

# The Development of the Aboriginal Economy over the Next 20 Years

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This paper sketches a view of Aboriginal economies and their development over the next twenty years. It focuses on three fundamental questions:

1. What do Aboriginal economies look like now?
2. What are the critical factors that need to be considered for their development?
3. What are possible scenarios for Aboriginal economic development?

## 1. WHAT DO ABORIGINAL ECONOMIES LOOK LIKE NOW?

### A. Many Not One

The Aboriginal economy is not one entity that extends throughout Canada. Rather, it consists of many local and regional entities spread throughout the country. While many people categorize the different economies as northern, southern, traditional, subsistence, market, for our discussion, it is more useful to think of Aboriginal economies as consisting of two distinct and different types of economies: enclave and interwoven.

*Enclave economies* are economies which have a clearly defined and bounded geographic location with a central Aboriginal government authority. These economies are usually Indian Reserves and Métis Settlements. One defining characteristic of these economies is the federal legislative and regulatory framework, defined mostly by the Indian Act which makes the rules regarding land and resource use, access to credit, etc., more difficult without government (either federal, provincial or Aboriginal) involvement and intervention. These economies have a series of well-defined links to the surrounding regional economy, usually as a purchaser of goods and services and sometimes, as the producer of selected goods. Local individuals may also participate in the surrounding regional economies as member of the labour force. An example of an enclave economy is the economy of the Six Nations of the Grand River in Ontario or Paddle Prairie in Alberta.

*Interwoven economies* are economies which may have a defined geographic location but do not have a central Aboriginal government. These economies are usually urban but can also be rural or remote economies or Inuit economies in

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the north where reserves do not exist and public governments exist. The central feature of these economies is its interwoven links with the mainstream economy. There is usually not a special legislative or regulatory framework which affects interwoven economies. An example of an interwoven economy is the economy of the urban Aboriginal people who live in Vancouver, British Columbia. This economy will consist of several businesses selling goods and services to both the local Aboriginal population and to mainstream residents. Local Aboriginal residents also participate in the local labour markets mainly as employees. A well-developed infrastructure of Aboriginal service organizations such as Friendship Centres, social service organizations or community development organizations around which development activities may also exist.

### *Implications*

The implication of this categorization for policy and programming is that one can strategically focus the economic development approach to the type of economy that one is focussing on. This focussed effort should result in improved economic results: increased business formation, improved economic planning; more focussed and supported local development effort, improvements in the level and quality of employment, improvements in local standards of living and more opportunities for local control.

## **B. Many Development Paths**

The second important factor to recognize is that Aboriginal economies are developing differently i.e., Some are choosing to develop using mostly publicly owned businesses, others are choosing to foster the development of a small business community which consists mainly of individually owned businesses. Some are working closely with natural resource companies (mining, minerals, oil and gas, etc.) to develop both opportunities for businesses and employment. Others are choosing to emphasize traditional forms of harvesting activities (farming, fishing, forestry). Some are encouraging individuals to pursue high-tech careers or careers in mainstream organizations. While the paths that Aboriginal economies are choosing are different, most are encouraging the development of a business community as a primary driving forces for economic development.

In addition, Aboriginal economies have differing types of basic business infrastructures. The following schema is a useful way of thinking about business development within an economy.

### □ TYPE 1 ABORIGINAL ECONOMY: A FOCUS ON LOCAL MARKETS

This economy is developing a small business infrastructure. It is an economy which consists of several small businesses, either individually, collectively or publicly owned. The businesses are typically small, owner-operated, one or few employees, usually family members, and focussed on meeting local market needs. The overall focus of the economy is inward and local.

Typical businesses are gas stations, variety stores, grocery stores, craft stores, movie rental stores, local fast-food restaurants. Businesses which serve local public institutions like local school bus operators, road maintenance, garbage collection and the like may also exist.

