Abstract: This article examines application of the term “internal colonialism” to Canada’s northern territories by comparing two general theories commonly used in the development literature: dependency theories of development and post-developmentalism. These theories employ different assumptions regarding causes for regional underdevelopment, and consequently arrive at different conclusions. While the former takes trade as its starting point of analysis, the latter has been used to focus on local forms of development, culture, and identity. The article begins by outlining both theories in relation to internal colonialism and follows the paradigmatic shift from the Marxian employment of the term to the postmodern turn in the social sciences. Drawing upon historical and contemporary events occurring in the North, the comparison provides an opportunity to make conjectures that class divisions are forming in the post-colonial aftermath of land claims, self-government, and devolution of power and control over resource revenues generated from megaproject developments.

Introduction

In the Arctic social science literature it is common to refer to Canada’s North—that is, those territories located north of the sixtieth parallel—as internal colonies (e.g., Christensen & Grant, 2007; Dacks, 1981; McLean, 1997; Watkins, 1977) or federal fiscal colonies (Banta, 2006). These terms refer to the political and economic control of the region by non-Indigenous governments for purposes of profiteering from resource extraction, with little socio-economic benefit accruing to the Indigenous peoples of the region. However, given its popular application in the discourse of northern development, the use of the term “internal colony” has been criticized for being disconnected from the various theoretical paradigms that have been used to frame its meaning, and for being generically applied without regard for regional differences in mode of production (Hicks, 2004; Poelzer & Summerville, 2005; Wolf, 1982).
As Jack Hicks (2004) notes, “Many but by no means all theories of internal colonialism miss the point that colonialism and imperialism are an integral part of the expansion of capitalism on a world scale” (p. 4)—an omission, he argues, that has produced a “theoretical anemia in Arctic social science” (p. 13).

In order to shed light on these blind spots, this article compares the application of internal colonialism using two general theories common in the development literature: dependency theories of development and post-developmentalism. A comparison of both sets of theories serves as a useful means of teasing out different applications of internal colonialism to the North as they employ different assumptions and arrive at different conclusions: dependency theories of development use economic language to explain uneven development caused by an exploitative relationship occurring between different regions, while post-developmentalism employs cultural language to deconstruct normalized power relations shaping identity formation and deformation. With respect to the latter, the works of French philosopher Michel Foucault (1926–1984) are particularly informative in providing a comparison and analysis with dependency theories. The intention of this discussion is not to present an exhaustive and esoteric account of theory per se. Rather, the intention is to critically appraise the tendentious application of internal colonialism to describe the North at a time when much of the discourse on decolonization concerns issues of self-governance, land claims, and devolution of power and control of resource revenues generated from megaproject developments.

I begin by tracing the paradigmatic shift in the application of internal colonialism from its Marxian dependency theory roots to the present postmodern preoccupation with identity politics and discourse analysis. Examples of northern development, primarily drawn from the Northwest Territories (NWT) and Nunavut, are used to illustrate the historical trajectory of theoretical frameworks applied to notions of internal colonialism. In doing so, tensions and limitations associated with both theories are exposed. These I argue are characterized by an overemphasis on a politics of difference based upon ethnic identity and Indigenous knowledge, in the case of post-developmentalism, and an overemphasis on trade in the case of dependency theories. The analysis subsequently provides an entry point to reappraise applications of internal colonialism in light of emerging class divisions occurring in the North. These class divisions, I argue, are precipitated by the acquisition and distribution of resource rents in light of northern land claims settlements.
Dependency Theories of Development

Originally formulated in the 1960s and ‘70s by radical economists in Latin America and neo-Marxists in the United States, dependency theories seek to explain underdevelopment caused by the exploitation of one region by another—a condition dependency theorist André Gunder Frank (1929–2005) aptly phrased, “the development of underdevelopment” (cited in Pretes, 1988, p. 110). Similarly, world-systems theory, whose antecedents lie in France with the Annales School of world history, has obvious affinities to dependency theory and has been called “a formidable synthesis of continental historicism, ‘Third World’ radicalism, and Marxism” (Goldfrank, 2000, p. 150).


World-systems theory presents a powerful critique of modernization paradigms, in which “backward” nations progress through a series of stages from a “natural state of underdevelopment” to the “age of high mass consumption” (Rostow, 1960, cited in Rist, 1997, pp. 94–95). Here, the central onus is placed on less developed nations to reform and modernize through emulation of western notions of progress. Instead, world-systems theory reverses this logic by arguing that capitalism has caused the situation that has led to underdevelopment in the Third World. In this sense, twentieth century “backwardness” is seen not as the result of a late start in the race to develop, but rather as the continued deepening of a long-standing structural relation (Goldfrank, 2000, p. 169).

By “system” Wallerstein is referring to “a social entity with a single division of labour so that all sectors or areas were dependent on the others via interchanges of essential goods” (Peet & Hartwick, 1999, p. 112). Within the present capitalist world-system, the state’s role is to guarantee conditions for capital accumulation (p. 113). Yet, as Wallerstein (1974) notes, “capitalism as an economic mode is based on the fact that the economic factors operate within an arena larger than that which any political entity can totally control” (p. 374). Therefore, the “system” is larger than nation-states themselves, allowing “capitalists a freedom of maneuver that is structurally based … [making] possible the constant economic expansion of the world-system” (p. 374).

How then does world-systems theory explain exploitation leading to internal colonialism within a nation-state? According to Wallerstein, a
capitalist world-system is based upon an extensive geographical division of labour, “which for the most part is a function of the social organization of work, one which magnifies and legitimizes the ability of some groups within the system to exploit the labour of others, that is to receive a larger share of the surplus” (Wallerstein, 1974, p. 349). Understanding exploitation from this standpoint leads to the formulation of a dependency theory of development.

