

WHY FIRST NATIONS SUCCEEDED

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“I have come to understand that the pursuit of evidence is probably the most pressing moral imperative of our time.”

—Dreger, 2015: 52.

Contents

Executive summary / i

Introduction / 1

Measuring Community Well-Being / 2

International and American Findings / 6

Canadian Research Findings / 9

Interpretation / 18

References / 20

About the author / 25

Acknowledgments / 25

Publishing information / 26

Supporting the Fraser Institute / 27

Purpose, funding, and independence / 27

About the Fraser Institute / 28

Editorial Advisory Board / 29

Executive summary

The status of Canada's First Nations is widely debated, but the debate is often based on abstract visions rather than actual evidence. Against the backdrop of the world-wide research findings on governance and economic progress, this paper marshals the empirical evidence on the factors that improve the well-being of Canada's First Nations. Specifically, it synthesizes the results of eight studies that have used the Community Well-Being (CWB) Index as a measure of outcomes. The CWB, computed every five years by Indigenous and Northern Affairs Canada, aggregates census data on income, employment, education, and housing in First Nation communities. The First Nations CWB average is about 20 points lower than for other Canadian communities, but there is tremendous variance among First Nations, creating the possibility of using empirical research to find what correlates with higher CWB scores.

The eight studies synthesized here highlight the importance of governance. First Nations tend to have higher CWB scores if they run stable governments with leaders serving long terms, pay their leaders less than other First Nations of comparable size, stay out of third-party management, and take advantage of ways to escape the strictures of the Indian Act, such as creating their own property taxes and entering the First Nations Land Management Agreement. Custom governments and Indian Act governments experience similar levels of success; what matters is what governments do, not how they are chosen.

Economic strategies are also important. Successful First Nations take advantage of their main economic assets, which are land, location, and natural resources. This means adopting an open and welcoming attitude toward other elements in Canadian society as they seek investors, customers, and professional advisers. Successful First Nations enter into partnerships with investors in real estate developments, both residential and commercial. They are particularly strong in attracting customers to their entertainment and hospitality industries, featuring casinos, hotels, restaurants, golf courses, and marinas. Where possible, these nations develop natural resources in agriculture, energy, and mining. Though they follow community-based strategies under their political leadership, they

also encourage private initiative with Certificates of Possession, which are particularly useful in improving the quality of housing for band members.

Not all First Nations start with the same advantages. Everywhere in Canada, it is advantageous to be located near a city or town, which brings many economic opportunities. First Nations in British Columbia, southern Ontario and Quebec, and the Atlantic provinces have on average achieved higher CWB scores than those in the Prairie provinces or in northern Ontario. The causal explanations for these differences remain to be established, but the statistical evidence shows that they include the general applicability of good governance combined with economic strategies to capitalize on available assets.

It is striking that the measurable progress achieved by First Nations is not a result of government programs. It comes from self-determination: taking control of their own affairs and making the most out of their assets. The most effective government intervention has been legislation to remove roadblocks and create opportunities that First Nations can exploit under their own initiative.

Introduction

The standard of living of First Nations presents a major challenge for Canadian public policy. First Nations, i.e., status Indian people living on reserve, are generally at the bottom of statistical data regarding income, employment, formal education, housing quality, longevity, and morbidity from various diseases (Flanagan, 2008: 222–230).

There is no shortage of opinions about what should be done. Indigenous leaders typically attribute First Nations' low standard of living to the effect of past injustices such as colonialism, violation of treaties, and residential schools. Correspondingly, they demand compensatory remedies such as payment of damages, return of land to aboriginal jurisdiction, aboriginal control of education with revival of native languages, and “nation to nation” dealings with Canada to recognize indigenous sovereignty. At the polar extreme, contrary voices call for repeal of the Indian Act, an end to special status, privatization of reserve land, relocation of First Nations from reserves that have no economic prospects, and assimilation of aboriginal people into Canadian society on a basis of individual rights and equality before the law.

Although these two perspectives are opposed in almost all respects, they share one common feature: both sides argue almost entirely on the basis of abstract visions (Sowell, 2007) without reference to empirical evidence about poverty and well-being. But, as Prime Minister Justin Trudeau said when speaking about the legalization of cannabis and prostitution, those who make public policy should take an “evidence-based approach” (McCarthy, 2015). This study pulls together the empirical evidence about well-being in First Nations communities, building on what is known about prosperity in general, including empirical studies about Indian reservations in the United States, whose situation has many similarities with that of First Nations in Canada.

