

HT  
395  
.C32N4

# WESTERN NORTHLANDS

ECONOMIC CIRCUMSTANCES AND OPPORTUNITIES

One of a series of staff papers prepared by the federal  
Department of Regional Economic Expansion  
as a contribution to federal-provincial consultations  
on regional development policy in Canada

April, 1973



WESTERN NORTHLANDS  
Economic Circumstances And Opportunities

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	1
SOCIO-ECONOMIC CIRCUMSTANCES	2
Historical Perspective	3
Natural Resources	4
Duality and Disparity	5
Selected Social Data	7
Government and Industry Expenditures	8
SOCIO-ECONOMIC OPPORTUNITIES	10
SUMMARY	11
EXCERPTS FROM MINISTERIAL STATEMENT	12

One of a series of staff papers prepared by the federal  
Canada. Department of Regional Economic Expansion  
as a contribution to federal-provincial consultations  
on regional development policy in Canada

April, 1973

\*

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	i
BACKGROUND	1
SOCIO-ECONOMIC CIRCUMSTANCES	3
Historical Perspective	3
Natural Resources	4
Duality and Disparity	5
Selected Social Data	7
Government and Industry Expenditures	9
SOCIO-ECONOMIC OPPORTUNITIES	10
SUMMARY	19
EXCERPTS FROM MINISTERIAL STATEMENT	22

## INTRODUCTION

The Department of Regional Economic Expansion was established in 1969 to consolidate and strengthen the efforts of the federal government to combat regional disparities and support regional development. The Department carried forward the work of the Prairie Farm Rehabilitation Administration, and the administration of agreements signed under the Agricultural and Rural Development Act and the Fund for Rural Economic Development. The program of the Area Development Agency, which was designed to encourage industrial decentralization, formed the basis for introduction by the Department of a similar but more broadly based program under the Regional Development Incentives Act. Commitments made by the Atlantic Development Board were carried out and a new program of infrastructure assistance was introduced under the "special area" provisions of the Department Act.

In 1972, an internal policy review was undertaken to assess the progress being achieved and, particularly, to provide a basis upon which to meet the challenges of regional development in the mid 1970's. This paper is one of a series prepared as a result of that policy review. Separate papers have been prepared for each province (except for Prince Edward Island), the Atlantic Region, the Western Region, and a region defined for analytical purposes as the Western Northlands. For Prince Edward Island, the Development Plan currently in operation provides the framework and mechanism for joint development of priorities and initiatives and in consequence a separate federal paper is not appropriate. Each paper contains a summary of economic and social circumstances and a discussion of possible areas of opportunity for economic and related social development. Together, they are designed to serve as working papers for consultations with each of the provincial governments which, it is hoped, will result in new and improved approaches to regional economic development.

Regional economic development poses complex problems that vary from period to period and from place to place in Canada. No simple nor single solution is likely to be found. New and more flexible approaches are considered necessary and it is hoped that the discussions with the provincial governments will lead to greater and increasingly more effective federal-provincial action to overcome regional disparities and to encourage economic and social development in the slow-growth parts of Canada.

This paper is meant to be read in the context of observations and suggestions contained in a statement made on April 10, 1973, by the Honourable Don Jamieson, Minister of Regional Economic Expansion, to the Standing Committee on Regional Development of the House of Commons.

Some relevant excerpts from this statement are set out at the end of each paper as an indication of the approach to regional development being suggested.

## BACKGROUND

The Western Northlands is not a "region" in the traditional sense, but is rather a geo-socio-economic area covering portions of several political and physiographic regions and characterized by a community of human, social and economic factors that are unique (though shared in general also by the Yukon, Northwest Territories and Labrador). Relative underdevelopment, lack in standard services (social and physical), remoteness, human enclaves in a vast "wilderness", urban resource centres and high costs provide some of the basic characteristics for a regional concept.

The area sweeps from the west coast of Hudson Bay to the Pacific Ocean, and from the 60th parallel south to a line roughly following the southern border of unorganized territory in the three "prairie" provinces and projected westerly through British Columbia. It envelops portions of four physiographic regions of the continent (Hudson Bay Lowlands, Canadian Shield, Interior Plain and Cordillera), a strategic one-fifth of the land mass of Canada (see map).

The area falls almost entirely within the subarctic, a region primarily of coniferous forest that thins out gradually to the northeast to tundra country and on the south merging with the deciduous forest or grassland. The coniferous stands disappear at timber line in the mountains, and at low points are interspersed with muskeg, marsh, lake and river making the terrain difficult to cross. The temperatures throughout the area are extremely variable, with mean annual air averages running from 20°F in the extreme northeast, rising to well above 30°F in the south and west. Discontinuous permafrost occurs across much of the area, with some continuous permafrost in the extreme northeastern section. It is a largely inhospitable region in southern terms, ruggedly beautiful and of a quality and complexity in terms of topography, distances, resources and people that make socio-economic development of the area a complex issue. Yet, while being neither the far north nor the south this non-homogeneous but vast, rugged area does provide a vital link between the Territories and the "settled" areas of the south; as well it contains a major portion of the minerals, forests and fresh water supply of the nation and is one of the finest outdoor recreation regions in North America.



Explorers entered the Western Northlands both through the Hudson Bay and from the Great Lakes route, in the late 17th and early 18th centuries, drawing upon the indigenous people for guides, interpreters and other assistance. The Hudson Bay Company was formed in 1670, but it was not, however, until 1774 that the company's first permanent inland post was established at Cumberland House in Saskatchewan. In 1732 La Vérendrye and his sons reached the mouth of the Winnipeg River and before the end of the decade one son pushed on to the forks of the Saskatchewan River. Henday (also Hendry) in 1754 crossed Saskatchewan into Alberta, and in 1793 Mackenzie reached the Pacific overland. Throughout this period eastern companies, finally formed into the North-West Company, vied with the Hudson Bay Company as penetration of the region was pursued. Undeclared war led to much lawless and dishonest practice into which the Indians were inevitably drawn. Disease brought by the white man wreaked havoc with the natives, of which it has been written that in 1871 "...this slaughter of the Indians by the smallpox was perhaps as shattering a disaster as any native race outside Tasmania has ever received from the white men".<sup>1</sup>

Competition in the fur industry was finally stabilized by the absorption of the North-West Company into the Hudson Bay Company in 1821. Marriages of the white traders produced the first Métis, some of whom subsequently obtained permanent positions with the Company. Those marriages and those that followed with the early settlers resulted in a Métis population today believed to be about the same as the Registered Indians.