Like dependency theory, world-systems theory posits a relationship between core and peripheral areas caused by an intentional exploitation of one region by another resulting in a division of labour and unequal exchange of resources. These regions are geographically and culturally distinct, specializing in capital-intensive (core) and labour-intensive (periphery) production, “whereby ‘high wage (but low supervision), high profit, high capital intensive’ goods produced in the core are exchanged for ‘low-wage (but high supervision), low profit, low-capital-intensive goods’ produced in the periphery” (Wallerstein, 1974, p. 351). Yet unlike the dependency theorists, Wallerstein stresses the dialectical effects of core and periphery on one another, meaning neither the core nor the peripheral areas can exist without the other; it is a relational concept describing a relational reality (Goldfrank, 2000, p. 168). De-linking from the core-periphery relationship as a developmental strategy is therefore considered impossible (p. 157).

Facilitating the accumulation and flow of wealth between these areas is the semi-periphery, which, as its name implies, are areas located somewhere between the core and periphery. Semi-peripheries act as both a periphery to the core and a core to the periphery, serving to maintain the interests of the core while appeasing political pressures from the periphery. For example, Spain in the sixteenth century can be considered a semi-periphery as much of the silver and gold imported from its American colonies went to paying for goods manufactured in core countries such as France and England.

Michael Hechter’s seminal book, Internal Colonialism (1975/1999), borrows from Wallerstein’s work. In his analysis of the Celtic fringe in British national development, Hechter differentiates between two models of social change: diffusion theory and internal colonialism. While diffusion theory predicts that peripheral regions gradually take on the national identity of the core owing to a heightened industrial core-periphery interaction, the internal colonial model argues the periphery remains resilient to the dominant culture. According to Hechter, internal colonialism more adequately explains relations in Britain today.

Hechter explains that the “persistence of backwardness in the midst of industrial society” (p. 34) produces the pernicious effect of “malintegration”
of the periphery with the core. Ameliorating these tensions between periphery and core occurs “by strengthening the political power of the peripheral group so that it may change the distribution of resources to its greater advantage” (p. 34). As Poelzer and Summerville (2005) explain in their assessment of “extant political cleavages” dividing northern and southern regions of Canadian provinces, amelioration translates to building political, social, and economic institutions that better address the needs and aspirations of peripheral regions, so that hinterlands may redefine themselves as heartlands (p. 109). Devolution of power, which the Government of the Northwest Territories (GNWT) is presently negotiating with Ottawa in response to resource revenue sharing agreements, is just one example of current attempts to ameliorate malintegration in the North today.

**Application of Dependency Theories in the Northern Literature**

Gary Anders (1983), a member of the Cherokee nation, uses dependency theory to analyze the aftermath of the 1971 Alaska Native Claims Settlement Act (ANCSA). Anders describes native Alaska as a “colony within a colony,” where all resources flow outwards through “nodal points,” i.e., from semi-peripheries, such as Anchorage, to metropolitan (core) areas in the Lower 48 states.

According to Anders, application of dependency theory to internal colonialism helps explain two economic relations characterizing the Alaskan economy:

...one, an extractive resource economy, generates a surplus in the form of cheap labour, oil, coal, timber, fish, furs, and other commodities, including Native artifacts and art; and a second, grants economy, is based upon cash transfers that flow into the villages in the form of state and corporate dividends, governmental grants, and transfer payments. These then flow out, without substantial benefit to the local populace, in the form of construction projects, consultant studies, and expenditures for a growing array of consumer goods to metropolitan economies. In both cases, the end result has been increased economic dependence and a loss of the potential surplus for autonomous development. (pp. 569–570)

Anders (1983) argues ANCSA was lobbied for and supported by oil companies, as it was reasoned it would be easier to manipulate Aboriginal groups, rather than the state, in obtaining support for the development of a pipeline (p. 559). Following the settlement, an educated urban Aboriginal elite formed to control provisions of the land claims agreement. Unlike
their rural counterparts that were still connected to a traditional subsistence economy, the newly formed elite was eager to gain political and economic independence by accepting the profit motive and the attendant requirements of individualism and competition, which in turn undermined cultural values of distributing basic economic goods and leadership patterns, which bonded First Nations into cohesive groups (p. 571).

Michael Pretes (1988) employs Frank’s dependency theory in comparing similarities of underdevelopment occurring in the Canadian North and Brazil’s Amazon region. Pretes describes a pattern of “capitalist incursions” in the North beginning with the monopolistic control over Rupert’s Land (the land draining into Hudson Bay) in 1670 by the Hudson Bay Company, followed by the Klondike Gold Rush of 1896–1903, and the more recent oil and gas developments along the Mackenzie River Valley and Delta. In each case, Pretes argues, capitalist incursions in the North produced unstable and volatile boom and bust cycles that disrupted Indigenous ways of life by “altering the slower but more socially beneficial development that was taking place” (p. 114). In accordance with Frank’s theory, a “passive involution of the economy” occurs when the ties between the metropolis (core) and the satellite (periphery) are strongest. These capitalist incursions and disruptions cause underdevelopment in the satellite owing to market vagaries (e.g., low oil prices) that force industry to pull out of the region. Pretes concludes by stating “had the metropolis-satellite ties not strengthened, leading to the dominance of the capitalist economy over the traditional, the forms of underdevelopment seen today would not have taken place” (p. 115).

While Anders’ and Pretes’ analyses were written two decades ago, similar patterns of development are occurring in the North today. According to Russell Banta (2007), forty years of federal government negligence has “bled virtually all of the resource revenues out of the North into its own treasury, instead of investing in the basic prerequisites for sustainable northern economies” (p. 83). These conditions, he argues, leads to the “resource curse,”

where oil or gas or mining can generate enormous wealth, yet the resource rich regions too often have poor economic growth, inadequate investment in health, education, and sanitation and low levels of child welfare because the resource wealth is diverted elsewhere. (p. A19, 2006)

To mitigate the resource curse, Banta (2007) contends, the federal government must responsibly curb unacceptable levels of poverty in the North by investing above and beyond the annual transfer payments in
order to build the capacity needed to promote sustainable economies. If this infusion of capital investment in infrastructure is not forthcoming, the North will be even more dependent on transfer payments once resources are depleted.

