

## Resource Development and Northern Communities – An Introduction

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Since the end of the nineteenth century, the economic development of northern Canada has relied heavily on resource development. While it is true that the public sector has long been the dominant economic force in the region, in terms of promoting “sustainable” economic development, the extractive resource sector is seen as the major source of future growth. When people talk about what is most likely to keep northern communities alive and to stimulate potential future growth, few people talk about using the public sector. Tourism can be important—especially in areas such as the Yukon—but it is generally not perceived to be the potential engine of regional growth. While renewable resource development is seen as a more desirable source of economic growth, and while it is seen as an important support for communities, few believe it can supply the region with the same level of economic benefits as mining and oil and gas developments.

Short of a massive new government expenditure program such as the defence expenditures seen during the Second World War, the most likely source of economic development in the North is the extractive resource sector. Yet this is somewhat problematic for a vision of sustainable economic growth in the region. Extractive resource development is, by its nature, finite. Mineral and oil and gas deposits share the common characteristic of eventually becoming exhausted. They are, therefore, by their nature, not sustainable. How can a region hope to develop long-term sustainability when the dominant sector is not sustainable?

Another problem with trying to support communities based on extractive resource development is that this form of economic development is seen to be problematic for these communities. Mining and oil and gas

developments are prone to boom and bust cycles that create many problems for regional communities. Increased drug and alcohol abuse, housing problems, and transiency are all problems associated with the boom period while unemployment, out-migration, and poverty are problems associated with the bust period. In addition to this, many studies have pointed out that most of the long-term benefits of extractive resource development leave the region, whether this be profits, wages, or training benefits. Recently, economists have been pointing out that when benefits do remain in the region, these produce a range of problems that have a negative effect on economic growth—the so-called resource curse.

So why do northern regions continue to look to extractive resource development as a way to promote sustainable development? One main reason is that there are few other options available. The geography and makeup of the region are such that few people believe alternative options are viable. The social economy, tourism, and subsistence activities are all important for northern communities, but they are not seen as being enough to support long-term growth.

Another reason, however, is that the region now has much more confidence than it had in the past, that it can both control the negative aspects of extractive resource development and ensure that more benefits stay in the region. New land claims and self-government arrangements, devolution, new co-management arrangements, new environmental and social impact assessment regulations, and a new sense of corporate social responsibility, mean that there is a greater likelihood that current and future extractive resource development will be done differently than in the past. There is increasingly a belief that the admittedly short-term benefits of extractive resource development can be harnessed to assist in bringing about long-term sustainability. This belief is the basis for the Resources and Sustainable Development in the Arctic (ReSDA) project. Started in 2011, the project, in partnership with regional and community organizations, is mobilizing leading researchers in northern development around the idea of finding out how best to increase the benefits that northern communities receive from resource development and how best to ensure that negative impacts are mitigated.

This special issue of the *Northern Review* discusses some of the current research on the topic. In particular it highlights some of the work that graduate students involved in ReSDA and related projects are doing.

## Natural Resources and Sustainable Growth

Prior to the Second World War, there was little sense of a contradiction between extractive resource activity and sustainable economic development. At the time, it was thought that mining and oil and gas development could lead to a general diversification of the regional economy, which would result in stable growth. Indeed this was one of the original ideas of the so-called staples theory of development. Harold Innis and others pointed out how staples, such as fish, grain, wood, and minerals, could be used to sustain economic growth in frontier regions (Innis, 1936). Watkins would later develop an explanatory model that showed that this sustainability would be achieved through a series of linkages to staples production (Watkins, 1963). Through the use of backward, forward, fiscal, and final demand linkages, frontier regions could develop a diversified and self-sustaining economy—even if the staples production ceased to exist. Indeed, this possibility had already been presented by Jack London in 1900 when he explained how the Klondike gold rush would develop the infrastructure necessary for the future development of the Yukon (London, 1900).