Measuring Community Well-Being

The Community Well-being Index (CWB) is a measure of the standard of living and quality of life for all Canadian communities, including First Nations (INAC, 2015; O’Sullivan and McHardy, 2007). It is calculated by researchers in Indigenous and Northern Affairs Canada (INAC), based on Statistics Canada census data. The time series extends back to the 1981 census, with updates every five years except for the 1986 census. In earlier versions it was calculated from the Census of Population; for 2011 it was based on the voluntary National Household Survey, which was sent to every household in First Nations communities. The First Nations’ response rate was 82%, higher than for other Canadian households, so the change-over to a voluntary survey in 2011 is not a major problem in this context. That responses were gathered by First Nation interviewers going door to door helps to explain the high participation rate.

The CWB is a summation of four equally weighted aspects of on-reserve life as measured by Statistics Canada data: per capita income, education, housing, and workforce participation. The four aspects are measured in the following ways:

- » Per capita income is logarithmically transformed, so that the impact of income on well-being is not overestimated, and the presence of one or two millionaires in a small First Nation cannot have an undue effect.
- » Education is measured in two ways:
 1. Percentage of the community aged 15 and over that has completed at least grade 9 (weighted 2/3 of the education component)
 2. Percentage of the community aged 20 and over that has at least finished secondary school (weighted 1/3).
- » Housing is also measured in two ways, emphasizing both quantity and quality:

1. Quantity: percentage of the population living in housing with no more than one person per room, i.e., not crowded
 2. Quality: percentage of the population living in dwellings that do not need major repairs, i.e., in good shape
- » Labour force participation is also measured in two ways, weighted equally:
1. Percentage of the population aged 20 and over who are involved in the labour force, which means seeking work even if not now employed
 2. Percentage aged 15 and over actually employed

These four aspects of community life are standardized into percentages, weighted as described above, and then added together to give the final CWB, which can range from 0 to 100. Note that the logarithmic transformation of per capita income renders the CWB less purely economic in character: it is not just about purchasing power; it encompasses other values such as security (housing), intellectual achievement (education), and personal fulfilment (labour force participation).

In recent census years, the CWB has been calculated for about 85% of First Nations (INAC, 2010), omitting very small bands (population <100) and others where there are issues of data quality or where the band government will not grant access to census takers. Unfortunately, this latter category includes the large and important Iroquois communities in eastern Canada. The CWB is also calculated for over 4,000 other Canadian communities, thus facilitating comparison of aboriginal standards of living with those of other Canadians.

While the CWB index appears to be the best available measure and has been used in other research, it is not without problems. It shares two difficulties associated with all aggregated indexes: the weighting—25% each for income, education, housing, and labour force participation—is arbitrary; and the CWB as an aggregated variable has no natural interpretation. It is not clear, for example, what an increase of, say, 10 points means. In contrast, each of the four components has a natural interpretation; an increase means more dollars, or years of education, or more spacious housing in better repair, or more jobs.

The CWB measures the well-being of reserve communities but says nothing about the condition of First Nations people who live off reserve—47.5% of the status Indian population, according to the 2011 census (INAC, 2014). Moreover, the CWB is not available for all First Nations; and when it is available, there are potential problems with the composition of the on-reserve population. Some reserves include non-Indian residents whose socio-economic characteristics may be different from the norms for

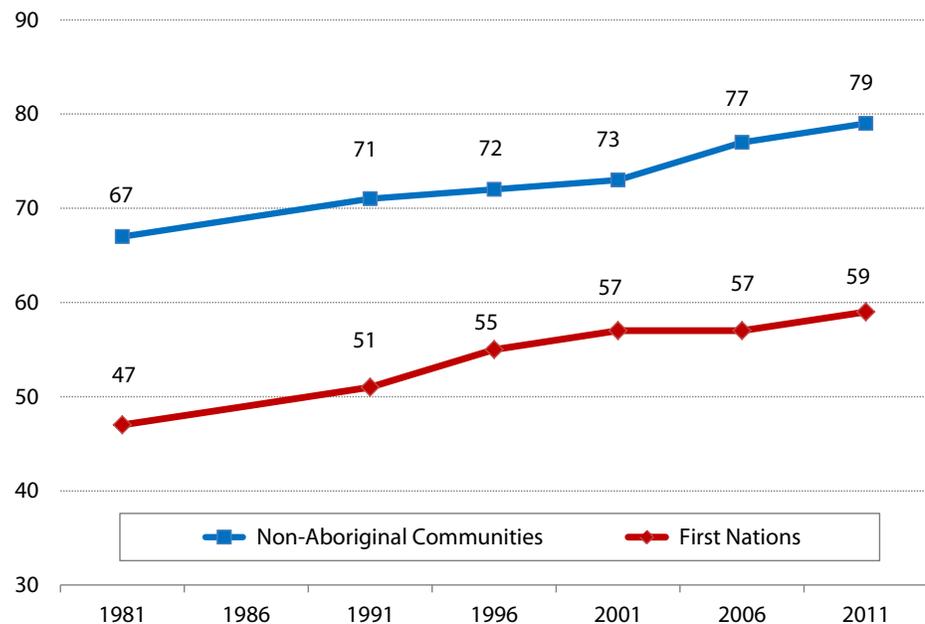
status Indians. Also, populations on many reserves are quite mobile, with many band members moving back and forth from neighbouring cities. Depending on who is coming and who is going, reserve populations may be demographically different in different census years. But all indexes are problematic in one way or another, and the potential problems with the CWB do not prevent its usage in research.

