

Student Background Reading

Free Market Economic Model vs. Traditional-Indigenous Economic Model

Overview

This reading compares two different economic models, the Free Market Economic Model, and the Traditional-Indigenous Economic Model. It will explore the foundations of each model and consider each of their goals. Finally, it will consider each model as it relates to long term “sustainability” and “sustainable development”.

The Free Market Economic Model

The market economy, also known as a free market economic model, is a system in which supply and demand dictate how products and services are produced. Simply put, businesses make what people want to buy and use the resources they have available to do it. The United States has embraced a variation of the “free market” economic model. In the United States, and many other countries, the “free market” does have some government intervention in the economy which implies that it is not completely free from regulation.

Guiding Principles and Values of The Free Market Economic Model

The Free Market Economic Model is guided by certain values and principles that are considered its central characteristics. They are:

Private property: Individuals, not just governments, are permitted to benefit from private ownership of business and land.

Freedom: Market participants are free to produce, sell, and buy anything they choose, subject to government laws.

Self-interest: Individuals attempt to sell their goods at the highest price that they can charge while paying the minimum for goods and services that they require.

Competition: Producers compete, which keeps pricing fair and assures efficient manufacturing and supply.

Minimum government intervention: The government has a minor role in a free market economy, but it enforces rules to promote fairness.

Sustainability: While economic sustainability is desirable, it is not essential since short term profitability may be the primary economic goal. Social and environmental sustainability is not always considered.

The Traditional-Indigenous Economic Model

The Traditional-Indigenous Economic Model is still in practice in various places throughout the world and is associated with communities rather than entire countries. Traditional-Indigenous economies are not based

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primarily on profit. Rather, they focus on the trade and bartering of goods and services which allow communities (in a particular region, group, or culture) to survive and thrive over the long term.

Guiding Principles and Values of The Traditional-Indigenous (T-I) Economic Model

The Traditional-Indigenous Economic Model is guided by certain values and principles that are considered its central characteristics. They are:

Community Based: decisions about what to produce, how to produce, and how to distribute goods and services consider the needs and the well-being of the community.

Consider Social and Environmental Costs: economic decisions consider more than profits and are holistic when considering the economic, social, and environmental impacts of economic activities.

Endurance and Longevity: Survival of the community over time (sustainability) is at the heart of economic decisions.

Dynamic: The T-I economic model is not stuck in time. Rather it is responsive to innovations and is adaptive to changing conditions.

Sustainability: Economic, social, and environmental sustainability is a primary consideration since the longevity and well-being of the community depends on it.

Are there some modern-day examples of communities that have Traditional-Indigenous Economies?

Yes. Being that the Traditional-Indigenous economic system is community-based rather than country-based, the examples can be found in specific Indigenous communities all around the world.

Stz'uminus First Nation (Coastal Salish), British Columbia, Canada

Once associated with traditional art and fishing, the Stz'uminus First Nation has decidedly embraced new and varied economic opportunities including forestry, aquaculture, tourism, and property development to name a few areas of economic activity. As the Stz'uminus First Nation has grown its economic base and diversified its economic activities they have maintained the principles and values of the Traditional-Indigenous economic system. Here is a portion of their profile from the Better Business Bureau:

Stz'uminus First Nation are a progressive, independent people that value its citizens and honours the traditions while embracing the future Corporate Social Responsibility policy. The Stz'uminus First Nation is a socially responsible community that adheres to the principles of sustainability and stewardship in all its undertakings. Our mandate is to build a self-sufficient Nation.

In terms of economic development, the mandate of Coast Salish Development Corporation is to build a sustainable local economy that respects and supports traditional Stz'uminus values in terms of the environment, community, and the well being of all members of the Stz'uminus First Nation. Coast Salish does

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this by using the triple bottom line approach of balancing economic/financial, environmental, and community/social factors in all its decision making. (<https://www.bbb.org/ca/bc/ladysmith/profile/economic-development-organizations/coast-salish-development-corporation-0047-90011686>)

The Stz'uminus First Nation are one of the most prosperous Indigenous groups in the world. They have achieved economic growth and financial stability without compromising their commitment to their traditional values and principles. The "triple bottom line" approach to decision making puts financial stability on the same footing as social and environmental stability. They are modeling balanced and sustainable economic growth, right here in North America, for all to observe, admire, and learn from.

References

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