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GOVERNMENT OF THE NORTHWEST TERRITORIES
CANADA

ECONOMIC DEVELOPMENT
IN THE
NORTHWEST TERRITORIES
THE POLICY ISSUES

A. Unique Situation of Northwest Territories

Recognition of the Northwest Territories' unique position is a basic premise of any developmental strategy to be applied in the area. N.W.T., of course, shares many problems with the Yukon, Labrador, and the northern regions of many of the provinces. However, it shares only with the Yukon a direct relationship with the Federal Government of a type permitting a lesser degree of autonomy than that enjoyed by the provinces. It differs from the Yukon in that it is poorer in terms of locally generated revenues and in that the vast majority of those inhabitants not employed in one way or another by government are native people.

To characterize N.W.T.'s unique situation:

1. It is isolated by distance and time and to a considerable extent culturally isolated from that centre (Ottawa) where the most crucial administrative and financial decisions regarding its future are made. Very sparse political representation does little to remedy adverse effects of this isolation.
2. It is overly reliant economically on the extractive industries. Oil and gas developments indicate that this reliance is likely to increase rather than diminish.
3. A very high proportion of total population is of Eskimo, Indian, or mixed ancestry. The native population for the most part is distinct from the mass of Canadian population, not only ethnically, but linguistically and culturally. Levels of income, education, public services, and social amenity are markedly lower than in the South. Life styles are different. These factors combine with severe climate, scattered and sparse population, and relatively unproductive land to make the N.W.T. in many respects "a different world" from southern Canada.

The risks inherent in this unique situation are clear.

There is a strong danger that N.W.T. may become locked into the position of a raw materials hinterland in which employment and incomes are determined by fluctuation in the volatile prices of those raw materials on world markets.

Another unwelcome possibility is that the beneficial impact of trade with southern Canada may be felt in enclaves of the southern economy implanted in the North, populated mainly by whites, and enjoying no organic social or cultural linkages with the bulk of the population. The result would be a dual economy productive of social division and friction.

In fact the problems of the dual economy are not so much a matter of future concern. They are already with us. These problems are experienced at the psycho-social level, as well as being felt economically.

As enhanced communication facilities, in particular television, impinge on the North we may expect to see an increased trend for the native peoples to be motivated toward southern consumption patterns and life styles. If at the same time the same populations are in fact, because of language and educational factors, excluded from playing any real role in the economy a high price will be paid in classic social alienation manifesting itself in alcoholism, crime, disrupted family life, and mental disturbance.

More simply, there is a very real danger that the net impact of the southern economy in the North may prove to be destructive in social and cultural terms.

B. Economic Development. Yes or No?

Of recent years the media, following an apparently unavoidable tendency to reduce highly complex problems to simple black and white, have synthesized what is in fact a largely bogus issue, i.e., should there be an absolute embargo on economic development in the North.

True, such an embargo has from time to time been proposed by a few highly articulate ultra-conservationists. This viewpoint is not, however, espoused by any significant grouping of opinion.

Certainly, such native organizations as the Indian Brotherhood have made it clear that they are, at present, against further economic development until clarification is obtained on such key issues as land-rights. This position should be interpreted as part of a negotiating strategy rather than a blanket rejection

of economic development as such. To the present writer's knowledge the native organizations have never taken up a position that is root and branch opposed to economic development.

Certain basic facts must be squarely faced,

In the first place, the process of development is already well advanced in the N.W.T. It cannot be reversed. It would be unacceptable to turn back the clock and return to the days before the white man's ways were felt in the North. Northerners have come to accept and depend upon southern medicine, upon the food and other goods supplied by stores in every settlement. These items are needed and enjoyed by Northerners of all races. However, it must be recognized that only to a small degree are they paid for by Northerners. Year after year, to maintain present levels of living, the North is subsidized by the South.

This is by no means any cause for shame. The Maritime provinces, also are highly subsidized by the wealthier regions of Canada. Parts of all the provinces where resources are sparse are subsidized by the wealthier parts of those provinces. These transfers of funds are indeed part of the institutional cement that holds Canada together as a nation. But - and this is an important point - these transfers are only countenanced subject to an implicit condition; namely, that if the recipient regions for any reason become potentially self-supporting they are under an obligation to do what they can to develop that potential.

This is the position of the N.W.T. Having for many years relied on subsidies from the South we can hardly commit ourselves in the long term to the role of conscientious objectors to the notion of economic development.

Another higher level imperative is also applicable here.

In a world not only short of food, but of all raw materials, surely, as members of the world community, we are under a real moral obligation to make what contribution we can, however slender it may be, to enlarging the supply of resources available to the burgeoning population of the planet.

With these considerations in mind, the academic question as to whether or not we develop the economic potential of the North gives way to a more practical concern with formulating the kind of development strategy most compatible with the North and its people.

C. Desirable Characteristics of a Northern Development Strategy

It was stated earlier than any development policy for the N.W.T. must be framed with due regard to the unique situation

pertaining in the Canadian North. Application of a program mix evolved to suit the situation in the Southern provinces, even with some degree of modification, is not likely to produce the desired results.

The kind of development program which in present circumstances seems most appropriate should possess the following characteristics:

1. To suit the social situation existing in the N.W.T. any economic development strategy must be phased over time in line with a pace sufficiently slow to permit the native people to progressively adapt themselves to it stage by stage.

The effects of over-rapid development can be disruptive socially and psychologically and bring in their train permanent and irreversible damage to native society and native culture.

