

Review of the Canadian Northern Economic Development Agency

**ECO 3148 – Introduction to Regional and Urban Economics
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Introduction

The Canadian Northern Economic Development Agency (CanNor) was established in 2009 as the core program designed to achieve the objectives laid out in the conservative government's Northern Strategy. Canada's Northern Strategy, as expressed by the founding Minister of Northern Development, had four objectives: "exercising our Arctic sovereignty; promoting social and economic development; protecting the North's environmental heritage; and improving and devolving northern governance" (Government of Canada, 2009). The initiatives of CanNor would have a great influence on all goals set out in the northern strategy, but primarily it's role is realized in promoting social and economic development in the three Canadian territories, the Yukon, the Northwest Territories, and Nunavut.

"[CanNor] works to help develop a diversified, sustainable, and dynamic economy across Canada's three territories, while at the same time contributing to Canada's prosperity. We work with communities to develop and diversify local economies and take advantage of the immense strengths of Northern Canada" (Government of Canada, 2009). The Agencies' primary mechanism of economic support in the North is through the Strategic Investments in Northern Economic Development (SINED) program, a large fund designed to foster business investment in otherwise unprofitable regions. SINED not only provides subsidies to eligible business activities, but also supports development projects at the community level such as training, knowledge, and organizational capacity to contribute to economic development in the territories. The SINED fund also supports eligible projects focused on the development of multi-user public infrastructure critical to economic growth. (Canadian Northern Economic Development Agency[a], 2018)

By virtue of its head office location in Iqaluit, Nunavut, CanNor also acts as a centralized liaison between governments, communities, indigenous organizations, and the private sector in the territories. The centralization of the agency in the north enables the advancement of economic initiatives through a foot on the ground approach giving Northerners a greater sense of self-determination towards changes in their own communities (Canadian Northern Economic Development Agency[b]. 2016). The Agency's Northern Projects Management Office (NPMO) is a key example of a realized goal of the northern strategy to establish improved institutions of economic development (Government of Canada, 2009). The NPMO's duty is "improve the environmental review process for proposed major resource development and infrastructure projects in northern Canada" (Canadian Northern Economic Development Agency[c], 2020) The mandate of the NPMO: "improve the timeliness, predictability and transparency of northern regulatory processes to foster a more stable and attractive investment climate in the territories"

In addition to the main investment focussed services that CanNor provides, the agency also administers several programs concentrated on developing the social economy of the territories, and therefore human capital. The Inuit Learning and Development Program, Northern Aboriginal Economic Opportunities Program, Northern Adult Basic Education Program, Inclusive Diversification and Economic Advancement in the North, do not require much further introduction beyond intuition of purpose in the program titles. The Strategic Partnership Initiative, and the Economic Development Initiative, are two similar community development programs designed to support targeted groups in the North, Aboriginal and Francophone, respectively. (Canadian Northern Economic Development Agency[c], 2020)

Much of CanNor's supported strategic investments and subsidies, go toward the extractive industry. Mining, quarrying, oil and natural gas extraction is the largest sector of the three territories, as it contributes to the majority of the combined total GDP in the region, public administration being second. (Table A.11)

Analysis

In order to better understand the footprint of CanNor and the agency's ability to effectively achieve its mandate, we must develop a frame of the underlying characteristics of the economies which it partakes in. Analysis of CanNor must include environmental, socioeconomic, cultural, and occupational considerations, before coming to conclusions about the efficacy of the program as intended. Of greatest importance in the Canadian territories is the well being Northern citizens, before the objectives of the nation can be realized, it is critical to understand the circumstances facing the north Canadian population with a degree of compassion, as often living conditions in the North are considerably worse than Southern peers.

Beyond harsh environmental living conditions, location theory is an informative tool of analysis to frame our understanding of the economy in the North. Due to significantly greater economic activity in the South, according to location theory proximity to resources or markets is crucial to success of business, therefore migration away from the territories in search of opportunity is an important element of the Northern economy. Especially for permanent residents of the North, importation of Southern residents to work in the increasingly higher skilled mining industry worsens the problem of outward migration (Rodon & Lévesque 2014).

Due to climate change, the Government of Canada has increased its military presence in the Arctic (Keil 2014, Government of Canada 2009). Melting sea ice in the Arctic Circle has drawn international interest in new transcontinental shipping routes and revealed interests in resource extraction past the Arctic circle line. The Canadian government thus faces geopolitical concerns as climate change continues to progress. Although, as Keil (2014) has carefully analyzed, the Harper government's concern regarding sovereignty and the preceding militarization in the North, was primarily a tactic of domestic politics rather than a reaction to a tangible threat.