The CWB, of course, is not the last word about well-being. It does not incorporate measures of crime levels, health, language retention, cultural practice, environmental integrity, religious faith, subjective happiness, or many other things that might contribute to quality of life. But it is hard to argue against the importance of income, jobs, education, and housing. Aboriginal leaders frequently state that their people desire these four things and need more of them. So, even if the CWB is not the last word about well-being, it represents a good baseline or common denominator of what almost all people, including First Nations, hope to enjoy in a modern society. In the past, the CWB has been used for research on a variety of social, economic, and legal topics; in this paper, it will be used as a tool for exploring the effectiveness of governing institutions and practices in First Nations communities, recognizing that other measuring tools are necessary to study the well-being of the many status Indian people who live apart from these communities (Cooke and Beavon, 2007).

Based on data from the 2011 census, the CWB calculated for 452 First Nations ranged from 37 to 90, with a mean of 59, compared to a mean of 79 for other Canadian communities. Figure 1 shows that this 20-point difference in means has persisted with minor variations ever since the CWB was first computed on the basis of 1981 census data.

The good news for First Nations is that their average CWB has been steadily increasing over the last three decades. The less good news is that the gap between First Nations and other Canadian communities, after seeming to narrow a little in the 1990s, has widened again and is now as great as it was in 1981. All the policy initiatives of the last 30 years, such as self-government, increased federal and provincial spending (Milke, 2013), and court rulings favourable to aboriginal rights and title (Flanagan, 2015) seem to have had little overall impact. First Nations as a group are lifted by the tide of the Canadian economy but not catching up or moving ahead in relative terms. This observation raises important questions about the general direction of Canadian aboriginal policy, but these will have to be addressed elsewhere; this paper focuses on those First Nations that are succeeding in making relative progress.

Of course, many factors affect community well-being, including provincial and regional differences. The difference between the lowest 2011 CWB mean for First Nations (Manitoba) and the highest (Yukon)

Figure 1: Community Well-being Index, 1981-2011

Source: INAC, 2015.

is greater than the 20-point difference between the overall First Nations mean and the average of other Canadian communities (INAC, 2014), figure 14). Location is a brute fact that is not under anyone's control. Governance, in contrast, is a set of practices based on human contrivance. There is always a lot of inertia, but it is possible for First Nations to change their practices, by-laws, and (in cooperation with the federal government) provisions of the *Indian Act* in order to emulate the success of other First Nations. Thus arises the value of measuring the success of First Nations governments, discussed in the remainder of this paper.

That hundreds of First Nations have such a wide range of measured outcomes creates an opportunity for empirical research using regression analysis to see which other variables are correlated positively or negatively with CWB scores. But before proceeding to that stage of the analysis, let us look at what empirical research in other contexts has discovered about the correlates of well-being.

International and American Findings

Following the lead of Nobel Prize winner Douglass North, contemporary economics and political science emphasize the importance of legal and governmental institutions in explaining economic progress and associated advances in well-being. The Fraser Institute's annual survey, *Economic Freedom of the World*, first published in 1996, is an important part of this literature. It produces an aggregate score for sovereign states based on measures of size of government, legal system and property rights, sound money, freedom to trade internationally, and regulation. The 2012 volume highlighted positive correlations between economic freedom and per capita income, economic growth, life expectancy, and related indicators of well-being (Gwartney, Lawson, and Hall, 2012: 23–24). The 2015 volume shows how economic freedom is positively associated with “life satisfaction” and “life control” (Gwartney, Lawson, and Hall, 2015: 185–202). Similar results have emerged in the Fraser Institute's *Economic Freedom of North America* series, which compares American states and Canadian provinces. Those sub-national units that score higher on the freedom index also tend to score higher on measures such as GDP per capita and annual growth rates (Stansel, Torra, and McMahon, 2015: vi-vii).

