



True North in
Canadian public policy

Commentary

May 2016

It's Time for Conservatives to Embrace Aboriginal Power and Entrepreneurialism

Brian Lee Crowley

INTRODUCTION

If Canadian Conservatives wanted to steal a page from British Prime Minister David Cameron's playbook to reinvent themselves, they should start with the page entitled "Compassionate Conservatism."

Rightly or wrongly, Stephen Harper's government was seen as hard and mean, which clashes with the self-image Canadians have of themselves. No electorate will continue giving the nod to a party they sense is out of step with their values.

Britain's Conservatives faced a similar challenge. They were known popularly as "the nasty party," which helped give Tony Blair a record run as Labour prime minister.

To recover from such brand damage is not easy, but Britain's Tories achieved it, in part under the leadership of a former party leader, Iain Duncan Smith. Smith founded a think tank called the Centre for Social Justice

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to lay the groundwork for a constructive, but distinctively Tory response, to social challenges such as poverty, housing, and social mobility. The political payoff was tremendous. The Tories are now able to articulate intelligent ideas about how to use the power of markets and the state to improve the lot of the least well-off – and put those ideas into practice.

If Canadian Tories want to achieve such a rebranding, how can they do it, especially given that so much social policy falls under provincial jurisdiction? One way is to embrace Aboriginal Canada.

I am not saying that it will be easy. On the other hand, a party wishing to burnish its compassion credentials might well want to start with a burning social issue that most Canadians regard as a stain on the conscience of the country, namely, the shocking conditions in which far too many Aboriginal citizens live. Especially in the wake of the Truth and Reconciliation Commission, reconciliation with Aboriginal people is now a major national preoccupation. Conservatives cannot permit themselves to have nothing to say on the topic, or worse, to be grumbling dissenters offering no real alternative.

Ironically, and perhaps surprisingly, this issue lends itself increasingly well to a small-c conservative narrative. The Canadian Left sees the issue as largely one of victimhood, something to be put right by inquisitions into the past that will underline yet again the poor treatment meted out to Aboriginal Canadians. Their solution includes compensation, apologies, and increased transfers, which end up digging ever-deeper the hole we have dug for Aboriginal people.

A conservative narrative, however, could take an entirely different tack. Victimhood focuses on the past, which cannot be changed. It disempowers the victims, who must go cap in hand to the authorities for restitution. Imagine in its place a narrative of opportunity and legitimate Aboriginal power that must now be accommodated in modern Canada.

To date, the subtext of Conservative policy has been a grudging admission that Aboriginal people have gained power thanks to the courts and the constitutionalization of treaties and Aboriginal rights in 1982, but that this power is somehow illegitimate and cannot be embraced for fear of alienating the Conservative base. It is time to let this narrative go; it has been overtaken by events. The courts have spoken, summoning Canadians to honour the promises made to Aboriginal people, promises now given constitutional protection. Just as importantly, the rising generation of young Indigenous Canadians wants jobs and opportunity on the reserve as well as in the cities. The natural resource frontier now runs through many of those communities, juxtaposing legitimate Aboriginal power and real opportunity in a way not seen before in our history. It is my view that the leading edge of reconciliation with Aboriginal people in this country now runs along the natural resource frontier, and it is natural resource companies and Indigenous Canadians who are striking the deals that are making reconciliation a reality on the ground.

First Nations, Métis, and Inuit are now reaching agreements with hundreds of developers for resource development and realizing major opportunities as a result. This may come as a surprise to many Canadians, especially Conservatives, who believe that the “Aboriginal problem” is intractable and insoluble, and sucks up billions of dollars but never shows any sign of improving. This view seems to be confirmed by Aboriginal people themselves; they appear to be resolute opponents of natural resource development. The poster child for this attitude is the decision by one First Nation to turn down over \$1 billion to put an LNG plant on their territory on the BC coast.

However, this story-line is not merely a distortion, but has become an obstacle to the reconciliation I am calling for between Conservatives and Aboriginal Canadians.

When the Lax Kw’alaams allegedly decided to turn down \$1 billion to put an LNG terminal on Lulu Island, the media, who feed on conflict, gleefully reported the refusal. What got far less attention was the fact

that the Lax Kw'alaams themselves explained that the proposed site was unacceptable for conservation and cultural reasons, but that there were several other sites on their territory that they thought would be suitable, and which they would support.

And of course there was no attention paid to the fact that the Nisga'a, northward in the Nass Valley, saw the opportunity that had been created. They spent their own money to survey and identify seven sites that they said would be suitable, and indicated that they would be interested in becoming partners in development and seeing the pipeline and plant built on their territory.

There are many other examples of resource development partnerships between First Nations and developers. Just two years ago, the Muskowekwan First Nation in Saskatchewan held a referendum and voted over 77 percent in favour of developing a potash mine on their territory in partnership with Encanto Potash Corp. Also in Saskatchewan, another First Nation used the money from a major land claim settlement to buy a piece of the city of Saskatoon, turn it into a reserve, and create an industrial park there. Though it was opposed at the time by the non-Aboriginal business community on the grounds that it would be unfair competition, this very successful venture now employs many Aboriginal and non-Aboriginal people.