To illustrate the discrepancy in northern funding, Banta (2007) analyzes anticipated revenue expected to be generated by the Mackenzie Gas Project (MGP) currently being considered by the federal government, by comparing the profit the Aboriginal Pipeline Group (APG) stands to make in the venture with the royalties the federal government would collect. The APG is a consortium of Inuvialuit and Dene leaders/entrepreneurs holding a one-third equity share in the pipeline, with the majority shareholders comprising various multinational energy companies (Imperial Oil Resources, ConocoPhillips Canada, Shell Canada, and ExxonMobil Canada). The APG is a unique partner as the group has received a risk-free loan from TransCanada Pipelines for construction costs that do not have to be repaid if the venture fails to proceed. Money borrowed to pay for its share in the pipeline comes from a group of banks. The loans are repaid once profit generated by transportation fees from producers are made; the more gas that is shipped, the greater the profit. Some of the profits are also paid out as dividends to its shareholders, who are then free to use the money as they see fit (History in the Making, n.d.). Jim Prentice, minister of the federal Department of Indian Affairs and Northern Development in 2006, called the APG “a model for Aboriginal participation in the developing economy, to maximize benefits for Aboriginal communities and to support greater independence and self-reliance among Aboriginal people” (cited in Banta, 2007, p. 84). However, according to Banta, these platitudes do not translate into an economic bonanza. By shipping Arctic gas to southern markets, the group stands to make an annual profit of $21.6 million over twenty-five years. In comparison, the federal government could potentially collect $700 million in annual royalties over the same time frame (Banta, 2007, p. 84).

The Postmodern Turn

By the 1980s, dependency theory was receiving criticism for being both empirically inaccurate and methodologically flawed. Empirically, the theory fails to explain capitalist development occurring in peripheral areas, and methodologically it is considered static and unhistorical owing to its broad sweeping generalizations—be they modes of production, world capitalist system, and global market—that attempt to explain all historical events (Peet & Hartwick, 1999, pp. 118–123). Dependency theorists’ faith in the emancipatory potential of development also came under scrutiny in the post
World War II period as the notion of development is considered by some to be a social construct imposed by the “West upon the rest,” with little regard or understanding for local aspirations or cultural differences (Rist, 1997). Similar critiques of dependency theory have been cited in the northern development literature (Hicks & White, 2000, p. 33), although an adapted version of Wallerstein’s core-periphery thesis forms the basis of a recent book on the Canadian North (Bone, 2008).

By the 1990s postmodern theories reached full prominence and became popularly applied to explain internal colonialism. As its name implies, postmodernism is a reaction to modernity. Though the vague term “postmodern” has lost much of its usefulness, it continues to be used in development studies. Hence, it is possible to speak of a postmodern turn in development studies in the 1990s as a way of linking originally distinct but often overlapping theoretical tendencies such as post-colonialism, post-structuralism, and post-developmentalist. These theories share a challenge to conventional modernization and neo-Marxist development theories (dependency theory and world-systems theory). Of particular influence in all three traditions was French philosopher Michel Foucault (1926–1984).

Foucault’s philosophy is commonly associated with “genealogy,” a term borrowed from Friedrich Nietzsche (1844–1900). Genealogy seeks to understand conditions leading to a certain problem (e.g., oppression) by diagnosing relations of power, knowledge, discourse, and the body in modern society (Peet & Hartwick, 1999, p. 129). Through discourse analysis, relations between truth, power, and knowledge, which operate in mutually generative ways, are understood by looking beyond language to find hidden assumptions.

“Power” is central to Foucaultian discourse analysis and is seen as a constitutive force driving the nature in which social relations are constructed, reconstructed, and normalized. Power “produces knowledge” in what Foucault describes as a “power-knowledge relation” (Foucault, 1975/1995, p. 27). Within this rubric, power is exercised whenever knowledge masquerades as universal truths; any claims to universal truths (e.g., the idea that there is such a thing as economic, political, and intellectual development) are social constructions, rather than immutable natural laws. Power is capable of disciplining bodies into conformity through various structures (e.g., schools, churches, hospitals, etc.). In turn, “normalized power relations” are produced, enabling the efficient governance of “subjects”—a condition Foucault called “governmentality.”

This power, truth, knowledge trilogy represents a central tenet of Foucaultian theory influencing development discourse today. It is reasoned
that by deconstructing the conditions leading to oppression, agency for marginalized actors is created—i.e., autonomy and self-determination for those who have been oppressed. For instance, re-establishing collective rights for colonized peoples through re-territorialization of space (e.g., settlement of land claims) and reclamation of Indigenous knowledge and identity (e.g., co-management boards) is commonly presented in the literature as a means of ameliorating malintegration of the periphery with the core. However, there is a tendency to read a particular version of his theory of power that focuses on its repressive side and the assumption that all knowledge was an effect of power. For instance, Colombian post-developmentalist Arturo Escobar (1998) employs Foucaultian theory in deconstructing the very notion of development—considering it to be a “fictitious construct,” where the “effect of the introduction of development has to be seen in terms of its social and economic impact, but also perhaps more importantly, in relation to the cultural meanings and practices they upset” (p. 438). Similarly, Indigenous scholar Linda Smith (1999) uses Foucault’s notion of power as a “technology” to discipline subjugated peoples into a state of docility and conformity through various “rules of practice.” Morgan Brigg (2002) provides a more careful reading of Foucault by differentiating the colonial phase from the modernizing development phase, which are linked to “sovereign” power and “biopower,” respectively. Unlike sovereign power, which violently extracted wealth from colonized nations, biopower facilitates early European development through the disciplining of human subjects “by redefining and administering life in order to manage it in a calculated way” (p. 423). In this sense, “normalization does not operate by excluding subjects or entities but by assiduously integrating them into the regime of power” (p. 428). As Brigg (2002) explains, beyond the repressive conception of power, Foucault also has a productive one based on the concepts of biopower and governmentality. Thus, under the right conditions the state can facilitate the formation of more autonomous subjects.