These businesses in serving a local market are usually marginally profitable, providing a sufficient income to support the owner-operator but not usually generating sufficient surplus to finance expansion and growth, if the owners are inclined to engage in this activity.

### □ TYPE 2 ABORIGINAL ECONOMY: A FOCUS ON REGIONAL MARKETS

This economy has a small business infrastructure which functions effectively at meeting local needs. A few of these businesses are growing into medium sized businesses. The focus is on the development of regional markets in the regional economies rather than on the local markets. The overall focus of the economy is outward and regional. The business infrastructure consists of a few businesses which serve regional markets and many which serve local markets. Some smaller businesses may sell goods and services to the larger businesses.

Typical businesses are craft outlets, local manufacturing and construction companies, stationary stores, hardware and lumber yards, quarries and gravel pits, logging and forestry operations, fishing and aquaculture and service companies such as consulting services, computer services, etc.

The businesses serving regional markets usually employ people beyond the immediate family and can generate sufficient surplus to support

the owners who can probably hire managers to run the company on a day to day basis.

□ **TYPE 3 ABORIGINAL ECONOMY:  
A FOCUS ON NATIONAL/  
INTERNATIONAL MARKETS**

This economy has developed a few businesses which are developing into national or international entities. The overall focus of the economy is outward and national/international. The business infrastructure will look similar to that of a stage two economy but with the addition of a few businesses which serve national or international markets.

Typical businesses are computing services, high quality arts and crafts companies, mining and other natural resource extraction, selected fishing and aquaculture companies, and service companies such as paper shredding, travel agencies, investment firms.

*Implications*

The implication of this categorization is to realize that the development task and so the type of government policy and programming needed will be different for each type of economy.

**A type one economy** will require a high degree of support for the development of small businesses, access to small amounts of capital through programs like lending circles, micro-business lending programs, assistance in economic and business planning and local training programs and programs to develop entrepreneurs. Establishing mentoring may also be necessary and after start-up programs to help individuals through the first turbulent years of business.

The primary focus of the development effort for a type one economy is small business stimulation, through encouraging either individuals (or groups of individuals ) to start businesses or by starting them directly as publicly owned enterprises. They can accomplish the encouragement effort through the establishment of a development corporation which then undertakes to identify opportunities and individuals who may be interested in pursuing these opportunities. Either the development corporation, the local Aboriginal government (if one exists), or a local community service organization can act as an advocate for business development, forging links with other businesses who may have opportunities for small businesses, or gathering infor-

mation on government procurement programs (at all levels: federal, provincial, municipal or Aboriginal) or any number of other tasks designed to stimulate and encourage small business development.

**A type two economy** will require access to higher amounts of capital, perhaps some specialized expertise in marketing, production and political assistance in creating a climate of acceptance among regional mainstream businesses who may perceive local Aboriginal businesses as unfair competition. If a community has chosen public ownership of businesses, providing assistance in the development of appropriate institutions and mechanisms to separate business decision making from governance and political decision making plus developing policies regulations aimed at creating an orderly market will be necessary. Business information needs increase in complexity: more marketing information is needed by businesses, more and timely financial information is needed by the owners and creditors. The use of the Internet/world wide web as marketing tools becomes more important, especially if the company has a highly specialized product.

The primary focus of type two and three economies is encouraging and assisting in the development of larger businesses from the smaller ones which have been created, if possible. This role can again be undertaken in a number of ways: by a development corporation, local service organizations or local governments.

**A type three economy** will require specialized expertise in national/international marketing, specialized export financing, government advocacy in creating places for Aboriginal products in international trade fairs, expositions, tours and the like. Here specific expertise in the development of joint ventures, partnerships, national and international business agreements would be helpful.

**C. Many Resource Endowments**

Aboriginal economies have very different human and natural resources and hence have different economic development potential. For example, those enclave economies which are located near urban centres have excellent opportunities for business development in stages two and three as do interwoven economies in urban centres. Enclave economies which are located in northern or remote areas will have limited opportunities for development beyond stage one. In addition

to different natural resource endowments, there are wide variations in human resources or access to human resources. Again, large enclave economies may have highly skilled, educated or trained people readily available. Small enclave economies in remote areas may not have ready access to the same skill sets.