In the Northwest Territories, Aboriginal people abandoned their earlier opposition and became among the most fervent advocates for the Mackenzie Valley gas pipeline once they had negotiated a 30 percent equity stake. No one was more disappointed than these local Indigenous people when the pipeline failed and they ended up with 30 percent of nothing thanks, in part, to a drawn out approval process that couldn't reach a timely decision. Many people do not realize that the Harper government's much-criticized reforms to the pipeline approval process were carried out in part as a response to Aboriginal pleas to reduce regulatory obstacles to their success in the natural resource economy.

So having skin in the game has made Aboriginal people acutely aware of the perishable nature of opportunity. The Mackenzie Valley pipeline will not be built for decades now, if ever. A similar evolution has occurred in the Yukon, where one First Nation had opposed natural resource development on its territory for years, but then came to see that they were forgoing economic opportunities available to other Aboriginal communities. They responded to the pleas of the business community for certainty on the rules by putting in place a mining law governing their territory, rather than negotiating on a case-by-case basis with individual developers – showing that Aboriginal communities are increasingly understanding the needs of the business community and showing a willingness to respond constructively.

Just as Canada's Indigenous people are becoming an increasingly vocal and articulate voice in favour of natural resource development, they also hold the power to obstruct that development. Significantly, however, polling shows that when local Aboriginal groups support development, extreme environmental opposition has difficulty gaining traction. Aboriginal people have more credibility on these issues than governments, regulators, companies, or NGOs. Companies more and more realize that establishing and nurturing a positive relationship with Aboriginal people helps get the job done, just as failing to establish such a relationship virtually guarantees a pipeline full of headaches and opposition.

Of course Aboriginal communities have their vocal minorities who are opposed to development, and the expressions of their dissatisfaction are fodder for the media. But these vocal minorities are no more representative of Aboriginal Canada than non-Aboriginal protesters are of the country as a whole. When Conservatives treat these aggressive and vocal minorities as the mainstream of the Aboriginal world, they abandon their natural allies and help to reinforce the narrative of conflict that is holding a major part of the economy to ransom. While the natural resource economy may only represent around 20 percent of the economy as a whole, it represents roughly half of the business investment intentions. Getting the relationship with Aboriginal people right will unlock great value for all Canadians. We should welcome the growing spirit

of enterprise and entrepreneurialism that seeks opportunity for Aboriginal people, respect for their rights, and control over their own lives.

The Macdonald-Laurier Institute has identified hundreds of agreements between project proponents and Indigenous communities. Within a few years, several Aboriginal development corporations will be among the largest corporations in Canada with billions in assets. Evidence shows that when Aboriginals negotiate benefits with developers, those benefits stay in the local community, helping Aboriginal and non-Aboriginal people alike.

This course correction I am recommending for the Tories does not imply that the search for accountability and transparency in Aboriginal government should be abandoned. It does, however, imply a change in strategy and tactics – abandoning the stick in favour of the carrot. You can't play in the high-stakes business world, where billions of dollars are at play and companies face an unprecedented scrutiny through stock exchanges, audits, laws such as the Foreign Corrupt Practices Acts, etc., without adopting yourself appropriate standards of transparency and accountability. Being at the table as a partner, equity stakeholder, or board member brings responsibility as well as power. If we want to speed the process, one way to do so is to offer financing for Indigenous communities to acquire equity stakes in resource development, but to require suitable business levels of transparency in return.

A pro-opportunity Conservative Party that embraced Aboriginal Canada as a respected, necessary, and welcome partner in unlocking prosperity would find a growing audience in the Indigenous world. And they'd have the foundation of that distinctive Tory narrative on social issues that Canadians are looking for.

ABOUT THE AUTHOR



BRIAN LEE CROWLEY

Brian Lee Crowley has headed up the Macdonald-Laurier Institute (MLI) in Ottawa since its inception in March of 2010, coming to the role after a long and distinguished record in the think tank world. He was the founder of the Atlantic Institute for Market Studies (AIMS) in Halifax, one of the country's leading regional think tanks. He is a former Salvatori Fellow at the Heritage Foundation in Washington, DC and is a Senior Fellow at the Galen Institute in Washington. In addition, he advises several think tanks in Canada, France, and Nigeria.

Crowley has published numerous books, most recently *Northern Light: Lessons for America from Canada's Fiscal Fix*, which he co-authored with Robert P. Murphy and Niels Veldhuis and two bestsellers: *Fearful Symmetry: the fall and rise of Canada's founding values* (2009) and MLI's first

book, *The Canadian Century; Moving Out of America's Shadow*, which he co-authored with Jason Clemens and Niels Veldhuis.

Crowley twice won the Sir Antony Fisher Award for excellence in think tank publications for his health care work and in 2011 accepted the award for a third time for MLI's book, *The Canadian Century*.

From 2006–08 Crowley was the Clifford Clark Visiting Economist with the federal Department of Finance. He has also headed the Atlantic Provinces Economic Council (APEC), and has taught politics, economics, and philosophy at various universities in Canada and Europe.

Crowley is a frequent commentator on political and economic issues across all media. He holds degrees from McGill and the London School of Economics, including a doctorate in political economy from the latter.



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THE RIGHT HONOURABLE STEPHEN HARPER,

The Macdonald-Laurier Institute is an important source of fact and opinion for so many, including me. Everything they tackle is accomplished in great depth and furthers the public policy debate in Canada. Happy Anniversary, this is but the beginning.

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