

WITH Calvin Helin *Author of the Economic Dependency Trap*



Author **Calvin Helin** worked his way up from an impoverished boyhood in a remote First Nations village in northern British Columbia to become a successful lawyer and international businessman. He has dedicated his life to helping others break the bonds of economic dependency and emerge with newfound confidence and self-worth. He proposes groundbreaking, positive solutions in down-to-earth language that show the road to self-reliance. Economic dependency is not “Aboriginal in Nature”, but independence, adaptability, and resilience are. **Calvin Helin** was interviewed after his Frontier speech in Calgary on January 18, 2011.

Frontier Centre: Can you describe what you mean by the ‘economic dependency trap’?

Calvin Helin: Most people don’t understand that when you’re not in control of your own financial wherewithal, your destiny is controlled by somebody else. So, one of the fundamental principles of “independence” is that the more that your sustenance is based on some other entity, the less control you have over your destiny, so it’s a very fundamental thing. I think it’s one of the primary reasons why the Aboriginal population has so many social problems, including high suicide rates, because people feel they’re not in control of anything and if you’re not in control of anything the only thing you can control is your life, whether you end it or not. So, it’s a fundamental idea.

FC: In your book, you identify different forms of economic dependency. Can you describe them?

CH: There are various forms of economic dependency identified in my book. There’s government-to-government. One example is First Nation governments which are 100% reliant on the federal government for their transfer payments. It also occurs in federal states with equalization payments. This is where the ‘have’ provinces are required to provide some of their taxes to the ‘have-not’ provinces. Like Canada, it ends up as a situation of government-to-government dependency. Quebec is the biggest recipient of these funds in Canada. Of the \$14 billion or so last year, Quebec received \$8 billion of that. But, if they truly felt and understood this first principle of dependency, the more dependent you are, the less control you have over your destiny, and if that’s truly what the population seeks, they might rethink that.

Another form of government-to-government dependency is transfer of systemic forms of aid to Third World governments from Western governments. For example, in the last 50 years, something like a trillion dollars in aid has gone to largely African countries and by most estimates, the countries receiving those payments have gone backward in just about every social and economic indicator. The ones that have done well are the ones that received the aid as an incentive, to help them stand on their feet. I think Botswana is one example of one country that received aid this and most people don’t remember Taiwan. This is a good

example of what can happen with a more self-reliant and self-responsible attitude.

The second form of dependency is government-to-citizen. We know that in North America this comes in the form of welfare programs. It impacts every social class in society and just about every ethnic group in Canada. Some are more reliant, like First Nations. In the United States, the more reliant populations are Hispanics and the African-American population and what they call now the growing white underclass.

The third form of dependency is a very surprising one in modern life because it was created by the wealth we created, since about the mid-1990s. In the history of civilization, the middle class has such access to such wealth and easy credit. We’re giving material things to our kids because we felt we were deprived of them or we’re living vicariously through them. What it’s doing is creating what psychologists are calling ‘affluenza.’ These kids grow up with a huge sense of entitlement and the inability to be self-sufficient. They end up developing a psychological mindset that is equivalent to a person on welfare. We are doing to our own children. Of course, the situation is more pronounced for more wealthy people. They have to be even more careful. The greater wealth you have, the more discipline you need. You can destroy your family or country through poorly-thought out gifts to your children.

FC: What are some problems with these forms of dependency?

CH: The first problem with this kind of system – where the government pretends that it can help its citizens in the long term – is that it is based on a fallacy. You can never really help people in the long term by giving them material things. The only thing you can do for people in the long term is provide them with knowledge, which is why I wrote this book. I wanted to help people figure out how to help themselves.

The second problem is these programs reward dysfunction and encourage entitlement and dependency at a time in most Western countries when the demographics are saying the amount of dependency and the dependency ratio is growing. The number of people not working and reliant on government versus those who are working is growing at an astonishing rate. It’s just not sustainable.

There are a couple of reasons why these programs are not good things. The first one is we are social animals and we evolved social ways of looking after ourselves in the ways we developed as human beings. There used to be healthy dependency within families. Like when one spouse depends on their spouse or children on their parents, and so on. That was good because people were still basically looking after themselves. But the problem is you end up in a situation where you think someone else will take care of you. So, with the swipe of a pen, you throw out thousands of years of social evolution and those skills you needed to look after each other. So, if the government goes broke, then what are you going to do?

The last thing about government-to-citizen dependency programs like welfare is they just don't work. They bypass the most important psychological thing people need which is a sense of self-worth. When I first heard the line in the song by the Quebecois singer Felix Leclerc who said the best way to kill a man is to pay him to do nothing, it made common sense to me and I didn't know why. I realized there was a fundamental thing in that song when I read about the ideas of the American psychologist William James. He said that the deepest craving people have is the craving to feel valued by their family, community, and friends. When someone gives you a welfare cheque, you get your material sustenance needed to survive, but it bypasses your ability to validate your sense of self-worth by working for what you get, so it's a big problem.

FC: How did we as a society get into this problem?