#### *Implications*

What this means is that government programming must be flexible in nature and able to respond to different needs at the same time. For example, It should be able to respond to the need for highly developed import/export financing as well as micro lending to a small individual entrepreneur.

#### **D. One Preferred Approach**

The third factor to consider is that the preferred development approach by most Aboriginal communities is community based economic development (CED). This approach places the greatest amount of control over local development with local communities and is consistent with the policy of the supporting Aboriginal government development. This approach also considers development in a holistic perspective, not isolating business development from social, cultural, political development. The CED approach is a centralized, planned, comprehensive, and thoughtful approach based usually upon a rigorous analysis of a community's strengths and opportunities. It generally requires a high degree of cooperation and collaboration between governments and community institutions. Some examples are the Saskatoon Tribal Councils Economic Development Corporation, the Kitsaki Development Corporation, and the Winnipeg Inner City Initiative.

#### *Implications*

It is highly unlikely that Aboriginal communities will deviate or move from this position, which has remained consistent since the 1960's. Federal policy and programming have shown a remarkable convergence to this position over the past 30 years as it has come to include loan guarantees, business assistance, training programs, economic planning support, business planning support. The CED approach requires a high degree of economic planning at the local level and the development of a local capacity, either individually through entrepreneurs or local established business people or collectively through

publicly owned enterprises to implement the plans. This highly centralized and planned approach, which can be quite effective for economies at stage one or two may be seen as a constraint for those economies in stage three.

#### **Summary**

The development of Aboriginal peoples' economies is a highly complex set of tasks. Aboriginal economies, while usually thought of as a single entity, in reality, consist of a series of economies strung out across the country in a number of different environments with different resource endowments. It is clear that a multifaceted, flexible development approach is required. It is impossible to consider economic development independent of the context within which it is to occur. In many Aboriginal communities, as a result of the wholistic view of development and the social and health problems that occur, social development measures must be considered a critical and concurrent part of the overall approach.

#### **2. WHAT ARE CRITICAL FACTORS THAT NEED TO BE CONSIDERED IN THE DEVELOPMENT OF ABORIGINAL ECONOMIES?**

Aboriginal economies exist within the scope of the broader Canadian economies. In this sense, they are affected by national economic policies and hence are in a way interwoven into the economic fabric of the country. However, for the most part, Aboriginal economies have not been perceived as distinct economies, nor have Aboriginal people, either in enclave or interwoven situations, had the tools and mechanisms to guide their own development and participation. In fact, for the vast majority of Canadians, Aboriginal economies are invisible. This invisibility has made it hard to gather and analyse data to guide policymakers. This invisibility has also made it difficult for mainstream Canadian businesses and governments to consider Aboriginal economic development interests in their decision making processes except in ways other than after the fact.

It is this single critical fact of invisibility that needs to be considered before all others. Without visibility, it will be hard to draw positive attention to development possibilities.

### A. Factors for Consideration

There are several factors which will affect the development of Aboriginal economies and which need to be considered over the next 20 years:

1. The next generation will enter adolescence and early adulthood with a more positive sense of identity and a sense that it is possible to be Aboriginal in many different ways. This sense of identity may lead to increased self-confidence and more willingness to take risks, essential qualities for business development. Over the next two decades, the Royal Commission reports that it will be necessary to create 300,000 new jobs to accommodate this next generation of Aboriginal young people.
2. Public and secondary school completion rates have increased steadily over the past two decades as has participation in post secondary education. Demand is at an all time high for training. This increasingly educated cohort will be well placed to make an excellent contribution to Aboriginal economic development. There are currently 40,000 Aboriginal individuals who are attending colleges and universities. Aboriginal participation rates in areas of study related to economic development are approximately 1/3 to 1/2 of those for the Canadian population as a whole. For example, in 1991, 1.82% of Canadians between the age of 15 & 49 were enrolled in Business and Commerce programs; 0.96 of Aboriginal people of the same age were enrolled in similar programs.
3. Demographically, the Aboriginal baby boom is about two decades behind the mainstream baby boom. The mainstream baby boom has moved past the need for huge investments in education and housing; It is now moving into requiring huge investments in health care and other services required of an aging population. The Aboriginal baby boom generation still requires huge investments in education and housing along with employment development. The lack of synchronicity will make it harder to garner the public resources necessary to facilitate Aboriginal economic development.
 