From about the end of the First World War significant penetration into the area by people of non-Indian ancestry increasingly occurred; after the Second World War the flow gained major momentum. There are today approximately 450,000 people living in the Western Northlands, of whom some 80,000 are Treaty Indians and Métis - 18.0% of the total.<sup>2</sup>

---

<sup>1</sup> Indians and Métis of Northern Saskatchewan - A report on Economic and Social Development - by Buckley, Kew and Hawley, 1963, page 6.

<sup>2</sup> For data collection a northern tier of census districts was used. However, in terms of development potential and resource use planning, rigid boundaries make little sense, and at this stage the ultimate development boundaries should remain flexible and so undrawn.

## SOCIO-ECONOMIC CIRCUMSTANCES

### Historical Perspective

The economy of the Western Northlands has developed through four general stages.

The first stage occurred prior to the entrance of the Hudson Bay Company and covers the period before 1670. During this period the indigenous people were self-sufficient and self-governing relying upon the renewable resources of the area.

The second phase began with the establishment of the Hudson Bay Company. Three important events took place as a result. The first was that a barter economy developed whereby in exchange for furs many goods and some services were traded. The second event was that a form of corporate government was imposed upon the people and the territory. The third event was the introduction of the European culture and western religion complete with missionaries.

The third phase began with the formation of Canada in 1867 and the ceding of Rupert's Land to the Government of Canada in 1869-70. A lengthy transition took place in the economy and institution framework of the area.

With respect to the economy, it remained relatively unaffected during the long period of agricultural development to the south. However, incursions based upon renewable resources, primarily timber, edged into the area and reached a peak about the end of World War I. The fur industry remained active and commercial fishing developed in some areas. Although some early mining had taken place, such as placer mining in British Columbia, and considerable geological work had been done (e.g. the Athabasca tar sands received Senate notice in a report of 1887), it was not until the 1920's that mining assumed any significant role. "White" workers then started moving in to the north in some numbers, though the native economy remained largely one of subsistence plus some trapping, fishing and forestry.

On the institutional side, the paternalistic forms of government remained but the paternalist changed. The Hudson Bay Company released its role first to the church and the church shared this role with the state - the latter the government of Canada for most of the area - until 1871 when British Columbia became a province, 1905 in Alberta and Saskatchewan and 1912 when Manitoba was extended north to the 60th parallel.



Provincial paternalism was increased following the ceding of the natural resources from Canada to the prairies in 1930, but the depression years found the provinces with little capacity to do anything significant in the north.

The fourth phase in the development of the economy has occurred in the post-Second World War period. Non-renewable resource development - mineral activity - emerged as the predominant goods producing activity. With the renewable resources, forestry and tourism increased, trapping and fishing declined. Service industries grew, primarily based on providing public goods - health, transportation, education, general government administration of the resources and people and administering a more thoroughly developed welfare system. Welfare interventions - family allowance, mother's allowance and other social assistance measures - became a dominant factor in the north.

Most recently all the provinces have begun looking to the north, searching for policies that, however tentative, will enable orderly development of the region. Universally, the highest priority is on progress for the people, with resource development a necessary concomitant to that end.

### Natural Resources

One hears of the riches of the north, sometimes in terms that conjure up romantic visions like the tales of the California and Yukon gold rushes. As examination of the cruel facts of those latter two periods of history dispels romantic myth, so examination of the Western Northlands brings sober judgment. There are many resources, but their optimal exploitation demands new concepts in the traditional blend of men, money and materials and the creation of a "development" environment different than the past.

Minerals proved and potential (including energy resources) occur in some abundance throughout the area and are of major importance. Forest resources of the area must be rated of major significance, both for direct economic return to large industries and myriad small operators and in relation to the physical setting for fish, wildlife and outdoor recreation.

Tourism has been third, and sometimes second, as an earner of foreign dollars for Canada in the last 12 years. At the same time, Canadians spend more abroad on tourism than foreigners spend in this country. In that context, the Western Northlands offer a major potential for outdoor

recreation over the next few decades. The physical resources equal anything to be found anywhere on the continent, and are as yet relatively unspoiled.

Fish and wildlife resources have lost ground relative to other resource developments due in part to uncertain markets, poor prices, poor organization of effort and certain human factors related to welfare, provision of services at settlements, and accompanying loss of skills. Nonetheless the resources are still critically significant to the total income of many native northerners, and they do have a potential for increased return under better management. Their importance to the potential for outdoor recreation must be stressed. Therefore they can be viewed, along with certain other "local" activities such as wild rice harvesting, as resources of continuing importance for the foreseeable future.

Agriculture does not rank high in respect to the total region but is a significant factor in the Interior Plain area - specifically the Peace River area of Alberta and British Columbia. Climate, transportation and distance to markets are significant factors in any expansion in this sector. Some reports indicate that only 4 million acres out of a potential 13 million in Alberta have been developed, with a further 13 million acres potentially good for grazing. A major potential in British Columbia, some 1.5 million acres in the Fort Nelson area, is unrealized with less than 200 acres under cultivation despite the excellent soils. There are other areas of suitable soil throughout the region, but at this point little development is seen beyond that for local produce.

