

Reserve wealth creation poses unique challenge

The issue of property rights and individual home ownership is something that has few takers on Saskatchewan reserves.

Instead, homes on reserves are owned by the band and rented to band members who are employed. The home is included as a part of the housing allowance for those on social assistance.

Some people look at this situation and conclude that a lack of home ownership impedes our people's ability to accumulate wealth. It's true that real estate is a dicey problem on reserves, but the topic must be discussed and options examined.

Peruvian economist Hernando de Soto has examined Third World economies and concluded that the world's poor are sitting on a great degree of wealth that they cannot exploit, because they lack property rights. Time magazine has named de Soto one of the 15 innovators who "will innovate your future."

In his book, *The Other Path*, de Soto points out that while there is lots of entrepreneurial energy and an informal economy, the poor are locked out of the legal economy. "They have houses but not titles, crops but not deeds; businesses but not statutes of incorporation."

In Canada and the United States, First Nations and aboriginal people find themselves locked out of the economy. When this occurs, the aboriginal economy goes underground through such things as the sale of contraband and smuggling or, in the case of Saskatchewan, develops a new area such as gaming.

When people are left on the sidelines, they will no doubt find a way to survive. It's human nature, and first peoples are no different throughout the Americas.

In Canada and the United States, one of the principal sources of wealth for new businesses lies in home equity. Individuals take out a mortgage on their property and use that equity to build their businesses. First Nations people who live on a reserve lack this equity.

Home ownership means that you build up your net worth as you pay off the mortgage and as the home appreciates in value. Ownership of real estate is the most common form of forced saving in Canada. Whether it is a home, a farm or a business building, real estate is where the family fortune resides.

First Nations people who live off the reserve have been able to take advantage of property ownership while those on reserve, even those with a good income, have been unable to increase their net worth. People living on reserves tend to spend their money on

vehicles, boats, ATVs and household furnishings -- all of them depreciating assets. Personal wealth does not increase, and there is little to pass on to the next generation.

Aboriginal people working on reserve are now purchasing homes in nearby towns and commuting to their jobs. In many cases this is precipitated by a lack of housing on reserves, but in the end they gain home ownership.

But what about home ownership on a reserve? Can you see an appreciation of your investment?

The short answer is, no. The value of property is dependent on what someone will pay for it. If the community has little or no economy, then the house has little or no value.

This is the future of First Nations development. Proximity to labour markets and urban areas is crucial for our future development. If home ownership is to mean anything, then the community must have a cash economy. For example, in Khanawake south of Montreal, the economy is strong and homes have real value. Land and property are regularly bought and sold in this community.

The old real estate maxim, "location, location, location" has real meaning in Indian country. The issue of home ownership must be addressed in Indian country, or we will continue with the lack of real wealth. If the community cannot support a real estate market, then those who can will move to a nearby town. This will be good for the individual, but bad for the reserve community.

This issue is serious and needs to be discussed in political circles. The old way of running a reserve, with its economy dependent on transfer payments, is becoming a thing of the past.

However, reserve land is held in trust for future generations. Reservations in the United States were turned over to individual families and the result has been a tragic loss of reservation land. Today many reservations are checker-boarded and the land lost forever. We cannot allow this to happen in Canada.

Reserve land is our homeland. It cannot be sold or owned, but held by families and individuals in a traditional manner. For First Nations people living on reserves, we need to develop practical ways of wealth creation that will honour our traditions and collective ownership.

Source:

Doug Cuthand, The StarPhoenix

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