

claims. Prospects for economic development would improve if the land base were expanded, claims were settled, and the control of resources on Indian lands were transferred to Indian First Nations. These actions would help to build the foundations for economic development, but they will take considerable time to accomplish. (p. 76)

It is essential that Indian First Nations be able to get on with the task of economic development without delay. (p. 76)

The Committee considers control of a strong economic base to be essential for the effective exercise of Indian self-government. In planning for development of the economic base, the people of an Indian First Nation should be able to set goals, define strategies and then act to realize their potential. To do this they will require substantial funding. (p. 76)

The Committee recommends that, in determining the fiscal arrangements with Indian First Nations (discussed in Chapter 7), sufficient funds be included to enable Indian First Nations to correct any serious deficiencies in community infrastructure and to begin economic development. (p. 76)

If representatives of the national aboriginal organizations agree to use the \$345 million Native Economic Development Fund to found a special development bank, the Committee recommends that the federal government commit the Fund as the bank's initial capitalization. (p. 77)

The assets now controlled by Indian governments are not sufficient to support those governments. It is the Committee's hope and expectation that claims settlements, Indian control and development of their land base, new arrangements for resource revenue-sharing and other long-term entrenched financial arrangements would in due course provide Indian First Nation governments with assured funding. In the interim, grants will be necessary and are justified. Nevertheless, the Committee does not wish to see its advocacy of transfer payments reduce the pressure for progress in settling these other matters. (p. 97)

Fiscal Arrangements

The Committee is entirely convinced that Indian self-government must be supported by new funding arrangements that would enable Indian First Nation governments to decide how best to meet their peoples' needs. (p. 94)

Self-government requires that Indian First Nation governments be free to make policies and to set their own priorities. To ensure that they exercise such powers responsibly and that the people in turn are protected against wrongful use of these powers, these governments must also be accountable to those people. (p. 95)

The Committee recommends that future federal payments to Indian First Nation governments be in the form of direct grants. Such payments should be made to all Indian First Nation governments recognized by the federal government as being accountable to their people. (p. 98)

The alternative favoured by the Committee would be to fund First Nations government operations through a modified per capita formula. This would ensure equity and greatly facilitate