Application of Postmodernism in the Northern Development Literature

A perusal of literature in the Arctic social sciences during the past decade indicates a plethora of research promoting self-determination by “indigenizing” space and knowledge—often through the very state institutions originally used as assimilationist forces. For example, schools are now beginning to incorporate culture based education into curriculum, and Indigenous knowledge is considered in environmental impact assessments into proposed mines and oil and gas developments. Territorial and local governments are now incorporating Indigenous knowledge into
policy documents. Often referred to as traditional knowledge, Indigenous knowledge refers to “a cumulative body of knowledge, practice, and belief, evolving by adaptive processes and handed down through generations by cultural transmission, about the relationships of living beings (including humans) with one another and the environment” (Berkes, 1998, cited in Christensen & Grant, 2007, p. 117).

The widespread use and laudation of Indigenous knowledge by many in the scientific community is evidence of a paradigmatic shift occurring in research, as Indigenous knowledge and knowledge holders are embraced and valued as active partners in the co-generation of new scientific knowledge. Traditional Ecological Knowledge (TEK) is now applied to biological fieldwork and resource management. Researchers involved in these studies extol the virtues of Indigenous knowledge in monitoring changes in wildlife populations, despite in some cases receiving conflicting anecdotal reports from knowledge holders. For example, Ferguson and Messier (1997) collected Inuit knowledge about historical changes in a caribou population using oral knowledge dating back to 1900. Similar studies have also documented Inuit knowledge of beluga whales (Huntington, 1999) and ivory gulls (Mallory, et al., 2003). The Nunavut government has also commissioned a report documenting local Inuit knowledge on the bowhead whale in Nunavut (Harwood, 2002).

Scott McLean’s (1997) analysis of adult education in Nunavut draws on Foucaultian theory to understand how the imposition of colonialism negatively impacts the identity of the Inuit. Following the work of Arlene Stairs (1992), McLean categorizes “Euro-Canadians” as possessing an “egocentric” identity, whereas the Inuit identity is characterized as being “ecocentric.” McLean states that “in contrast to Western models of cognitive and moral development, which equate maturation and self-actualization with increasing autonomy, Stairs (1992:119) asserts the Inuit identity develops and matures in processes of ‘grounding’ within social and animal worlds” (p. 5). McLean argues internal colonialism produces assimilationist policies through various state bureaucratic apparatuses—all of which contribute towards social dysfunction in the territory by undermining the collective identity of the Inuit. Using Arctic College as the site of his critique, McLean considers formal education as an “individualizing field of intervention,” imposing “normalized power relations” through various “technologies of power” (e.g., individual tests, record keeping, attendance, etc.). McLean cites low motivation, high failure rates, and poor attendance and retention as evidence of Inuit “resistance” to colonialism. McLean notes that in an effort to ameliorate adult education’s dismal record, the Nunavut government has
started to change educational policy in response to Inuit resistance by focusing on the needs of the community rather than the individual. The college is also promoting Nunavummiut (Inuit living in Nunavut) to prominent positions in its system as role models for its students.

In a similar vein, Christensen and Grant (2007) invoke the “the complicity of power and knowledge” as a means to deconstruct power relations existing between co-management regulatory bodies in the NWT and the federal government’s department of Indian and Northern Affairs. Christensen and Grant argue the completion of land claims and self-government agreements have contributed significantly to increasing local autonomy, however northern Aboriginals remain an internal colony—or ward—of the state.

In their study of the Mackenzie Valley Impact Review Board, the authors cite tensions concerning the incorporation of Indigenous knowledge in management boards, noting:

Recognition of Indigenous knowledge in this context is especially potent because knowledge lies at the core of the colonizing process and the colonizing identity, just as it lies at the core of the Indigenous cultural identity. Land and knowledge are both sites of struggle at the very root of colonialism. (p. 116)

Despite the post-colonial reforms occurring in the North, Christensen and Grant (2007) conclude more must be done “to imbue the resource management process with Aboriginal values and beliefs” (p. 122) if self-determination for Aboriginal northerners is to be fully realized.

Critique and Analysis

As the above literature review indicates, social, cultural, economic, and political factors are applied in varying degrees and combinations to explain internal colonialism. Yet, as Harry Bernstein (2005) laments, “postmodernism” has monopolized development discourse and reduced the space for Marxian intellectual work by denying the validity of any conception of development other than as an imperializing project externally imposed (p. 127). Similarly, Peet and Hartwick (1999) note:

... while there is much to learn from discourse analysis, especially the serious attention given to statements and documents as symptoms of power relations, there are some real problems with it. The problems might be resolved, in part, through a dialogue with Marxism, socialist feminism and other critical traditions which employ notions of class, gender, and ethnicity and speak in the
language of ideology, hegemony, and fundamental beliefs...These, however, are methodological skirmishes around the main issue: post-structuralism’s negative assessment of modernism, especially its skeptical attitude toward material progress, the emancipation of humanity, empirical truth, and modern science...there are tendencies to deny that poverty originally existed in the Third World, to romanticize local alternatives to development, to assume a reverse snobbery in which Indigenous knowledge systems are automatically superior to Western science, to revel in spiritual mysticism as though gods and goblins are as “true” as gravity. (p. 159)

With respect to issues of governance, efforts towards decolonization through the incorporation of Indigenous knowledge have sparked considerable interest and debate. Proponents of northern Aboriginal self-determination recognize Indigenous knowledge in contributing towards more holistic and participatory environmental review processes (Nakashima & Roué, 2002; Stevenson, 1996; Usher, 2000); while others (Nadasdy, 2005; White, 2006) contend the present imposition of state bureaucratic apparatuses confines self-government within a constrictive Euro-Canadian set of parameters, thus representing a disguised form of neo-colonialism designed to maintain the status quo under the guise of empowerment and participation. Still others on both the political right (Flanagan, 2000) and left (Widdowson & Howard, 2008; see also Nadasdy, 2005) argue that an “orthodoxy” or “industry” comprised of lawyers, consultants, and Aboriginal elites has formed in the wake of land claims—the product of which perpetuates political and economic disenfranchisement for Indigenous peoples.

