

TRADITIONAL ECONOMY WORKSHOP

Speakers Notes



KATUTJINIQ CONFERENCE

By: Tikile Kleist

April 11-14, 2000

Traditional Economy – an Historical Perspective

During the mid-nineteenth century, whaling ships began harvesting the coastal waters, often remaining over a winter. This increased exposure to outsiders brought the Inuit in contact with viruses that up until that point had been non-existent in the northern environment. The Inuit had no defences against such exposure, with obvious consequences. Burial sites along the coast are grim testimony to the epidemics that ravaged the Inuit population.

During the late nineteenth and early twentieth centuries, the Inuit who survived began to face even greater cultural and economic changes as contacts with European traders and whalers intensified. The original Inuit economy was an economy of survival. There was hardly a definition of “work” or “leisure” as such. Time was spent doing the things that needed to be done, when they needed to be done, in order to ensure food, clothing and shelter. Inuit were very self-reliant on their own skills, and their intimate knowledge of the land and its resources. Everyone participated doing whatever each was physically and mentally capable of doing. Anything else would simply mean hardship and death for the family and community at large. At that time the Nunavik labour force was one of the most motivated in the world. But characteristics of self-reliance and self-sufficiency were slowly being eroded.

A major change came in the 1950s, when governments began convincing Inuit families to settle in communities. These communities were normally established at the site of the trading post. The key problem was this: though it was the site of trade, it did not traditionally have the resource base to sustain the Inuit way of life. Jobs were therefore cantered around government services and the trading post, and very little else.

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In the 1960s health care was introduced, houses were being built and, at the insistence of schools, the Inuit became more and more community dwellers, rather than nomads following the fishing and hunting seasons. They began to lose their independent life style and became increasingly dependent on government services and welfare cheques for a major part of their subsistence. It is not surprising that the problems of dependency on government activity for jobs and a livelihood have persisted over the last fifty-odd years.

Traditional Inuit society was characterized by:

- Skills learned that were directly related to survival
- Direct participation by all in the social unit
- Complete mobility
- Extremely independent, individually-centred mores
- Self-reliance

Within a relatively short period of time the Inuit had moved into a system that was the exact opposite:

- An educational system that is far removed from the immediate needs of survival (the present educational system prepares the Inuit for future required skills, if at all)
- The obligation by necessity to participate in the work of the family has been removed
- Mobility has been severely restricted to the specific community
- Dependence on government services and support
- A community economy that is highly dependent for survival on imports from outside the community

The effects of these changes are still being felt in the everyday lives of Inuit in all of the communities of Nunavik.

1. What is the Traditional Economy?

1.1. The Traditional Economy is what Inuit used to do (some fifty years ago) to survive, and what the majority of Inuit still do on a daily basis to improve the quality of their life:

1.1.1. Hunting, Fishing, Trapping

1.1.2. Sewing of garments and foot ware

1.1.3. Building of transportation vehicles

1.1.4. Building of shelters

1.1.5. Drying fish and other food supplies

1.1.6. Collecting herbs for medicines

1.1.7. Traditional Trade of goods and services between families

2. Survival was a full time job for every man, woman and child in the Nunavik. Everyone did what they could. The idea of not working to assist the family unit was unthinkable. Famine and death was a severe teacher. People took pride and joy in what they did in assisting the family to survive. The work of the woman who made a parka was just as important as the hunter who wore the parka to go hunting, or of the elder that collected the plants and animal fat to treat injuries. The concept of leisure is relatively very new to the Inuit world.

3. Schooling and Training are also new concepts. In the past young people learned by watching their parents and extended family. They learned by doing and seeing the direct result of their efforts. In today's educational system young people are taught skills that may be used in the future with little or no direct consequence to their immediate action other than a grade on an exam.

