

## **The Indigenous hybrid economy, realistic sustainable option for remote communities: Radical approach or plain common sense?**

**Address to the Australian Fabian Society 26 October 2005 by Jon Altman, CAEPR**

Thank you very much to Race Mathews and Jacki Yowell for organizing this seminar and to Noni Sharp for commentating. It is always nice to be back in Melbourne to intellectually engage, this is the city where I started my academic career in Australia in the economics department at the University of Melbourne nearly 30 years ago. It is also my 3<sup>rd</sup> lecture in Melbourne this year, in April I presented a lecture on Brokering Aboriginal Art at the Museum of Melbourne and in June I gave a keynote address on Indigenous Issues to the Good Shepherd Microfinance conference. Today I want to discuss the Indigenous hybrid economy. When this lecture was first mooted in April this year, I did not realize how timely and topical it would be, with government proposals for radical amendments to the Aboriginal land rights act being recently announced and my undertaking an unplanned consultancy for Oxfam Australia that resulted in one of the few research reports of vigorously dissenting to these proposals.

Indeed debates in Indigenous affairs at the moment are becoming somewhat bifurcated and polarized. Last night, Noel Pearson from the Cape York Institute presented a lecture on development and welfare sponsored by the Centre for Independent Studies and delivered at the Sydney Stock Exchange; tonight I am addressing the Australian Fabian Society at the New Internationalist Bookshop on alternative Indigenous hybrid or diverse or community economies: the symbolism of this in terms of Ideas and Influence in Australian society today cannot be overstated.

The ideas that I want to share with you tonight are not new, at least not for me: I want to discuss a form of economy that I term the hybrid economy that includes free market and customary and state components. I have been aware of this form of economy since 1979 when I left Melbourne to live and undertake research for a doctorate in anthropology at a remote outstation in Arnhem Land. Here, the non-market or subsistence sector based on harvesting of wildlife was the dominant component of the economy. This late 20<sup>th</sup> century economy was not 'traditional', pristine or precontact, even though colonization had come relatively late to Arnhem Land. This economy is contemporary and distinctly Indigenous. The economy is not single sector, it also has market and state sectors, and it does not exist in isolation. While this hybrid economy has its own values, especially in the customary sector, it is also based on a series of conjunctions or articulations between all sectors. Diagrammatically, I have represented this economy as three overlapping circles, the market, the state and the customary, with four segments of articulation or overlap.

I am getting a bit ahead of myself here, so let me first set the public policy scene. There is a development debate raging in Indigenous affairs, one defined in 2001 as between two extreme camps, the progressives and the conservatives. The conservatives are currently in the political and policy ascendancy and they run a line that goes something like this:

1. the last 30 years of Indigenous affairs has been a failure [not a view coincidentally supported by the available official statistics]
2. this failure is associated with land rights and native title, so that Aboriginal people in remote Australia are land rich but still dirt poor and marginalized [although as Bob McMullan recently noted if land right is the problem, then why are urbanized blacks without land right also so marginalized and relatively poor?]
3. the way forward is to move policy from self determination [if some such ever existed] to mainstreaming, mutual obligation and shared responsibility, terms borrowed by and large from overseas welfare reformers
4. and the way forward is to systematically abolish the institutions of Indigenous Australia, land rights, native title, ATSIC and the work-for-the-dole CDEP scheme
5. in the absence of a national Indigenous voice, previously provided by ATSIC, this view has garnered some influential Indigenous support and/or acquiescence.

At its most extreme, as espoused by CIS papers and the Bennelong Society and conservative commentators, this dominant view suggests that:

1. The period since 1972 has been a socialist-inspired Coombsian plot, even though many advisers and commentators like WEH Stanner were actually quite conservative
2. The period before 1972, the halcyon days of assimilation, are now reinterpreted, using a particular reading of history, as a success when in fact the policy was an expensive failure for all parties, hence its abandonment
3. The new view is that the post-1972 decolonisation of Aboriginal Australia was avoidable, when it was not
4. And the post-1972 expenditure on Indigenous programs and people is represented as excessive and wasteful, whereas much recent and rigorous research suggests that on any objective needs based criterion there has been massive under-expenditure by both the Commonwealth and the States, a deeply embedded problem of Australia's form of fiscal federalism.

What has generated and driven this debate, besides the popular print media? First, there has been the poor performance of the Howard government from 1996 to the present, most evident perhaps in an inability to address shortfalls and neglect on any objective needs basis. Second has been a recognition that a big part of the Australian continent, over 20 per cent has come under Indigenous ownership and management. Third, has been a realization that in remote regions in particular a population explosion means that this situation is going to get worse. And finally, some Indigenous spokespeople, horrified at the depth of the social problems experienced by some communities and disappointed that the rights agenda, including land and native title rights, have not delivered, have joined the chorus for policy change.

In 2004 and 2005 we have seen a fundamental shift in policy and approach with the most recent focus being on Indigenous housing and economic development. The former has focused on the issue of private home ownership a furphy that I believe was debunked by

the recently-released Oxfam Report. It is the latter issue, economic development, which I want to focus on here.