As Christensen and Grant (2007) note, for the Aboriginal northerners they interviewed for their study, the resounding issue regarding self-determination involves greater participation, rather than the employment of Indigenous knowledge per se, when it comes to matters of governance. This observation raises epistemological quandaries concerning the universality of knowledge—specifically how Indigenous knowledge differs from Western knowledge (Agrawal, 1995), and whether in fact knowledge, i.e., what one learns, is tied to ethnicity, i.e., what is innate. Moreover, the tendency to conflate values and beliefs with knowledge must also be questioned: do values and beliefs inform knowledge, or does knowledge inform values and beliefs?

McLean (1997) also conflates ethnicity with culture when drawing a causal relationship between identity and educational achievement. By tying
ethnicity to culture, individuals' identity becomes fixed to a particular group identity, thus precluding autonomous engagement with the world beyond the kin group or the conception of a common universal humanity (Rata, 2005, p. 273). In this rubric of understanding, blame for Inuit “resistance” is placed on the failure of the system (in this case education)—the solution being the implementation of a set of “culturally appropriate” measures based upon a set of racial stereotypes (e.g., that Aboriginal people are “holistic” learners) that may do more damage than good. It is within this set of problematic suppositions that post-developmentalists have failed to heed Foucault’s own warnings about the limitations of experience as a basis for knowledge and about the dangers of romanticizing local cultures (Rata, 2005, p. 273), or consideration of the productive uses of power (Brigg, 2002) such as supporting Indigenous autonomy through massive transfer payments.

As noted previously, dependency theories of development have not gone unscathed from criticism either, and have largely been eclipsed by theories attempting to understand colonialism from the perspectives of the colonized rather than the colonizer. Some researchers using dependency theories have attempted to ameliorate these gaps. As Haddad and Spivey (1992) note, dependency and world-systems theories permit the examination of “how larger structural features of the political economy shape but do not determine [italics added] the relationships and identities that are negotiated at the everyday level within communities” (p. 207). Similarly, a revised world-systems analysis has been extended toward theories of internal colonialism as a methodological basis to historically understand Lakota identity formation as a product of both externally imposed identities by the United States government and internally constructed identities used to resist, modify, and maintain traditional culture (Fenelon, 1997).

Certainly some aspects of the North’s political economy—characterized as being “resource export dependent development” (Leadbeater, 2007)—are consistent with a core-periphery thesis. A geographical division of labour has enabled a capital-intensive core to generate large surpluses through the exchange of low capital-intensive goods, i.e., raw materials, with the periphery. Profits and taxes also leave the North, as megaprojects are externally owned and require a non-Indigenous labour force to fill positions left vacant because of the North’s small population. In turn, political and economic cleavages contribute towards a sense of regionalism in the periphery owing to perceptions of paternalism by the core.

However, the flow of capital and resources in Canada, which arguably should be the starting point of any analysis concerning colonialism, is inconsistent with a core-periphery thesis. According to Statistics Canada
(2004), wages in the North are on average some of the highest in the country. Inordinately high transfer payments to the territories also do not support an internal colonial model (tables 1 & 2), as it is surpluses generated in the core that are transferred to the periphery and not the other way around. Moreover, total transfers to the North have increased considerably over the years for all territories. For instance, in 2001, $615 million was earmarked for Nunavut (cited in Widdowson, 2005, p. 14), a figure that has now grown to over a billion dollars (Department of Finance Canada, n.d.).

Table 1. Federal government revenue and expenditures in the territories for 2005

<table>
<thead>
<tr>
<th>Territory</th>
<th>NWT</th>
<th>Yukon</th>
<th>Nunavut</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$634 million</td>
<td>$194 million</td>
<td>$127 million</td>
</tr>
<tr>
<td>Transfers</td>
<td>$932 million</td>
<td>$639 million</td>
<td>$998 million</td>
</tr>
<tr>
<td>Total revenue per person (2006 Census)</td>
<td>$15,290</td>
<td>$6,387</td>
<td>$4,308</td>
</tr>
<tr>
<td>Transfers per person</td>
<td>$22,477</td>
<td>$21,039</td>
<td>$33,860</td>
</tr>
</tbody>
</table>


Table 2. Equalization and Territorial Transfer Payments (TFF) for 2008-09

<table>
<thead>
<tr>
<th>Region</th>
<th>NL</th>
<th>PEI</th>
<th>NS</th>
<th>NB</th>
<th>Que</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ($ millions)</td>
<td>899</td>
<td>322</td>
<td>1,465</td>
<td>1,571</td>
<td>8,028</td>
</tr>
<tr>
<td>$ Per capita</td>
<td>1,781</td>
<td>2,310</td>
<td>1,679</td>
<td>2,111</td>
<td>1,038</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Yukon</th>
<th>NWT</th>
<th>Nunavut</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ($ millions)</td>
<td>564</td>
<td>805</td>
<td>944</td>
</tr>
<tr>
<td>$ Per capita</td>
<td>18,166</td>
<td>18,704</td>
<td>30,265</td>
</tr>
</tbody>
</table>


Some observers explain these inordinately high transfers by noting all new governments require substantial revenues before they gain some measure of self-sufficiency (Hicks & White, 2000, pp. 12–13). Yet increased dependence on federal transfer payments will inevitably be a reality in the
foreseeable future, especially considering huge infrastructure requirements associated with decentralization of services to remote areas, limited opportunities to diversify the economy, and some of the highest birth rates in the country. For instance, between 1996 and 2006 the Inuit population in Nunavut experienced a 20 percent population increase, as compared to an eight percent increase for Canada’s non-Aboriginal population (Statistics Canada, 2008, pp. 6–7).

