-up (Rix, 1996:60). This downside to individual entrepreneurship may, in fact, further discourage those who find themselves on the economic margins and who already face considerable challenges from pre-existing situations.

Small business support efforts have also been hailed as an effective means of job creation--a facile, number-friendly indicator that often plays out well in publicly funded program and project evaluations. Bendick and Egan (1993:5), however, point out that the cost of creating one job through business assistance is estimated at being between \$12,000 and \$60,000, and suggest that other CED options targeting job creation may possibly be a more effective use of such resources. Further, they critique the support provided to nascent firms and those whose primary markets are their own indigenous communities, noting that it is the "export-oriented" enterprise that has greater growth potential and that established businesses tend to be more effective employment generators (Bendick and Egan, 1993:6). These larger firms also present the advantage of offering employment that is often better-paying and proffering greater opportunities for training and advancement than positions created by new enterprises.

Finally, the effectiveness of CED's emphasis on "smallness" and localized development has been brought into question (Friedmann, 1992:141). This is particularly true for very small, isolated communities, where self-reliance is constrained by the necessity to trade for many of the goods imported into the community (the local market size being too small to make the local production of those goods financially feasible). Thus, though numerous small projects may have a significant impact over the short term, they may not be sustainable over the long term without

the concomitant development of a major wealth and employment generator. At a broader level, Friedmann suggests that the transaction costs of replicating many small projects over a number of communities may be higher than the costs involved with one, substantial project that has wide-ranging impacts.

Notwithstanding the aforementioned cautions, community economic development is coming to be seen as a veritable necessity by many marginalized communities. CED's aspiration of bringing control of local resources and decision-making processes into the community level is viewed as an efficacious means of redressing the causes of poverty and marginalization (Rix, 1996:26). And though CED on its own may not be an economic panacea, it is perceived to be a vital counterbalance to the growth maximizing strategies which have contributed to the growing disparities between the 'haves' and the 'have-nots' (Friedmann, 1992:21).

2.4 CED Practice in Aboriginal Communities

Aboriginal communities have historically been among those which find themselves on the margins of development in Canadian society. Segregated on reserves, and increasingly unable to retain their traditional lifestyles and cultures, aboriginal peoples have not only not been able to maintain a distinctive existence, but have also often been denied the ability to take advantage of opportunities derived from a rapidly industrializing Canadian economy. Those which are remote and removed from the major population centres and transportation routes of southern Canada are doubly shackled, and face considerably greater challenges in trying to better access development opportunities.

In recent years, however, aboriginal people have become more self-confident, articulate and aware of both their role in the Canadian mosaic and what they² require in order to actualize their cultural, human and natural resources. No longer are aboriginal people willing to accept development approaches not of their own making, instead there is a growing determination among them to take greater control of their economic, political and cultural development. However, this new orientation was not arrived at surreptitiously. Rather, it is a response to

² This is not meant to imply that there is a consensual vision among the 600+ First Nation communities, not to mention numerous other non-reserve aboriginal communities, as to what they collectively require in terms of development. Rather, it is meant to suggest that each respective aboriginal community is willing to take the responsibility of taking ownership of the development process for their own communities.

decades of ineffectual, and perhaps even inappropriate, development efforts.

Historically, many of the development efforts taking place in aboriginal communities have been guided by what Fred Wien (1986) categorizes as an “Orthodox” set of theories, which he suggests is the prevailing view among academics and government policy-makers. The Orthodox theme, according to Wien, has a number of variations, but can be generally characterized as placing an emphasis on education and training in order to redress inequalities in development and development opportunities. Such a thrust from the Orthodox view assumes that development is driven by technological change; people in underdeveloped areas have been adversely affected by technology and so require education and skills training in order to adapt to the new environment (Wien, 1986:80).

The Orthodox perspective also tends to divide society into two sectors: traditional (e.g., rural, agrarian) and modern (e.g., urban, industrial) (Wien, 1986: 89). The social, cultural, political and economic institutions of the modern sector are assumed to be more advanced and destined to predominate in the long-term. Thus it is the characteristics of the traditional sector (e.g., a land-based economy, consensual rather than hierarchical decision-making processes) which hinder its development. This then suggests that the characteristic institutions and practices of the traditional sector offer little value, and efforts toward their preservation or integration will only delay inevitable assimilation.

In practice, the Orthodox perspective dominated the development efforts undertaken during the 1950s through to the 1980s. Prior to this period, the interaction between aboriginal and other Canadian communities was nominal—in effect reflecting an isolationist stance on the part of the federal government. However, with the emergence of national social service standards, an improving transportation network and the need to access resources from ever more remote areas, a reconsideration of the role of aboriginal people in Canadian society was forced.

Taking advantage of, in part, the powers of the Indian Act, the approach taken in this era was essentially assimilationist: geared towards providing training programs and services which encouraged migration to urban centres (Davidson, 1983:325). While numerous resource developments did take place (particularly in the North), they were removed from aboriginal communities--necessitating the construction of entire towns whose populations were imported

from other Canadian communities-- yet often had a substantial, deleterious impact on the lands, water and wildlife upon which native peoples lifestyles and livelihoods were dependent (Rees, 1988: 60). Instead of the benefits of massive developments "trickling down" to surrounding communities, the result was a two-tiered form of development where the primary recipients of the newly created wealth were the workers imported from elsewhere in the country and the investing corporations. Meanwhile the local native populations were forced to eke out an increasingly precarious subsistence-based living.

Although there were some community based development efforts during this period (the most significant being Manitoba's community development initiative in the 1960s), they were scarce and largely ineffective (Elias, 1991:5; Copet, 1992:39). The programs were generally aimed at encouraging communities to define their problems and construct solutions with resources provided by the government funders. Although many communities did gain a better understanding of why things were the way they were, a lack of a political will to provide the resources to complete the implementation of the strategies developed. This, along with bureaucratic hindrance and cultural insensitivities, often resulted in impotent and occasionally damaging planning practices. Lacking any meaningful capacity to realize substantive change, these programs were soon reduced and retooled to emerge as little more than training programs (Elias, 1991:6).

The upshot of the Orthodox approach, as practiced in this era, was a peoples mired in intractable poverty; decades of effort had flowered nothing more than consistent failure (Van Otten & Vasquez, 1992:1). Growing criticism and debate on the nature of development programming in native communities was particularly galvanized by the Trudeau government's White Paper of 1969, which blatantly eschewed a policy of cultural dualism in favour of complete assimilation. The consequent resounding backlash on the part of native peoples ultimately led to a push for a more comprehensive approach to development planning (Elias, 1991:24; Davidson, 1983: 334). These critical voices culminated in the Beaver report of 1979, which pointed to a new direction for implementing effective development strategies for aboriginal communities (Elias, 1991: 27). The Beaver report was significant in that it gave validation to native demands for self-government, identifying it as a key component of any development strategy. As well, it urged that for development to have any hope of success, planning for it must be community based. Finally, a political commitment would be necessary to

facilitate access to the resources, capital and education that are the essential ingredients of development.

By the 1980s, a considerable body of literature had sprung up around a critique of the "Orthodox" perspective. Under the rubric of Dependency (or Staple) theory, it rejected the view that the traditional sector was an autonomous, backwards entity which was to be assimilated into the dominant culture (Wien, 1986:104). Rather, Dependency theorists argue that the traditional society is entangled in complex political and economic relationships which have served to exploit and underdevelop it. The relationship between a society's core (comprising the urban centres where much of a society's economic activity and wealth accumulation take place) and periphery (generally regions which are rural and heavily reliant upon a primary sector economy) are viewed as invariably unequal and in favour of the former (e.g., extracting raw materials from the periphery at nominal cost and processing them in the core where the bulk of the profits are realized). Dependency theory suggests that economic diversification and development in the traditional sector is made difficult by the fact that economic decisions are externally controlled and not responsive to local priorities (Wien, 1986:107). As well, Staple theorists point out the debilitating nature of export production, where linkages to other economic activity are obviated by the concentration of resources for one specific purpose (Wien, 1986:108).

The challenge for development in the traditional sector, from the Dependency perspective, is to move away from external dependency and towards self-reliance (Wien, 1986:111). This would involve greater local control of resources, as well as social and political institutions (e.g., education) which traditionally tend to facilitate dependent development through the dissemination and enforcement of the cultural values of the dominant culture.

For many aboriginal people, the Dependency perspective describes particularly well their specific situation. In many aboriginal communities, external domination and dependence stems from the arrival of Europeans and the signing of treaties. This dependence has been steadily exacerbated by the diminishing ability of native peoples to support themselves and continue traditional subsistence or fur-trading lifestyles on the limited tracts of reserve lands they have been afforded (Rees, 1988:60). The extent of dependence is now so extreme that the vast majority of jobs and incomes on reserves are dependent upon federal government transfer payments.

The emergence of the Dependency perspective also coincides with the increasingly vociferous calls for self-determination and self-government from aboriginal communities during the late 1970s and 1980s. Rather than government directed development, native leaders clamoured for development that was comprehensive, driven by aboriginal peoples, and locally controlled (Elias, 1991:227). The response from government was slow in coming but initially positive when it did arrive. During the 1980s, DIAND instituted the concept of "Devolution of Responsibility to the Band Level", while Manitoba's Northern Development Agreement attempted to address the divergent nature of northern economies by linking together northern resources, demands and needs (Copet, 1992:39; Loxley, 1981:163).

However, while there was some evidence that local control of the development process did indeed reduce poverty on reserve lands (see, for example, Vinje, 1996:430), comprehensive development strategies and approaches required considerable resources. Continued dependence on government funding thus left aboriginal communities vulnerable to changing government policy, and by the mid-1980s government programming was being much more heavily weighted in favour of economic development (Elias, 1991:24).

Development approaches in aboriginal communities have undergone a dramatic shift from the 1950's top-down strategies to more locally-controlled processes. However, a number of issues still preclude a true manifestation of self-determination, including inadequate resources to carry out broad-based development initiatives, restrictions imposed by the Indian Act, and limited access to, and control over, the natural resources upon which the viability of many aboriginal communities depends. In addition, there still exists considerable tension between funding agencies (i.e., senior levels of government) and local communities in terms of validating and supporting locally developed goals. In particular, broad, community development oriented projects have objectives which are long-term in process and difficult to quantify, and therefore less likely to receive government funding. Business development initiatives, on the other hand, are much friendlier for funding agencies' promotional materials--they generally are able to generate positive, quantitative results in a relatively short time period--and therefore tend to receive much greater attention. The extent and nature of this asymmetry--the gap between locally-defined needs and what will be supported by external agencies--will be further assessed, using the northern Manitoba context, in chapter four.

2.5 Integrating Native Values and Business

One of the key issues raised in the aboriginal Community Economic Development literature is how native values can adapt to, or accommodate, modern business structures. While there is no clear consensus on the role of the private sector in a traditional aboriginal context, most bands' economic development plans do include a place for entrepreneurship and small business (Elias, 1991:89). The challenge will be to guard and enhance aboriginal social traditions and cultural values while concomitantly taking advantage of wider economic opportunities (Lockhart, 1982:160).

To better understand this challenge, it would be useful to outline the contrasting values between native societies and North American business culture, as ably described by Dacks (1983:292-4). Non-native enterprises tend to separate activities into discrete economic functions, such as owner, manager, worker, consumer and the citizen who is affected by the enterprise. This separation of roles thus encourages conflict, the most obvious form being labour-management issues. North American corporations also tend to be hierarchical, giving most workers very little say in the decisions involving them. Thirdly, the narrow profit mandate of modern business limits the company's concerns to economic costs and benefits, without direct regard for social, cultural, aesthetic, environmental or other values.

Native communities, in contrast, espouse a somewhat different set of values. Aboriginal organizations place a much greater emphasis on allowing everyone to participate and learn, and therefore tend to utilize a consensual, rather than hierarchical, approach to decision-making. Sharing and equality are additional characteristics of aboriginal societies, values which ensure that resources are owned communally and used for community purposes, as opposed to the competitive/individualistic approach which calls for discrete allocations. Finally, self-determination is seen as a third significant native value. The ability of a person to control the nature of their work and other aspects of their life is viewed as a value to be maximized.

Although there are some stark differences between native and non-native values, it is unlikely that native enterprises are going to be entirely successful in promoting traditional values. Dacks (1982:295) points to two reasons for this: The first is that aboriginal peoples have experienced a long history of assimilative policies, and have drifted, to varying degrees, away

from traditional native values. Secondly, native enterprises are likely to give priority to the non-native principles of economic rationality, given the challenges faced by native business in simply achieving profitability.

Nonetheless, many native organizations are likely to retain at least some native traditions or values. For example, band-owned enterprises remain a key component of economic development activity for many bands, as they allow for profits to be retained for community purposes (Dacks, 1982:290; Elias, 1991:89). As well, collaboration rather than competition is likely to be encouraged, as evidenced by the difficulties faced by individuals who attempt to start a venture on reserve without the legitimizing support of either the community or the band council. Further, band-owned businesses or native co-operatives have the opportunity to play an important role in organizing themselves so that they can nurture the self-confidence of their employees, and promote consensus decision-making and group solidarity rather than moving towards the individualism touted by North American corporate structure (Dacks, 1982:292).

While defining an aboriginal spin on the characteristic of business is still an evolving dialogue, it is not surprising that its praxis can sometimes foment conflict within native communities. Native gambling is a prime example of such a situation; a fast growing economic activity that provides for many jobs and revenue for housing, education, etc., concerns are still being raised about its long range impact on members and its purported incompatibility with traditional culture (Vinje, 1996:428). Only time will tell to what extent aboriginal business will be able to distinguish itself from mainstream society.