2. The demands of the economic process must not be elevated to an extent that social and cultural goals are subordinated to them. The proper criteria for the success of any program of economic development must not be in terms of dollars or units of output, but in evident and recognized improvements in the welfare of the people and in the quality of life.
3. Because of the organic relationship existing in the N.W.T. between the way of life of the native people and the integrity of the northern ecosystem, preservation of the environment and the wildlife which are part of it must be given a very high priority.
4. Maximum feasible participation in the framing and implementation of all development plans by those whom they will affect is essential. So far as the native people are concerned this goes much further than ensuring maximum employment at all levels.

No long term development plan is likely to work if it is not accepted by the bulk of the population as their plan. The only way to ensure this is by establishing advisory and consultative structures at territorial, regional, and local levels that permit maximum inputs by concerned populations into the planning process.

At the same time, government must develop the capacity to respond to this kind of participatory input. The operative style of government must progressively become more open and facilitative. So far as is compatible with long run efficiency development policy should reflect a philosophy of "from the bottom up" rather than "from the top down".

5. In line with this last consideration, it is imperative that so far as is possible decision making power be consistently moved "down the line" to the point of program delivery.

In matters of economic development "remote control" decision making is the worst possible option.

Leaving aside the institutional pros and cons of provincial status, it is imperative that the prime focus of decision making regarding economic development of the Northwest Territories be within the Northwest Territories. The present system of competitive dual jurisdiction is wasteful, confusing, and counter-productive.

6. So far as funding is concerned, there must be recognition of the enormous "catch-up" demands of the N.W.T.

It is a basic component of national thinking on development policy that, so far as possible, economic disparities between the various regions of Canada should be progressively eradicated.

The most dramatic disparity in Canada is that separating the people of the Northwest Territories from other Canadians. Only a very marked increase in the funding made available by the Federal Government to the Territorial Government for economic development in the N.W.T. can make any inroads into this lamentable situation.

Just as important as acceptance by Ottawa of the special needs of the N.W.T. is recognition that Ottawa's role is to provide funding not to adjudicate dollar by dollar on its allocation. As previously stated, the prime focus of decision making on economic development must be on the ground, "where the action is", as close to the point of program delivery as possible.

If there is to be a desirable "fit" between the aspirations of the people and the programs intended to serve them, the main decisions on economic development policy must be made within that jurisdiction closest to the people, i.e., the Government of the Northwest Territories.

7. This paper is concerned with the broad issues underlying development policy rather than with the constituent programs of such a policy.

Nevertheless, in closing, some consideration might usefully be given to the kind of programs appropriate to the approach thus far delineated.

In the first place, it is very likely that any scenario of development over the next few years must admit a central role to extraction and movement of oil and gas.

These industries are notorious - on a world-wide basis - for the relative lack of "built-in" spin-off benefits they provide for the bulk of the indigenous population of the area in which the resource is located. They are highly capital intensive. A large proportion of the labour they utilize consists of highly trained technicians. The chief returns to the area from which the product is extracted generally come in terms of royalty payments to government which may, or may not, trickle down to the people resident in the area.

Two immediate policy imperatives present themselves. In the first place, as and when gas and/or oil begins to flow, the proportion of royalties returned to the people of the N.W.T. must be maximized. Secondly, insofar as employment opportunities are generated, pressure must be exerted on the companies concerned to employ northerners, so far as is possible, at all levels, in regard to both the extraction phase and the delivery system.

A longer term consideration is that repatriated royalties should be recycled as funding for a range of development programs and projects that will offer a diverse range of employment opportunities likely to utilize the particular skills and abilities of Northerners. The role of the native peoples' organizations is likely to prove crucial in this respect.

In particular the native peoples' organizations may play a significant part in ensuring that native people not only find employment in these "spin-off" opportunities, but also enter an ownership role in regard to them.

The notion of diversity is an important one. Apart from the extractive industries, there is no one industry in the Northwest Territories which can play a dominant role as does farming in the prairie provinces, the forest industry in B.C., or the fishing industry in Newfoundland.

If we are to avoid over reliance on oil and gas, our approach must, therefore, be a many faceted one, taking full advantage of such opportunities as may be identified.

The struggle for development in the N.W.T. will not be decided by any push forward on a single sectoral front, but rather by success achieved in a series of scattered minor skirmishes in all sectors. Where opportunities come to

light in fisheries, in tourism, in agriculture, in forestry in arts and crafts, in the manufacture of specialty items, they must be fully exploited.

Any program of economic development, if successful, may have two desirable effects: it may increase exports and it may reduce imports. While these two objectives are by no means necessarily mutually incompatible, a program may lay more stress on one than the other.

Ample justification exists in the case of the N.W.T. for emphasizing the maximization of production of food and other goods in the Territories for the people of the Territories, rather than for Southern markets. The more self-supporting the people of the N.W.T. become the less justification will there be for continuing psychological dependence on the South.

In Closing.

The foregoing has been intended as an inventory of those characteristics without which no plan or program of economic development is likely to succeed in the context of today's Northwest Territories.

As a set of prescriptions, it makes considerable demands. In the first instance, it calls for concerted efforts, imagination, and tolerance from Northerners of all races. From industry and from government it demands flexibility and innovativeness. Given all these and, perhaps most important of all, given the will to collaborate in shared common purpose on the part of all Northerners, the goal of a wealthy thriving and contented N.W.T. is well within our grasp.