In a broad review of international and comparative studies, Francis Fukuyama found that individual property rights and the rule of law were consistently correlated with economic growth and prosperity (Fukuyama, 2011: 468–475). Deron Acemoglu and James Robinson, in a magisterial historical survey, argue that prosperity is based on inclusive economic institutions—open markets and widely dispersed property rights—as well as inclusive political institutions—the rule of law and widely held political rights (Acemoglu and Robinson, 2012).

American economist Thomas Sowell points out that culture is also important (Sowell 2015). Cultural traditions that value hard work, thrift, and respect for learning promote success in many settings, as the Ashkenazi Jews and the overseas Chinese and Koreans, some of Sowell's favourite examples, have shown. And yet culture cannot overcome all institutional obstacles. Koreans, Chinese, and Russian Jews lived in extreme poverty in

Table 1: Perspectives on Institutions and Economic Development

Fukuyama	Institute On Governance	World Bank	Harvard
Effective, merit-based state	Performance Strategic vision	Government effectiveness Regulatory quality Control of corruption	Stable institutions and policies Competent bureaucracy Strategic direction
Rule of law	Fairness	Rule of law Political stability and absence of violence	Fair and effective dispute resolution Cultural match
Democracy	Accountability Legitimacy and voice	Voice and accountability	Separation of politics from business

Source: Graham, 2015: 7.

their homelands until they could leave regimes that at the time were politically oppressive and economically static.

Against this general backdrop, there has also been some empirical research on factors promoting success for Native Americans. In many publications, the Harvard Project on American Indian Economic Development has argued that governance is crucial to economic development for native peoples: “When Native nations back up sovereignty with stable, fair, effective, and reliable governing institutions, they create an environment that is favorable to sustained economic development. In doing so, they increase their chances of improving community well-being” (Jorgenson, 2007: 24). Other scholars in the United States and Canada espouse similar views (Anderson, Benson, and Flanagan, 2006). John Graham, for example, has argued that the major barrier to the progress of Canadian First Nations is “dysfunctional governance” (Graham, 2012).

As table 1 shows, Graham has usefully summarized some of the main perspectives on the relationship between institutions and economic development.

Although there is a great deal of convergence in these perspectives, much of the evidence that has been adduced is anecdotal, based on case studies, rather than systematic—a gap that this paper hopes to fill.

There is, to be sure, some quantitative evidence from American research. In a study of 67 American reservations from the mid-1970s to 1990, the Harvard Project's Stephen Cornell and Joseph Kalt found that both income growth and workforce participation were positively and significantly related to institutional factors in reservation government. Assembly-style direct democracy, as practiced, for example, on the Crow reservation in Montana, performed the worst; separation-of-powers regimes with a strong executive, i.e., an elected chief, did better; and quasi-parliamentary systems, where the chief was chosen by and accountable to an elected council, did by far the best, even after controlling for the impact of economic growth in adjacent counties. The presence of an independent judiciary was also positively correlated with economic progress, though not at a statistically significant level in this small study (Cornell and Kalt, 2000). Using a different research design, Randall Akee et al. also found that the quasi-parliamentary system had the most positive impact on the economic growth of American tribal nations (Akee et al., 2012).

Terry Anderson and Dean Lueck showed that trust land on Western Indian reserves is about 50% less productive than comparable but individually owned agricultural land in neighbouring counties (Anderson and Lueck, 1992). In a different study, Anderson and Dominic Parker used multiple regression to tease out the importance of several factors in explaining economic growth on American Indian reservations in the years 1989–99 (they included only reservations with populations larger than 1,000). Again, institutional and governance factors stood out. Reservations that, under Public Law 280, allowed “non-Indian litigants access to state courts in contract and tort cases,” thereby providing more predictability in adjudication, experienced faster growth. There was also “a robust negative relationship between the size and scope of tribal government and economic growth.” Finally, “BIA [Bureau of Indian Affairs] trust constraints on land have stunted the long-run economic developments of reservations whose economies depend on natural resource use (including farming and ranching)” (Anderson and Parker, 2007: 186). All this was after controlling for the effect of adjacent county growth and casino gambling.

The research on American Indian reservations is consistent with the international literature highlighting property rights and the rule of law as key factors in promoting economic development. But Canadian First Nations must be studied separately because the legal and cultural setting in Canada is not identical to that in the United States. This paper summarizes the empirical research on the success of Canadian First Nations.