Let me explain some of the notions and ideas that are embedded in the title of this lecture.

*The hybrid economy:* as already noted this is about a three sector economy that includes the customary rather than the more conventional two sector private and public model. The hybrid economy also has four segments of articulation rather than the more conventional one.

*Realistic:* suggests that development needs to be context specific recognizing the very remote regions where Indigenous people own land

*Sustainable:* is inclusive not just of the economic but also of the ecological, recognizing that the Indigenous estate is relatively intact and that customary activity is dependent on species; and that the socio-cultural looms large, again the customary is dependent on reproduction of practice

*Development:* is a term that is used in a wide sense to refer to livelihood and choice and the processes of improving well-being.

The focus here is on remote Australia where only 27 per cent of the Indigenous population resides, about 130,000 people at over 1,000 remote communities ranging in size from townships to tiny outstations. These are the most difficult of circumstances for economic development owing to remoteness. These are also places where colonization came last, sometimes in the last 50 years, although often the state was the colonizer so the nature of colonization was not as brutal as in earlier years. Consequently, distinct Indigenous cultures, values and belief systems, can and have remained fundamentally different. In many situations, societies are still kin-based rather than market based, these are societies where communalism or group corporate ownership, at least of land, looms large. To not overstate the benevolence of state intervention, it should be recognized that in some places as recently as the late 1960s, Aboriginal people experienced the state project of assimilation harshly, centralized and sedentarised in artificial townships as wards of the state; for some, this has left a lasting legacy.

Much of my model of the hybrid economy is premised on the notion that customary non-market activity is undertaken. Historically, we have not known much about this sector at the macroscopic or national scale. But owing to some statistics recently collected in the National Aboriginal and Torres Strait Islander Survey (NATSISS) in 2002 we know a great deal more. In particular, the NATSISS shows that the customary is everywhere, at least at discrete Indigenous communities mainly in very remote Australia. For example, the ABS's official statistics show that 82 per cent of adults in such community areas hunted and fished in the last three months. In the Northern Territory, where over 70 per cent of the Aboriginal population lives on Aboriginal owned land, a high proportion of adults participated in such activities and 20 per cent participated in paid or unpaid cultural activity. Crucial factors appear to facilitate such customary activity: land rights,

s211 of the Native Title Act that recognizes common law rights in customary resources such as wildlife, and the CDEP scheme that provides some income support for people residing at outstations and engaging in the customary economy. In recent research undertaken with colleagues Geoff Buchanan and Nicholas Biddle, we showed that over 90 per cent of participants in the CDEP scheme were able to meet their cultural responsibilities according to NATSISS 2002 data. In this research, we referred to the hybrid economy, including the customary sector, as the real 'real' economy in remote Australia, because in very remote Australia only 15 per cent of Indigenous adults are in mainstream employment, 42 per cent are in CDEP employment and if one takes away CDEP then the unemployment rate increases from its current 7 per cent to 76 per cent.

These are the positives of living on country, often at outstations, of land rights and native title laws that are rarely reported. Instead we hear about the customary as 'preserving a traditional hunter-gatherer economy inside a modern capitalist one' [as in an editorial in *The Australian* Monday 24 October 2005] and that such economies 'are so prevalent because of the destructive separatist notions foisted on Aborigines [human beings without agency] by the chattering classes'. [As an aside I am starting to realize belatedly that communalism is equated with socialism by conservative neo-liberal commentators which is why the notion is so offensive irrespective of any evidence base of success or failure.]

What the NATSISS 2002 data and the hybrid economy model clearly show is that customary activity is contemporary and heavily integrated with the modern capitalist economy, at least in its remote Australian [highly subsidized] manifestation. But it is also, as I will demonstrate, linked to the global economy.

Two examples from my work in Arnhem Land over the past 26 years, with data from 1979–2005, can show this:

The first relates to Aboriginal art, which is based on activities in the customary sector and on-country living, but which is marketed both in Australia and overseas and is underwritten by some state support. Arguably, this activity is contingent on state marketing support because of market failure linked to extreme remoteness. But paradoxically, it is this remoteness and on own country living that provides the cultural underpinning for the art. In the Maningrida region, there are hundreds of artists and the arts constitutes the only substantial goods exports from the region, currently at \$1.5 million per annum, after nearly 50 years of state intervention. I have just returned from a visit overseas where John Mawurndjul, a Kuninjku artist from the Maningrida region was enjoying a retrospective of his art at an exhibition *Rarrk—John Mawurndjul* at the Jean Tinguely Museum in Basel, Switzerland and where he had been working on a commission at the new Musee du quai Branley (the Chirac Museum). The Australian nation loves Aboriginal art and associated financial spin-off benefits to the tourism sector and commerce, but fails to see that arts success is predicated on land rights, or that artists need a degree of cultural and geographic distancing from townships to succeed.