In addition to the movement of the baby boom through the period of highest household formation and job requirement stages over the next 20 years, there is also the slow but continual urbanization of the Aboriginal population. Approximately 60% of the total Aboriginal population in Canada lives in urban centres. However, only 40% of the status Indian population live in cities. This means that for a significant portion of the Aboriginal population, their experience with the economy will be in urban centres and hence in interwoven economies. One then has two large groups of people to deal with: Status Indians who live on reserve and Aboriginal people who reside in urban centres.
4. In some communities, the basic infrastructure necessary for economic development is in place: small businesses, supportive local governments, banking and financial services, public utilities such as electricity, water, waste disposal, roads, communications, community development organizations and trained labour force. Those communities where these exist have good opportunities for growth and development. There is still a huge investment necessary to ensure that communities have basic public work infrastructures in place to facilitate economic development.
5. There have been some fundamental changes in the Aboriginal social and political climate over the past 20 years. There is more awareness, willingness and capacity to engage the development process between political and community leaders and community members. There is also more of a willingness to take risks and to pursue self-initiated development paths rather than wait for the federal government to take the lead role. Economic development is being seen as a key to increased stewardship and a key to self-government. There is a very strongly held position that the federal government still has a lead role to play in the facilitation of economic development activity and making it easier for it to occur. One can begin to detect a rejection of the dependency syndrome that was built up over the last 60 years.
6. Governments at all levels are moving away from the provision of direct business assistance and business support programs and

moving into a highly selective and focussed approach which is focussed on partnerships with the private sector. Government assistance is more and more targeted toward projects which can demonstrate a viable business case.

7. The Canadian private sector is expressing an increasing interest in doing businesses with Aboriginal businesses in ways that more beyond the mere selling of goods and services to them. There are now a number of joint ventures and partnerships between Aboriginal businesses and mainstream businesses.... The Aboriginal Banking Group is searching for creative and flexible solutions to the problems of financing. A number of sectorial groups have recognized the Aboriginal business sector and have adopted policies and created positions to encourage their members to do business with Aboriginal peoples. Organizations like the Canadian Council for Aboriginal Business, the Council for the Advancement of Native Development Officers, and the Native Investment and Trade Association encourages their greater cooperation and collaboration between Aboriginal and non-Aboriginal businesses.

This type of collaboration is extended to international venues through a variety of means: international joint ventures, supply agreements, trade missions, international marketing efforts.

8. There have been increasing discussions about the creation of an Aboriginal common market which would see Aboriginal communities from across the country enter into some form of trade agreements with each other as a way of stimulating economic development and reducing the 'bungee effect' of local expenditures.
9. The type of intensive and highly interventionist approach to economic development practised in the past three decades and which is still required in the Aboriginal economy will become more difficult to obtain and to sustain. It will be necessary to think in terms of more partnerships with the private sectors, working collectively to ensure larger markets and other innovative approaches.

10. RCAP is recommending a fundamental shift in the nature of the relationship between Aboriginal peoples and Canada: this new relationship would recognize Aboriginal peoples as "Aboriginal nations" within Canada and recognize their governments as a third order of government within the Canadian federation. Aboriginal nations would consist of culturally distinct groupings such as Micmac, Cree or Haida, have a defined territory and the right to exercise a closely defined set of governmental power within them. One of these powers is expected to be the stewardship of its economy, i.e., the government of "Aboriginal nations" would have the responsibility for the development of its economy in all its facets.