2.6 The Role of Private Enterprise in Aboriginal Communities

Given the potential for aboriginal enterprises to serve the ends of both social and business development, it would seem reasonable to promote small businesses that can be sustained on locally available resources (Elias, 1991:89). This is particularly resonant in an era where funding for development programs is limited, whereas entrepreneurship is a governmental policy priority. However, recognition needs to be given to the lack of financial and management skills among aboriginal peoples, particularly those on reserve. Training support in the areas of accounting, marketing, financial management and business development will be necessary if individual entrepreneurs are to succeed (Wien, 1986:136).

An alternative option for broad based development favoured by aboriginal communities is the development corporation model. This approach harnesses and focuses the available skills in a community in order to foster a sustainable economic base. A band-owned development corporation, as touched on above, also ensures that the collective profits serve the interests of the community as a whole, which more easily sidles alongside traditional native values than does individual entrepreneurship.

The development corporation approach has been particularly successful in Alaska, where the Alaska Native Claims Settlement Act of 1971 gave native groups there nearly \$1 billion in cash. With this propellant, 12 regional corporations were launched, along with approximately 200 smaller ones, to be managed on behalf of the Tribal members and to invest in local opportunities (no author, 1996b:31). Although some got off to a precarious start, virtually all still remain operational and most native people feel that they have had a positive impact; the development corporations have given native Alaskans political clout, assured them of a fair share of Alaska's oil revenues, and have provided a measure of self-determination (no author, 1996b:31).

While development corporations remain one approach for aboriginal communities seeking to engage in development, their size, scope and impact are curtailed by the limited amounts of capital that can be assembled, particularly in light of the substantial investment required to become involved in resource development. This is particularly significant in light of the view among aboriginal peoples that natural resources are a critical component for the development of native communities, enabling greater domestic production, continuance of lifestyles compatible with native traditions, and the generation of capital (Payne & Nepinak, 1996:167; Elias, 1991:53). Other models, then, have been considered which involve aboriginal people in natural resource development without requiring tremendous inputs of capital on their part, the primary approaches being Co-Management and Joint Venturing.

Co-management is the more comprehensive of the two, as it does not revolve around legal ownership of the resource in question. Instead, what it involves is a mutual recognition by all parties that each other interest has a legitimate stake in the resource, with the underlying goal being the equitable use of resources and the continued vitality of the environment (Elias, 1991:54). Co-management is generally defined by the functions of data gathering and analysis,

logistical harvesting decisions, harvesting allocation decisions, preserving the resource, enforcement of regulations, long-term planning, and broad policy decision-making. The expected benefits, then, are cooperation, a commitment to share both the costs and benefits of maintaining and enhancing the resource, a facilitation of conflict resolution, and an encouragement of negotiation around equitable access (Elias, 1991:55).

Though co-management agreements appear to be a relatively facile, yet effective, means of resolving concerns about resource development, they have been found to work best under specific conditions (Elias, 1991:56). Managing the agreement, for one, requires considerable financial support, funding that many aboriginal communities and organizations may be unable to provide. Thus, they may work best when supported by a well-organized community and where the administrative costs can be minimized. As well, co-management agreements tend to work best in logically defined areas, such as a watershed, and when formalized in a legal, long-term covenant.

Joint Venturing, in contrast, requires formalized ownership of the resource. Joint ventures partner together owners of resources and purveyors of capital and knowledge for the purpose of developing a resource and managing an enterprise (Elias, 1991:53). This approach give aboriginal communities greater opportunity to benefit (e.g., profits, jobs) from resources they have a legal interest in, but cannot independently raise the capital or provide the skills to realize its development. However, it does entail risks which may go beyond what the community would be willing to accept (Elias, 1991:87). Most joint ventures involve aboriginal people as a minority interest, which may limit their ability to persuade the majority to invest the returns in local diversification. In addition, many such ventures in remote areas are likely to be focused on a single line of production, which may obviate opportunities to develop economic linkages and also leave the community highly susceptible to volatile commodity price conditions in external markets.

2.7 Band Politics and Development

An additional consideration affecting community economic development in aboriginal communities is the state of a band's internal political environment. While the social pathologies affecting many aboriginal communities are widely recounted, it is only recently that the political

pathologies-corruption, factionalism, nepotism-being experienced by numerous reserves is coming into view. Band councils operate under the auspices of the Indian Act, and have, through the devolution of service delivery from the Department of Indian Affairs to the band level, control over substantial resources. Though some bands have been able to successfully manage this responsibility, financial mismanagement is far more commonplace. Indeed, 28% of reserves in Canada have incurred such large deficits that the Department of Indian Affairs has been forced to intervene (Flanagan, 1998:29). The issue, then, is to ascertain which qualities distinguish the more successful bands from their less able brethren.

Part of the problem may lie in the structural nature of aboriginal communities: Many are too small to effectively operate as a democratic society. Of Canada's 608 bands, approximately 70% have less than 1000 members, while only 10% claim over 2000. Even these diminutive figures are skewed, as over 40% of registered Indians live off-reserve (Flanagan, 1998:30). While factionalism and patronage are far from absent in mainstream Canadian society, their prevalence in aboriginal communities is amplified by their small populations. Thus politics in native communities revolve around kingroups and friendship networks, parties which jockey to get jobs, contracts or property from those in power. This, in effect, produces a "rentier-state", where reward rests on chance and circumstance rather than merit and effort, and democracy is not truly manifest as band members, not having to pay for their government, do not often take ownership of their councils (Flanagan, 1998:32)³.

In spite of such parochial political environments, some bands have been able to attain at least a degree of prosperity. Whiskeyjack (1995:6) suggests that successful bands are those that have "...taken the action to map out their own destinies and chosen their desired form of band government through a participatory process within the community." From an American perspective, Flanagan (1998:33) cites the "Harvard Project" which studied a wide variety of tribal governments and their correlation with successes or failures in promoting economic development. Their findings indicated that the more successful tribal governments were those that tended to separate powers, with a strong chief executive elected for a term longer than two years and not dependent on the band council. As well these governments kept elected politicians from the day-to-day operations of band-owned enterprises.

³ Even the Royal Commission on Aboriginal Peoples has recommended that aboriginal communities pay taxes to their own governments, thought not to federal or provincial governments (Flanagan, 1998:32).

Other successful bands or tribes incorporate an incentive system into the traditional native predisposition for sharing. The Mashantucket Pequot tribe of Connecticut, for example, guarantees every member of the Tribe housing and basic education. However, additional income is distributed purely on an incentive basis, with points gained for post-secondary education, taking part in tribal government, etc. (no author, 1996a:26).

While each aboriginal community has its own unique set of challenges to contend with, it appears that the ability of any community to be successful is related more to the quality of governance than to the availability of natural resources (though the presence of, and access to the latter certainly can facilitate the process). The key to effective economic development may lie with the initiative, leadership and voluntary participation that arises from within a given community (Wien, 1986:128).

2.8 Defining 'Success' in CED

CED efforts, however, have had varying degrees of success, and there has been some discussion on why some communities have more ably demonstrated an entrepreneurial spirit (i.e., an ability to address community/regional failings and take advantage of local opportunities) than others. Luther (1990:194), for example, suggests that "good" communities evince characteristics which include community autonomy, viability, a reasonably equitable power distribution, commitment, heterogeneity, local control and conflict. As well, ingredients necessary to mold these basic attributes into a community that is able to survive adversity and capitalize on opportunities are effective leadership, positive attitudes, and a diversified approach to economic development (Luther, 1990:198). A healthy base of social capital, defined as the diversity of opportunities for social and civic engagement based upon the strong community bonds of trust and co-operation, has also been found to be a key factor in the development of vibrant local economies (Putnam, 1993). In contrast, weaker communities, displaying fragmentary efforts, a paucity of technological and professional resources and destructive rivalries, often experience great difficulty in maintaining a viable economic base (Barton, 1990:215).

Though specific CED strategies are determined by the prevailing conditions, the success of any particular community economic development effort has much to do with how effectively a community is able to mobilize and engage its members in taking a more proactive approach to

development. Thus, it may be more important, at least initially, to tailor activities to foster conditions of trust, community pride and cooperation (including addressing disparities of income, education, health, and other capacity building factors). In this regard, we will now turn to a discussion of how planning and the planner can become involved in economic development at the community level.

Success in CED may be further defined through the practice of one of its most common tools--the Community Development Corporation (CDC). In particular, the ability to harness local community support, the capacity to structure and plan ahead, and the flexibility to relate business, social and cultural concerns have been found to be key factors in the effectiveness of CDCs in developing communities (Northern Economic Development Commission report on Women and Sustainable Development, 1992).

In terms of organizational structure, a strong board is seen as essential to the ongoing success of a CDC. Luttrell (1997:90) finds that the most effective CDCs are those which "...reflect the existing social structure of a community...". Cossey (1990:2) affirms this principle and further suggests that the active participation of residents and stakeholders is integral to the capacity-building work of CDCs. An effective Board also requires continuing education. As Cossey (1990:19) suggests, the role of a CDC Board is more complex than that of a private corporation, as they tend to synthesize a variety of objectives. As a result, unless boards are continuously educated on organizational basics, as well as other instructional and intellectually stimulating issues, a CDC may risk losing active members or even find itself run by passive members who are unable to make knowledgeable decisions. Finally, Cossey (1990:18) argues that CDCs are best able to serve their communities when they are small, visible and accessible.

A viable and sustained operating budget is also seen as a key element in the success of a CDC. As Broadhead *et al.* (1990: 29) point out, without secure, long-term funding, CDCs would be forced to divert their resources to short-term survival, rather than concentrating on furthering their original development mandates. Indeed, fundraising appears to take up a substantial proportion of staff time even in successful CDCs, and the concern is raised that in the rush to take on projects that pay immediate bills, CDCs are being forced to neglect other important aspects of community development work (Broadhead *et al.*, 1990:5). And while many CDCs have attempted to strive for self-reliance through the creation of profit-making arms, some such

ventures entail high risk and require a level of financial support and management expertise which may not be available in rural communities lacking a large tax base or concentrated populations (Broadhead *et al.*, 1990:34). However, while sustained government support for CED may leverage a substantial impact (Broadhead *et al.*, 1990:21), Cossey (1990:35) cautions that CED needs and demands will always exceed available resources, and so effectiveness can be maximized by targeting financial support toward specific purposes.

Indeed, such targeting of activities has been the hallmark of the most successful CDCs, and has helped them to cultivate and retain crucial community and funding-agency support. A prime example is the involvement of New Dawn Enterprises in Cape Breton Island in housing for seniors and dental clinics as a result of a thorough issue identification process (Broadhead *et al.*, 1990:37). By focusing on long-term problems, rather than short-term job-creation mechanisms, New Dawn Enterprises has managed to leverage a significant impact in a community facing high unemployment with a relatively small resource base. However, the literature (e.g., Broadhead *et al.*, 1990:43; Cossey, 1990:22) suggests that effective strategic planning is relatively rare among CDCs. This may be linked to the difficulty in integrating potentially divergent social and economic objectives, as well as the reality of having to lurch between numerous (and often changing) project and funding criteria established by funding agencies. When effective strategic planning exercises are undertaken, the results are not only manifest in successful, appropriately targeted projects, but also expanded networks and partnerships, both within and between communities, which may lead to better coordination at the regional level (Broadhead *et al.*, 1990:6).

2.9 CED and the Role of Planning

Planning as a field evades definition, as its boundaries are subject to continuous evolution and its broad, inter-disciplinary scope seems to preclude its eminence over any one particular domain of expertise. However, John Friedmann's characterization of planning, that of linking knowledge and action, has gained general acceptance as a useful starting point. The knowledge of planning draws upon its technical and historical roots, primarily from the first half of this century, when planning was preoccupied with regulation, control and master plans which laid out built visions. The planning of this era strongly espoused a formulaic approach to development, using "scientific" and "econometric" methods to arrive at supposedly objective

solutions to various problems. Planning action arose largely out of more recent trends, galvanized by the advocacy and radical movements of the 1960's and 1970's, and point to a more dialectical approach to development. Rather than formulae, action poses questions, particularly those oriented around the who's, how's and what's of planning, to effect change.

As characterized by Friedmann (1987:47), planning is characterized by, first and foremost, decision-making and is informed by a praxis that is socially rational. As well, planning is intended to defer to a given public interest, notwithstanding the term's obfuscation, and most often serves a broad, general purpose. Examples of such planning include the fostering of economic growth, inducing private sector actions through subsidies, regulating and curtailing private sector actions on behalf of the general public, redistribution of income, etc.. Given that these activities require considerable resources and institutional powers, it is hardly surprising that planning is evident in most state interventions. However, though planning may be pervasive in state bureaucracies, it may also operate independent of the state (e.g., when planning is sought to guide community mobilization) and establish an external relationship to it. The purpose and ideological basis of that relationship defines the type of planning that is being undertaken, which Friedmann (1987:47) categorizes as allocative, innovative and radical--identifying relationships that are, respectively, supporting the status quo, espousing incremental adjustments, and advocating dramatic structural change.

For much of its formal existence, planning could be said to have been conforming to an allocative role, exemplified by centralized decision-making with the purpose of perpetuating prevailing economic and political relationships (Friedmann, 1987:297). In this role, planning established a close link with policy, translating technical knowledge in order to inform and guide public actions and interactions (Friedmann, 1987:36). The link between planning and policy remains a necessity for, as suggested by Friedmann (1987:164), decision-making (central to planning) addresses a continuously evolving set of problems (which forms the basis of policy) and so both are intertwined in the technocratic arena. Enjoining planning and policy thus provided, and remains still, a mechanism for the state to justify its actions (Friedmann, 1987:122). Policy, however, has been critiqued as being uncreative in vision and unwilling to take a distinctive philosophical position, and thus has proven relatively ineffectual in addressing modern problems of social justice and equity (Friedmann, 1987:79). In reaction to the limitations of planning as practiced by the state, alternative forms of planning (i.e., innovative and radical)

have more recently emerged.