The 2016 census revealed that 23%, 51%, and 86% of the population of the Yukon, Northwest Territories, and Nunavut, respectively, were of aboriginal identity. The Inuit homeland of Inuit Nunangat (Figure A.15) can be found spanning across the three territories and into northern Quebec and Labrador (Figure A.1). Although CanNor's economic development projects in the region are developed with indigenous consultations, there are underlying cultural characteristics of the indigenous community which some researchers have found incompatible with national priorities (Duhaime & Édouard 2014, Warren 2019, Kendall 2001). There are many nuances in the conversation regarding the relationship between the Inuit population and the Government of Canada which are more suitable for studies specifically on the topic. However, to devise an accurate depiction of the problem that economic development policymakers at CanNor face, there must be a consideration made about the qualities of Inuit culture in order to understand compatibility with modern development, and foster growth while utilizing the strengths of the northern population.

The introduction of money to the Inuit population was a fundamental change in way that economic life is conducted for the Inuit, and serves as a good starting point for analysis of the relationship between the northern population and CanNor. “The ascendance of these socioeconomic regulatory institutions – and more generally, the commodification of life in Inuit Nunangat – have somewhat marginalized previous institutions and systems of subsistence and self-sufficiency.” (Duhaime & Édouard 2014). Money, and later, property rights, as opposed to a traditionally exchange based hunter-gatherer economy, has yet to show signs of complete compatibility with Aboriginal welfare (Kendall, 2001).

There is also significant conversation regarding indigenous territorial land claims processes in the territories, but this issue is only tangentially related to CanNor’s objectives and does not entail any significant barriers or considerations to the agency. The EU ban on seal products is leading example of government policies incompatible with traditional Inuit lifestyle. Although a relaxation of the ban in the form of specific quota regulations have been implemented to mitigate the negative consequences of the EU ban, it remains an unsuitable intervention. For the Inuit, there is ultimately a concern with the separation and disappearance of the traditional subsistence culture.

Policy Recommendation

Economic Development in the North has historically been in the business of natural resource extraction. Today natural resources are still the primary driver of development in the region, however, a growing tourism industry and a national economy which has shifted toward services industries has opened new opportunities for economic growth in the North.

The programs and services of CanNor have had a tangible influence on the development of the Northern Canadian economy over the 10 years since inception of the agency. The effect of the agency's program is most clear when looking at educational attainment, investment in industry and government services, and unemployment metrics.

In particular, high school and tertiary educational attainment has improved in Nunavut and the Northwest Territories (Table A.13 & A.14) since 2009. The Yukon has maintained educational attainment levels close to that of the Canadian average over the same period. Educational development programs administered by CanNor such as The Inuit Learning and Development Program, and the Northern Adult Basic Education Program may be responsible.

Investments in the mining, quarrying, and oil and gas extraction industries in the Yukon, Nunavut, and the Northwest territories (Tables A.6, A.8, A.10) has been supported by CanNor to foster economic growth in the region. Although, the industry is heavily influenced by boom-bust cycles and commodity prices (Rodon & Lévesque 2014), therefore analysis of investment data in the sector may be misleading.

Total investment in the government sector (Table A.12) has grown considerably in all three territories, led primarily by growth in territorial and municipal government services. As well, early in the agency's history, educational services as a component of the government sector saw substantial growth in investment.

Overall, funds such as SINED, and improved business regulatory environments managed by NPMO, have increased investor's sentiment in the territories (Tables A.6, A.8, A.10), despite

stagnant population growth (Tables A.1, A.3) in the Northwest Territories and an increased unemployment rate in Nunavut (Table A.4) over the agency's history.

In conclusion, the Canadian Northern Economic Development Agency has met its initial objectives on a diverse range of problems in complicated economic environments. Going forward, the agency should develop more meaningful relationships with the territories' most permanent residents by prioritizing development policies based on a deeper understanding of the strengths of the Inuit population.