These recommendations are consistent with the findings of the research carried out by the Harvard Project on American Indian Economies over the last decade. This research had found that one of the most significant factors in economic development was the ability of a local tribe to assert and exercise its sovereignty, ie, when tribes took stewardship over local economic development, planned the type of economic activity that they wanted, developed the institutions and operated these within a moral and ethical framework consisted legitimate by tribal members, that local economies flourished.

11. RCAP proposes that Aboriginal peoples should have control of and access to significant and substantial lands and resources. It argues that control of a critical mass of land and resources is crucial to the rebuilding of Aboriginal economies. This control should come through a continued settlement of land claims, a renewal of existing treaties and the negotiation of new treaties as is currently underway in British Columbia. It would be fair to characterize the Commission's approach as based upon the principles of "fair share, fair play and fair power."
12. RCAP recommends a focus on economic development as one of its first priorities for spending over the next five years and then a shift to the settlement of land claims over the next ten years. If this approach is adopted, there are excellent opportunities

for improved Aboriginal economic growth. RCAP is recommending the following, among others:

- (a) the signing of multi-year long term development agreements with Aboriginal governments. These agreements would transfer resources from the federal government to Aboriginal governments for use in economic development. It is unclear as to what these agreements would contain.
- (b) mainstream businesses which are located in traditional aboriginal territories to work to ensure that Aboriginal peoples obtain more benefits from these activities through contracting out, spin-off benefits, employment, purchase of services, etc. especially in the natural resource development areas.
- (c) improvement of banking services within Aboriginal communities through networks of banks, trust companies, credit unions and *caisse populaires*.
- (d) improvement of financial services and access to capital. While the development of a network of banks and other related financial institutions is a necessary first step, it is also important that there be other types of financial services available: micro-lending programs, revolving community loan funds, government equity programs, improvements to the Aboriginal capital corporations, Aboriginal venture capital corporations.
- (e) a national Aboriginal development bank: The commission argues that there is an emerging commercial need for medium and long term investments and loans that go beyond the capacity of individual Aboriginal capital corporations. This bank could issue Aboriginal development bonds or investment certificates, serve as a broker to bring together those who need capital and those who have it and provide technical and managerial advice to larger Aboriginal commercial projects.
- (f) establishment of an Aboriginal economic development institute within the national Aboriginal university. The Commission recommends that a part of the proposed national Aboriginal university be devoted to the study of Aboriginal economic development and

that its research findings be used to guide future public policy efforts.

- (g) improved business services and entrepreneur support: Recognizing that entrepreneurs need to be supported, the commission has recommended that business advisory services, which combine professional expertise and detailed knowledge of Aboriginal communities, be strengthened and built into the emerging economic development institutions of Aboriginal nations.
- (h) more focussed and strategic employment development initiatives: Recognizing that participation in the mainstream labour market is important and critical, the Commission has recommended that employment development efforts be more focussed, intensive and strategic, ie, they should be focussed on real employment opportunities for which people can be trained, should be an intense marshalling of resources to deal with a rapidly emerging problem and should be strategic in that it focuses on areas of the mainstream economy where the largest growth in jobs is expected to occur.

## **B. What Are the Critical Factors for Successful Aboriginal Economic Development?**

Based upon the work of the Royal Commission and economic development experience in Aboriginal communities in Canada and the United States over the previous three decades, there are five factors which appear to be critical to the success of Aboriginal economic development:

### *1. Restoration of Power and Control over Lands and Resources*

The RCAP report reinforces the fundamental axiom — that without a critical mass of land and resources coupled with the authority (and related governance machinery) to exert control over their use — little development can occur. It is important that local Aboriginal governments have ownership and stewardship over lands, natural and fiscal resources. Local governments must have ways of defining ownership of lands and resources, describing the rights that accrue with ownership, transferring ownership, and similar

registrar functions, defining and collecting taxes and other fees.