Disillusioned by the achievements of centralized decision-making, innovative and radical planning, particularly the latter, form part of what Friedmann terms an alternative development. This identifies an approach that seeks the structural transformation of society; in contrast to dependence upon the state, it relies on organization, critique and action from the ground up to change social, political and economic patterns of interaction (Friedmann, 1992:31). In addition, an alternative development largely eschews technical expertise as a means of informing praxis in favour of a tradition of social learning; knowledge, learning and action are instead developed around experience and practice (Friedmann, 1987:81). Rather than scientific analysis, the emphasis in alternative development planning is on dialectical process; a relationship of dialogue among stakeholders is what drives the decision-making wheel.

Alternative development also places the community as the locus of action. Since a critique of the state is a key component of radical planning, autonomy from the state becomes critical, and community—with its propensity for localized knowledge, self-organization and self-direction—emerges as the alternative catalyst of change (Friedmann, 1987:301). Because this change involves challenging existing power relations, a community must become political, translating its social and civil interactions into political power (Friedmann, 1992:75). Alternative development planning must therefore concern itself with community building; its actions must include the fostering and development of social relations among its members (Rix, 1996:62).

Another pillar of alternative development is an alternative economics. The liberal, self-interested approach to economics endorsed by traditional development theories have contributed mightily to the breakdown of community life (Rix, 1996:4), pointing to a need to re-construct economic relationships, and particularly keeping in mind the stabilizing effects of community self-reliance. In this regard, community economic development has gained increasing regard as a proactive planning approach furthering alternative development.

CED has been described as radical planning by Kraushaar (1988:91), as its aim is to:

“...transform society, enacting changes that substantially add to the democratic rights and power of ‘average’ citizens...Radical reform takes as its objectives fundamental political and economic changes, which it seeks to attain without

crisis or revolution. But radical reform sees the existing economic and institutional mechanisms of society as the primary cause of inequality.”

The broad-based and long-term nature of these structural requires the implementation of diverse, community-driven processes and actions (Rix, 1996:26), an approach that is well suited to the participatory, innovative and collective orientation of CED.

Although an alternative development conserves its strength for a critique of the state in favour of community-based structural transformation, there is increasing recognition that the collaboration of the state is necessary if substantial improvements are to take place in the lives of those most disenfranchised by the existing structural hegemony (Dykeman, 1990:13). Rather than an impervious monolith, the state should be seen as a system of relations which defer to dialectical engagements; as put by Friedmann (1987:296), the state is a *terrain* for struggle, and so has the potential to support and empower local communities in their efforts to gain increasing self-reliance.

However, the dialogue between the state and the community will rarely, if ever, be neutral. Empowering communities implies a devolution of power and authority, a situation which creates obvious tensions between community visions and larger political objectives (Dykeman, 1990:14). Indeed, the discordant power relationship between funder and community organization often leads to the dilution of the goals of community development activities, supplanting support for political engagement in favour of directed service provision. This is particularly true in the realm of CED, where organizations are continually pressured to emphasize training and job skills instead of institutional processes which encourage community engagement (Rix, 1996:41). Thus, in order for governments to truly play a role in community empowerment, mechanisms need to be established which ensure that community development remains an important component of any working partnership (Dykeman, 1990:14).

This interface between community and state provides a niche for planning to get involved in alternative development, including CED. The expertise of the planner is to translate technical knowledge into action, to help structure settings that allow all participants and stakeholders to learn from experience (Friedmann, 1987:46). Thus, by establishing a participatory framework through which to undertake a situational analysis, the planner is able to both engage community

and fulfill the need of the state to ensure justification for the disbursement of funding.

2.10 Summary

Community Economic Development is a diverse and relatively unstructured field. It represents a reaction to the crises being faced by many of our communities, particularly those which find themselves underserved by the prevailing economic hegemony and traditional development theories. Instead, it espouses localized self-reliance and community-based organization and development as a means of ensuring the viability of communities and neighbourhoods triaged by mainstream society.

Aboriginal communities have been particularly marginalized in Canadian society, and therefore have strongly embraced locally-driven development as the only appropriate means of dealing with their particular social and economic development challenges. Elias (1991:227) highlights several significant trends in the evolution of aboriginal peoples' efforts at self-determination. There has been a shift from attention given to cultural development, to a greater concern for political and economic development. As well, aboriginal people have demonstrated a willingness to accommodate mainstream society, adapting themselves to the laws and practices, particularly as they pertain to the protection of treaty rights and engaging in modern commerce, of Canadian culture. Finally, there has been a discernable turn from reactive approaches to development to more proactive, strategic methods which seek to realize more clearly articulated, though broad, objectives.

This chapter has sought to establish a tangible definition of CED, as well putting forth a discussion on its merits. Its emergence as a reaction to traditional development approaches and its grounding in Dependency theories has also been detailed, establishing its validity as an alternate path to development for communities, including aboriginal communities, that have relatively little access to opportunities arising from mainstream economic activities. In addition, its link to the field of Planning, through its role as a catalyst for an alternative development praxis, has been briefly described.

With this framework established, attention will now be focused on the practice of CED within a specific context--the Community Futures program in northern Manitoba. Given the program's dual mandate for community and business development, and in light of the competing

demands of community needs and funding agency priorities, the CF program will be reviewed for how effectively it facilitates the link between the two. Discussion will also ensue on how well the program integrates community development as part of its CED processes. The community development corporation model used by the CF program also entails certain constraints and limitations which impact on the effectiveness of the approach in northern Manitoba, particularly with respect its internal organization and its relationship to the development corporations' operating environments. One last significant issue to be discussed relating to the effectiveness of the CF program in the North will be the role of the primary funding agency, Western Economic Diversification. As noted earlier, friction between government agencies and grassroots organizations is not uncommon, particularly given rapidly changing political priorities. However, Western Diversification has sought to engage in a 'partnership' relationship with the Community Futures Development Corporations in an effort to both support local economic development as a parcel of its own mandate for economic diversification.

Chapter Three

The Northern Manitoba Context

3.1 Introduction

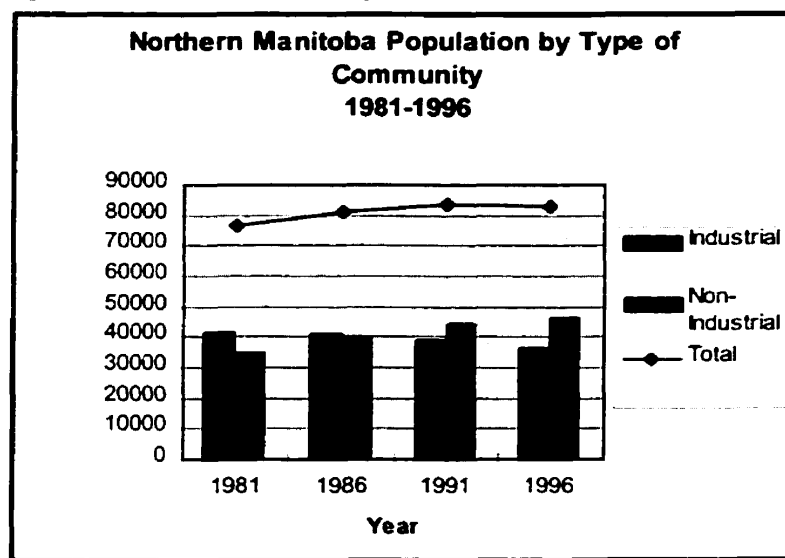
While northern Manitoba has had a long history of occupation and settlement by aboriginal and metis peoples, its more modern, industrialized face only began to emerge in the early 1900s. The development of transportation, mining and hydro-electric power generating activities created, in many cases from scratch, complete communities in the North. These developments were significant not only in connecting these new communities to mainstream society and markets (via construction of infrastructure such as roads and hydro), but also instigated, in the absence of a local skilled labour force, an influx of workers and families from the south in Canada and Europe into these communities.

While the economic activity generated from these developments has been significant, most of the benefits have flowed south or to those (generally non-native) employed in the resource extraction industries. Little of the wealth generated accrued to the pre-existing communities and people inhabiting the North, and little was reinvested in the region to help diversify the economy and encourage self-reliance. The North, today, thus consists of two worlds. One, comprising the industrial communities of The Pas, LGD of Churchill, LGD of Grand Rapids, Gillam, Flin Flon, Snow Lake, Lynn Lake, Leaf Rapids, Thompson and the LGD of Consol. is economically well-off, have access to southern standards of social services and infrastructure, and contains the vast majority of the non-native population. The other comprises the remaining reserve and Northern Affairs communities, and suffers from dependency on government transfer payments, heightened social and health problems, has relatively poor access to infrastructure and social services, and is predominantly aboriginal or metis in terms of demographics. The balance of this chapter will highlight the key socio-economic differences between the industrial and non-industrial communities in the North, based on the 1991 Census, unless otherwise noted.

3.2 Population Demographics

Northern Manitoba, as delineated by Census Divisions 19, 21, 22, 23, covers roughly eighty percent of the province. Its southern boundary stretches, approximately, from the top of Lake Winnipegosis on the West side, down through the northern interlake and finishing just above the Winnipeg River on the East side of Lake Winnipeg. This is also the area roughly taken in by the six northern CFDCs of Cedar Lake, Greenstone, Northwest, North Central, Kitayan, and Southeast. This region contains a population of just over 83 000 (1996 Census), representing about 7.5% of the provincial total. This actually represents a slight decline over the 1991 census figures, and is one that is largely limited to the industrial communities. These twelve communities have witnessed their proportion of the northern population decline from 46.5% (38 955 individuals) in 1991 to 43.9% (36 527 individuals), a drop of almost 2 500 people. This decline can largely be attributed to reductions in mining activities and the loss of population to southern areas where employment opportunities are more plentiful. The non-industrial communities on the other hand, spurred by the continuing impact of Bill C-31 (which granted First Nation member status to those descendants of First Nation women who had married non-First Nation members, and were therefore previously denied such membership) and higher population growth rates among aboriginal peoples, grew by almost 2000 to 46 607 (56.1% of northern Manitobans). As shown in figure 1, this trend for both types of communities has been underway for at least the past 15 years, and is likely to continue into the foreseeable future.

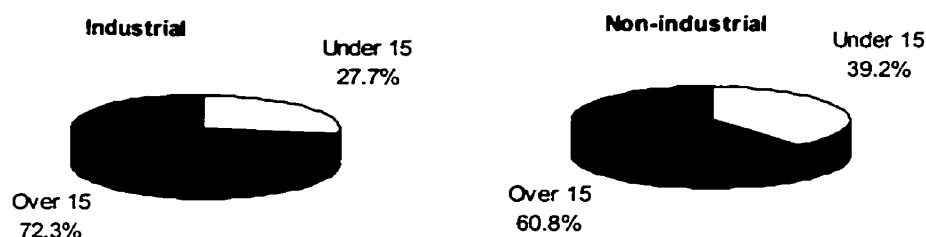
Figure 1: Northern Manitoba Population



Source: Statistics Canada

Related to this shift in dominance from industrial to non-industrial communities is the increasing significance of aboriginal people to the development of the North. Of those in northern Manitoba identifying themselves as being from a single ethnic background during the 1991 Census, 68.3 % indicated aboriginal ancestry. This compares to 11.1% for Manitoba as a whole. This suggests that just over half (50.1%) of all aboriginal people (of single ethnic origins) in Manitoba lived in the North. Within the North, there is also a sharp difference in the kinds of communities inhabited by aboriginal peoples. While native peoples accounted for 14.3% of the population in Industrial communities, in the non-industrial North the proportion was 84.1%. The aboriginal presence in the North would undoubtedly be even more prominent if individuals with multiple ethnic origins were added to the figures. As indicated in figure 2, the non-industrial communities also exhibit a much younger demographic profile than their industrial counterparts. This suggests that growth in the non-industrial centres, as well as of the aboriginal population in general, will remain strong and points to the need to focus economic development activities on reserve and northern affairs communities. The future of the North will be determined, to no small degree, by the extent of involvement by native peoples in its development.

Figure 2: Population-Age Structure of Northern Manitoba



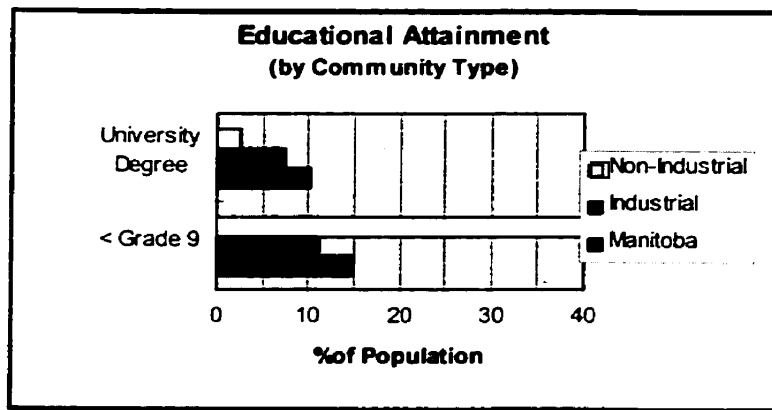
Source: Statistics Canada

3.3 Socio-Economic Conditions

Poor educational attainment levels pose a challenge to economic development in the North, particularly in aboriginal communities. The proportion of population in Manitoba 15 years and over with less than a grade 9 education is 14.8%, with the corresponding rates for northern industrial and non-industrial communities being 11.2% and 40.3%, respectively. Those with university degrees make up just over 10% of all Manitobans, but only 7.4% of those living

in industrial communities and a mere 2.5% of non-industrial areas.