Last but not least is water. Its value is incalculable, both to the region and to Canada. Consider that the following rivers rise or have some part of their flows in the region, the Yukon, Stikine, Nass, Skeena, Nechako, Fraser, Liard, Peace, Athabaska, Slave, Seal, Churchill, Nelson, Hayes and the Saskatchewan (a score or more major lakes occur in the region plus thousands more of a size important for recreation) and its importance is established - for hydro-electric, for industrial and domestic requirements and for the fish, wildlife and recreational potential of much of the west.

### Duality and Disparity

Duality of human existence is a fact of life of the Western Northlands; it catches the visitor's mind along with the physical vastness of rocks, forests, lakes and rugged

mountains. There are essentially two norths -- an urban north and a non-urban north. Primary resource and service industry cities and towns accommodate approximately 40 per cent of the population, mainly white people.<sup>1</sup> The remaining 60 per cent live in a non-urban environment which includes most of the people of native ancestry.<sup>2</sup> The urban north boasts services and certain general amenities which are at or near comparable levels to the urban south of the western provinces. Many of the non-urban or remote north residents live in unconventional community structures such as local improvement districts, municipally unorganized territory, and Indian reserves. This largely precludes the opportunity for a collective voice in self-government, making very difficult the provision of even basic local public services. Although minerals, forests, water, fish and wildlife are abundant in the Western Northlands the realities of daily life in much of the non-urban environment are shockingly disparate. For example, where the average annual income level of an urban worker in northern Manitoba in 1970 was \$6,395,<sup>3</sup> workers of the non-urban environment probably averaged a third or less of that amount (Registered Indians averaged \$1,735 per worker). Average annual per capita earned income for Registered Indians (and by extrapolation non-Status Indians and Métis) was about \$500. By comparison Prince Edward Island, the province with lowest per capita income, has an average annual per capita earned income of \$2,188.

It should be noted that the magnitude of the disparity problem varies, in proportional terms, between provinces, though the situation for individuals or particular communities in different areas may be essentially similar. Saskatchewan, with little northern urban development, has about 21,821 persons living in the area, of whom 46 per cent (10,038) are of native ancestry. Manitoba, with a northern population of

---

<sup>1</sup> E.G. Flin Flon, Manitoba in 1966 had 9,674 people of whom 150 were of native ancestry;

<sup>2</sup> People of native ancestry include Registered and non-Status Indians and Métis - approximately 80,000 or 18.0 per cent of the Western Northlands population. It is very important to remember that among the some 160,000 non-urban, non-native population there are many whose situation may be somewhat better than for native people but yet is far below the regional average.

<sup>3</sup> Excluding Churchill.

69,218 has 40.1 per cent (27,756) of native ancestry and has both substantial urban development and remote community sectors. Alberta and British Columbia are yet again different with native populations of 11.8 per cent (17,630) and 12 per cent (23,592) respectively - they tend to have proportionally fewer remote community areas.

The two worlds which co-exist in the Western Northlands bear a negative relationship to one another which may be unique in Canada. Although they exist side by side there is often relatively little connection between them - even people of native ancestry living in urban centers tend to live peripherally, in shacks and with limited services. The area in northern Saskatchewan, because it excludes any larger urban centers, is the purest example of the non-urban and thus best illustrates the grossly disadvantaged position of the people. Nonetheless the duality and disparity are there in degree throughout the region - a growing urban north of opportunities and an uneasy, frustrated, increasingly dependent non-urban north.

#### Selected Social Data

Statistics alone give a lifeless picture of the Western Northlands yet they do serve to indicate where problems lie and how great they are in comparison to other areas of the West and Canada. Certain diseases occur 20 times more frequently in the Western Northlands than in the provinces as a whole; birth rates are up to twice provincial rates; infant mortality is still up to twice as frequent in the north, though improvements in health services halved the rate between 1961 and 1970; almost one-quarter of the people in the region (not including the large number of children under 5 years of age) have less than Grade 4 education.

The two more or less disconnected groups in the Western Northlands - urban and non-urban - pose a problem when dealing with statistics; very little information is broken out this way. Conditions in rapidly growing and mainly white industrial towns tend to obscure the fate of the disadvantaged, predominantly native, population. For this reason, northern Saskatchewan, which has no major center, has been used as much as possible to exemplify non-urban areas of the Western Northlands.

Birth rates<sup>1</sup> in northern Saskatchewan dropped from 46 to 39 per thousand between 1961 and 1971 yet remained considerably higher than the provincial rates 26 and 17 per thousand.

---

<sup>1</sup> Number of births per 1000 population.

The picture is the same throughout the Western Northlands.

When these figures are combined with death rates the resultant natural increase is far higher in the Western Northlands: provincial averages range between seven to eleven per thousand (1966-70) while the Western Northlands ranged from 13 to 29 per thousand. Northern Manitoba has increased three times as fast as the rest of the province, partly because of the young families attracted by industrial expansion and partly because of high birth rates among the native population. Those who live in or near towns may be able to use good educational and health facilities; these are not readily accessible to remote residents. Nursing stations and small clinics are located in remote outposts but these are often cut off from their patients by weather, lack of radio contact or inability of the parties to travel.

Apart from the poor sanitation and water, housing conditions help to spread disease by overcrowding. Normal Canadian standards demand one room per person. On average, the Canadian family of 3.7 persons enjoys 5.3 rooms between them. The average Indian family in Canada has 6.4 persons in the average home of 3.6 rooms, almost a reversal of the national average. Unfortunately, no figures are readily available for the Western Northlands, though an isolated figure in northern Alberta corresponds closely to the national average family size for Indians (6.0 to 6.4).

The standard of dwelling units is also well below national levels. Data are scanty, but in northern Saskatchewan, the number of houses requiring major repairs or which are unfit for habitation (Statistics Canada classification of "poor" to "very poor") was 50 per cent in 1971. This is the extreme in the northern region but probably illustrates the situation in remote areas of all the provinces.

The rise of population has naturally created an urgent demand for new houses. This has been answered more completely in the industrial towns than elsewhere, though efforts are being made in remote areas. Over the 5 years from 1961-1966, the number of houses increased in the Western Northlands by some 5 per cent more than the general increase in the four provinces. Nonetheless shortage of adequate housing remains a fact of life for most areas of the Western Northlands.