At first blush the North’s social economy seems to support an internal colonial model as opposed to a diffusionist theory of development, considering the resiliency of the social economy towards the dominant culture. Defined as the “multiplicity of institutions within Aboriginal communities that perform a blend of commercial (wages) and non-commercial (subsistence) activities as well as involve monetary (public transfers) and non-monetary transactions (sharing subsistence resources with others)” (Restakis, 2006, cited in Natcher, 2008, p. 2), the social economy is estimated to range in Nunavut from a value of $30 million to $60 million depending on the dollar value assigned to traditional foods and the associated trade in skins and other natural resources (Natcher, 2008). While arguably remaining an integral component of many Aboriginal communities, the social economy would not exist without a large infusion of funds generated from the core. Moreover, the average age of a trapper is late 50s or early 60s (Mathieson, 2008) suggesting that interest in traditional lifestyles is waning. The Government of the Northwest Territories (GNWT) is presently funding programs designed to reverse these demographic trends as part of an effort to diversify the North’s economy as evidenced in the Take a Kid Trapping Program. Since its inception in 2002, four thousand youth across the NWT have participated in the program (Mathieson, 2008).

Other problems with applying the internal colonial model relate to the tendency to conflate corporate profits (capitalism) with government royalties (taxation). Arguing that the North is being “bled virtually all of the resource revenues … into its [federal government] own treasury instead of investing in the basic prerequisites for northern sustainable economies,” (Banta, 2007, p. 83) is flawed logic: the blame for “bleeding” revenues out of the North does not lie with government, but with corporations; collection of royalties get returned as disproportionately high transfer payments to the North (table 2).

Presently, the North collectively suffers from an inordinately low resource royalty regime compared to southern jurisdictions in the country and abroad, making it one of the lowest rates in the world. For example, between 1998 and 2004 the federal government collected almost $120 million
in oil and gas royalties from the NWT at an average rate of 5.4 percent (Cizek, 2005). Royalties in the mining sector, as exemplified in diamond mining, are similar. In 2004, federal government royalty revenues in this sector were at 6.5 percent as compared to Botswana, which received 50 percent in equity and profit sharing from the DeBeers diamond mines (p. 17). These discrepancies have been attributed to site-specific factors and general economic factors. The former affects the costs of exploration, development, and production, and the latter includes resource price and the cost of attracting investment capital (Strategic Value Services, 2005, p. 2). It is argued that the greater share of economic “rent” taken by industry is necessary to attract industry to the North, which is relatively unexplored, lacks infrastructure, and has harsh physical conditions (p. 4). Consequently, large transfer payments combined with low royalty rates beg the question: if the North is to gain provincial-like status through devolution, and receive royalties directly from megaprojects, will the territories produce more than they consume? Or will industry go elsewhere in light of rising royalty hikes as it effectively threatened to do in Alberta during the 2008 provincial election?

An equally problematic assumption includes the notion that increasing infrastructure will somehow build a sustainable northern economy, despite the region’s inability to support an agricultural base or value-added industries other than some in the diamond mining sector. As Anders (1983) notes, a “grants economy” based upon transfer payments and state and corporate dividends produces construction projects with little benefit to the local populace (p. 571). Presently, the GNWT is insisting that it must cut approximately $135 million in expenditures over the next two years, resulting in the loss of 223 civil service jobs (Thompson, 2008). The rationale for these cuts is to provide increased funding toward infrastructure investments (Thompson, 2008). Lack of transportation infrastructure has been cited as presenting the most significant barrier to energy development in the North (Harrison, 2006). Consequently, the GNWT’s spending cuts raise concerns of whether re-allocation of resources is for public (e.g., schools, roads, hospitals, etc.) or private infrastructure (e.g., roads leading to mines). Joining the dots reveals a disturbing trend in policy malfeasance regarding the proposed Mackenzie Gas Project (MGP), as the sheer pace of gas extraction—estimated to be as fast as eight-and-a-half years—will effectively obviate value-added industries, nor provide a suitable timeline to develop higher-level education or research capacity for northerners (Leadbeater, 2007). Moreover, employment benefits for northerners are limited with the MGP, with only about sixteen months of employment over four years, and with the majority of the workforce drawn from outside the NWT (Leadbeater, 2007).
In anticipation of future jobs in the oil and gas sectors in the NWT, Aboriginal groups have signed agreements with industry in order to guarantee hiring commitments for Aboriginal northerners. These commitments are considered an important aspect of retaining wealth and skills in the North. For instance, the Aboriginal Pipeline Group (APG), in conjunction with Aurora College and its industry partners, has formed the Petroleum Operators Training Committee (POTC) to create training programs in the oil and gas industries for Aboriginal northerners. The Mine Training Society, located in Yellowknife, is a consortium of industry (Diavik Diamond Mines Inc., De Beers Canada Mining Inc., BHP Billiton), government (GNWT/Aurora College), and Aboriginal groups (Yellowknives Dene First Nation, Tlicho Government, Lutsel K’e Dene Council, and North Slave Métis Alliance). Like the POTC, the society has a similar mandate and funding support, with its focus on mine-related trades. As Leon Lafferty, chair of the society states, “We won’t train anyone unless we know that this training is directly linked to a mining industry job. Our training model will respond directly to the needs of industry, as identified by industry” (Human Resources and Social Development Canada [HRSDC], 2005).

The majority of third-party funding for industrial programs comes from the Aboriginal Skills and Employment Program (ASEP), which is a federal grant controlled by the Aboriginal Futures Society (oil and gas training) and the Mine Training Society (mining). This three year, $12 million federal government training program grant is intended to “provide high quality, culturally relevant education for Aboriginal learners, to help them to achieve their educational needs and aspirations” (HRSDC, 2005). And yet ASEP funding has been used solely to increase participation in current and future megaprojects. Considering stipulations governing the use of ASEP funds and preferential hiring practices signed by industry and Aboriginal groups, vocational training programs at the college are increasingly tied to ethnicity and will only be offered if there are enough Aboriginal students registered in these programs.