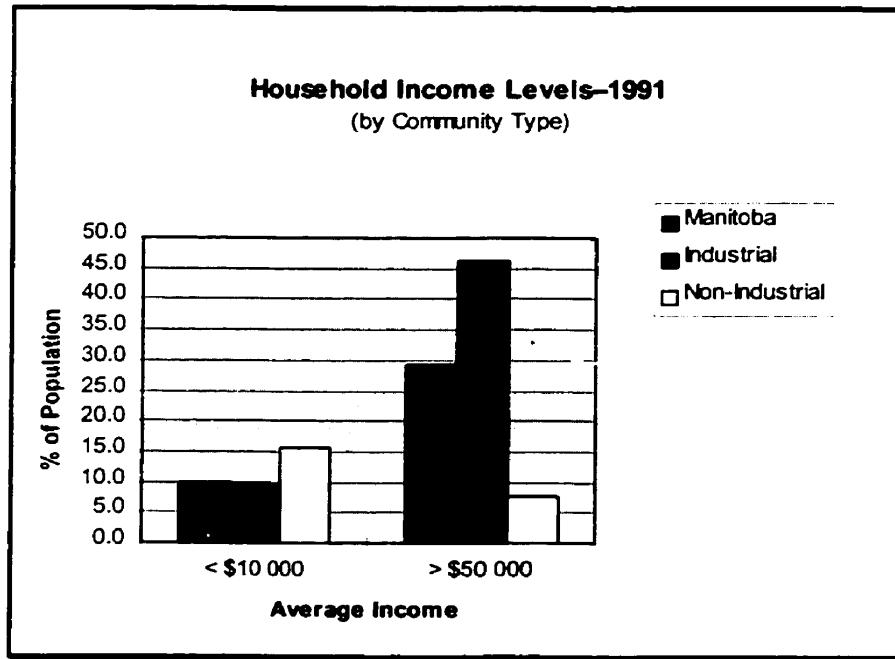
Figure 3: Educational Attainment



Source: Statistics Canada

Unemployment rates also tend to be considerably higher in non-industrial communities, and particularly so in First Nations communities. Official rates, at the time of the 1991 Census, set unemployment in northern Manitoba at roughly double the provincial average. However, this understates the dearth of employment opportunities in non-industrial communities as the mining, forestry and hydro-electric industries provide for the vast majority of non-government employment in the North. It also doesn't account for the dramatically lower labour force participation rates in non-industrial communities, which average 46.8% in comparison to 74.7% in industrial communities. Unemployment levels on some isolated, reserve communities may actually push 80 or 90 percent. It should be noted, however, that non-wage employment—such as subsistence hunting, fishing and trapping—does play a small, but significant role in many aboriginal economies.

Figure 4: Household Income Levels



Source: Statistics Canada

Such alarming employment figures are also reflected in the distressingly high poverty levels in non-industrial communities. The incidence of low income families in 1991 for Manitoba as a whole was 15.2%. The corresponding figure for industrial communities was only 12.8%, while the remainder of the North experienced poverty levels of 35.7%, more than double the provincial average. The concentration of wealth in the North's industrial centres is even more apparent when household income levels are examined. As shown in figure 4, the proportion of Manitoba households earning less than \$10 000 is 10%. Industrial communities exhibit a similar rate, 9.4%, while the comparative rate for non-industrial communities is over one and a half times the provincial standard (15.7%). The contrast is even more stark when considering households which earn an annual income of more than \$50 000. Where the proportion of Manitoba households earning this range is 29.2%, almost half (46.1%) of households in northern industrial communities achieve this level. A mere 7.8% of non-industrial households, on the other hand, are able to claim such an income.

Housing and access to basic infrastructure can have a great influence on the social conditions in a given community. Poor housing conditions impacts on a community through

increased social tensions, disease and, particularly for children, offers an unhealthy growing environment. The number of dwellings in need of major repair in non-industrial communities is almost four times as high (37.1%) as the provincial average of 10%. Industrial communities, however, host a housing stock that is in comparable condition to the Manitoba standard, with 11.5% of dwellings in poor condition. Overcrowding is also a serious concern in many aboriginal communities, with average household sizes approaching 5 on reserves, well above the average of 3 for industrial communities.

3.4 The Northern Manitoba Economy

The northern Manitoba economy is driven by its land and water resources. Over 95% of the North's resource based production is derived from mining, forestry, hydro-electric power and related activities (NMECD, 1992:46). These industries are also significant provincially as 90% of the province's mining and hydro production originates in the North, while 65% of its forestry production comes from the region (NMECD, 1992:46). The wealth generated by these industries either flows outside the region in the form of profits or purchase of specialized services or machinery, or accrues to the industrial communities in the form of wages and municipal taxation. The non-industrial communities, in contrast, are heavily dependent on government transfer payments, given the very low levels of employment experienced. Traditional hunting, fishing and trapping activities can be significant at the local level, but are becoming less viable as a wage occupation.

Given this economic base, it is hardly surprising that the government and resource industry sectors account for much of the employment in the North. 16.2% of all employed northerners are associated with government services, almost double the provincial average of 8.8%. Mining accounts for 13.1% of all northern employment, fishing and trapping 2.1% and logging and forestry 1.8%. The comparative figures for all of Manitoba are 1.1%, 0.2% and 0.3% respectively.

3.5 Barriers to Development in the North

The differences between communities in the North, as well as those between northern and southern Manitoba, are merely symptomatic of the region's marginalized condition. In order

to facilitate economic development in the North, it would also be necessary to understand the barriers to overcoming the development challenges faced by residents of northern communities. And the barriers are legion. From historical development patterns which have left aboriginal peoples at the margins of the modern economy to a widely scattered population to a profusion of human development needs, the North presents a very singular and challenging environment. Development approaches and models designed for the socioeconomic climate of the South invariably falter in the North, unless consideration is given to the specific conditions inhibiting its actualization. This report will endeavour to highlight the most significant constraints to pursuing economic development activities in the North.

3.5.1 Historical Development

The face of northern Manitoba today has been shaped by almost a century of settlement and industrial development by, largely, non-native peoples. It has been a history that has resulted in the marginalization of aboriginal people from both the industrial economy and their own traditional economies and cultures. While the emergence of large-scale resource extraction activities has generated considerable wealth and benefits for the South, as well as for the traditionally non-native workforce employed in the mining, forestry and hydro-electric power industries, the effect on the indigenous people of the North has consistently been deleterious. Mercury pollution in Lake Winnipeg, the flooding of northern communities and lands and the unprecedented extent of timber harvesting have all impinged on the natural hunting, fishing and trapping grounds of northern peoples (Loxley, 1981:158).

The precarious self-reliance of native people was therefore destroyed, with several communities even having to be moved in their entirety, their land base no longer capable of providing the basic necessities for survival. The impact was felt far beyond the economic level. Subsistence activities, even when their economic viability is diminished, plays a strong stabilizing role in aboriginal communities (Elias, 1995:9). They are important in forging an indigenous identity and offer a means of earning prestige and generating self-confidence. The removal or subjugation of hunting, fishing and trapping activities, without allowing for other opportunities to develop a sense of self-worth, has nurtured communities characterized by dependence, substance abuse, violence and a limited skill base.

As pointed out by the Royal Commission of Aboriginal Peoples (RCAP, 1997) these actions transpired in spite of the existence of treaty promises to preserve the lifestyles and traditions of aboriginal peoples. Instead, control over their lands and resources was usurped and native people were left on the periphery as new forms of economic activity (e.g., manufacturing) pervaded the dominant society. Further, legislation by senior levels of government, particularly the Indian Act, has restricted economic activity on reserve land with provisions preventing the expropriation of such land from the Crown. The decision making capacity of First Nation governments has also been sharply limited by the requirements for elections every two years, resulting in high turnover and a concomitant inability to implement long term planning. Treaty land claims have also paralyzed development opportunities. This insecurity of the land base, especially in the North, makes it very difficult to attract the large investments necessary to initiate substantial projects, such as forestry or mining.

Racism has also posed a barrier to the development and involvement of aboriginal people in the industrial economy (RCAP, 1997). It is only recently that businesses have begun to welcome native people as employees. However, though progress has been made, the perception in the North, at least, is that further efforts need to be made to achieve greater understanding between aboriginals and non-aboriginals. Finally, educational and training programs and facilities have become available in the North only within the last two decades. And though these have become more supportive of aboriginal peoples and cultures, the legacy of several generations of residential schools and disruptive social service policies is an adult workforce ill-equipped to compete for quality jobs (RCAP, 1997).

3.5.2 Geography & Infrastructure

Northern Manitoba accounts for roughly two-thirds of the province's land base, yet comprises less than 8% of its population, scattered among more than one hundred communities. These facts point to the tremendous challenge of fostering the development of the North⁴. Much of the North is accessible only by plane. 35 communities in the northern Manitoba, with 22% of

⁴ Although there is some conflicting evidence as to whether or not remoteness and isolation are detrimental to the socio-economic status of aboriginal communities (Armstrong, 1994:2), there is some indication that it may contribute to extreme instances of poverty and underdevelopment (Armstrong, 1994:12). Additionally, it would seem reasonable to suggest that the remoteness and harsh climactic conditions endured by northern communities lead to much higher costs of basic goods, a scarcity of financial institutions, and very limited access to information, services and positive role models, which adversely impact on their socio-economic circumstances (LaChance, 1999:60; Elias, 1991:90).

its population, lack all-weather road access. This poses an enormous barrier to pursuing virtually any form of economic activity. First, the availability of a range goods and services is severely limited by the costs of flying them into a community. Whatever is available is offered at prices which may be 20-50% above that paid in southern communities (Loxley, 1981). Further, the harsh climate means that heating costs pry deeper into the northern wallet. This all, of course, translates into a much lower real income in the North than raw cash incomes would indicate. As well, lack of year round roads sharply limits the access to markets for anything produced locally. Consequently, the costs of doing business in the North are considerably higher than in the South. Business development is also inhibited by the costs of travel to access programs and financial institutions based in the South, given the generally personal nature of financial transactions.

As noted by the Northern Manitoba Economic Development Commission (NMEDC, 1992:31-33), basic infrastructure is not common to many non-industrial communities. Less than 10% of First Nations and Northern Affairs communities have access to both hydro-electric power and sewer and water. Virtually all of the industrial communities, on the other hand, did benefit from such services. Retail banking services are also a rarity in the North, being concentrated in the larger industrial centres. Adequate educational facilities are also a concern in many parts of the North, the lack of which can inhibit appropriate social and cultural development (Elias, 1991:90). While all but two of the industrial communities maintain high schools, less than one third of the non-industrial communities are able to offer secondary education—primarily because of the small size of most northern communities.

The small size of many northern communities also limits the economic development opportunities available. Over 70% of the northern population resides in 21 communities with more than 1000 people (NMEDC, 1992). The remaining 24 000 people are scattered among 90-odd isolated hamlets and reserves, rendering only the very basic services, such as grocery stores or taxi service, as viable propositions. The small size of these communities also precludes the establishment of basic retail banking services. This not only curtails access to capital—through increased perceived risk and higher costs incurred for administering loans—but also removes individuals from the experience of working with financial institutions and so developing basic accounting and money management skills.

Finally, the North also suffers from a negative perception on the part of southern

Manitobans as a place to invest or even visit. This is reflected in the fact that the largest tourist markets for northern Manitoba are Saskatchewan and the United States, rather than the balance of the province.

3.5.3 Economic Specialization

Development in the North is also constrained by the nature of its economy. Whereas the mainstream economy in Canada is characterized by a high degree of complexity, internal diversity and productivity, the northern economy is much less productive and complex (Rees, 1988:64). Rees (1988) suggests that economic diversity is part of a circular process, where a stable economic environment reduces risk, thereby attracting specialized products and services and thus ensuring a proliferation of additional activity. Lacking such stability and diversity, northern communities experience chronically low (or, at best, cyclic) rates of investment and so only marginally participate in the accumulation of capital.

The economic specialization of northern economies also leaves them vulnerable to external variables. And while the occasional rise in commodity prices may stimulate periodic investment in the industrial sector, the limited network of forward and backward linkages in the northern economy is too weak to fully benefit from the new investment. Industries in the North, therefore, tend to purchase from outside of the region, resulting in a tremendous leakage of capital which may have otherwise been invested in the North. Thus, while there may be periodic surges in economic activity in the North, true development does not take place; there is little durable impact relating to an increase in local opportunities, usable skills gained by the permanent residents or the quality of local services (Rees, 1988:65). Without significant capital accumulation at the community or regional level, the threshold for sustainable diversification may never be achieved.

3.5.4 A Culture of Dependency

Northern Manitoba is characterized by a culture of dependency. In the industrial communities, the dependency has been on the mining, forestry or hydro-electric power companies which dominate the employment base of their respective communities. In the past, these companies have taken responsibility for their communities, to the extent of providing for

recreation centres. More recently, however, narrowing profit margins have forced such companies to not only reduce their workforces, but also to reduce the largesse bestowed upon the towns they've created. This has forced the residents on the industrial North to reassessment of the nature of their economies.

The northern economy, being resource based, is heavily reliant on outside markets for its sustenance. This makes for highly variable, externally motivated, periods of prosperity and recession creating an environment of considerable insecurity. There are also very few internal linkages within the North to help recirculate or reinvest the income generated and to create even greater wealth. There is a great deal of 'leakage' of money outside of the region and a paucity of value-added production to help diversify local economies (NMEDC, 1992a:6). To compound the problem of economic development in the North, because of the very lack of economic diversification and a highly sensitive and vulnerable economic base, commercial lending institutions, as well as other investors, are very reluctant to make loans in the region (FERENCE, Weicker & Co., 1996).