Appendix

Tables and Figures

Table A.1

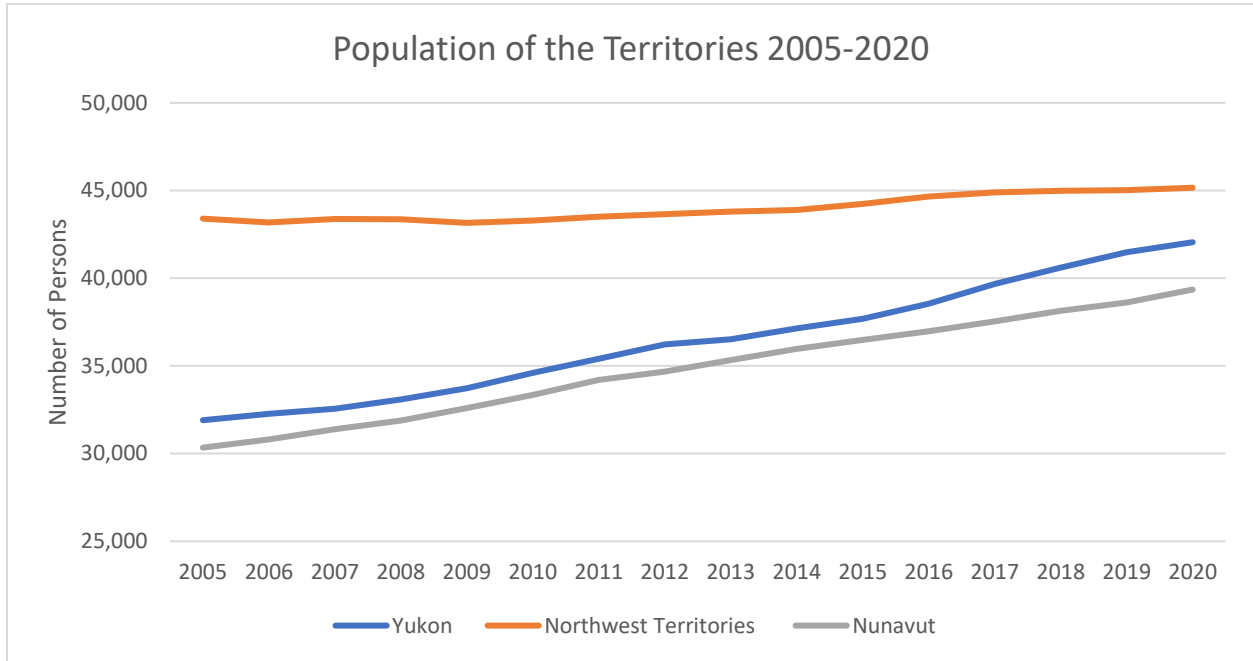


Table A.2