## 2. *The Development of a Positive and Encouraging Social/Political/Cultural Climate for Aboriginal Economic Development*

The work of the Harvard Project on American Indian Economies indicates the need to create a positive and supportive climate for development. It must provide a degree of stability for business people, provide security of assets for companies from appropriation by governments or others, and be consistent with the cultural norms of the community. It is important to develop within the community a sense of legitimacy for economic development and its related activities. Forms of ownership must be consistent with cultural understandings as well. Community members must be assured that development will occur within the broad ethical guidelines of the culture.

## 3. *The Development of Enabling Instruments for Use in Surmounting the Problems Facing Aboriginal Economic Development*

Aboriginal economic development initiatives face unique difficulties in several areas: accessing capital, pledging collateral and acquiring credit, accessing banking services in remote areas, accessing management and technical advice away from major urban centres among others. It is important that there be the development of enabling instruments which will assist Aboriginal people to deal with these problems. For example, recent changes to the Indian Act have made it easier to use reserve lands in development projects without losing control of them; some innovative lending circle and micro lending projects have made it much easier for micro-businesses to acquire start-up capital; some community development organizations have entered into agreements with local community colleges or universities for the provision of management and technical business advice using senior and graduate students.

## 4. *The Development of a Skilled and Positive Forward-Looking Labour Force*

A trained, skilled and experienced labour force is important to economic development. The

resulting businesses and related enterprises need individuals who have a broad range of skills to work within them. It is important that these individuals have a solid base of technical skills as well as a positive attitude toward economic development. There should be an effort made to match training initiatives with local needs. It is important that there be some mechanism which connects local labour markets with local governments or organizations so that this matching can occur with a degree of certainty.

## 5. *An Acceptance and Willingness to Engage in Economic Activity by the Mainstream in Collaboration with Aboriginal People*

The RCAP report indicated that most of the Aboriginal economic activity is invisible to mainstream Canada. It also found that many Canadians continue to see Aboriginal people in historical terms and rarely see them in contemporary terms as capable of contributing to the development of their own communities let alone the rest of Canada. Many industry/sector organizations are starting to see Aboriginal economic development activity as an opportunity for their members to become involved in new markets, new products, new ways of doing business, etc. Some are actively encouraging their members to become involved with Aboriginal businesses for a variety of reasons. It is important that these efforts be encouraged and assisted as they can be the foundation of new enterprises and increased economic activity.

Given the complexity of the Aboriginal environment, the tasks facing economic developers become daunting and even more so when one begins to realize that progress will most likely be slow and difficult.

## C. **What Are the Possible Scenarios for Aboriginal Economies over the Next 20 Years?**

Taking all of these factors into consideration, what is likely to happen over the next 20 years? How will Aboriginal economies develop?

This time frame sees the upcoming generation of young Aboriginal people entering the working-age cohort and the movement of the current generation of middle-aged Aboriginal people (25–40) into what demographers consider the most productive period of their lives. It is this



older group which will prepare the Aboriginal world for the younger cohort coming behind it.

This older cohort of people is demonstrating a great deal of innovation, creativity and persistence and seems willing to move beyond the confines of an Aboriginal identity centred on dependence and victimhood. This group appears to be no longer willing to wait for responses for governments to the problems facing Aboriginal peoples and hence go about devising their own solutions.

At the same time, there is still a significant portion of the Aboriginal community which is suffering from the dysfunctional effects of marginalization, exclusion, and racism. This colonial legacy will persist over the next generation and beyond. This group will continue to require government transfer payments in order to maintain a decent quality of life. There is a danger that without a sense that opportunities for significant and meaningful employment exist, many young Aboriginal people will experience high levels of frustration, resulting in either disillusionment and withdrawal from life and living or increased militancy and violence.