The dependence in aboriginal communities, in contrast, is an almost total reliance on government transfer payments for an economic base. In general, only a limited range of job opportunities exist, and of those available the vast majority are in the public sector with local aboriginal governments (Task Force on Aboriginal Community Access to Community Development, 1992:43). The negligible non-government sector encourages the perception that the government will provide for all needs, and does little to instill individual initiative or a recognition of the value of performing well (Financial Management Board, 1991). The people of these communities have been, in effect, *conditioned* to react passively to the prevailing circumstances; they have been prevented from considering themselves as initiators of action (MEDTP, 1986:41).

The culture of dependency that has been cultivated among native peoples also stigmatizes individual success. 'Jealousy' is often a serious concern in many aboriginal communities, where an entrepreneur may be shunned simply for establishing a successful enterprise. Thus, though a dedicated individual may be operating a perfectly viable business, unless their activities transcend the community the operation is likely to fail.

But the hostility that forces such a situation may be a symptom rather than a cause in itself. A more appropriate perspective, perhaps, may be that decades of chronic dependency and poverty has forged a set of norms which encourage an equitable distribution of the limited resources available in a given community. An individual who endeavours to better the minimum standard by starting up a local business may therefore be seen to be breaking these norms and exploiting the rest of the community. This may serve to explain why many aboriginal communities have turned to band-owned development corporations as the principal means of creating local business opportunities; the benefits accrue to the band as a whole rather than to an individual. This is not to say that collective models of enterprise should be the sole form of economic development considered, but rather that they may be more appropriate for small businesses heavily dependent on providing a service *within* a given community.

3.5.5 Lack of an Entrepreneurial History

Entrepreneurs form the target group of most economic development programming. However, in northern Manitoba, entrepreneurship is a skill that is in very short supply—a mere 2% of all workers in the North Central region are self-employed, a figure that is likely typical of the North as a whole (North Central CFDC, 1997: appendix D). This suggests a paucity of management and business experience among northern residents, and unless appropriate training, mentoring and monitoring services are in place, strategies emphasizing access to capital are unlikely to be very effective.

In industrial communities, entrepreneurial development is constrained by competing prospects of high-wage employment in the mining, forestry and hydro-electric power sectors. As indicated in an Industry Canada report (Gilroy, 1994:12), self-employment earnings vary widely and, generally, fall below those of the average paid employee. Consequently, there is little incentive for individuals to pursue any possible business opportunities when the (almost guaranteed!) return from traditional employment is considerably higher. However, with substantial employment reductions in the resource extraction industries over the past ten years, there may be a renewed potential for the promotion of self-employment as a rewarding challenge and career.

In most aboriginal communities, the tradition of dependency has offered little incentive

for the pursuit of individual initiative. On the contrary, as suggested in the discussion on dependence, there is a lack of community support and even hostility towards entrepreneurship on reserve communities (Task Force on Aboriginal Community Access to Community Development, 1992:44). The challenge here, therefore, is to foster mechanisms which could instill incentive and validate individual success. Models such as lending circles and joint band-worker owned organizations may offer a means to encourage individual enterprise within the cultural bent of aboriginal societies towards collective activities. These may also help develop the technical and financial expertise often lacking in native communities.

Other obstacles faced by northern entrepreneurs include limited capital for investment, particularly for reserve residents who are unable to pledge land as collateral (RCAP, 1997), tiny, restricted markets, few role models, lack of funding or capacity to undertake feasibility studies and a paucity of adequate business development support functions (H. B. & Partners, 1984:55).

The need for the 'soft' support functions are especially important in the North, considering the dearth of business or management experience, as well as entrepreneurial role models, in the region. Such support is necessary to ensure that effective use is made of any financial assistance provided to small businesses, and could include mentoring or training in administration, management, budgeting, bookkeeping, business plan development, marketing, and supervision of staff (H. B. & Partners, 1984:21). Additionally, on-going monitoring, or aftercare, has been identified as critical to the long term survival of assisted enterprises (Stevenson et al, 1987:24). Such support not only allows for the identification of problems before they become too unwieldy, but also provides assurance to entrepreneurs that they haven't been left to fend for themselves in complete isolation.

Effective entrepreneurial development can generate considerable benefits, particularly in the North, and so is deserving of continued support. Not only can it help create additional wealth in northern communities, at the very least through the recirculation of a greater part of the local payroll, but it can also provide employment experience which may otherwise be limited in some areas. As well, having successful, local entrepreneurs provides role models for others to follow and a clear demonstration that success in small business is an achievable goal.

3.5.6 Human Development Needs

Economic development in the North is unlikely to be very fruitful unless the human development needs of the region, particularly among aboriginal peoples, are addressed. The social conditions in northern non-industrial communities are often abominable, the result of decades of cultural destruction and economic marginalization. Among the consequences is a very ill-educated population. Though educational levels are—slowly—improving, still over 40% of the residents of non-industrial communities have not been exposed to secondary education (Statistics Canada, 1991). The absence of post-secondary institutions in the North has also affected educational attainment at this level. Of those that live in non-industrial communities, only one in forty is able to claim a university degree. The challenge in aboriginal communities, therefore, is not merely to generate employment, but to provide for training and mentoring to develop the local skill base in order to take advantage of whatever employment opportunities do exist locally (Elias, 1995:20). As well, given that most entrepreneurs are highly educated, there is a need to promote those mechanisms which already exist (e.g., distance education, Inter-Universities North) to better enable residents of remote communities to access post-secondary education and become more capable of developing business opportunities.

The North also experiences incidences of disease, substance abuse, infant mortality rates, suicide and violence which are several times greater than rates for Manitoba as a whole (Loxley, 1981:153). Such effects are not induced only by the hopelessness and despair which characterize a culture of dependence, but are also closely tied to local physical conditions such as crowded, poor quality housing, inadequate access to health care and the lack of adequate sewer and water infrastructure (NMEDC, 1992:43). Circumstances such as these, exacerbated by a young and rapidly growing aboriginal population, can make it very difficult for individuals or households to actively participate in the economic development of their communities.

Language barriers, cultural and spiritual conflicts may also constrain development in aboriginal communities. The importance of community to aboriginal peoples can clash with the need to travel afar for employment opportunities, leaving them without the crucial supports provided by family and culture. As well, many of these communities are still in the process of adapting to a rapidly changing society and a modern economy while, at the same time, attempting to reclaim and manifest native value systems (Financial Management Board, 1991). This collision

of visions creates splits within communities, between generations and even within individuals, rendering achieving a consensus on the extent and nature of development a formidable task.

3.5.7 Lack of Coordination/Cooperation

Many major development initiatives often require comprehensive support and participation from all stakeholders. However, distrust rather than cooperation has characterized the relationship between communities in northern Manitoba, particularly between aboriginal and non-aboriginal communities, and First Nations and Northern Affairs communities. It is only relatively recently that efforts such as Round Tables and Community Futures have brought the disparate communities together to acknowledge their differences and identify their common ground.

The lack of coordination of resources (including human and financial) within and between senior levels of government has also been identified as a constraint to development in northern and aboriginal communities (H. B. & Partners, 1984:4). There is a proliferation of economic development programming available from a variety of government sources, including at least four federal departments, the province, municipal and band councils, yet little consistency in policies and limited interaction between them. In addition to all the agencies and development corporations active in economic development, a flurry of boards have also been created in an attempt to ensure accountability at a local or regional level. However, given the small, scattered population of the North, the multiplicity of boards and agencies can bewilder the average person and burn out the volunteers. The combined impact, then, is likely less substantive than one would expect, given the extent of resources committed to economic development in the North.

3.5.8 Internal and External Political Constraints

The internal politics of northern aboriginal communities can often limit the effectiveness of economic development efforts. Such communities are often prone to nepotism, double-standards and corruption, lacking the strong institutions (i.e., broad-based community groups) which are critical for social stability (Loughran, 1990:13). Such voluntary organizations, particularly if they comprise cross-cutting membership, have the potential to "...initiate and communicate new values and norms acceptable throughout the community." (Loughran, 1990:13).

They can also assist in generating the social capital (i.e., the experience and the will to work collectively towards a given end), a key ingredient for the effective functioning of overarching politico-economic structures. The scarcity of community groups, as well as a paucity of independent forms of wealth creation and a limited number of leadership positions means there is little opportunity for broad participation in decision-making. This lack of communication between a community and its leadership translates into cynicism about the motives of leaders and can discourage discussion and innovation (H. B. & Partners, 1984:3). Without mechanisms to more widely involve residents in decision-making, and to generate the social surplus to invest in the operation of an organization, it is unlikely that economic development programming on its own will be able to overcome corrupt political practices.

Barriers to development are also imposed by the political environment external to northern communities. The limited devolution of decision-making responsibilities, for First Nations communities in particular, inhibits the development of indigenous leadership capacity (Loughran, 1990:26). Instead, dependence on external authorities and deference to often varying and ineffectual programming criteria represses local initiative and innovation. A lack of consultation and inadequate access to training, educational and long-term economic development programs have also been cited as constraints to development (North Central CFDC, 1997:10; RCAP, 1997). Access to resources, usually under government ownership or control, can also be an obstacle to development, the lack of which may impair the ability of a community to create a stable economic base (H. B. & Partners, 1984:2).

3.6 Future Development

Northern Manitoba today consists of two divides. One, largely non-native and relatively socio-economically privileged, feeds off of the major resource extraction industries of mining, hydro and forestry. The other, largely aboriginal and less cohesive, is highly dependent on government transfer payments and still is in transition from a subsistence to an industrial economy. The continued growth of the non-industrial communities, as well as the generally transient nature of mining, points to a critical need to foster the social and economic development of aboriginal people in particular.

However, at present, many aboriginal communities have limited internal capacity to take

charge of their own development. Yet the costs of maintaining the status quo are enormous, manifest in the costs of remedial services (i.e., welfare programs, housing subsidies, health and justice services) required to assist in their healing from the consequences of historical development, and the loss from their non-participation in the modern economy (RCAP, 1997). But what can be done to enable native peoples to better take charge of their development?

The North presents a very different environment from the rest of the country, and so is not very amenable to a generic approach to economic development. What is argued for is a comprehensive approach that is informed by the political and cultural, as well as economic, consequences of development (Elias, 1995:3). Such an approach calls for, foremost, public investment in education and training, particularly for aboriginal people in remote communities, so that northerners are able to at least compete for employment that is currently filled by people from outside the North. As well, employers may give consideration to the needs of aboriginal society, and work to develop schedules sensitive to seasonal activities and ceremonial calendars, less individualistic organizational styles, and rotate jobs to allow as many individuals as possible to earn income and gain employment experience (Elias, 1995:12). Finally, aboriginal people can benefit from assistance in developing the personnel and institutions they need to invest in and manage businesses in specific sectors (e.g., resource extraction, tourism) (RCAP, 1997).

Opportunities for future development for aboriginal people largely lie in the settlement of land claims and the fostering of major industries, such as forestry, mining and tourism. Joint ventures, between native communities and non-aboriginal businesses, hold promise towards this end, in that merges the respective advantages of human and natural resources, and tax advantages with the investment capital, expertise and market access of the outside partners. Finally, opportunities for community economic development also exist in shifting demand (NMEDC, 1992a:7). Community kitchens and community freezers, for example, can more closely link food consumption to domestic production. The production of clothing in the North offers another means of potentially linking local production and consumption.

3.7 Summary

Northern Manitoba today consists of two divides. One, largely non-native and socially and economically well-off, feeds off of the major resource extraction industries of mining, hydro and forestry. The other, largely aboriginal and less cohesive, is highly dependent on government

transfer payments and still is in transition from a subsistence to an industrial economy. The continued growth of the non-industrial communities, as well as the generally transient nature of mining, points to a critical need to foster the social and economic development of aboriginal people in particular.

In addition, the wide range of challenges facing communities in the North, from geographic isolation and dependency to basic human development needs and a historical lack of receptivity to the potential of cooperation, makes any coordinated attempt at development a daunting prospect. However, many communities in northern Manitoba have begun to turn to the concept of CED as a means of generating sustainable and rewarding employment and lifestyle opportunities for their residents. The next chapter will turn to a look at one of the more significant, as well as recent, efforts at CED in northern Manitoba, with an eye toward reviewing its appropriateness for the demanding northern Manitoba environment.

Chapter Four

Community Futures Program Overview

4.1 History

The Community Futures (CF) program is a community economic development model grounded in the concept that local people are best able to identify and take actions on local community economic and development needs. Initiated in 1986, CF was driven by a perceived need for more effective means of assisting rural communities in overcoming economic stagnation or adjusting to the closure of a dominant resource industry. While elements of the program were derived from earlier Employment and Immigration Canada (EIC) initiatives, such as the Local Employment Assistance and Development (LEAD) and the Modified Industry Labour Adjustment Program (MILAP), CF represented the first time substantial resources were committed to community controlled economic development. As well, it was unique in being able to link the this programming with a mandate for long-term strategic planning.

Changing federal departments and mandates shuffled the CF program to Human Resources Development (HRD) and, in 1995, to the regional development agencies, including Western Economic Diversification (WD). CF's community and business development foci were felt to be incompatible with HRD's individual labour market adjustment programming, whereas the regional agencies were deemed to be more appropriate delivery agencies with respect to their economic development mandates (particularly in regards to small and medium-sized businesses) and regional focus. CF's community development mandate, however, remains an uncomfortable fit with WD's other activities.

90 Community Futures Development Corporations (CFDCs) have now been established in Western Canada, including 16 in Manitoba. With proposed CFDC expansions, complete coverage of the rural West will soon be achieved.