Canadian Research Findings

There are two lines of research in Canada that attempt to assess the relationship between the success of First Nations, as measured by the CWB, and possible explanatory factors. INAC researchers published three papers between 2007 and 2013, while three different research associates and I published a series of five studies in the years 2013 to 2016. The papers are listed below in chronological order, with the three INAC papers first and the five Flanagan et al. papers afterwards:

- A. White, Spence, and Maxim (2007), “Assessing the Net Effects of Specific Claims Settlements in First Nations Communities in the Context of Community Well-being,” in White, Beavon, and Spence, eds., *Aboriginal Well-being: Canada’s Continuing Challenge*. This paper found that First Nations that received a specific claims settlement in the years 1981–2001, a period in which more than \$5 billion was distributed, did not improve their CWB scores more rapidly than First Nations that did not receive a settlement.
- B. INAC (2012), *Community Well-Being and Treaties: Trends for First Nation Historic and Modern Treaties*. This study compared the CWB scores of First Nations that signed “historic treaties” (1764–1921) with those that have never signed treaties or have signed “modern treaties” (1975 to the present). It found that CWB scores of First Nations with historic treaties have remained below those of non-treaty First Nations, while those who have signed modern treaties have made the most rapid improvement.
- C. INAC (2013), *Creating the Conditions for Economic Success on Reserve Lands: A Report on the Experiences of 25 First Nation Communities*. Interviews with community leaders in 25 First Nations with above-average CWB scores show the importance of stable governance and usable property rights, as well as highlighting the obstacles created by the *Indian Act*.

- D. Flanagan and Beaugard (2013), *The Wealth of First Nations: An Exploratory Study*. Using the 2006 CWB Index, this study shows the positive effect of governance and property rights variables such as entering the *First Nations Land Management Act* agreement, creating a property tax regime, balancing budgets and thus avoiding external management, and reliance upon individual quasi property rights in the form of Certificates of Possession.
- E. Flanagan and Johnson (2015a), *Compensation of First Nation Leaders*. This study was based on the data collected and published under the *First Nations Financial Transparency Act*. The multiple regression analysis found a negative relationship between payment of chief and council and success of First Nations as measured by the 2011 CWB Index.
- F. Flanagan and Johnson (2015b), *Towards a First Nations Governance Index*. This study brings together the governance and legal variables explored in Flanagan and Beaugard (2013) with the economic and financial variables explored in Flanagan and Johnson (2015a). Use of the 2011 CWB Index provided an important replication of Flanagan and Beaugard (2013), which had relied on the 2006 Index. The findings in this study were all in the same direction as in Flanagan and Beaugard (2013) and Flanagan and Johnson (2015a).
- G. Flanagan and Harding (2016a), *Treaty Land Entitlement and Urban Reserves in Saskatchewan: A Statistical Evaluation*. This paper shows that adoption of the Treaty Land Entitlement and Urban Reserve initiatives led to measurable improvement in CWB scores from 1981 to 2011 only for First Nations that had pursued an entrepreneurial strategy on their new urban reserves. It evaluates particular legal and economic policies that may be adopted in other provinces.
- H. Flanagan and Harding (2016b), *Seven Habits of Highly Effective First Nations*. This work puts the spotlight on 21 First Nations with very high 2011 CWB scores and for which other statistical information was also available. The authors conducted small-scale case studies of each First Nation to see whether results obtained with larger samples held up at this level of scrutiny. Earlier statistical findings were confirmed while several other important results also emerged from the qualitative aspects of the methodology.

The chief results of these eight studies are organized and presented below without all the supporting evidence. Readers interested in data and methodology can consult the original studies, which are all available in

print or online. For the sake of simplicity, the studies are identified by the capital letters used above. The focus here is on these eight studies because they all use the same outcome measure (CWB), but of course there is other useful Canadian research on the well-being of First Nations. The case studies by André Le Dressay and his consulting firm, Fiscal Realities (see <http://www.fiscalrealities.com/publications-and-reports.html> for a list of the studies), as well as the interpretive essays by John Graham are also cited in the following section. They are particularly relevant because of the many years of on-the-ground experience both authors have with First Nations.