4. The Traditional Economy was based on one's own efforts. It is also called the Subsistence Economy because as we have indicated the traditional activity was totally geared towards Survival.
5. The result of one's efforts, was consumed by the family any surplus that remained was traded for goods that they did not have. It is this exchange that leads to the use of the word economy. In today's economy goods and/or services are exchanged for money; that then is exchanged for other goods and/or services. Money has become the common denominator that is used to facilitate exchanges in our society.
6. The Traditional Economy is an active component of today's Nunavik Economy.
7. It would be wrong however to think of the Traditional Economy as being restricted to only those activities that were performed fifty to one hundred years ago. To really define the Traditional Economy in today's terms we need to examine the skills that were used to survive in the past and how they are applied to today's reality in everyday life.
8. In today's Nunavik not everyone can become lawyers, administrators, political leaders or office workers. The Traditional Activities/Economy is still necessarily a very important and integral part of the Inuit everyday way of life.
9. Whereas in the past the Traditional Economy was based on one's own efforts, the Traditional Economy of today is an expensive undertaking. The cost of fuel and equipment are so high that it is becoming more and more difficult for Inuit to practice their Traditional Economy.

10. In attempting to place a value to today's Traditional Economy we have to calculate the value that the activity or good has to the Inuit family if it had to purchase this commodity at a store (and at a similar quality), if one could find it in a store, minus the cost incurred to engage in the traditional activity.

11. There are those that believe that believe that Inuit should secure all of their needs from the general store. This is simply unacceptable from the Inuit perspective. The need for natural foods, wild meat and fish is so ingrained in our definition of what and who Inuit are that without it we would become ill both physically and mentally.

12. There is therefore a very direct consequence to Inuit when they are unable either financially or through government regulatory agencies to practice our Traditional Activity/Economy.

***Questions that can be used to stimulate
discussion in the workshop***

- What Problems or Development issues are being faced by the communities in their efforts to practice their Traditional Activities / Economy?
- What are potential ways of resolving these problems?
- Are there ways that the municipalities, regional government, federal and provincial governments, and Inuit organisations are able to provide assistance to the communities in these efforts?
- Do you feel that your Traditional Activities / Economy are being placed at risk?
- Do you feel that the youth of the Nunavik communities are learning the proper skills to continue the Inuit Traditional Activities / Economy?
- What can be done to provide assistance and improve the current situation?

Workshop Recommendation

Given: the Inuit of Nunavik are experiencing one of the highest Cost of Living anywhere in Canada;

Given: the Inuit Traditional Activity/Economy are an integral part of the Inuit way of life and of the current Economy of Nunavik;

Given: the Inuit Traditional Activity/Economy is an important economic activity that provides much needed assistance to the numerous Inuit that are living far below the national poverty line;

Given: the high cost of fuel, equipment and transportation needed to conduct the traditional activities of hunting, fishing and trapping is causing an ever increasing burden to Inuit and in some cases preventing Inuit from practicing their Traditional Economy;

The Traditional Economy Workshop Recommends:

That: The Inuit organisations to work with the Government of Quebec and Government of Canada, to come up with the POLICY to offsetting the Traditional Economy.

That: Transportation Subsidies be established to assist in offsetting the high cost of inter-community air transportation of goods identified in the Inuit Traditional Economy;

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That: Tax Exemptions be established for the sale of goods used in the Inuit Traditional Economy (both for the fuel, equipment and services used in the Traditional activity and in the sale of Traditional Goods among Inuit).

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Participant Notes



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Presentation to DIAND

Consultation on the "Gathering Strength"

Economic Development

by

Tikile Kleist, President
Nunavik Investment Corporation (CFDC)

Introduction

The Nunavik Investment Corporation (C.F.D.C), formerly the Kativik Investment Fund Inc. (KIF) originally start operations in July, 1987, as a Local Employment and Development Corporation (LEAD). In April, 1989, it became both a Business Development Center (BDC) and an Aboriginal Capital Corporation (ACC). Now it is a Community Futures Development Corporation (CFDC) and an Aboriginal Capital Corporation.