The large proportion of young children which make up the increase of northern population presents further problems. Education is more and more important to gaining a job and a steady income. Time was when most of the remote residents, especially those of native origin, could depend on their

natural environment for a livelihood, either by living off the land or by selling fish and fur outside the area. This traditional life style is fast disappearing and many of the younger people will want to work in the mills, in the woods, as hunting guides, in any number of positions opening in towns, industrial setups, or in other parts of Canada.

It is also a fact that "southern" people who have largely taken advantage of the northern job opportunities to date are finding it difficult, despite high wages, to accept present northern living conditions as suitable for permanent residence. A majority move into the northern areas to make a stake and get out. Labour turnover is high, for some industries running to one hundred per cent or more a year. This not only results in an insecure social situation but also adds to the already high cost of operation for industries in remote areas.

#### Government and Industry Expenditures

Data for the region are scanty, since most government expenditures are not broken out by region - either by the federal government for the nation or by the several provincial governments for regions within each province. In respect of industry, many of the companies are national or international in scope and hence details of their activities in a specific region are difficult to determine - this is made the more difficult since the numbers involved in some instances are so few that data received privately cannot be used, to avoid breach of confidentiality. However, some measure of the magnitude of regional expenditures is possible.

Federal departments with substantial activities in the area include the departments of Indian and Northern Affairs, Health and Welfare, Manpower and Immigration and Regional Economic Expansion. Departments such as Public Works, Environment, Agriculture, Transport, Communications, Energy, Mines and Resources and Solicitor General, plus Central Mortgage and Housing and others undertake activities for which the expenditures are by no means inconsiderable. Thus a reasonable estimate might be that total expenditures are well over \$50 million per year. Provincial expenditure figures are equally difficult to determine, but in Manitoba, where the government has a vigorous northern thrust, work done suggests that about 10% of the provincial budget is directed to the north. Given that the other provinces have announced major concerns for northern development it may be that some reasonable measure of total expenditures across the region can be deduced using the Manitoba experience. Thus \$200 million annual expenditure for all construction, services, etc.

may be a reasonable estimate.

The magnitude of industry expenditures may be measured in part from figures available for northern Manitoba. The metal mining industry expended over \$250 million in exploration and development during the five year period 1965-69; the total costs of mineral production by the three major mining companies in the 1970 calendar year were \$209.6 million, of which 15 per cent was incurred for the payment of wages and salaries. The forestry complex at The Pas has involved expenditures of \$100 million plus, while the total Nelson River Hydro project is expected to cost in excess of \$1 billion probably over a 15 year time frame. Extrapolating these figures to industrial activity in the other provinces, in particular in northern Alberta and British Columbia, which have major forestry, metal mining and/or gas and petroleum developments, the importance of industrial contribution to the region can be seen.

Given these estimates, the question remains before both governments and industry respecting the merits of expenditure of funds in the Western Northlands or in some other area where the returns may be greater or the problems less complex but equally pressing. But the overall magnitude of the dollar inputs indicated suggests that shortage of money per se is not a major hindrance to development of the region. The effectiveness of those expenditures is more open to question since the very factors of remoteness, few people, lack of services and the like that distinguish it make commonality of action imperative but exceedingly difficult - inefficiencies and overlaps creep in. The four provincial governments have recognized those difficulties, as evidenced by formation of northern departments by Manitoba and Saskatchewan and incipient action by the other two to achieve similar ends.

#### SOCIO-ECONOMIC OPPORTUNITIES

Some measure of the potentials for resource development in the region can be drawn from the discussion to this point.<sup>1</sup> Development of those natural resources is now taking place and is expected to continue at an accelerating pace in response to economic opportunities, according to the dictates of the marketplace. The question now may be appropriately

---

<sup>1</sup> For a fuller discussion of economic opportunity the reader is referred to: Economic Circumstances & Opportunities - The West; Manitoba; Saskatchewan; Alberta; British Columbia; DREE, April, 1973.



asked "Is there an optimal development for the region, and should it be deliberately sought?" Orderly expansion of the utilization of the natural resources of the region (in harmony with resource conservation and environmental needs) so that social and human opportunities may be effectively pursued might be a major consideration in the decision process.

The people problems, as evidenced by the social indicators, pose a different dimension. Whatever future resource development decisions may be, a serious concern now is that too many of the people living in the Western Northlands are not benefitting from existing development. A large percentage of them live in remote non-urban settlements where conditions of daily life are shockingly disparate from Canadian norms; even in the resource towns they live peripherally to the physical and social amenities provided. They are a people living in squalor in a land of plenty, by circumstances largely deprived of their historic way of life with no real options for change. Thus any discussion of opportunities for the region must be undertaken in the context of that situation.

Given the substantial expenditure of funds, both private and public, that has taken place in the Western Northlands over the past 10-15 years, and the job opportunities that have occurred, the question arises why so many of the people have not benefitted - why the duality and disparity of condition between the new, urban northerners and the people resident in the area has persisted.

The question finds no easy answer; it rests in the complex interaction of the physical characteristics of the region, the very human attributes of the people themselves and the economic, social and administrative systems operative in the area. Some feel for the situation can be gained from the discussion that follows - not all factors exist in all areas but in totality they have a major influence.

Many of the disadvantaged residents of the Western Northlands are faced, in local situations, with an eroded or inadequate resource base, and adequate alternative job opportunities are not generally available. Even where they are, often such vacancies are filled by other than the disadvantaged, due to complex reasons involving both the people themselves and the many and varied institutional constraints. Thus the essential but relatively simple expedient of creating jobs does not alone solve the northern employment problem.

There have been substantial training opportunities offered in the area, but among those participating there have been too many failures in relation to the number of successes. The lesson learned is that such training must go beyond simply technical and trade skills (or just more education), to consideration of unions, mobility, families and housing.