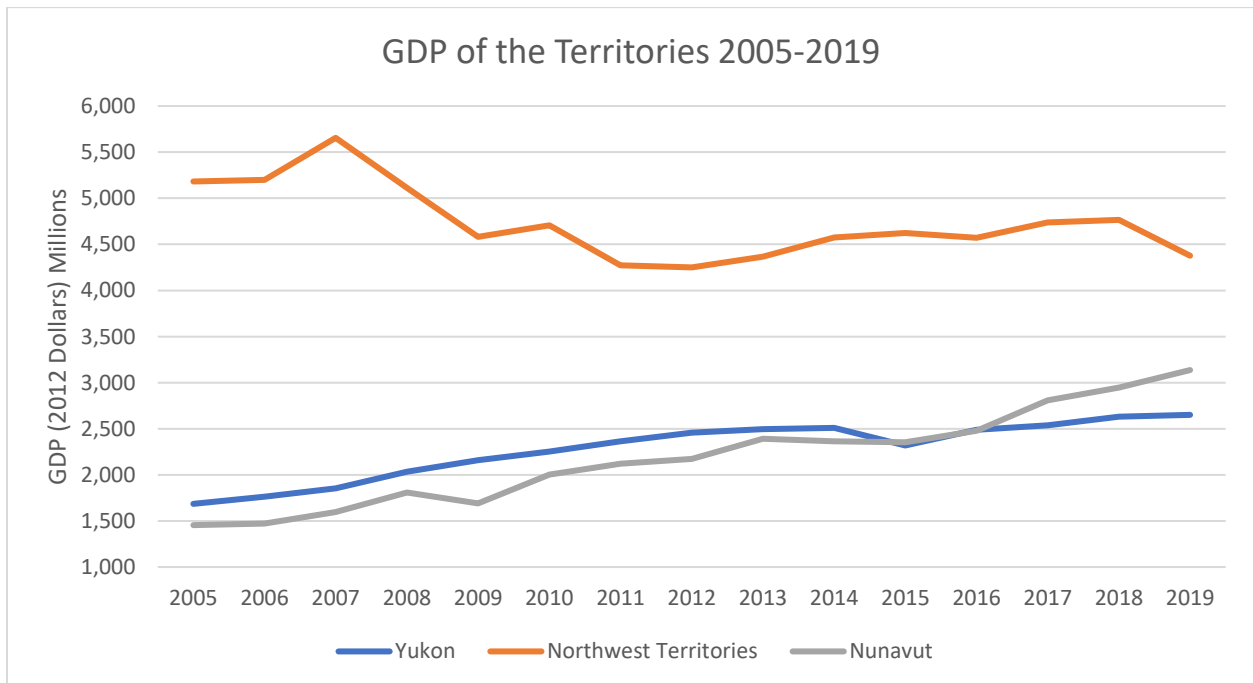


Table A.3

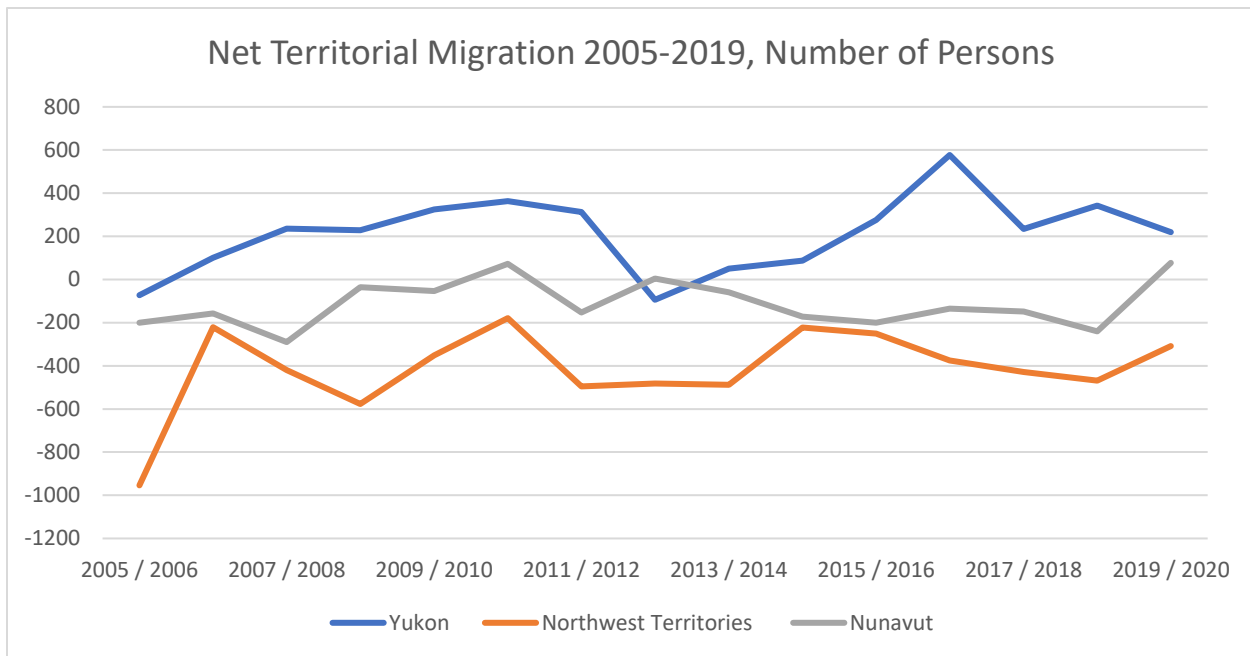


Table A.4