During the 1960s, however, some concerns about development based on the exploitation of natural resources started to emerge. By the late 1960s, Watkins had adjusted his initial ideas about a staples theory of economic development to increasingly highlight that staples development could also result in a series of leakages—where benefits would leave the region and result in a “staples trap” that would create a continued dependence on natural resource production (Watkins, 1977). Elsewhere, concern started to develop about the negative impacts of natural resource “boom towns,” especially as concerns youth (Freudenburg, 1984). In Canada, research in the 1960s on the problems of single industry towns started to highlight problems with economic development in natural resource dependent communities (Lucas, 1971).

One of the most important events to change public opinion about the benefits of natural resource development in northern Canada was the 1970s public inquiry into the proposed Mackenzie Valley Pipeline, or the Berger Inquiry (Berger, 1977). This inquiry clearly demonstrated for the first time that natural resource development in Canada’s North had not only provided little or no benefits to the region’s Indigenous people, but that these projects had a devastating impact on their communities. New proposed projects were likely to continue this trend until something could be done to allow these communities greater control of extractive industry developments.

From a more academic perspective, researchers started to show how, in a contemporary context, extractive resource development was unlikely to naturally lead to economic diversification. Freudenburg and others pointed out that the historical circumstances that allowed extractive resource developments to diversify into self-sustaining regional economies during the nineteenth and early twentieth centuries have changed substantially so that previous linkages are no longer possible (Freudenburg & Gramling, 1998; Frickel & Freudenburg, 1996). Under current circumstances, extractive resource development in frontier areas are more likely to result in a continued “addiction” to these types of projects (Freudenburg, 1992).

This criticism of extractive resource development as a source of sustained economic growth was increased during the 1990s when economists dealing with cross-national macro-economic data started to notice that those countries that relied heavily on extractive resource exploitation tended to have lower rates of growth (Sachs & Warner, 2001). From this perspective, a dependence on extractive industries creates a resource curse. This curse is the result of a number of issues. Some point to the overvaluation of national currency due to the dominance of the extractive sector (the so-called Dutch Disease), or to the volatility of commodity pricing, as being important reasons for the resource curse (Davis & Tilton, 2005).

Most explanations of the resource curse note the negative impacts of a region accessing the super profits that are often associated with extractive resource development and the so-called “rent-seeking” behaviour that results from this. One explanation is that the availability of super profits in a resource producing region means education becomes less important leading to a decline in comparative levels of education (Gylfason, 2001). Another stresses that these same super profits result in a high degree of corruption and violence (Pendergast, Clarke, & Van Kooten, 2011), and have a negative impact on any incentive to save (Atkinson & Hamilton, 2003).

A point does need to be made about the resource curse and northern Canada. While there have been many studies highlighting the negative impacts of resource development in northern Canada, access to super profits has never been mentioned in this context. Indeed, the lack of access to these “fiscal linkages” is more often mentioned (Berger, 1977). In addition, institutions in the Canadian territories are generally regarded as of a high quality (Alcantara, Cameron, & Kennedy, 2012), and, as such, less prone to issues associated with the resource curse.

Despite these criticisms of resource development, it is interesting that in northern Canada, attitudes towards the potential of extractive industry development seemed to change during the 1990s. According to Angell

and Parkins, research became somewhat less critical about the negative impacts of resource development and instead tended to stress the cultural continuity of these communities (Angell & Parkins, 2011). Despite all the past negative impacts of resource activities, the Indigenous communities in Canada's North remained strong. Since the 1990s, rather than opposing all extractive industry developments, some Indigenous organizations started to look at how these developments could be done in a way that could enhance community well-being. Organizations such as Makivik Corporation and the Inuvialuit Regional Corporation entered into partnerships with private industry in order to ensure positive benefits were passed on to communities and that negative impacts were properly mitigated.

In terms of an explanation of this change in tone, one can see that a number of issues have changed since the 1970s. Probably the most important is the negotiation of new comprehensive land claims in the region. The Berger Inquiry had stressed that industrial development should only take place in the region when Aboriginal communities had a greater ability to control these developments. In particular, the report discussed the negotiation of new land claims as a way to do this. A direct result of this recommendation was the negotiation of a series of new treaties in the region. These treaties have given the Indigenous communities of the region a greater degree of control and confidence that they can benefit by extractive industry development (McPherson, 2003).