Governance

1. *Prudent administration, fiscal responsibility, and staying out of debt are hallmarks of successful First Nations administration.* Even after controlling for other factors, these variables showed a significant positive correlation with CWB in both the 2006 and 2011 datasets (D, F). Of the “Top 21” group as measured by the 2011 CWB, only one was in any level of external financial management (H). Chiefs and other community leaders interviewed in the INAC study were acutely aware of the importance of good government (C). Of course, there is a circular loop here between cause and effect. Successful First Nations may find it easier to pay their bills because they earn own-source revenue through their business efforts. But before they can enter that virtuous feedback loop, they have to put their financial affairs in order—not easy, but it can be done, as demonstrated by the spectacular success of the Osoyoos Indian Band in British Columbia and the Membertou First Nation in Nova Scotia (H). The Tulo Institute at Thompson Rivers University (<http://www.tulo.ca>) offers a practical course of instruction for First Nation administrators on how their governments can promote economic development. Governance is a critical variable for First Nations because their local governments are so large and dominant relative to their civil societies (Graham, 2012, 2015). If governance is flawed, little else can go right.
2. *Successful First Nations do whatever they can to take control of their own affairs, thus lessening their dependence on decisions made by the department of Indigenous and Northern Affairs Canada* (Graham, 2012). Formal self-government agreements have a positive correlation with CWB score in the 2011 data (F). But even beyond these agreements, which are not practical for all First Nations and in any case take years to negotiate, there are other useful and practical options.

The First Nations Land Management Agreement allows participating members to make decisions about leasing lands and signing business deals without departmental review and ministerial approval, thus allowing First Nations to “move at the speed of business” (Jules, 2012) rather than the pace of government. First Nations can also create their own property tax regimes for leaseholds, thereby generating a useful revenue stream and ending the tax haven status which can lead to resentment on the part of outside businesses. (For a broader discussion of the benefits of taxation for First Nations, see Graham and Bruhn, 2009.) Both the Land Management Agreement and property taxation correlated positively with CWB score in the 2006 and 2011 datasets (D, F), and both are widely used by the “Top 21” (H). Interviews showed that community leaders of successful First Nations regarded the *Indian Act* as an obstacle and wanted to get around it as best they could (C).

3. *Stable leadership is important.* This variable was not tested in the larger data analyses but became unmistakably visible in the more detailed investigation of the “Top 21.” In at least 13 of these 21, the same chief had been in office for at least 10 years, in some cases more than 30 years, and had often provided additional service as counsellor or executive of band enterprises (H). Transformative leadership has made chiefs such as Clarence Louie of the Osoyoos Indian Band and Bernd Christmas of the Membertou First Nation nationally known public figures, but most of these successful leaders are not well-known outside their own First Nation and neighbouring communities. You don’t have to generate headlines to be successful, but you do have to stick with the job and maintain the support of your community for years and even decades.
4. *How First Nations choose their governments doesn’t seem to matter to the results they achieve.* First Nations are divided roughly equally into those that follow the *Indian Act* model of chief and council elected every two years and those that follow other models of governance. This latter group is not homogeneous but includes several models such as elections for longer terms, selection by elders or clan mothers, and even family inheritance. The distinction between *Indian Act* and other forms of governance did not have a statistically significant relationship with CWB scores in either the 2006 or 2011 datasets (D, F). Eleven of the “Top 21” First Nations use the *Indian Act* model and 10 follow some other form. One caveat is that the research reported here did not attempt to distinguish among different types of non-*Indian-Act* government. Closer examination of types of government, as has been

carried out in the United States, may show that some tend to perform better than others. But the provisional conclusion is that what counts for First Nations is what their governments do, not how they are chosen.

5. *Successful First Nations compensate their political leaders realistically but not excessively.* In a multiple regression analysis of 2011 data, compensation of councillors had a statistically significant *negative* relationship with CWB scores (F). Returns for 2013–14 filed under the *First Nations Financial Transparency Act* show that the Top 21 spent an average of \$4,309 per on-reserve resident in compensating chief and council, compared to an average figure of \$5,371 for the entire database (H). Successful First Nations sometimes pay their chiefs very well when those chiefs also play executive roles in band-owned businesses, but overall they are more economical in this area than the average for First Nations.

Property

1. *Successful First Nations see land as a valuable economic asset that can be used to improve their well-being.* Those who speak on behalf of First Nations often stress their spiritual connection to the land on which they live, but it is also true that taking an economic approach to land correlates positively with higher CWB scores (C, D, F). Entering the Land Management Agreement enhances a First Nation's ability to lease and set up businesses on land; enacting a property tax regime creates a revenue flow that can be used for many welfare-enhancing purposes. Interviews stressed the importance of making property rights “usable” by easing the strictures of the *Indian Act* (C).
2. *Collective property rights (i.e., “band land”) can be leveraged for prosperity, but the property rights must be “usable.”* “Usable property rights,” meaning an escape from the bureaucratic restrictions of INAC and the *Indian Act*, was the phrase used to summarize what came out of the interviews with First Nations leaders (C). Additional evidence comes from study B, which focused on the differential impacts of historic treaties and modern treaties. Modern treaties do not put First Nations land under the *Indian Act* but create more flexible regimes of property rights that can be more easily used in business transactions without the need for a lengthy departmental approval process.
3. *Individual property rights in the form of Certificates of Possession can enhance community well-being.* The Certificate of Possession (CP) is