Taking into consideration the above factors, three scenarios for development are outlined. These scenarios are based upon different approaches to development support which may be adopted by governments. They are intended to stimulate discussion about the type of government intervention and programming that may be possible.

### *1. No Dramatic Changes over the Next 20 Years*

In this scenario, little changes over the next two decades: the debate over self-government continues, progress on self-government is slow and difficult; a few land claims are resolved, no new treaties are signed and the treaty renewal process is stalled; governments as a result of continued expenditure restraint and reduction are unable or unwilling to provide more support for economic development.

Many Aboriginal people continue on the margins of the mainstream economy, using whatever government programs exist to marshal together small pools of capital to finance projects, etc.; business development continues mainly as small business, and few businesses grow to medium size ones. Those who have land claim settlements do well. They are able to use their

resources to support in significant ways local economic development initiatives.

The existing mix of economy types remains fairly constant over this period: most economies remain type one with a few type two and three. Those **enclave** economies which are close to markets may be able to develop significantly but those in rural or remote areas continue to limp along. Without any mechanisms for tying Aboriginal economic planning to the surrounding economies, in either the enclave or interwoven economies, Aboriginal economic aspirations, activity and plans remains largely invisible. Without the development of significant economic development institutions in urban centres to advocate and facilitate economic development, **interwoven** economies continue much as they are, with continued economic marginalization of Aboriginal people from urban labour markets.

To make this scenario a reality, governments continue their current set of programs with little change in the nature of the programming. Economic institutions within Aboriginal communities are little supported and the main decisions about economic programming rests with the senior governments.

### *2. Remarkable Change over the Next 20 Years*

In this scenario, some quite remarkable changes begin to occur: Aboriginal people begin to participate more fully in local and regional economies and in some areas become the dominant players; a network of medium sized businesses builds. The focus is on regional economies.

The current mix of economies shifts toward a greater proportion of type two economies as larger businesses begin to grow. In this scenario, Aboriginal communities are encouraged to work together to form larger groups which may be more economically viable, have greater access to skilled human resources, able to work more cooperatively with local economic planning groups, able to support larger enterprises. Interwoven economies are encouraged and assisted in the development of community economic development organizations which actively work on stimulating business development, seeking out employment opportunities with mainstream businesses, encouraging and offering training programs which help individuals to find jobs, etc.

In this scenario, governments take an active role in the development of ways and means to encourage Aboriginal groups to come together in larger trading blocks in order to participate more effectively in regional economies. In addition, efforts are made to encourage local and regional planning councils to include Aboriginal representatives. The focus of this activity is to make Aboriginal economies visible to the mainstream business community and to encourage joint activity as well as finding ways and means for the large sector of those in interwoven economies to participate more fully in local labour markets.

To make this scenario a reality, governments must adopt a pro-active facilitative stance and support the development of economic institutions within the Aboriginal community. The basic thrust of programs change from the provision of services to capacity building.

### *3. Fundamental Change over the Next 20 Years*

In this scenario, there is fundamental change over the next 20 years: Aboriginal governments are established and have real power to develop their local economies, a network of small and medium sized businesses exists, large businesses begin to emerge financed through resources provided by the settlement of land claims.

This is the scenario envisioned by the Royal Commission on Aboriginal Peoples. It is based upon the restoration of power and authority over land and natural resources through treaties and the settlement of land claims. These actions would place significant natural and financial resources within the control of Aboriginal peoples and their governments.

To make this scenario a reality requires a pro-active, bold stance by governments in negotiating new treaties and speeding up the settlement of land claims. It also requires the further development of the infrastructure of economic institutions. This institutional development effort would focus on economic planning, strengthening access to capital and management and technical advice, linking Aboriginal economies to the mainstream local and regional economies, and matching human resources need and supply preparation.

In this scenario, much attention is focussed on the community and its economic institutions. In **enclave economies**, it may be the government, local businesses and economic development organizations; in **interwoven economies**, it may be the economic development organization which has the lead role in economic development.