Lack of physical access (isolation) and communications leads to inadequate knowledge by people of what is going on, even in the Western Northlands, and inability to get to jobs even if they know about them. Few people can move from isolation into the middle of rapid change and cope successfully.

Given the general lack of knowledge on how to cope with modern health and living problems, many of these people live under appalling physical conditions. In the overall, this is impeding development as the disadvantaged are less able to cope with opportunities should they arise. Closely associated with some lack of services in outer communities is the lack of infrastructure. The past general absence of any form of local government has likely contributed to this situation.

Poor housing contributes to poor mental and physical health as does the lack of a reasonable water supply and waste disposal system. People find it difficult, if not impossible, to successfully take advantage of opportunities through self-development when the family is living in a one room shack, heated by a space heater or wood burning stove and having no sanitary facilities (let alone radio and telephone).

These then are the major hurdles to be overcome by people of the non-urban north, in particular, if they are to grasp opportunities. They lack real accessibility, medical aid is not real because patients and doctors find it difficult to get together, jobs created in the north are either not physically near or are inaccessible due to job qualifications, training is relatively inaccessible and may lack associated orientation features, and in general the people lack that combination of education, experience and cultural background that seems essential to mobility. The environment for mobility simply does not exist for many, and may be further impeded in development by public programs of maintenance payments, training allowances, housing, and so on, all carried out with the best of intent.

The people of the Western Northlands indicate a keen awareness of the problem and a desire to work toward its solution. The region's "frontier" character makes such action exceedingly complex but the rewards could be great. Gunnar Myrdal, in his book The Challenge of World Poverty,<sup>1</sup> states that social equity is tied to economic equality in a mutual relationship: thus just as greater economic equality would tend to lead to greater social equality so equally we must conclude that greater social equality could lead to higher productivity. If so, the released potential for increase in initiative, productivity and enthusiasm of the substantial untapped human resources of the Western Northlands might well provide many of the answers we have been seeking for northern development. The people might well contribute to opportunities in the region now dimly seen or not even yet imagined.

Two broad groupings of the people of the region must be considered in particular, if equity<sup>2</sup> with fellow citizens to the south is to be achieved and opportunities realized:

those who by virtue of proximity to resource developments or service towns (or who find it possible to move) do have some access to jobs, but require access to real options and full opportunities to participate in all forms of socio-economic development; and

those who either cannot in the short term reasonably change life style or who do not wish to change and those who live in isolated areas where normal economic opportunities hardly exist but who cannot reasonably move.

The many public statements and published papers of northern people, both urban and non-urban make it clear they wish opportunities for a healthy, vibrant and rewarding life style not stereotyped to southern patterns. They wish the widest possible range of options including employment, not necessarily identical to southern options, but at least equivalent. That such aspirations in respect of the first group are neither unrealistic nor unrelated to major resource development considerations can be seen in the attitudes of some industries.

---

<sup>1</sup> Gunnar Myrdal - The Challenge of World Poverty, A World Anti-Poverty Program in Outline - Pantheon Books, 1970.

<sup>2</sup> Equity is here defined as sufficient mastery of one's personal affairs to understand available alternatives, determine priorities and implement decisions - this in respect to a reasonable range of options.

The cost of importing all labour from the south is very high. Transportation to the Western Northlands must be paid to workers from the south, and often northern living bonuses.

Many contracts for labour on northern sites must guarantee sufficient overtime to entice southern workers to the job. There is a high turn-over, particularly among single people who go north to work for some months to get a stake and then return south. Various evidences of industry's interest in involving northern resident labour on the basis of economics exist, for example:

senior executives of Great Canadian Oil Sands and Syncrude Canada Limited have indicated their willingness to participate in training programs for people living in the north;

Procter and Gamble at Grande Prairie on its own initiative has hired a native liaison officer to work with its personnel department;

International Nickel Company's Personnel Department at Thompson is actively co-operating with the Native Migration Centre to assist northern natives to obtain access to jobs at the INCO complex.

There are a number of examples of individual and co-operative effort in the Western Northlands that can be drawn upon, to demonstrate successful involvement of northern people into present or projected job and economic opportunities.

In Manitoba, Job Information Officers are appointed at a local community level to channel information regarding job opportunities; they get individuals in isolated communities registered for jobs with the Canada Department of Manpower and Immigration, and provide Canada Manpower Centres with the information on the capabilities of individuals in the local community. Local community residence is a requisite for eligibility for appointment, and in-service-training is provided. In Alberta, in the Lesser Slave Lake Special Area transitional housing is provided for workers coming into Slave Lake to take employment in the Mitsue Lake Industrial Park. Counselling is provided for both the worker and his family and an introduction to the community. There is also the hotel at Slave Lake totally owned by the local Indian Band.

Skill development opportunities are exemplified in the modified work environment at the Selkirk plant and the Churchill Pre-fab Housing plant in Manitoba. The idea of the Selkirk plant is to gain training in industry experience and to simultaneously gain experience in related adult basic education subjects or life skills. A complete involvement at the community level is illustrated by the Moose Lake Logging Company. It is operated by local residents of Moose Lake, Manitoba and with the assistance of the provincial government provides training and employment for its local citizens. Formed in 1969, this company was originally a subsidized operation (cost shared by the Province and Department of Indian and Northern Affairs) but developed into an economically profitable venture because of the interest, initiative and acquired skills of the participants.

Economic opportunities do exist, through the rapid turnover of staff which occurs annually in certain categories of jobs and the industry and service sector growth foreseen for the next decade. Several thousand job opportunities will occur throughout the region, and several thousand northerners need those jobs. Realization of those opportunities will depend in large measure upon the constraints that have been outlined, and the degree to which the modest breakthroughs above noted can be widely extended. That jobs and people will come together under mutually acceptable conditions remains the task for the decade.