These programs have had a tangible effect on education, training, and employment in the region. According to one report (Neary, 2006), the Mine Training Society has helped 1000 beneficiaries (Tlicho and Yellowknives Dene) get training and another 380 Aboriginal people find positions in the mining industry. It has also played a role in establishing a trades and technology program at the high school in Bechoko, located near Yellowknife. Although still underrepresented and occupying low, entry-level jobs, significant increases have been made in the mining sector for Aboriginals who now comprise 39 percent of all NWT employees in the diamond industry; of these,
70 percent are in low-skilled professions (Northwest Territories Bureau of Statistics, 2005a). These figures stand in stark contrast to Aboriginal labour force participation a decade earlier, which accounted for just 10 percent of all full-time positions in the mining industry (NWT & Nunavut Chamber of Mines, n.d., p. 14).

Emergence of a Comprador Class?

Wallerstein’s overarching world-systems theory has been criticized for its failure to take into account what happens in the encounters of different societies that are predicated upon different modes of production (Wolf, 1982). With respect to the northern context, the predominant mode of production of the core in Canada is capitalism, which is predisposed towards expansion and hence to interchanges with modes other than itself—namely, the kin-ordered mode characterizing traditional cultures in Canada’s North. According to Eric Wolf (1982), a kin-ordered mode of production is predicated “upon oppositions between those who ‘belong’ and those who do not,” engendering distinctions of “gender, rank and privilege favoring some over others” (p. 386).

However, some dependency theorists (e.g., Anders, 1983; Adams, 1995 cited in Bedford & Irving, 2001; Haddad & Spivey, 1992) have employed class analysis to explain underdevelopment and exploitation occurring in Aboriginal communities. These analyses postulate that a ruling elite, known as the “comprador class,”

acts as agents of the dominant or colonizing power. Rather than ruling directly by a system of colonial administration, the European and North American colonial powers established local ruling classes. These classes controlled the Indigenous society and insured the continued extraction of surplus value and resources for the colonizing power, in return for which their dominance was supported and their loyalty rewarded. The local society remains underdeveloped because any surpluses it generates, any resources it has, are siphoned off to the colonizing power by the comprador class. (Bedford & Irving, 2001, pp. 71, 72)

The emergence of a northern comprador elite arguably began in the late 1960s following political organization and economic development models seeking to generate capital by “renting” out traditional lands to multinational energy corporations. In the aftermath of the Berger Inquiry into the proposed Mackenzie Gas Pipeline, discussion over economic development models that would best promote a “mixed economy”—one reliant on wage labour to
fund a traditional, subsistence lifestyle—were debated. Michael Asch (1982) makes a case for supporting a position the Dene put forward during the inquiry into the proposed pipeline (1975). At the time, the Dene argued for economic development through the collection of rents generated from the use of traditional lands by non-renewable resource extraction industries. Unlike Justice Thomas Berger, who recommended economic development through government grants, Asch saw rent as an autonomous vehicle to promote a mixed economy through less obtrusive forms of capital accumulation, as Aboriginal northerners themselves could disperse the monies. Government grants, Asch argued, are “formulated within an economic context that assumes the institutions and values of capitalism” (p. 6), thus tying Aboriginal people to terms and conditions that would erode their traditional way of life.

Asch (1982) concedes passive forms of capital accumulation in the form of rent may supplant traditional egalitarianism, as class divisions could occur—a situation that would conceivably undermine the original intent of the goal. Instead of putting rent money towards economic diversification designed to bolster a traditional lifestyle, Asch states “Native people may voluntarily choose short-term cash benefits rather than forego these gains to create the capital base necessary to construct the kind of economy they say they want and thus to ensure in the process that such an economy is never built” (p. 7).

Since the time Asch wrote his analysis, theories explaining the formation of a comprador class have been developed. Elizabeth Rata (2003) explains that recent politicization of the Maori in New Zealand has resulted in the emergence of “neotribal capitalism” controlled by a “neotribal elite.” Rata argues that neotribal capitalism, now a global phenomenon, has maintained “the capitalist relations of production that characterize the modern period but recreates the social and political relations of pre-modern production. This means that the contradictory but symbiotic class relations and democratic relations of modernity are replaced by a new association of class relations in conjunction with non-democratic political relations” (2003, p. 46).

According to Rata, neotribes operate from a fundamentally different socio-political structure than their forebears did during pre-contact times when redistributive economies existed. Political systems governing neotribes today are incompatible with contemporary land use, which is based on capitalizable property ownership. As a result, “retribalization” has created conditions whereby the neotribes are in fact “economic corporations” rather than democratic governing bodies: “The emergence of a class elite is understood as the revival of traditional leadership rather than a self-interested
and self-privileging relationship of those who brokered the capitalization of traditional resources to those resources” (p. 47).

Similarly, Frances Widdowson (2005) likens Nunavut to that of a Middle Eastern “rentier state” to explain the territory’s “unique non-exploitative” relationship with Ottawa. Originally developed with respect to Iran, the concept of rentier state explains how “a windfall of wealth of unprecedented magnitude” in a short period of time conditions political behaviour and development policies (Beblawi, 1987, cited in Widdowson, p. 8). According to Widdowson (2005),

as has occurred in the Middle East, the [Nunavut] government’s role as the recipient of externally generated transfers has disproportionately increased the wealth of a “rentier class” in the territory. A small Inuit elite, in association with a number of non-Inuit advisors and consultants, control the distribution of rents. (p. 20)

Similar to Rata’s description of a neotribal elite, rentier states produce a rentier class. Any opposition mounted against the rentier class is concerned primarily with the redistribution of rent rather than actually increasing productivity of the workforce. This is because citizenship “becomes a source of economic benefit” (Beblawi, cited in Widdowson, p. 9)—a condition that effectively co-opts members of the tribe. In turn, a rentier mentality develops and permeates the whole society, as attitudes towards increasing productivity are eclipsed by a mentality that “isolates position and reward from their causal relationship with talent and work” (Yates, 1996, cited in Widdowson, 2005, p. 11). Consequently, “contracts are given as an expression of gratitude rather than as a reflection of economic rationale” (Yates, cited in Widdowson, p. 11).