Other issues have changed as well. With devolution, territorial governments in the Yukon and the Northwest Territories now have greater control of resource development in their regions including the collecting of fiscal benefits through taxation and royalties (Cameron & Campbell, 2009; Huskey & Southcott, 2014). Impact benefit agreements now accompany all resource development projects and ensure that local communities receive direct benefits (Bradshaw & Wright, 2014; Sosa & Keenan, 2001). During the Berger Inquiry, environmental and social impact assessment was in its infancy. We now have a much better idea of potential social impacts and how to deal with them (Rodon & Lévesque, 2014; Schweitzer, 2014). Currently, all regions in northern Canada have relatively rigorous regulatory systems in place to ensure that projects have adequate mitigation strategies to counter any potential negative impacts (Noble, Hanna, & Gunn, 2014).

### **The ReSDA Project**

These and other changes have meant that northern communities are increasingly prepared to consider extractive resource development projects if they can be convinced that they will receive benefits from these projects,

that will help them develop more sustainable futures. ReSDA—the Resources and Sustainable Development in the Arctic network—has as its principal objective to assist communities better understand what options are available in this regard. The main objective of this project is to find ways of ensuring that resource exploitation benefits rather than hinders the well-being of northern communities.

Funded primarily by the Social Sciences and Humanities Research Council of Canada (SSHRC), the project started in 2011 and is currently made up of over fifty researchers at over twenty-eight institutions in all eight circumpolar nations, working with a large number of northern partners. The project is interdisciplinary and includes researchers in a large variety of disciplines and areas of interest: from health to business and from social work to ecology. It is a long-term project whose first stage is scheduled to run for a period of seven years.

The articles in this volume look at extractive resource development from a number of perspectives. A common theme is that the potential for northern communities benefiting from resource development and mitigating negative impacts is higher than it has been in the past. At the same time, all researchers in this issue are agreed that there are barriers to the full realization of this potential. We need to understand what these barriers are so that we can share this information with communities that will be making decisions on resource development.

In their article “Understanding the Social and Economic Impacts of Mining Development in Inuit Communities: Experiences with Past and Present Mines in Inuit Nunangat,” Rodon and Levesque look at the changing impacts of mining on Inuit in northern Canada. They show that, unlike developments in the 1950s and 60s, Inuit communities are much more involved in decision making concerning these developments. Still, they note that while benefits have increased, problems remain. Some of these problems are a result of these benefits. Looking at the impacts of the Raglan mine in Nunavik and the Meadowbank mine in Nunavut, they note that more money flowing into communities from wages and from royalty payments are seen to cause new problems such as increased alcohol and drug consumption. Increased economic inequalities, housing shortages, and family issues related to commuting-based shift work are all of concern to people in these communities. Concerns regarding possible environmental impacts and negative cultural impacts are also important to people in these communities.

In “Northern Reclamation in Canada: Contemporary Policy and Practice for New and Legacy Mines,” Anne Dance deals with an often overlooked

aspect of extractive resource development: the cleanup after the end of operations. Increasingly this is seen to be important, not only to ensure the mitigation of any negative environmental impacts, but also from an economic perspective given that remediation involves billions of dollars in expenditures in northern Canada. Dance notes that there are clear differences between what she calls “an earlier era of regulatory laxness and limited reclamation” and the current era, “its modern, enlightened counterpart,” characterized by “technological innovations and cradle-to-grave planning.” At the same time, she highlights that problems remain. Potential benefits of a more rigorous reclamation regime are limited by a number of issues such as a lack of local involvement, jurisdictional overlap, inability to understand cumulative impacts, and the limited capacity of territorial and local governments to fund and manage remediation efforts.