The situation in respect of people remote from development, who either cannot or will not move or change life style is more complex. Here is involved a process of human and social development married to, but not totally dependent on, traditional economic values. Employment should be first a social necessity; then it should be as productive as possible. This concept is based on the widely accepted assumption that citizens of Canada are entitled to the opportunity to enjoy certain basic standards of living and amenities. It includes the belief that many persons are denied access, by reason of circumstances and/or their environment, to realization of their potentials and to opportunities. They are thus victims of the poverty/disadvantaged persons syndrome and are or become unable to extricate themselves from their unfortunate state. They become a burden upon the country, but worse still become a burden upon themselves and their communities through loss of purpose.

While the disadvantaged of the Western Northlands face this situation at practically every level, in no place is it more acute than in the remote communities where little or no economically viable opportunities are apparent - with a declining subsistence resource base they are largely dependent on welfare. Though the sorry facts of poverty and human despair among many of those citizens and settlements have been described elsewhere, the real cost of such wastage of human potentials has yet to be evaluated.

Efforts to develop opportunities here have been substantial but largely unsuccessful, in hindsight understandably so since transplanted "southern" ideas tend to be economically oriented, in keeping with our modern societal thrusts. Northern communities, however, occur where they do for historical reasons, with often no present viable economic base. Welfare payments provide a significant proportion of the income of the settlements, but are seriously eroded in their impact by high costs for northern goods and services. Although important in themselves, these payments cannot get at the roots of poverty and may even contribute to the continuing decline of morale of the disadvantaged of the region. In addition, provision of money, as such, to persons isolated from practically every aspect of modern life cannot produce more than marginal changes in real standards of living. The goods, services and security which are the elements of a real income are not available in these communities. In any event, many adults in the remote communities are in a combined state of frustration, despair and lack of purpose that leads not infrequently to disorientation and outright violence.

The irony of the situation is that the modest but real success of past health and education programs has now faced the northern settlements with the problem of a population of which about 50 per cent are 15 years of age and under (60 per cent under the age of 20). These young people suffer the same conditions as their parents without the acquired attribute of patience and endurance. Better educated and with greater expectations, they are nonetheless frequently trapped by their early environment.

Three mutually supporting opportunities for improvement in such remote northern communities can be envisaged:

a demand for local labour can be created - e.g. for provision of goods and services - even though that may not be the cheapest approach (in the short term);

activities can be stimulated to produce, through local effort, services required if the people of the community are to realize real improvement in their standard of living;

local effort can be engendered to produce some economic goods that can be sold outside the community, to supply dollars that would otherwise be lacking (or could only be obtained through government transfer payments).

If these opportunities are to be pursued, considerations of economic efficiency may, to some extent and for some time, have to give way to social necessity. Where the resources of the area or the creativity and industry of the people permit, the additional earning under local effort could help to offset possible shortfalls in the other actions, where it may be necessary to pay more for effort than the actual value of the product.

An example might be helpful in explaining the concept. What details are available for one typical northern community suggest a per capita annual income (including government payments) of about \$850. Thus, hypothetical community "X", with a population of 500 people, might have a total input of \$450,000. Fifty per cent of the population will be age 15 and under, and six per cent may be over sixty. Of the 220 persons left some 120 may require work, the others being engaged in household duties and the like.

In the extreme remote community, a handful of persons may be engaged at the local store, as janitors at the school, or sporadically as government undertakes some community upgrading. Practically, 90 per cent or more of the income could come from transfer payments - 50 per cent from welfare. There is no income multiplier effect in the community, since there are no services - all the money going in goes out of the community after one transaction. Effectively, no one has any occupation, apart from some subsistence hunting and fishing, and the consequence is erosion of human values and loss of pride. In addition, money that is available can produce limited benefits in real living standards.

Given the necessary dollar inputs to initiate the process, community "X" might have its potential work force deployed largely in providing the services essential to commence a change in real living conditions. A possible employment pattern in such a community could be as follows:

- 20 cutting firewood, saw timber and pulpwood for local use and/or "export" from the community
- 20 fishing, hunting and trapping for community needs and "export"
- 20 doing local community works and conservation works in surrounding territory, fire crew standby, etc.
- 10 housebuilding, carpentry, repairs, etc.
- 5 teacher aides
- 5 crafts including canoes, snowshoes, etc.
- 4 knitting and parka making
- 3 motor toboggan, bombardier and outboard motor repairs, leather repairs, harness, etc.
- 3 managing and clerking in local store
- 3 manager and attendants for local laundry and bathhouse



- 3 hauling and freighting
- 3 road, dock and/or airstrip maintenance and management
- 3 caretakers for school, town office, etc.
- 3 manage and maintain recreation/social facilities
- 3 cafe-cook and waitress
- 2 local radio and telephone operator and assistant
- 2 bakery
- 2 kindergarten class
- 2 sewing and mending service
- 1 garbage pickup and disposal
- 1 health and welfare para-professional
- 1 policeman
- 1 attendant at airport/strips

Under this situation all persons desiring meaningful occupation could be employed. Because of the service and production aspects of that employment, the multiplier effect could be 1.5 or 2. Thus, even the basic \$450,000 could be raised to \$675,000 - \$900,000, the addition representing in part the value of services which people, even in remote communities, can perform for each other if provided the opportunity to do so under a system of reward for effort. The proposition is obviously over-simplified, but the principle remains.

The question of how much more money would have to be injected into the community, over how many years, before total external input is reduced to the level of the present income transfer system cannot be answered without reference to real communities. Each community has its own peculiar characteristics, numbers of adults, quality and quantity of natural resources, ability in crafts, ability to move and so on. However, such a work opportunities approach could lead to restoration of individual and community dignity and purpose - out of which solutions to the present impasse could arise. In particular, young people growing up in such a purposeful community could raise by degrees of magnitude their now slim chances of success. The resource development potentials and job opportunities earlier mentioned for the region as a whole would tend to reinforce the purposefulness of these remote community actions.