4.2 Current Structure and Role of CFDCs

CFDCs, though heavily reliant on WD support for core operating expenses, are independent, community based organizations. They are run by a volunteer board of directors,

usually appointed by member communities in the CFDC coverage area. They are mandated to organize local resources to engage in community planning and socio-economic development activities, provide business information and counselling services to entrepreneurs and to provide investment capital to small businesses. While the initial program objective of attaining self-sufficiency has been shown to be unrealistic (owing to an inadequate capitalization of the investment funds and the charging of interest rates which do not reflect the risk positions being taken), CFDCs are still expected to diversify their revenue base and become less dependent on WD funding.

Though the relationship isn't always ideal, WD and the CFDCs do have common goals and objectives which form the basis of cooperation and mutual gain. CFDCs benefit from WD support in terms of operating funding, access to repayable investment funds, and the host of services and information available from WD, the Canada Business Service Centre (CBSC) and the Women's Enterprise Centres. WD in return is able to offer a federal presence (often the only presence) in rural communities across the west, gains access to an effective delivery mechanism for its small business programs and loan funds and benefits from intimate knowledge of the economic development concerns and opportunities facing rural communities.

4.3 Strengths and Weaknesses

According to WD staff, the CF program has proven widely popular in the rural communities they serve. Not least on the list of reasons for this would be the considerable infusion of capital they represent. Each CFDC is provided with up to \$200 000 in operating funding (with an additional \$20 000 for those identified as 'remote'). In addition, they each control loan funds which may value up to \$3 million each. In the eleven years of the CF program, it has been estimated that up to \$130 million may have been invested across the West—a not insignificant sum, especially for small, economically distressed communities. Additional investments, covering a five year operating period (a political expectation rather than a legal obligation, which may be extended), may approach \$100 million, assuming an operating funding level of \$200 000 per annum and supplying the maximum \$1.55 million for each CFDC's investment fund (Saunderson, 1994:10).

Other benefits to rural communities, that were reported by respondents, include access to

the high level of skills and knowledge available from the staff of the CFDCs, the ability and resources to undertake strategic planning at regional and community levels, easier access to federal business development programs, free or low-cost business advice and aftercare, and organizational and research assistance to help implement social and economic development initiatives. As well, CFDCs' investment funds represent the largest pool of capital available for small businesses who aren't otherwise able to access traditional lending institutions. Further, the \$75 000 loan ceiling is considerably higher than the limits of other micro-loan funds. Finally, CFDCs, particularly those in the North, also have the potential to act as mediating agents in identifying common objectives between diverse communities (e.g., First Nations, Industrial, Northern Affairs).

The jurisdictional mandates of the CFDCs may pose another limitation on their effectiveness. Where they have not been tied to existing regional structures (e.g., tribal councils), they may be attempting to impose an artificial regional identity with little relation to existing regional structures (e.g., regional development corporations, other government service boundaries) or historical ties. However, as mentioned above, CFDCs may also offer the opportunity for greater understanding and cooperation by bringing together diverse communities.

A further weakness of the CF program is its inability to effect substantive change through its investment funds. Although the roughly six million dollars invested in the northern Manitoba economy is noticeable, it is still too small and too widely distributed to serve the needs of northern communities. The CF program has proven effective in the southern economies in being able to capture the spin-off opportunities derived from existing economic activity. The more critical need in northern communities, however, is to diversify the economy to moderate the effects of cyclical resource extraction industries. And particularly on reserve or northern affairs communities, there is also a very basic need to *establish* an entrepreneurial culture in order to take advantage of whatever economic opportunities might be available.

4.4 Effectiveness of Northern CFDCs

CFDCs are highly valued by most of the communities they serve. They act as a valuable repository of information and are important sources—sometimes the only source—of high risk capital for small business start-ups and expansions in rural areas (Western Diversification, 1995).

They are also virtually alone, at least in the North, in having both the resources and mandate to integrate strategic planning and economic development. Yet while the CF program has demonstrated its relevance in serving the informational and access to capital needs of rural small enterprises, it may benefit from an overview of the effectiveness of its internal operations. In particular, this section will provide a brief examination of some aspects of the CFDC operating budgets, board issues, strategic planning, relationships with other community economic development organizations, and the structure of the provincial network. Although six CFDCs cover the area defined as northern Manitoba, two (Cedar Lake and North Central) began operations only within the past year. Consequently, much of the following discussion is limited to the activities of Greenstone, Northwest, Kitayan and Southeast CFDCs, although information has been collected from individuals from throughout northern Manitoba.

4.4.1 Operating Budgets

The decline in base operational funding that has been underway for the past several years (if the amalgamation and subsequent funding reductions of CFCs and BDCs are included) has impacted most significantly on the northern CFDCs. Although WD does provide for an additional \$20 000 to cover the travel costs associated with large or remote areas, the actual amounts budgeted for travel by the northern CFDCs range from a low of \$20 000 (Greenstone) to a high of \$53 039 (Kitayan). This, combined with the much more limited ability of northern CFDCs to generate revenue aside from WD's core funding, translates into a travel budget line that is twice as high in the North (15.4% of total budget) as in the South (8.35%). This variance persists in spite of efforts to reduce travel costs, such as less frequent board meetings. As a consequence, many CFDC board and staff members feel that fewer resources can be contributed to other CFDC activities, and the effectiveness of the boards is eroded.

In addition to monetary cost, staff and board members of northern CFDCs indicated that they also incur considerably greater time commitments for board and staff activities. Three days are commonly required for one-day meetings held in Winnipeg, two-full days or road travel being required from and to northern communities. Similar time commitments may be required of volunteer board members who must fly in for meetings. According to a number of volunteer directors, the expectation that unremunerated volunteers would dedicate three consecutive days to meetings on a regular basis is rather unrealistic, making less frequent interaction between board

members a necessity.

Another issue with respect to the operating budget concerns the pressure felt by the CFDCs to move towards greater self-reliance. While assembling multiple sources of support has been identified as a technique for long term organizational survival (Perry et al. 1993:52), according to one CFDC executive director the prospects for additional or alternate funding in the North are rather scarce. While southern CFDCs are able to derive 28% of their revenues from sources other than WD, the comparative figure in the North is a mere 8%, as judged from figures provided in annual business plans. However, even this value is diminished given that considerable staff time (perhaps as much as 10% of the total staff-hours available, as suggested by one CFDC staff member) must be consecrated to the cultivation of additional funders. As the likelihood of true self-reliance for northern CFDCs is limited, it may be more appropriate to ease the emphasis on self-reliance and permit a more effective use of staff resources.

4.4.2 Board Issues

An effective organization depends, to a considerable degree, on the strength of its board of directors. For community development corporations (CDCs) in particular, it has been noted that the stability and continuity of volunteer board members contribute greatly towards their success (Loughran, 1985:55). Unfortunately, from numerous interviews, this does not seem to be a situation most northern CFDC boards experience. Instead, they generally appear to be beset by high turnover and incomplete involvement from their constituent communities (as noted by several representatives of community organization, as well as a CFDC staff person). These problems may be related to the internal machinations of some communities (as mentioned by some respondents), but are undoubtedly compounded by the infrequency of board meetings and, in some cases, the resultant lack of knowledge about the nature and purpose of the organization (specifically noted in two interviews).

Mechanisms, therefore, need to be developed to ensure that all communities recognize the value of the CFDC and that it is made relevant to the community's needs. As well, continuous board development has been indicated by several respondents as a possible means of bringing a rapidly changing board up to speed, and also for dealing with specific issues that may be affecting an organization at a particular time. However, according to the provincial

Community Futures organization, most CFDCs lack the resources to undertake such board training, and so this may be an area where involvement by WD may be of assistance.

The size of some of the northern CFDC boards may also be of some concern. The effectiveness of group interaction tends to decline strikingly as size increases (Loughran, 1985:58) and it is generally accepted by most CFDC staff members that groups greater than twelve are unlikely to assure full and active participation from all members, especially if meetings are held infrequently. This can potentially become a critical issue, as representation that is seen as token can result in the loss of credibility of the organization as well as cynicism towards its actions (Loughran, 1985:48). If possible, therefore, board membership should be kept relatively small, with others involved through special committees.

The demographic makeup of most northern CFDC boards is an additional issue for community organization representatives as well as some CF staff, as there is a distinct lack of representation by women and youth. However, the reality is that membership on a CFDC board is without remuneration (WD terms and conditions for the CF program) and exigent of a considerable time commitment (as noted by numerous board and staff members). As a result, political appointees—whose involvement is already part of their duties—and retirees dominate board membership. Though this situation is unlikely to change, a broader representation can be achieved by—as has been established by some CFDCs—the creation of working groups to deal with specific issues or target clients.

A final concern with respect to the CFDC boards is the lack, as expressed by several respondents, of communication between board members and their constituents. This, again, may have to do with the (perceived) lack of relevance of the CFDC to the needs of a particular community. In addition to efforts to cultivate the relationship between CFDCs and reticent communities, another model of representation may be considered. A financial commitment on the part of the constituent communities, as is required by the province's regional development corporations, may engender more substantive involvement. It would give communities a tangible stake in the activities of the organization and potentially ensure more active participation. Such a model, perhaps requiring only token funding in consideration of the financial constraints faced by many remote communities, could also justify the political orientation of board membership by rendering participation accountable to local elected councils.

4.4.3 Strategic Planning

Two major concerns raised by the Auditor General during its 1992 review of the Community Futures program were the absence of adequate strategic planning and the lack of indicators of the quality of actions undertaken. While substantial improvement has occurred, especially evident in the generally well-composed three-year business plans, a cursory review of business plans and CFARs suggests that there remains a gap between strategic planning objectives and the broader goals and mandate for community economic development. In particular, there appears to be little relation of economic development activities to community development goals, and little integration of community development goals with economic development strategies. The establishment of distinct business development and community development committees themselves by several CFDCs may also be an indication of, or perhaps further, this divide. This dysfunctionality is also apparent to most community members interviewed, who generally see the CFDCs as little more than lending institutions—even where significant community development activity seems to be taking place.

More conscious efforts could perhaps be made to better integrate the community development and business development activities of the CFDCs. As well, community development activities need to be made more prominent, perhaps by drawing direct linkages to the broader economic consequences for the community or region.

Part of the problem, however, may also be attributable to the evaluation and reporting criteria established by WD. A number of Community Futures staff indicated that such criteria often emphasize the business development aspect of CFDC activities, to the detriment of its community development and strategic planning functions. As a consequence, representatives of CFDCs seem to feel pressured to concentrate on their lending activities, sometimes to the extent of engaging in capricious or ineffectual lending practices rather than placing meaningful loans in the hands of promising entrepreneurs (as was witnessed by the author during one visit to a remote community). The development of more appropriate indicators therefore is required to better measure the effectiveness of CFDC interventions. Such indicators may also help demonstrate the importance of community development projects and its impact on economic stability and growth.

4.4.4 Duplication of Services

There are a large number of economic development organizations offering services in northern Manitoba. As well, there is a multitude of economic development programs available--at least 450 as documented by the Northern Manitoba Economic Development Commission. Given this profusion of programming, it is hardly surprising that there is considerable overlap in jurisdictions and services. What is remarkable is the relatively limited integration or coordination between the agencies involved (as suggested in several interviews), a situation that can leave potential entrepreneurs feeling confused, as was expressed by one entrepreneur along with representatives of other community groups.

There have been repeated calls (as noted by some business owners interviewed) for a 'one-door' process for accessing government programs, and efforts need to be continued to further this goal. However, jurisdictional boundaries also need to be respected, particularly at the community level (as observed by several respondents). This does not necessarily inhibit increased complementarity, as exemplified by North Central CFDC's willingness to contract out aftercare to a band-owned development corporation. Efforts could also be made to coordinate strategic planning and programming with other community development agencies, particularly those focused on training and mentoring.

4.4.5 Regionalization

The provincial network of CFDCs is seen by many CFDC board and staff members to be valuable, especially as a mechanism to share experiences and exchange new ideas. However, northern CFDCs experience much higher travel costs (both monetary and time) than those in the South, particularly if meetings are held in Winnipeg. As well, given their fewer numbers, issues specific to northern CFDCs may be subordinated at provincial meetings and conferences, as was suggested by one northern CFDC staff member. While the initiation of a northern caucus may serve to highlight more of the concerns relevant to singular environments faced by northern communities, consideration could perhaps be given to replacing some of the province-wide meetings with regional sessions held in the North. This could, in some cases at least, help reduce the strain on travel budgets and may also result in more focused agendas and meetings. Regionalization has been effected in other provinces (e.g., Alberta) with generally positive

feedback, and so may warrant some further attention in Manitoba.

Given the special circumstances facing aboriginal communities, and the growing significance of native peoples to Manitoba's population and economy, consideration could also be given to the establishment of an Aboriginal or First Nations caucus.

4.5 Summary

The Community Futures program has persisted for an unusually long time, given the generally transient nature of most non-statutory government programming. This longevity can be attributed to the broad base of support they have earned in rural communities; Community Futures Development Corporations are one of the few points of federal government service in rural communities, and also represent a relatively large injection of operating and investment funds into generally distressed communities. CFDCs have also demonstrated their value in offering coordination resources for many community projects--initiatives which may otherwise never have been realized.

However, discussions with a variety of individuals, including CFDC board members and staff, revealed a number of concerns about the effectiveness of the CF program in northern Manitoba. Among these concerns are issues around restrictive and possibly inadequate operational funding, the strength of the organizations and their accountability to the communities they are intended to serve, the ability of CFDCs to effectively conduct strategic planning exercises and activities for their regions, and the relationship with the numerous other development organizations and programs in the North. Given such concerns, the next chapter will outline a series of recommendations for enhancing the value of the CF program in northern Manitoba.