Territory

The territory covered by the Nunavik Investment Corporation, called Nunavik, is located north of the 55th parallel in the Province of Quebec and covers 36.5% of the total area of the province. The territory is divided into three main regions which are the following:

1. The Hudson Coast, where the communities Kuujjuaraapik, Umiujaq, Inukjuak, Akulivik and Chisasibi are located.
2. The Hudson Strait, the following communities, Ivujivik, Salluit, Kangiqsujaq and Quaqaq are located here.
3. The Ungava Coast: here, the communities are; Kangirsuk, Aupaluk, Tasiujaq, Kuujjuaq and Kangiqsualujuaq.

There are no roads between the communities nor is there a road connecting any of the communities to the south. The only modes of transportation are by air and by marine transportation, what we call "sealift".

Funding

The five-year 1987 funding agreement with the Canadian Employment and Immigration Commission (CEIC) called for \$1,550,000, of which one million dollars (\$1,000,000) was for investment and the balance for operations. Out of the one million dollars, \$709,600 was received for investment. The total amount available for operations was received.

Under this program, the Nunavik Investment Corporation was supposed to become self-sufficient within five (5) years.

The three-year agreement in 1989 under the Native Economic Development Program (NEDP) was for \$3,590,000. All of the \$590,000 for operations was received and out of the three million dollars investment capital, \$2,642,833 was received.

Under this program, the Nunavik Investment Corporation was supposed to become self-sufficient within three (3) years.

Interest Rates

According to its policies set by the government, NIC had to use a rate of interest equal to one of the Canadian major banks' prime lending interest rate plus one per cent (a risk factor up to 1.5% was later added). This rate of interest was reasonable when the interest rates were high (up to 15.75%). But, since interest rates have declined greatly since the late 1980's (down to 4.5% one time, 6.5% today), NIC cannot survive at these rates with the amount of capital it has at this time.

Since the Nunavik Investment Corporation does not receive operating grants from outside sources any more, it has had to survive on its interest revenues since 1992. If it had not shared costs (building, secretary, telephone, etc.) with the Kativik Regional Development Council (KRDC) from its start, the Nunavik Investment Corporation would have not survived nor would it survive today without it, at its current level of capital. At one time NIC was paying administrative fees of over \$70,000 annually. Sensing that NIC would be losing money, the KRDC cut the administrative fees down to \$10,000.

As of May 5, there was only approximately one hundred seventy-two thousand dollars (\$172,000) available for investment.

Investments

The Nunavik Investment Corporation has disbursed approximately two hundred and thirty (230) loans and loan guarantees totaling approximately \$10,232,019.

During the summer of 1998, NIC is going to miss an opportunity to invest approximately \$2,400,000 in the Federation of co-operatives which plans to building new stores, warehouses and garages. This is due to lack of capital.

Because NIC can lend only high risk commercial small and medium sized businesses, it would like to expand its services. These would include mortgages, personal loans and leasing. For it to do this, it needs more capital. A study done by Price Waterhouse in 1992 suggested that at least a ten million (\$10,000,000) dollar capital base would be needed for NIC to survive.

Funding Alternative

If the ten million dollars cannot be granted by the federal government, an alternative will have to be found. One alternative is that NIC make a proposal to the Makivik Corporation for a loan. The proposal would be that the Federal government guarantee the loan and also pay the interest on the loan. This way the capital would be kept in the Nunavik Region.

Administration

If NIC receives the ten million dollar capital, it would also have to get operating funds. Since there is only one employee at the moment to take care of administration, at least two other employees would have to be hired. The additional staff would be needed to provide the additional services, namely mortgages, personal loans and leasing in addition to loan portfolio and follow-up management. In order to do this, operating funds in the neighborhood of \$1,500,000 over five years would be required.

The Nunavik Investment Corporation is also interested in joining the First Nations and Inuit Youth Business Program. What NIC has in mind is to hire a student who would work with the manager a number of times a week to administer this program. If NIC is to hire a student, additional funding would be required to administer the First Nations and Inuit Youth Business Program.