The second example relates to wildlife harvesting and natural resource management (NRM). The Maningrida region covers 10,000 sq kms, it is 25 per cent the size of the

Netherlands but has only 2,500 people. Wildlife harvesting is good for Aboriginal people in terms of dietary intake; it is good for the species as it assists maintenance of optimal populations; and it is good for the environment, especially when feral species like water buffalo or pigs are harvested. And while on country, people participate in associated activities, managing the environment with controlled fires, spotting and eradicating exotic weeds, participating in the control of feral animals (like pig and buffalo) that they can also eat, participating in coast watch, bio watch and in carbon abatement. People in this region are just exemplars of best practice NRM that is occurring on the cheap on much of the 20 per cent of Australia that constitutes the Indigenous estate. This NRM is funded by CDEP [or work-for-the-dole] on the quiet and on the cheap; again the state and the public enjoy its cost effectiveness, but are reluctant to pay for such eco-services provision at market rates. So compared to national parks, like Kakadu adjacent to western Arnhem Land, where Maningrida is located, this NRM is grossly under-resourced.

Let me move now to some policy discussion. Everyone wants to fix the 'Aboriginal development problem' and who could argue with that aspiration. But there is a diversity of views about how and a reluctance, deliberate or not, to define what 'economic development' might be or how it might be achieved with concrete measurable strategies. On Monday 24 October 2005, I watched Senator Chris Evans, Opposition Spokesman on Indigenous Affairs on the SBS Insight Program refer time and again to the desirability of development, without actually saying what it was or what it might look like on Aboriginal-owned land.

For Noel Pearson, it is about the 'real' economy, the free market and welfare reform and labour migration (an approach incidentally trialed with mixed success in the 1960s). But Pearson has little to say about active workfare CDEP or what precisely the real economy might look like in Cape York.

For Warren Mundine, it is about family business and private home ownership and capital inflows to Aboriginal communities from commercial sources. But again there is little detail about the comparative advantage that Aboriginal communities might enjoy and what might attract the investments.

For conservative extremist Helen Hughes (for whom self determination is tantamount to apartheid) and for Bob Gregory, two eminent economists, it is about human capital development and mainstream jobs and labour migration, although Gregory does qualify this by saying if living standards identical to those of non-Indigenous Australians are the goal. Indeed Gregory is of the view that it is not so much the policy settings that are wrong as broader changes in the Australian labour market. Of course, if all Indigenous Australians migrate for employment we will have an empty 20 per cent of Australia and what cost will this represent to the nation in terms of biodiversity conservation value.

For the Australian state it is about economic independence and market-based solutions. The state promulgates false expectations while dismantling the policy machinery of the self determination era, land rights, native title, ATSIC and CDEP. The state has no regional development agenda and just uses the rhetoric of mainstreaming for non-

mainstream, very culturally different, situations. Arguably, to paraphrase James Scott, the state only thinks in ways that are consistent with its overriding 'mainstream' aims.

The approach that I am advocating today is fundamentally different and arguably plain common sense and is based on the following:

1. A fundamental honesty about the structural limitations to Indigenous economic development, given the quality of the land base, the resources available to invest in development and the weak property rights in commercially valuable resources
2. It is realistic about history and citizenship rights and the backlogs in housing, health, education and employment resulting from under-funding. Many of these backlogs are the result of decades of neglect and are getting worse owing to a demographic time bomb. The challenge is to rectify this situation without encouraging mendicance.
3. It recognizes that in remote Australia the enabling state always looms large, as *The Australian* reported on 19 October 2005, 'Rich Farmers get aid from City Poor'; how rarely we hear about poor blacks getting aid from rich farmers!

The hybrid economy model recognizes diversity. In this model, both sectors and articulations will differ from place to place and from time to time. So there is a need for local solutions to be in touch with local circumstances. Development approaches need to be community-based and bottom up, as with existing successful models like community-controlled arts production and Caring for Country ranger programs.

What is needed is creative and innovative support for success that is predicated on inter-sectoral linkages. In this approach neither the market nor the state is being excluded, it is important to grow all sectors of the hybrid economy. For example, in the customary sector, wildlife should be harvested to sustainable limits and attention should be focused on the possibilities of commercially marketing any surpluses [which might require some deregulation]. The state sector should expand so that Indigenous townships and outstations are supported on an equitable needs basis, while services effectively provided in the provision of eco-services and coast watch should be properly funded; black enterprises should not be remunerated on the cheap. And the expansion of the market sector should be encouraged, be it in the sale of art or the sale of labour to miners or in the provision of services to major development projects in remote Australia. Blue sky enterprises like carbon abatement and sequestration projects should be encouraged wherever a possibility.

This proposed approach is about growing activity in all sectors of the economy, the market, the non-market and the state. It is about enhancing livelihood options for Indigenous people wherever they choose to live in ways that are socially and culturally compatible with local aspirations. If such a model is pursued, something that has never been tried if even considered, we might just see other unanticipated benefits emerge for Indigenous people, for regions and for the nation.