Chapter Five

Program Delivery Recommendations

Pursuing community economic development in northern Manitoba is a formidable undertaking. The issues to be addressed are daunting, and no one initiative is likely to be very effective on its own. Instead, CED in the North requires the involvement of multifarious communities and organizations to bring together their complementary strengths. However, this does not preclude the reassessment and re-adaptation of existing programming to better serve the needs of northern communities. The focus of this study has been WD and the Community Futures program, and this chapter will channel the previous discussions into specific recommendations to make program delivery more appropriate to the concerns faced by northern Manitoba. These recommendations have been grouped into three broad areas: Linking Business Development and Community Development; Organizational Structure; and Role of the Primary Funding Agency (i.e., Western Diversification).

5.1 Linking Community and Business Development

CFDCs have a mandate for developing and implementing entrepreneurial, employment development and economic development strategies. Included in this objective is the goal of bridging economic and community development. However, while most CFDCs carry out community development activities, there appears to be little conscious or direct connection between such projects and economic development goals or strategies that have been developed. Indeed, these projects generally achieve less prominence than other CFDC activities, for the general perception among community members is that CFDCs are little more than lending institutions.

While the training option of the CF program has been lost in the transfer from HRD to WD, effective economic development still requires appropriate ties between employment training programs and the economic opportunities available locally. Such ties, however, are not readily apparent, particularly in First Nations communities where employment training is generally applied on an ad hoc basis according to the interests of the individual client. Opportunities do exist for CFDCs to become involved in coordinating with employment and training organizations to link training programs to identified local labour needs. Initiatives such as the mining industry

co-op program, being developed jointly by Keewatin Community College and the Mining Association of Manitoba, deserve recognition and similar efforts should be encouraged in the future.

Strategic planning should also stress the need to foster an entrepreneurial culture in the North as a key ingredient for economic development. Over the past several decades, dependency has developed into a chronic characteristic of northern communities. In the industrial communities, the dependency has been on the local major employer, which has traditionally provided many of the community services demanded by residents/employees. Although reductions in activity by these resource extraction industries has forced a change in the relationship between the major companies and the communities they've created, a disincentive for self-employment still exists in that the benefits of a high-paying, relatively stable job in the mining, forestry or hydro-electric power industries generally outweigh the risks or potential of entrepreneurship. In the non-industrial communities the dependency is more on transfer payments from senior levels of government. Combined with limited economic opportunities and an environment which discourages individual success, among a host of other barriers, it is difficult for individuals to develop and maintain a viable enterprise. The challenge in all northern communities is to create a climate in which entrepreneurship is validated and individuals, particularly youth, are offered both the incentive and skills to manage their own businesses.

Innovative approaches should be encouraged, an example of which is a proposal by Stan Bear of the AMC to foster entrepreneurship in aboriginal communities by creating businesses which are 51% band owned and 49% owned by the workers collectively. Such an arrangement obviates the debilitating stigma of individual success while, at the same time, offering an incentive for workers to make the enterprise prosper. It could also allow for individuals to gain experience in management and administration, a skill set sorely lacking in most aboriginal communities. Lending circles and cooperatives offer further supportive, culturally appropriate business development models. Projects such as the Greenstone Training Corporation—a partnership including the CFDC, HRD and the local school board which provides youth with experience in running a business and access to mentors—and NorthWest CFDC's initiative in coordinating a community based entrepreneur training program should also be applauded and such endeavours supported in the future.

Recommendations

- *Community development activities could be better validated if greater effort is made to more formally link community development and economic development goals*
- *CFDCs should consider engaging in more active coordination with employment and training programs to tie local training to economic opportunities*
- *The Community Futures program in the North would be better served with a greater emphasis on fostering an entrepreneurial culture rather than business development*

5.2 Community Futures Development Corporation Organizational Structure

The development corporation model used by the CF program entails certain constraints and difficulties which are particularly exacerbated in a northern environment. This section will provide recommendations as to how CFDCs may better organize their internal structures as well as how they may more effectively relate to other development organizations operating in the North.

5.2.1 Board Structure and Development

A concern expressed by many residents, CFDC staff and volunteer board members from northern communities is the plethora of community and economic development organizations which require board members. As noted earlier, there may be several dozen of these groups in the North, serving a relatively small population. As a result, the volunteers able and willing to participate in these efforts may be limited, and therefore overly fatigued. In addition to the problem of too many boards, the volunteers required to provide accountability for individual CFDCs may be excessive in number. With as many as 22 members, it is unlikely that a board would allow for equitable participation or even provide effective leadership. While allowing for a representative from each individual community may serve the purposes of accountability, the

reality may be an entity which is limited in its capacity or ability to provide effective direction. Compounding the problem of very large boards is the high turnover in board membership experienced by some CFDCs. Such a situation exacerbates the limited potential of a board to take initiative.

While large boards may prove relatively less effective, a consideration should also be made to allow for involvement of representatives from regional organizations such as Tribal Councils, round tables and industry associations. These organizations already speak for a number of communities and forming a board with their representatives may perhaps be a more appropriate structure for a regional, integrative organization such as a CFDC. The possibility of seeking a financial commitment on the part of constituent organizations and communities could also be explored as a means of encouraging more substantive involvement. The effectiveness of boards may also be enhanced by a greater commitment to training on issues of particular interest to a given CFDC, perhaps delivered by WD staff. Such board development, if undertaken on a regular basis, may also help counter the effects of high turnover by refreshing or replenishing each individuals' knowledge base.

Recommendations

- *CFDC boards, perhaps in collaboration with WD and existing regional organizations, may consider initiating a process to review and develop alternative and more effective models of governance*
- *There may be a need to precipitate on-going Board training (especially in areas of high turnover) on such issues as:*
 - *Cross cultural interaction*
 - *Awareness of role and activities of WD*
 - *Strategic planning*
 - *Conflict resolution*
 - *Others as promulgated by individual CFDCs*

5.2.2 Duplication of Services

CFDCs fill a unique role in northern Manitoba in that they are the only organizations with substantial resources which serve all three types of communities: Industrial, Northern Affairs and First Nations. They are also the only organizations with significant financial support to marry strategic planning and economic development activities. However, while the CF mandate for community development may complement local and regional initiatives, providing access to capital is not a role on which they hold a monopoly. With loan funds being provided federally by WD, INAC, Industry Canada, and Agriculture Canada, provincially by Rural Development and Northern Affairs, through Tribal Councils and local economic development committees or corporations, there may be several dozen organizations providing planning/marketing services, aftercare and direct access to capital for northern residents. Notably, CFDCs are able to boast one of the largest investment funds of these organizations. Nonetheless, there appears to be considerable duplication of business development services offered or available in the North.

CFDCs, being regional organizations, should be encouraged to contract out aftercare or even loan funds to existing local economic development organizations and focus instead on larger regional initiatives.

Recommendations

- ***CFDCs could seek better complementarity with existing economic development organizations and programs (e.g., contracting out of aftercare)***
- ***WD should consider searching out opportunities for cost-sharing of coincident business development activities***

5.2.3 Regionalization

The jurisdictional mandates of the CFDCs may pose a limitation on their effectiveness. Where they have not been tied to existing regional structures (e.g., Tribal Councils), they may be

attempting to impose an artificial regional identity with little relation to established regional organizations (e.g., regional development corporations, regional health boards) or historical ties. However, it does offer the opportunity for greater understanding and cooperation by bringing together diverse communities (First Nations, Northern Affairs, Industrial).

The costs of travel for northern CFDCs are considerably higher than for those in the South, particularly if meetings are held in Winnipeg. While WD's funding formula does provide for this to some extent, the costs of staff and board time involved in travel aren't factored in—a one day session in Winnipeg can take up to three days or longer if surface travel is involved (however, for very isolated communities, travel time is a concern irrespective of the destination). Further, concerns and projects particular to the northern CFDCs may be subordinated at provincial meetings or conferences given the starkly different environments they must deal with. Consideration, therefore, should be given to regionalizing the province's CFDCs along North/South lines. This may offer some cost savings in terms of time and travel, and may also result in more focused agendas and meetings.

Communication between CFDCs, which does occur at present, could be further improved to allow for a greater sharing of success stories, experiences and innovative approaches.

Recommendations

- *CFDCs could increase their ties with existing regional organizations (NORMAN, MKO, regional health boards) and perhaps strive for better coordination of complementary activities*
- *WD may seek to interact with the CFDCs to determine desirability of dividing the province and replacing some provincial meetings with a Northern caucus to convene in the North. Consideration should also be given to offering conferences and WD workshops in the North as well as Winnipeg*
- *Community Futures Partners of Manitoba (CFPM), perhaps in partnership with WD, could take the lead role in establishing improved means of communication*

(e.g., newsletter/internet site to share success stories and permit discussion of issues of interest to CFDCs)

5.3 The Role of WD/Funding Agency

5.3.1 Improving the Partnership

The relationship between WD and the CFDCs hasn't always been ideal. This in part reflects the lack of communication between the organizations and the lack of consultation with the CFDCs on program changes imposed by WD. The frequency of these changes, as well as the unwillingness of WD to provide a long-term funding commitment, has been a source of discontent among the CF community. Improvements, building upon the Vision Team exercises, need to be made for each to better understand their respective extent and purpose of involvement in the relationship. Additionally, the role of CFPM with respect to WD could also use some elaboration.

The role of the CF consultants is rather unclear, although the general consensus is that they do provide an important link to WD. Further efforts should be made to articulate where the consultants fit within the WD-CF partnership. Possible roles for the consultants which have been proposed include taking responsibility for board development/training, seeking out cost-sharing agreements with local and provincial CED organizations, responding to specific proposals put forth by CFDCs, acting as a resource to market information and services provided by WD, and assisting, upon request, in the resolution of internal CFDC problems.

Recommendations

- ***WD would benefit from increased consultation with CFDCs when considering program modifications***
- ***WD could make further efforts to clarify to the CFDCs its mandate to enhance the partnership it seeks with the program***

- *To better raise awareness of WD resources in northern communities, as well as to gain an improved understanding of the conditions in the North, WD staff, including senior management, may be encouraged to visit communities in the North*
- *WD and CFPM would benefit from establishing an effective feedback mechanism to allow the CFDCs to voice their concerns, satisfaction or suggestions on WD services and involvement*
- *WD could work to develop, in consultation with CFDCs, a more focused role for CF consultants*

5.3.2 Operating Constraints

Given the economic environment in northern Manitoba, and the limitations of the current terms and conditions of the CF program, it is unreasonable to expect northern CFDCs to complement substantially the core funding provided by WD from other sources. While current program provisions permit equity purchases, the mandatory disinvestment clause makes it another debt instrument rather than a true equity purchase.

Given the limited ability of some northern CFDCs to invest their loan funds in viable ventures, consideration should be given to offering greater support to community and entrepreneurial development activities rather than direct business development. As well, there is a lack of funding available in the North for feasibility studies, a situation which may curtail the development of major business opportunities.

The new loan funds developed by WD, targeting youth and the disabled, do serve to provide access to capital for groups that have traditionally been less able to obtain financing for new business. However, in northern CFDCs, where the population base is generally much smaller than those in the South, such loan funds—the disabled fund in particular-- may not always be appropriate or useful. The new loan funds may perhaps be more effective in the North if they could be targeted to emerging industry sectors, such as tourism. In any case, both the

youth and disabled are still able to access the CFDC's general investment fund.

The formula in place for the funding of the CFDCs may also need to be reviewed, in consideration of the confusion it appears to be causing among those in the North. It may be useful for WD to seek some input from the northern CFDCs as to the best means of distributing the resources available.

The size of unused investment funds can vary widely by CFDC, reflecting a less than optimal distribution of resources. Investment funds should be allowed to be pooled, or at least greater flexibility permitted, to allow for a sharing of unused investment funds between CFDCs.

While the average value of loans made by CFDCs in northern Manitoba is just under \$21 000 (provincial average is just under \$20 000), the \$75 000 loan ceiling may actually preclude participation in major projects. Tourism developments in the North, for example, are highly capital intensive and generally do not receive financial involvement from the CFDCs. As well, the extremely high costs of doing business in the North should figure into any proposed loan ceiling.

A one-year contract has been found to be overly restrictive by some CFDCs in allowing for adjustments due to participation in activities not anticipated in the annual budget. Longer contracts would allow for greater flexibility in carrying forward budgetary over- or under-expenditures. They would also help assuage concerns from CFDC boards and staff about WD's long term commitment to the CF program.

Recommendations

- *To allow for greater self-reliance, CFDCs should be able to truly purchase equities of new, under-capitalized businesses in order to potentially generate additional revenue. Terms and limitations of such ventures should be established jointly with WD and the CFDCs*
- *To complement the strategic planning process, efforts should be made to allow for*

a fund to undertake feasibility studies to enhance a project's potential to attract major additional investment which would otherwise not be obtainable

- ***CFDCs could be given greater latitude in the movement of unused investment funds***
- ***WD should consider re-evaluating its funding formula, perhaps seeking input from the CFDCs on how to best distribute the available resources***
- ***Loan ceilings could be raised to at least \$100 000, acknowledging the high costs of business in the North and ensuring that projects are not under-financed***
- ***WD may consider moving towards longer-term contracts, or allowing for contract extensions to provide greater flexibility in adjusting for unexpected operational expenses or shortfalls***

5.3.3 Evaluation

The mandate of WD is to diversify the Western economy and to provide technical and informational services to small and medium sized businesses. Accountability for the funding for the CF program therefore seems to be based on these terms. As a result, the quarterly reports requested by WD as part of the contractual agreement with the CFDCs have stressed the easily quantifiable measures of jobs created, clients served and investment fund activity. While descriptive information on community economic development activities are also requested on these documents, they receive little evaluation and their subordination to other activity is evident in their absence from WD's annually compiled quarterly reports. Further, incentives such as the Investment Fund Performance funding serve only to place greater emphasis on the business development side of the program, at the expense of community development activities.