Formation of a comprador bourgeoisie can be seen in the Beaufort Delta region of the NWT after the signing of the Inuvialuit comprehensive land claims agreement in 1984. According to Pedro van Meurs (1993), a long-time consultant with the Inuvialuit, the Inuvialuit Regional Corporation (IRC) was set up after the land claim to represent the corporate and land interests of the Inuvialuit. It was intended the IRC would not actively be involved in business. Instead there would be two relatively independent organizations that would have different mandates: business ventures were designated the responsibility of the Inuvialuit Development Corporation (IDC) and the investment of the land claims capital was designated to the Inuvialuit Investment Corporation (IIC). However, these checks and balances set up
to prevent the squandering of land claims capital were never implemented. Instead, politicians began collecting lucrative honoraria by filling multiple positions on the various boards. At the time van Meurs wrote his assessment, the majority of IIC Board members were IRC Board members and the Chair of IRC was a member of all the boards. This conflict of interest meant land claims capital could be used by Inuvialuit politicians at their discretion. As van Meurs (1993) surmises,

The bottom line is that—in principle—the Chairman of the IRC and four or five other Inuvialuit involved in the various Boards can squander a large part of the land claims capital on a single bad deal in a few days, without any limits being placed on their activities, while the beneficiaries will only learn about it when it is much too late … The long term security of the land claims capital is therefore in extreme danger. (p. 5)

A perusal of various Inuvialuit corporation websites indicates that individuals are no longer filling multiple board memberships. However, this is not the case concerning involvement in the proposed Mackenzie Gas Project (MGP). Currently, the chair and chief executive officer of the IRC is also the director and founder of the APG—having also once served as premier of the NWT (1991–1995). Meanwhile, the president of the Gwich’in Tribal Council, representing four communities in the Beaufort Delta region, is also the chair of the APG. Consequently, the description of the APG, which Jim Prentice, minister of the federal Department of Indian Affairs and Northern Development in 2006, made as “a model for Aboriginal participation” by providing “greater independence and self-reliance among Aboriginal people” (cited in Banta, 2007, p. 84) is problematic given the continued practice of mixing business with politics. Like the case of Alaska Natives, the emergence of the APG as a “partner” in the MGP subverts traditional leadership patterns and increases tensions within communities. Including Aboriginal entrepreneurs in the venture serves the dual purpose of increasing production output while silencing opposition by the original stewards of the land, as First Nations along the Mackenzie Valley become divided between band members and a new entrepreneurial class colluding with the interests of the oil and gas industry.

It is argued that the imposition of “neo-liberal market hegemony” compels Aboriginal groups along the Mackenzie Valley to enter into a “take it or leave it” agreement with the federal government and multinational corporations, as it is felt these projects will go ahead with or without their consent (Altimirano-Jimenez, 2004). However, the manner in which these
agreements are brokered is clearly problematic. As David Leadbeater (2007) explains, “pro-export expansion has been promoted to governments and local elites who become dependent on hydrocarbon exports and resource rents—which itself perpetuates policies favoring resource export dependency” (p. 30). While the extraction of rent from megaprojects is the raison d’être of the neotribal elite or rentier class, beneficiaries of land claims agreements become guaranteed sinecures in these same industries through entry-level positions. As previously noted, the optics appears impressive given increased hiring of northern Aboriginals at mine sites (NWT & Nunavut Chamber of Mines, n.d., p. 14). However, most employees are young men who occupy low-level positions (Northwest Territories Bureau of Statistics, 2005b) and must leave their community for extended periods of time to fulfill shift work. From this standpoint, it appears that caveats put forth by Asch (1982) concerning the corrosive effects of rent trump possible benefits that such “autonomous” capital accumulation may create.

Conclusion
This article has sought to illuminate conditions that have led to a “theoretical anemia” pervading the Arctic social sciences with respect to the application of the term internal colonialism. As shown, a paradigmatic shift from dependency theories towards post-developmentalism helps to explain Hick’s observation that theories of internal colonialism often miss the point that colonialism and imperialism are an integral part of the expansion of capitalism on a world scale. However, a more problematic theoretical anemia is the tendency to ignore the formation of regional class cleavages—which are obscured by an overemphasis on trade and unequal exchange, in the case of dependency theories, or on ethnic rather than class differences in the case of identity politics and post-developmentalism—as a means to explain the North’s comparative uneven development.

A critique of post-developmentalism does not mean to imply that perceptions do not matter—they do, and figure prominently in extant political cleavages. Hence, if malintegration of the periphery with the core is to be ameliorated—i.e., if hinterlands are to be converted to heartlands—the attempts must include supporting forms of development that are sustainable from the perspectives and knowledge of northerners. But key questions remain: to what extent can recognition of cultural differences through the inclusion of Indigenous knowledge “decolonize” a process governed by the wider global economy that northerners are inextricably linked to? To what extent can the North diversify and become economically independent given its inability to develop parallel agricultural economies or value-added
industries like its southern counterparts? Experiments with implementing Indigenous knowledge may have some benefit to collective identity as seen in the area of TEK and environmental collaboration, but has little to offer in the way of economic development. Consequently, the question of Indigenous knowledge needs to be re-examined in terms of the reality of hybridity (i.e., engagement with modernity) and the need for Indigenous groups to incorporate “modern” knowledge on their own terms through participation. Even if Indigenous knowledge can provide some selective contributions, it does not provide a comprehensive alternative framework for development any more than the dependency version of internal colonialism does.

As the article has also shown, dichotomizing regions into core and periphery is problematic considering northern peripheries are not simply passive victims subject to the machinations of a mercenary core—a supposition that conveniently assigns “government” as the scapegoat for all problems plaguing the North today. Consequently, the assumption that class conflict and social divisions are caused by unequal trade between regions must also be re-appraised in light of incongruities associated with the unique non-exploitative nature of the North. Today’s semi-periphery is no longer geographically bound and easily located, but is diffuse and incorporated into various governing bodies and institutions administering the distribution of grants and rent. It is not only unequal exchange of trade from periphery to core that has resulted in class conflict for northerners, but also a class conflict emerging out of trade—or in this case, rent.

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