Little mention has been made of the specifics of government activities, either federally or provincially. At the federal level, there exists a concern for and sensitivity towards the needs of northern citizens, as evidenced, for example, by existing programs of such departments as Manpower and Immigration, Health and Welfare, Indian and Northern

Affairs and Secretary of State, as well as Regional Economic Expansion itself. In addition, there is considerable involvement in the area by such departments or agencies as Energy, Mines and Resources, Environment, Communications, Central Mortgage and Housing Corporation, Transportation and others with a northern role. Planning and program delivery is bound to be limited in effectiveness unless there are central goals and co-operative efforts. As earlier mentioned, to achieve such co-ordination the provinces have created northern departments or agencies, or are now examining means to that end.

The opportunities outlined also rest heavily upon a "process" for their realization; that process must be based on participation by people, in terms of the business community (and other normal citizen groupings) and in terms of the remote community people. Without appropriate inputs, specifically local inputs, opportunities for the region will go ungrasped.

Much remains to be learned about how to elicit citizen views and participation in a meaningful manner. However, in respect of the business community - regional development corporations, Chambers of Commerce and the like - involvement mechanisms, however frail, already exist. Southern patterns of communications with these groups should be applicable, with only minor modifications, to the Western Northlands. The main point would be to recognize the value of such participation as an integral part of the complex process that must take place.

The situation in respect to the remote communities, both in terms of formally recognized citizens' organizations and of individuals or groups of individuals in each community, is quite different. The formally recognized organizations could be involved in initial discussions on concepts and opportunities in the area. Community groups and individuals, however, would have to become directly involved in planning and carrying out development programs; without such involvement there would be little hope for success.

#### SUMMARY

The Western Northlands is a major geo-socio-economic area of the nation, with great resource development potentials but serious socio-economic problems. Present activities, both by government and industry, have made significant impact on development of the area but are not so far meeting the human

needs within an acceptable time frame. The socio-economic problems of the region are not totally or even mainly related to dollar expenditures; employment opportunity, though important, is not the panacea for all the ailments of these people. Nonetheless, job and economic development opportunities are now available and are increasing. Opportunities for people, both those who are mobile or close to development and those who are not, are evident given proper circumstances and local effort. Emphasis should be placed on social gain based on personal growth and positive self-concept, married to orderly economic development sensitive to that end. The development of systems and process directed to social change and the co-ordination and co-operation of all levels of the national, provincial and local community are seen as the elements for success.

## EXCERPTS FROM MINISTERIAL STATEMENT<sup>1</sup>

The economic circumstances and opportunities outlined in this paper and similar papers for other provinces and regions of Canada have been produced as part of the review of policies and programs carried out by the Department of Regional Economic Expansion over the past year. This review, and tentative policy approaches resulting from it, were discussed by the Honourable Don Jamieson, Minister of the Department of Regional Economic Expansion, in his opening statement to the Standing Committee on Regional Development of the House of Commons on April 10th. Following are excerpts from that statement:

....When the Department of Regional Economic Expansion was established in 1969, it was given a broad mandate to bring together a number of predecessor programs and to develop a much more comprehensive attack on regional economic disparities....The Department was quickly organized; it gave new impetus to the programs it inherited, notably those concerned with rural development; it introduced major new programs placing an increased emphasis on federal support for public investment in infrastructure as a means of developing selected urban centres and on federal financial incentives as a means of stimulating private investment in job-creating plant and equipment; it reinforced its initial momentum with subsequent initiatives, notably those providing for different kinds of development corporations in the Atlantic Region and for assistance to agricultural service centres in the Prairie Region; and it was provided by

---

<sup>1</sup> Statement prepared for delivery by the Honourable Don Jamieson, Minister of Regional Economic Expansion, to the Standing Committee on Regional Development of the House of Commons.

Parliament with authority to increase its expenditures from \$240 million in its first year to over \$500 million in its fourth year of operation....The bulk of its activity has been carried out under federal-provincial agreements, providing it with a unique and challenging experience with co-operative working arrangements between the two senior levels of Canadian government....

Because of new ground being broken in a complex and largely unexplored field, it was understood from the beginning, in the context of a long-term federal commitment to the basic objective, that a degree of experimentation would be required and that, with the passage of time and the accumulation of experience, modifications and even basic changes in Departmental policies and programs would have to be considered. This was reflected in a number of public statements. It was reflected also in some of the underlying law -- for example, in provisions of the Regional Development Incentives Act setting time limits on the periods during which applicant companies could bring projects into commercial production and remain eligible for payment of offered incentive grants.

Against this background, a decision was made last spring to undertake a major review of policies and programs. The provincial governments were informed of the decision and were assured that the results of the review would be the subject of consultation with them as soon as possible in 1973. I would like to make it clear that, until consultations with the provinces have been completed, no final conclusions about our findings will be drawn and no final decisions about basic changes in existing programs or major new initiatives will be made.

The review has been conducted in what I consider to be a very thorough manner. A large number of studies have been made, using staff drawn from different parts of the Department and other federal agencies and a variety of outside consultants. Quantities of valuable information have been sought and obtained from the provincial governments. And, particularly in the latter stages of the review, there has been a substantial amount of inter-departmental discussion in Ottawa.

Although a good deal of attention has been paid to existing programs, particularly RDIA, the review has been essentially forward-looking, concentrating heavily on analyses of regional economic circumstances and opportunities -- the types of analyses that, in our view, should make a valuable contribution to decision-making about ways and means of improving the effectiveness of federal-provincial efforts to reduce regional disparities and produce more balanced economic growth across Canada .....

In working with my officials, and in discussion with my colleagues, I have become increasingly impressed by the range of opportunities for economic development that exist in most parts of this country and by the large number of public policies and programs that bear, or could be brought to bear upon a concentrated effort to realize some of these opportunities. This is what has led me to speak publicly in recent weeks about the possibilities inherent in a "multi-dimensional approach" -- an approach that would call for the identification and pursuit of major developmental opportunities by means of the co-ordinated application of public policies and programs, federal and provincial, in cooperation where appropriate with elements of the private sector. I intend to explore this concept with the provincial governments and am prepared to consider its use as a basis for new federal-provincial initiatives in the field of regional development.