The relationship between the emergence of impact benefit agreements and environmental assessment is examined in “Addressing Historical Impacts Through Impact and Benefit Agreements and Health Impact Assessment: Why it Matters for Indigenous Well-Being.” Jones and Bradshaw focus on health impact assessment as it has developed within the environmental assessment processes. While both impact benefit agreements and health impact assessments have improved the ability of communities to benefit from and to control resource developments, they have had problems adequately addressing community well-being concerns. Using case studies of Nuvavut’s Meadowbank mine and Alaska’s Wishbone Hill mine, they show how agreements in these projects have failed to adequately deal with the complexities surrounding Indigenous understandings of health and well-being, and in particular, “impacts of legacies of colonialism and assimilationist policies.”

One way of dealing with the boom and bust cycles associated with extractive resource development is the use of new labour mobility practices. Long-distance commuting is examined by Jones and Southcott in “Mobile Miners: Work, Home, and Hazards in the Yukon’s Mining Industry.” While the flexibility of a commuting labour force may help deal with some of the cyclical issues of resource development, little is known about the concerns of workers involved in these practices. This initial exploratory study notes that many of the key issues of concern to workers in this sector are similar to workers in mining in general. At the same time, there are particular issues relating to the long-term separation of home and work. The study indicated that more research is needed to better understand the specific concerns of women and Aboriginal workers involved in long-distance commuting.

The theme of gender in resource development is continued in “Gender, Critical Mass, and Natural Resource Co-Management in the Yukon” by Staples and Natcher. Resource co-management is often cited as one of the important improvements to resource development in the Canadian North. That the management of resources includes local actors means that these boards are more responsive to the needs of northern communities. Yet as Staples and Natcher point out, there are still improvements that can be made to these institutions and the creation of a critical mass of female representatives can help make these boards more effective.

Ritsema et al. look at the current situation in Pond Inlet, Nunavut to see how that community can best benefit from the Mary River mine that recently started production. In “‘Steering Our Own Ship?’: An Assessment of Self-Determination and Self-Governance for Community Development in Nunavut” they use methodology of the Harvard Project on American Indian Economic Development to examine the likelihood of the community being able to capitalize on benefits flowing from the mine. They note concerns in the community about a lack of control related to resource development. At the same time, the recent land claim and other developments have given the community the potential to exert greater self-determination. The problems appear to be related to a number of issues. Most notable may be a regional focus rather than a community focus of control, as well as a general lack of capacity in the region.

In their article “Experiences of Opportunity in the Northern Resource Frontier,” Amati et al. look at the experiences of immigrants who are arriving in the North in order to benefit by the boom in resource development occurring in the region. While their numbers have not been large in the past, there are indications that there are increasing numbers of immigrants from non-traditional sources choosing to settle in the region. This article highlights their stories and concerns with the objective of understanding how best to ensure their contributions to communities. Given the proper conditions, these new Canadians can help increase the likelihood that northern communities benefit from resource development.

Kennedy Dalseg and Abele highlight the issue of communication as an important aspect of ensuring that communities properly benefit from resource development and that they can adequately control these developments. In “Language, Distance, Democracy: Development Decision Making and Northern Communications,” they examine the extent to which communications contributed to this objective in two moments in history: the Mackenzie Valley Pipeline Inquiry of the 1970s and the Mary River Impact Review Board hearing in 2012 and 2013. The authors show how broadcasting

and other types of communication were very basic in the context of the Mackenzie Valley inquiry and how much has changed since then. The rapid development of communications technologies in the North has created the potential for a much more extensive discussion between communities and individuals. This potential was at least partially realized during the Mary River discussions as exemplified in activities such as the Digital Indigenous Democracy project.

These articles represent an important contribution to better understanding what needs to be done if northern communities hope to be able to use extractive resource development to ensure their long-term sustainability. While it is likely that mining and oil and gas developments will continue to pose problems for the North, the region is increasingly confident that it can control these developments so that extractive industries can be harnessed for the good of the region. ReSDA hopes to provide them with research on how best to do this, as well as possible pitfalls.

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