CH: It began with the early introduction of welfare as a result of the Great Depression. Most people in society throughout the world thought at that time that the most important thing people had was their ability to be self-reliant and self-responsible. Those questions were highlighted by FDR (Franklin Delano Roosevelt), the American president, who gave his State of the Union Address in 1935, just as they were introducing relief under the New Deal. Back then, he said that in handing out these kinds of monies, you have to be super-careful because they can destroy people's soul, and they're like a narcotic. They will undermine the self-reliance of the nation and he was right about all those things. What happened from there, especially in the 1960s, with the Baby Boomer, is America became the manufacturing centre for the world. Everybody was employed and it was felt that we were going to grow forever. It was an era people never experienced before. So, as part of that, we started introducing more and more gilded forms of welfare. In my grandfather's time, he would be in complete disbelief if someone were to tell him about cradle-to-grave sustenance. If I told him he would be taken care, and his health care and everything else, he just wouldn't believe it. We have introduced all these things and we are finding out that the good intentions sometimes result in very bad things. In the case of Aboriginal people, it's locking our population into a dependency that is destroying our population. It is true of all populations. You look at the African-American and Latino populations in the United States and you see the same problems. What has happened is the programs have grown and grown, and people expect more and more from our government.

Our governments – because it's such a short term election cycle – keep promising more and more. We're no longer in a situation where we have 16 workers for every retiree. After the baby boomers retire, and they are starting to, the ratio will be 2 to 1. The dependency ratio is way off. We cannot sustain this system. The writing is on the wall.

FC: You were talking about current and projected demographics creating future problems. Can you comment on that?

CH: I'll give you an example from the United States. You have a situation where they – by minimal estimates – face a \$130 trillion debt if you factor in federal, state, and municipal debt. This is such an astronomical number. That's one situation. They are going to be spending so much money servicing debts. Second, you have a situation where the fastest growth in the population is occurring in the populations that are the biggest users of social programs. In 2020, the projections are the white population will grow by 1%, the Native American population will grow by 26%, the African-American population by 38%, and Hispanic population by 77%. This means huge growth in the population using the most social welfare programs. At the same time, you have a good portion of your working population set to retire. So, you will have 80 million plus people not paying into the tax coffers of the nation and they themselves will be reliant on very expensive social welfare programs. It's clear this needs to change.

FC: To what extent is Canada affected by the economic dependency trap?

CH: In some ways, Canada is very much affected by this trap. We are different than the Americans. We look at ourselves differently and we have a different social welfare system. That is generally good. But, there are some terrible aspects, I mean look at what's happening with our Aboriginal population. I think we've developed programs where people are rewarded for being dysfunctional and dependent and discouraged from being self-reliant and self-responsible. There needs to be serious reform of those programs because we have the same demographic problems as the United States. It's now very clear that the Aboriginal population is a big part of the future of this country. There is a major paradigm shift taking place now.

The other thing that is different about us is we are in a better financial situation than the Americans. Our banks were a lot more regulated which makes our investment habits a lot more conservative. There is a real need to focus on what people call the 'resource curse'. Will it be like just a boom and bust cycle like in Alberta? Should we be using those resources wisely for the rainy days that are going to come? Norway is a good example with what they do with their oil monies. They went through a boom and bust cycle originally, but now they put that huge wealth off shore so it does not warp the way their economy works. It is very wise what they're doing. That's one way we can be damaged by our own wealth in creating these gilded programs that are hurting our population in general. I think all of that needs to be re-examined.

FC: How does economic dependency affect governance?

CH: If you have a large enough population that is economically dependent, they will keep voting themselves more dependency. It is a problem. You have some situations where the light has gone on in parts of the economically dependent populations, like the Maori of New Zealand. They realized they were very dependent on government programs and they had their treaty settlements. They invested in education and economic development. If you look at my first book *Dances with Dependency*, they had done a study to show the net impact of the Maori economy as if it were separate from New Zealand. At that time, if you took away all of their transfers and uses of social programs from their contribution, they were something like \$200 million contributors, Two to three years later, they are \$2 billion net contributors to the New Zealand economy. In terms of the Inuit and Indian population here in Canada, you are looking at \$20 billion in the negatives.

FC: Dependency has created dysfunction among First Nation populations, yet some First Nations want self-government right now. Do you believe dysfunction must be addressed before self-government can be achieved or can both dependency and self-government be addressed at the same time?

CH: You need to prepare for self-government with a long transfer period where you have a strategic plan in place with a timeline and measurable goals at each step of the way because if not, you're setting yourself up for failure.

FC: How can economic dependency be overcome on First Nation communities?

CH: I think people, for of all, at an individual level, need to understand how they got into the situation. Then, once you understand that, you have to accept the reality. Many people are in denial about it. It is like people who claim they are not really alcoholics: They just have a drink every day, many times a day. You have to accept the reality and own it in your heart and soul. No one else can have your self-interest in mind. It is a myth that somebody else can have your own interest in mind. Then, you have to, I think, decide on a plan of action that should be guided by a personal strategic plan that again, have measurable timelines and strategic goals and so on.

FC: In your talk today, you mentioned First Nations engaging in partnerships with foreign countries, such as China, to succeed economically. Can you elaborate on that?

The fact of the matter is Aboriginal people now have leverage over natural resources and people want them, It used to be that the resource companies in Canada would just ignore those interests because there weren't any legal reasons to pay attention to them. Now, they have to do that because of treaty settlements or the rights to consultation and accommodation where rights are impacted. Looking at a map of the 22 treaties in northern Canada, you see those treaties alone impact half of Canada's total land mass land mass. We're a nation of drawers of water and hewers of wood. I mean that is our economy.