Application of the concept would require continuing analyses of regional and provincial economic circumstances and opportunities. As part of our own policy review, as I mentioned earlier in my statement, we have devoted most of our resources to analyses of this kind. Staff papers setting forth the results of our work have been prepared for the Atlantic Region and each of its four provinces, for Quebec and Ontario, for the Western Region, each of its four provinces and an area called the Western Northlands that was arbitrarily defined for analytical purposes.....

Although based on a fair amount of staff work, the opportunities [outlined in the papers] do not represent federal commitments or federal proposals

for provincial or regional developmental strategies. They are designed simply to illustrate the potential advantages of an approach to development based on the identification and coordinated pursuit of major developmental opportunities....

Let me be very clear on one point. Consideration of possible changes and new initiatives will in no way affect the determination of the Government to continue its efforts to reduce regional economic disparities in Canada. Our commitment to the basic objective stands firm and has indeed been intensified by the results of our policy review. What we are now seeking, what we will continue to seek, are ways and means of improving the methods used to produce greater, more satisfying and more productive employment opportunities in the slow-growth regions of the country.

....The results of our review suggest that, although there is room for improvement, as there always is, the programs are producing beneficial results at a reasonable cost. Present commitments under all these programs will of course be honoured. The programs themselves will be continued unless and until there are clear indications, arising from federal-provincial consultations, that the funds involved can be redirected in such a way as to increase the effectiveness of the overall effort.

The present programs tend to focus on particular factors in economic development, each of which is important, and to provide financial assistance related to those factors. Most notable are the incentives program which is designed to stimulate private capital investment in manufacturing and processing facilities, and the special areas program, which is designed to stimulate public capital investment in defined growth and service centres. I have no doubt that federal government support for capital investment in slow-growth areas will continue to be an important element in regional development policy. But it may be that available support for this factor can be made more productive if it is made more flexible, so that it can respond to developmental opportunities that do not fall neatly into the categories of secondary manufacturing investment and



special areas infrastructure investment. I will therefore be exploring with the provincial governments ways in which the staff and financial resources of my Department could be used more flexibly in a manner that would be even more responsive to variations, from region to region and province to province, in economic circumstances and opportunities.

....It is my tentative conclusion that optimum results in developing our slow-growth regions will require the coordinated application of policies and programs that bear upon specific opportunities. What I am contemplating is a continuing process whereby the federal and provincial governments could identify major developmental opportunities and pursue them together, endeavouring to use the relevant policy instruments available at both levels of government. DREE programs, marked by increased flexibility, would be among the relevant instruments.

Perhaps an example would help to illustrate the suggested approach. In parts of some slow-growth regions, the forests provide an important potential foundation for increased employment and production. At the present time, my Department can help to build on that foundation by assisting in studies of the resource base and the market possibilities and by providing incentives for private investment in wood-using processing and manufacturing facilities. But optimum results may depend on a wide variety of factors. Improved access to markets, involving trade and transportation policy, may be involved. Land tenure laws or practices may affect the situation. Special efforts in both the public and the private sector may be needed to avoid environmental damage. Existing storage and distribution facilities may represent an impediment. Community development may require support for both the planning and capital investment required to accommodate industrial facilities and provide a reasonable quality of life for workers in both woods and plant activities. Man-power training or mobility programs may be desirable or necessary. These are only some of the factors that could be involved in realizing a potential opportunity. In such circumstances, optimum results may call for concerted action by a number of organizations in the private sector and in the federal, provincial and municipal segments of the public sector.

The example may help to indicate why I am

suggesting a "multi-dimensional approach". It seems to me that such an approach could be developed over time as a means of strengthening the federal-provincial attack on regional disparities by focussing, in a manner consistent with national goals, on strategic opportunities for economic development in the regions of slow-growth throughout Canada. As I have already indicated, there appear to be many opportunities to expand employment and production in these regions in a manner that could contribute to total national wealth. It seems to me that, if properly developed, the suggested approach might attract the strong support of the private sector, which has been known to complain about the lack of government coordination in matters affecting economic development.

A good deal of thought has been given to the mechanisms that might be used to apply the concept, which would call for a high degree of interdepartmental coordination at both the federal and provincial levels of government. I think that appropriate mechanisms could be developed and I also think that, if the potential benefits to the Canadian people were demonstrable, the required degree of intergovernmental and interdepartmental coordination could be achieved.

The proliferation of public programs over the last twenty-five years has made improved government coordination a matter of some urgency in our society. I am not naive, however. I know that experience would suggest that coordination for its own sake, in the abstract, is difficult to achieve. But I am not talking about coordination in an abstract sense. I am talking about coordination in pursuit of limited and carefully defined objectives related to major developmental opportunities that have been identified jointly by the two senior levels of government. It seems to me that this kind of coordination should be regarded, not just as possible, but as something close to essential in this country.

I might mention in passing that, in planning the reorganization of the Department required to achieve the increased decentralization referred to in the Speech from the Throne, we are endeavouring to build in elements that would enable us to play an effective role in the development of a "multi-dimensional" approach to regional development in

Canada. Planning for the reorganization is now moving ahead quickly and I hope, before too long, to announce our intentions in more specific terms.

One final point. Today I have spoken at some length about a possible new approach to regional development. I am optimistic about its potential and I believe that, if it were to be applied as a basis for new initiatives, with the full support of the provincial governments, it might in time increase rather dramatically the effectiveness of the national effort to reduce disparities. But I am very conscious of the danger of raising expectations to unrealistic levels. The suggested approach could be a means of bringing about important improvements in federal-provincial cooperation in matters affecting economic development. It could be a means of moving us more rapidly toward important national goals. But I am not offering it as a panacea. I do not believe in instant solutions.

JAN 17 1992  
OCT 17 1994  
DEC 07 1994

INDUSTRY CANADA/INDUSTRIE CANADA



54002