the right of a band member to possess a specified piece of land on reserve. It confers all the rights of fee-simple ownership except the right to sell or give the land to someone who is not a member of the same First Nation. Some First Nations, particularly in British Columbia and Ontario, have many CPs; others, especially in the Prairie provinces, have few or none. Study D created a variable that could be described as density of Certificates of Possession; it is the number of CPs on First Nation land divided by the number of people living on the reserve. In every specification, and no matter what statistical controls were employed, this variable retained a strong positive correlation with CWB score (D, F). The relationship was particularly strong with the sub-score for housing—not surprising, because holding a CP makes it easier to obtain a home mortgage from a bank or trust company, with the direct or indirect backing of the band council. The positive record of CPs suggests that First Nations would be wise to look not only at CPs but at other forms of on-reserve private ownership, such as the *First Nations Property Ownership Act* put forward by Chief Manny Jules (Flanagan, Alcantara, and Le Dressay, 2011). Having said that, it is also true that CP holders can sometimes come into conflict with wider band development plans (C). As in the larger society, First Nations encounter trade-offs rather than utopian solutions.

4. *Enlargement of the First Nation's land base does not in itself lead to improvement of the CWB.* Thirty-three Saskatchewan First Nations have received almost \$600 million to purchase up to 2.7 million acres under the heading of “Treaty Land Entitlement,” yet their CWB has not improved any more rapidly than those who have not received such land. But there is a measurable improvement among a subgroup of First Nations who have used their TLE land to acquire urban reserves and then followed aggressive business strategies (G; National Aboriginal Economic Development Board, 2015). As with cash grants (discussed in the next section), it is only through initiative and entrepreneurship that increased resources lead to increased prosperity.

Economics

1. *Successful First Nations tend to generate more own-source revenue from leasing land, collecting property tax, and operating businesses.* Own-source revenue as a percentage of total band revenue was positively correlated with CWB in the 2011 specification, even after controlling for other factors (F).

2. *More than revenue is involved in well-being.* Many Alberta First Nations have collected revenue from the production of oil and natural gas, sometimes very large sums; but the only Alberta band to make the “Top 21” is the Fort McKay First Nation, which has specialized in providing services to oil sands installations, thus creating jobs for its members (H). It is often said that the best social program is a job. Resource revenues that descend like manna from heaven upon First Nations do not seem to enhance the CWB. It would be desirable to test this indigenous version of the “curse of oil” (Graham and Bruhn, 2009: 3–4) in more detail, but the business confidentiality maintained by Indian Oil and Gas Canada means that the necessary data are not publicly available. Study A also points in this direction; First Nations that received lump sum payments from specific claims did not experience faster growth in their CWB index. This research urgently requires replication in view of the continuation and expansion of the specific claims process. Another indication that increased revenue in itself does not lead to CWB enhancement is that the per capita size of First Nation trust funds was not found to be significantly related to CWB in the research reported in Study F.
3. *Successful First Nations are opportunistic in the positive sense that they take advantage of whatever economic opportunities present themselves.* The “Top 21” operate casinos, bingos, hotels, marinas, golf courses, and otherwise engage in the hospitality and recreation industries. They partner in natural resource exploitation (oil and gas, wind and solar power, hard rock mining, forestry, specialized agriculture) where that fits their location. They set up job training programs for their members to feed their enterprises (H). “Whatever it takes” could be their motto.
4. *Successful First Nations seek out contacts with the larger society.* First Nations have many historical reasons to be mistrustful of Canadian society and governments. Nonetheless, the successful ones seek out external business partners for investment (H). They actively market their products to Canadian consumers, and they invite visitors to enjoy their hospitality and recreational facilities. They may also pursue legal action or treaty negotiations to rectify what they see as historical injustices, but financial benefits from such claims are invested for further growth.

Location and Culture

The success of First Nations is also affected by factors outside their control. The interrelated factors of location and culture have an influence, in ways that are not fully understood, on outcomes.