While statistical indicators do provide a measure of accountability, they do not provide a complete picture of the effectiveness of CFDC projects. A job created in the North has a far greater impact on the local economy than one in the South, given the severe unemployment rates

experienced by many northern communities. As well, the focus on investment fund activity seems to create a pressure for providing loans which, at times, may not reflect the level of risk involved. The quarterly reports themselves may also be limited in portraying the health of the investment fund, neglecting items such as the number and value of loans in arrears, and the industry sectors being assisted. Bad loans may even be masked by, for instance, band councils repaying a loan for a business that is no longer in operation. Thus a loan portfolio which may appear to be healthy may actually be unsuccessful in terms of stimulating economic activity.

Finally, there needs to be an acknowledgment of the different economic environments faced by CFDCs in northern Manitoba as compared to those in the South. Where in the South the objective is to capture the spin-off opportunities of existing economic drivers, in much of the North the challenge is to create both an economic base and an entrepreneurial culture. In this climate, business development activities are likely far less effective than community development projects in achieving the goals of CED, and the risk of a loan defaulting far greater.

Unless criteria for success are restructured, lending activity by the CFDCs may continue to be relatively ineffective and perhaps even wasteful of WD investments. Means of effective evaluation may vary by CFDC and so criteria should be developed through consultation with them. Such a mechanism would not only serve to provide an indication of the utility of WD's contributions, but would also provide individual CFDCs with appropriate markers of success and development.

Recommendations

- *WD could consider developing measures which would evaluate performance in closer relation to the CFDCs' business plan submissions*
- *Standardizing indicators of health of loan fund (e.g., loans in arrears) across the CFDCs may better help identify those experiencing difficulties*
- *WD may be able to better assess the value of its contributions through standardizing and developing more appropriate measures of success (e.g., 5 year*

survival rates for supported businesses, development of social capital)

Chapter Six

Conclusion

Community Economic Development has established itself as an alternative, proactive approach to dealing with disadvantaged and underdeveloped communities. However, while CED has gained popularity as an effective means of capitalizing on niche or marginal opportunities for disadvantaged individuals and communities, its value in northern and remote environments is much less clear. Whereas southern communities are able to take advantage of extensive transportation networks and larger populations in order to capture the spin-off opportunities of a diversified economic base, the northern economy is comparably less complex and the economic development challenge is compounded by markets too small and too scattered to easily facilitate small business growth. The situation in northern aboriginal communities is even more daunting, as many reserves are riven with social pathologies, such as high rates of violence, suicide, poor health, poverty and low educational attainment levels.

This paper has sought to clarify the meaning of Community Economic Development in order to examine its impact in northern Manitoba. While the term CED has been appropriated for a variety of purposes, it is possible to establish a manageable definition; CED can be seen a means of orienting the community development process around broadly defined economic strategies. Although economic goals are the focus of such a process, they are generally subordinated or integrated with broader community or social development objectives.

The use and understanding of the term CED is further complicated by the two broad streams which characterize it: a social stream and a business-centred focus. Both approaches can be shown to have merit, and organizations that are able to integrate the two into their activities, at least to some degree, are likely to best connect local needs with external funding agencies' priorities. However, such a balancing act is often precarious, given their respective asymmetric thrusts.

This study has also afforded attention to the increasingly aboriginal nature of the northern Manitoba demographic, raising issues of particular concern to aboriginal communities. Chief among these, aside from addressing the faults in the Indian Act and land claims issues,

which are beyond the scope of most CED activities, was the need break away from a culture of dependency and to foster more of an entrepreneurial orientation. The challenges posed by such a process include exploring what characteristics and values aboriginals will be able to integrate into their business activities, how to overcome parochial mindsets in small communities which inhibit the proliferation of viable enterprises, and fostering leadership among First Nation bands in order to rise above debilitating, and sometimes destructive, factionalism and patronage.

The link between CED and the field of Planning is also presented, with CED being established as a form of radical planning. CED's participatory, innovative and collective orientation meshes well with the structural transformation and democratic devolution advocated by the radical planning (or alternative development) perspective. The Planner is also of value to the CED process in being able to bring technical expertise to a local level, while concomitantly mediating the dialectical intercourse between the community and the state.

Grounded by this discussion, chapter 3 introduces the northern Manitoba context, surveying its socio-economic situation. In addition, the primary challenges to pursuing development in the North are highlighted. Key among these are issues around the region's history, its geography, its economy, and the entrepreneurial capacity of its people.

With this background, the Community Futures program is examined as a case study of Community Economic Development in the northern Manitoba context. As noted above, economic diversification opportunities are far more scarce in northern regions than in southern communities. As such, there arose a need to evaluate the effectiveness of this particular CED model in a northern environment.

Though the Community Futures program has considerable support among those northern residents interviewed, the development corporation approach does seem to impose greater constraints in the North. The existence of remote communities and scattered populations not only makes it difficult to provide equitable services, but also inhibits strong participation from volunteer board members, many of whom have to give up days at a time in order to attend directors meetings. Accordingly, accountability, organizational development and effective representation become items of concern. CFDCs also tend to subordinate community development activities in favour of business development, at least in the eyes of some community

members, and could considerably improve their strategic planning exercises to better integrate the two. This is particularly significant given the substantial human development needs in many northern communities. Developing an entrepreneurial culture in the North also seems to be a critical issue which could be afforded more attention by CFDCs. Finally, the role of Western Diversification as the primary funding agency could be enhanced. Greater recognition of the higher costs incurred in the North, the value of encouraging community development even though it doesn't easily fit within an economic development mandate, and the need to better consultative processes in order to enhance the relationship with the CFDCs would substantially enhance the provision of appropriate services to communities in northern Manitoba.

While many of the proposed recommendations relate to program delivery issues specific to the Community Futures program, it should be recognized that to truly foster economic self-reliance in the North, far more substantive changes may be required. Foremost is that the continued growth and dominance of the aboriginal population in northern Manitoba points to the critical need to focus community economic development activities on reserve and Northern Affairs communities. The future of the North will be determined, to no small degree, by the extent of involvement by native peoples in its development. Attention, therefore, should also be given to the promotion of more culturally appropriate economic development models, such as peer-lending circles. In addition, mechanisms need to be developed to help establish an economic base in many northern communities to reduce the extent of dependency. This may involve the mobilization of larger pools of capital to invest in more substantial employment generators.

The analysis presented here and the contributions made by CED practitioners in northern Manitoba also suggest a number of important areas which will command further attention in CED theory and practice. Development in harmony requires special attention to the uniqueness and diversity of northern cultures and communities; it requires the full and equal participation of First Nations, Métis and non-aboriginal citizens of the North, as well as support from the senior levels of government, in order to break from the quagmire of dependency. However, the process of this collaboration and exchange needs further exploration. The tension between local development organizations and the priorities of government is generally acknowledged, but little understood. What influence does one have on the other, and how can they be made to be reciprocally relevant. At the same time, further investigation needs to be done on the extent of self-reliance

that can be achieved by local development organizations. The most common model is the community development corporation, yet there is some emerging concern about the financial viability of organizations engaged in the delivery of public services. Further, concepts of leadership bear further thought. Leaders are required to establish visions, set examples, and bind communities. Those communities in the North that have recognized strong leaders seem to be the most able to take advantage of opportunities available, regardless of geography or resource base. However, how those leaders develop, and how to evince them to emerge remains a rather murky subject.

Finally, the further research proposed here should be grounded in a more evolved theory of CED that enables a better understanding of how communication takes place among culturally and geographically disparate communities. CED has generally had difficulty in progressing beyond a concept of community that is homogenous, urban, and very localized. The northern context, on the other hand, is quite the opposite, yet the same policies and strategies are being applied there as elsewhere. An understanding of the long-term processes required to bring about self-confidence, mutual self-respect and collaboration would substantially further development in harmony in the North.

Appendix I

Northern Community Economic Development September 3 -- Focus Group Session Summary

The Context

This focus group session was undertaken as part of a study of Community Economic Development (CED) in northern Manitoba. Six board members from Greenstone, North Central and Kitayan CFDCs were able to participate. The session was grounded in the findings of the research to date, including the identification of key 'ingredients' common to most CED organizations and a listing of principles that guide CED practice.

CED ingredients:

1. Planning and advisory services
 - Strategic planning
 - organizational development
 - evaluation
2. Loans/technical assistance
3. Employment development
 - human resources management
 - training and skills development
4. Growth/equity functions
 - including venture capital

CED Principles:

- Use of local goods and services
- Production of goods and services for local use
- Local reinvestment of profits
- Long-term employment of local residents
- Local skills development
- Local decision-making
- Public health
- Physical environment
- Community stability
- Human dignity
- Solidarity among self-reliant communities

Session participants also suggested additional principles which should be included:

- Cooperation
- Communication
- Commitment to a long-term process
- Understanding and recognition of the values of participants and the program

The following is a summary of the comments received during each of the discussion segments.

Defining CED for the North

- CED is communities working together towards economic goals.
- It utilizes existing businesses.
- It involves group meetings.
- Priorities are derived from the community.
- It develops a common understanding.
- CED is based, driven and supported by the community.
 - Community refers to organizations at the local level (e.g., band council)
- An environment is needed to foster CED
 - rules have to be in place
 - define who takes responsibility
 - opportunities need to be identified
 - vision is required
 - must recognize and understand realities

Present State of CED in the North

- There is a lack of established profiles of communities.
- Lack of effective communication or links between CED organizations in the North.
 - need a better network of links (e.g., via internet), infrastructure
- There is a void within communities in terms of mechanisms to actively stimulate ideas.
- Lack of a mechanism to flow \$\$ back home.
- There is a willingness, now, to work together.
- Major culprits for lack of coordination are the agencies that create programs/policy makers.
- Jurisdictional politics hinder development.
- \$\$ needed for study/research.
- Needs analyses should be carried out for northern communities.
- Not enough flexibility in loan funds.

Challenges for CED in the North

- Increased coordination necessary.
- Geographical logistics—time/money costs of travel and doing business in North much higher.
- Need to develop a knowledge base of what programs are available
 - who the key players are
 - what exactly is out there?
- Status report required.
- Communities need jobs.
- Need to create an inventory of resources and identify what's needed to develop those resources.
- Need to prioritize what more is needed.
- Role of CFPM needs to be clarified.
- Coordination and communication between CFDCs.
- Involving youth in community economic development (e.g., mentoring)
- Crown Lands Policy
 - development restrictive in terms of ownership (e.g., agricultural leases)
 - No good inventory of what Crown land is available
 - Policy doesn't recognize certain economic practices
- Tools in isolated areas either missing or very costly—HARD to be self-sufficient under these circumstances. Need information on steps to go through for progress.

Opportunities for CED in the North

- Tourism development.
- Heritage.
- Learn about the situation in each other's communities, especially remote ones. An invitation was put forth to experience a conference at Allan Woods school in the Island Lake area to participate in traditional activities and an Elder's conference. The conference takes place in late August.
- Mechanism needed to support and develop research and ideas
 - e.g., Agriculture/fish processing
- \$\$ needed for feasibility studies.
- All weather roads into Norway House/Cross Lake
- Round Tables
- Participating with educational authorities

Future Direction for CED in the North

- Northern caucus should be formed
 - to undertake northern workshops

to act as an Information sharing network
meet once a year
could be added on to existing meetings

- First Nations caucus should be formed
include a Vision Quest component?
- Flexibility to transfer between loan funds
- Pooling arrangement with respect to loan funds
- Amalgamation of services e.g., Women's Enterprise Centres
- Sharing of success stories, what works
- Better communication between WD and the CFDCs
follow through on whereabouts of WD newsletter, Points West
- Another Vision Quest
- Better access to knowledge and expertise from WD
- Need to know WD's expectations of CFDCs
- WD to provide a monitoring role
- WD should feel pulse of organizations to help identify needs
 - board development
 - sharing experiences
- WD's role is **NOT** to give direction
- Clarify mandate
- More 'spitting' (i.e., more money) needed from WD
- More training/skills development
- Access to final report
- Learning to work together as a combined group to get things accomplished
- See what are the problems in the CF program (pitfalls)
 - share information
 - take back to CF group
- Look to the future
 - look regionally
 - look federally
- Beginning of cooperation between North and South and all CED vehicles
- Learn, listen to discussion to review policy on the CF program
 - what are the issues that need to be considered in delivering CF in the North
- Learn about goals and objectives and different approaches to CED (i.e., isolated communities and CED)

Program Delivery Issues

- Commitment by senior governments
 - how long?
 - what is the long term commitment of the CF program to communities
- Sense that federal government is in it for the long haul

- need continued involvement by government
- What is the government's role and how is it changing?
 - How real is the Partnership?
 - Partnership is not just monitoring!

Appendix II

Interview/Focus Group Guides

Questions Used to Guide Individual Interviewees

- How would you define community economic development, particularly in the northern Manitoba context?
- How are you or your organization engaged in CED?
- What are the main issues affecting development in your community?
- What do you feel are the major challenges to development in northern Manitoba?
- What are some of the particular issues affecting the Industrial, Aboriginal and Northern Affairs communities respectively, in northern Manitoba?
- What are some of the successes you are aware of in terms of development in the North, and what do you feel has driven or contributed to that success?
- What has been the experience of development efforts in northern Manitoba in the past? Please elaborate on both positive and negative aspects.
- What is your knowledge of/relation to the Community Futures program and how do you feel it can be made more effective for the needs of northern Manitoba communities?

Focus Group Session Rubrics

- Key Ingredients of CED
- Defining CED for northern Manitoba
- Present Status of CED in the North
- Challenges for CED in the North
- Opportunities for CED in the North
- Future Direction for CED in northern Manitoba
- Community Futures Program Delivery Issues

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