1. *Being located near a city or town can be beneficial because markets, technology, and infrastructure more available.* Location, defined as being near a city or town, was statistically significant when used as a control variable in analyzing the 2006 data (D). Three-quarters of the “Top 21” are located near a municipality (H). But several of this group, although far from any town or city, have achieved noteworthy success through cooperating with local natural resource industries or developing opportunities for tourism and recreation. Given the importance of natural resources and tourism to the Canadian economy, seemingly remote locations may turn out to have economic value. But it is still true that First Nations in remote locations generally have a steeper hill to climb, even if the upward path is similar in principle to that which other successful First Nations have already taken.
2. *First Nations in the three Prairie provinces are at a disadvantage.* Ever since the CWB was first calculated from 1981 data, the average score for Prairie First Nations has been five points or more below that of the average for all Canadian First Nations. Cultural differences may be part of the explanation. The collective enterprise of the buffalo hunt, on which the Prairie Indians were largely dependent, was more remote from the individualistic ethos of modern industrial and commercial society than were the agricultural practices of Indians in southern Ontario and Quebec and the type of fishing practiced by most Indians in British Columbia. Agriculture engendered a sort of family ownership of cultivated land, and the Pacific fisheries gave rise to family ownership of fishing stations and residential locations. It may also be that the Numbered Treaties, signed in the West and North between 1871 and 1921, have hindered the progress of the Prairie First Nations by fostering over-reliance on government promises. Whatever the precise explanation, no one doubts the difficulty of the economic challenges facing Prairie First Nations. Yet the record shows that relative success is possible. Three of the “Top 21” are from the Prairie provinces. Even outside that small circle, there are striking success stories. For example, the Whitecap Dakota First Nation has leveraged its location near Saskatoon to become an economic powerhouse, with a casino, golf course, hotel, and other businesses. Other First Nations that have developed urban reserves in Saskatchewan have also experi-

enced above-average growth (G). As with remote location, being in the prairies is not an insuperable obstacle for development-minded First Nations, though it makes the hill harder to climb.

3. *Being located in British Columbia is an asset.* Eleven of the “Top 21” are in that province (E). Perhaps there are cultural reasons, or maybe the explanation is that among the smaller but more numerous Indian reserves in BC are more that are located near towns and cities. Whatever the causality, when BC location was used as a control in analyzing the 2006 data, it was definitely significant but it did not erase the influence of other variables. Fiscal responsibility, property rights, property tax regimes, and the Land Management Act remained as statistically significant explanations of differences *within* British Columbia (D). To resort again to the climbing metaphor, First Nations in British Columbia may start from a higher plateau, but their path up the mountain can also lead First Nations in other provinces to higher elevations.

Interpretation

All of this research involves correlational studies, similar in principle to epidemiological research in medicine. Every first-year statistics student learns that “correlation is not causation.” Nonetheless, even when causal relationships are obscure, correlational findings can have practical utility.

Consider the case of cardiovascular disease. Correlational studies have discovered a number of widely recognized risk factors, such as smoking, excess weight, fatty diet, inactivity, and stress. To turn it around, the best advice for maintaining a healthy cardiovascular system is to avoid smoking, control your weight, eat a sensible diet, get regular exercise, and try to control tension. Following this advice does not guarantee greater longevity, but it does increase statistical life expectancy.

As said, there are no sure bets. Some people may ignore all this advice and yet live long lives free from heart disease. Others may follow all the advice and yet die young from heart attack or stroke. Researchers suspect that a person’s genetic endowment makes a great deal of difference, even though at the present state of knowledge genetic sequencing is of only minor predictive value. So the general advice is still the best advice, even if its benefits cannot be guaranteed.

Similarly, correlational research on the well-being of First Nations has now established a body of advice that is not only consistent with general economic theory but has been empirically tested against results. Here are the main findings, boiled down to simple guidelines:

- » Run a stable, fiscally prudent government that stays out of debt and does not overpay chief and council.
- » As much as possible, take control of your affairs away from INAC and the *Indian Act*, and take advantage of available options such as property tax and the Land Management Agreement.
- » Capitalize on the value of property rights, both individual and collective.

- » Make use of whatever opportunities are afforded by your location, from recreation and tourism to the exploitation of human and natural resources.
- » Be open to the surrounding society for investments, cooperative ventures, contracts, employment, and other economic transactions.

The evidence shows that First Nations that follow these principles are more likely to succeed. As in medicine, there are no guarantees, but the odds are better.

Finally, it is important to emphasize that these principles are not derived from some external source to be imposed upon First Nations. These are the best practices that successful First Nations have discovered for themselves through initiative and experimentation. The statistical methodology of the research reported here is merely a way of tabulating cases and testing them against evidence of well-being. The purpose is not to discover something that First Nations do not know, but rather to highlight the discoveries they themselves have made as they attempt to improve the well-being of their people.

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