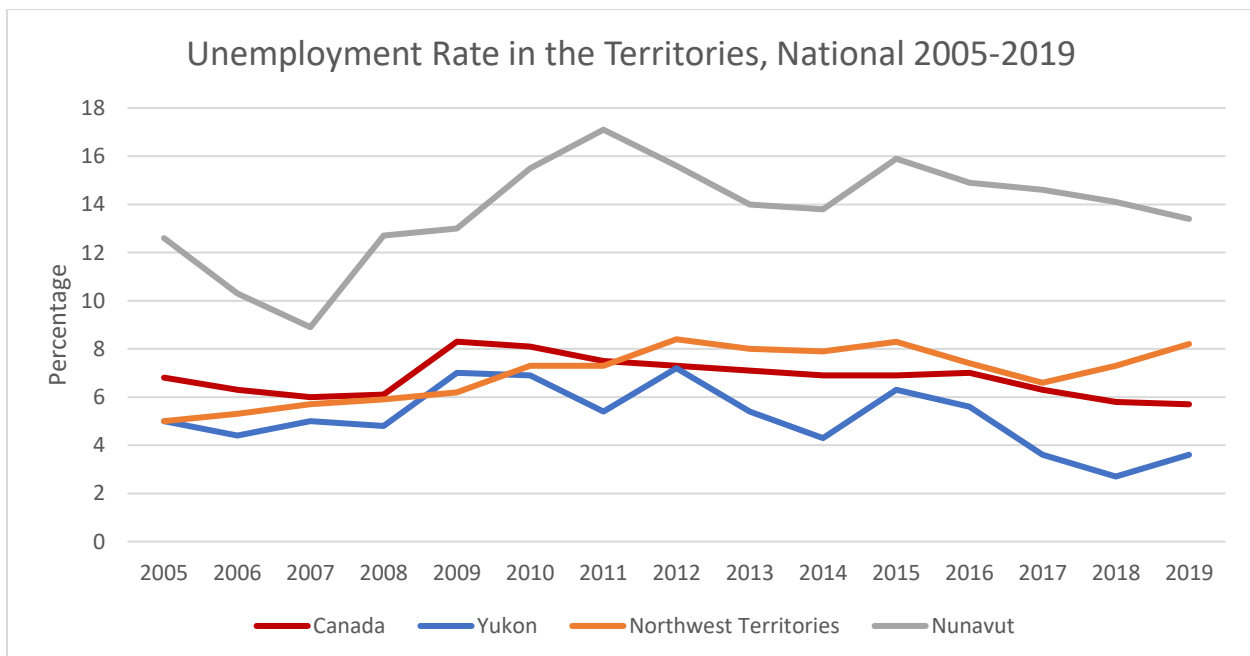


Table A.5

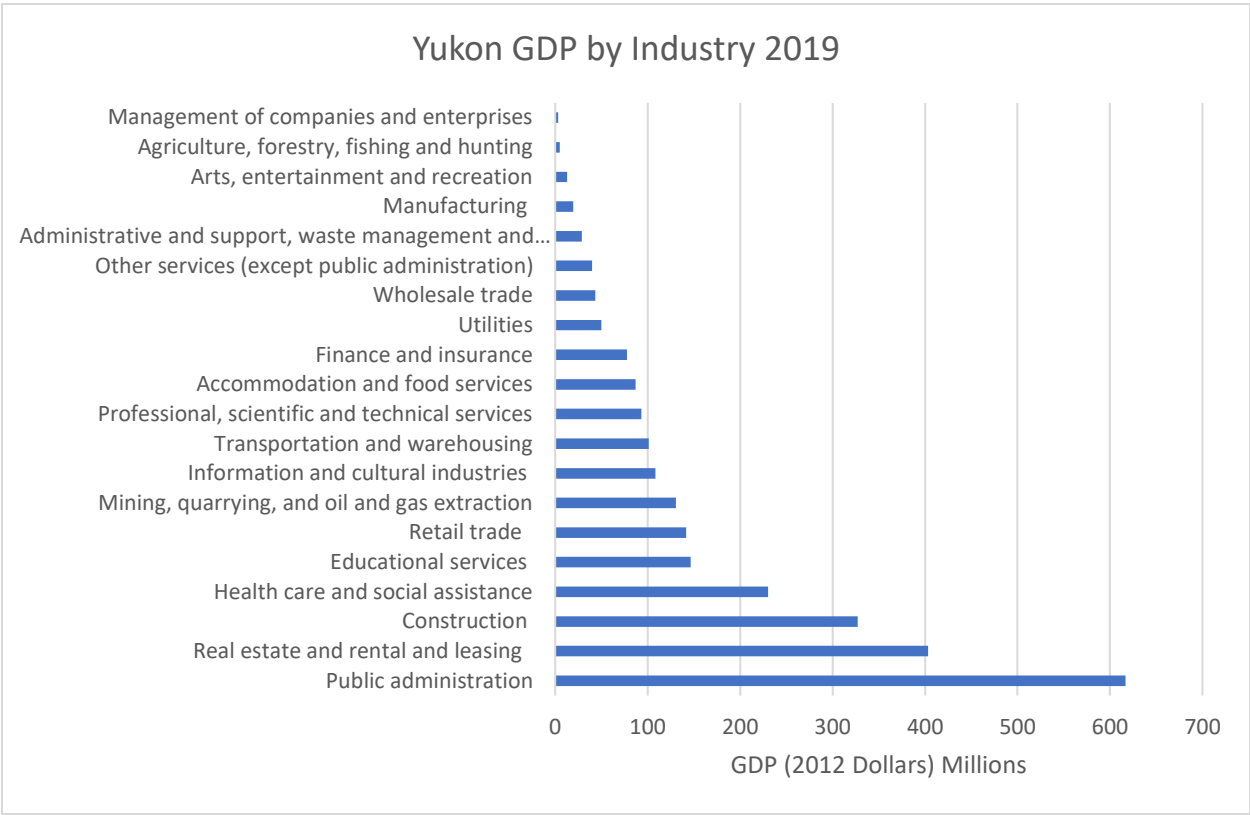


Table A.6

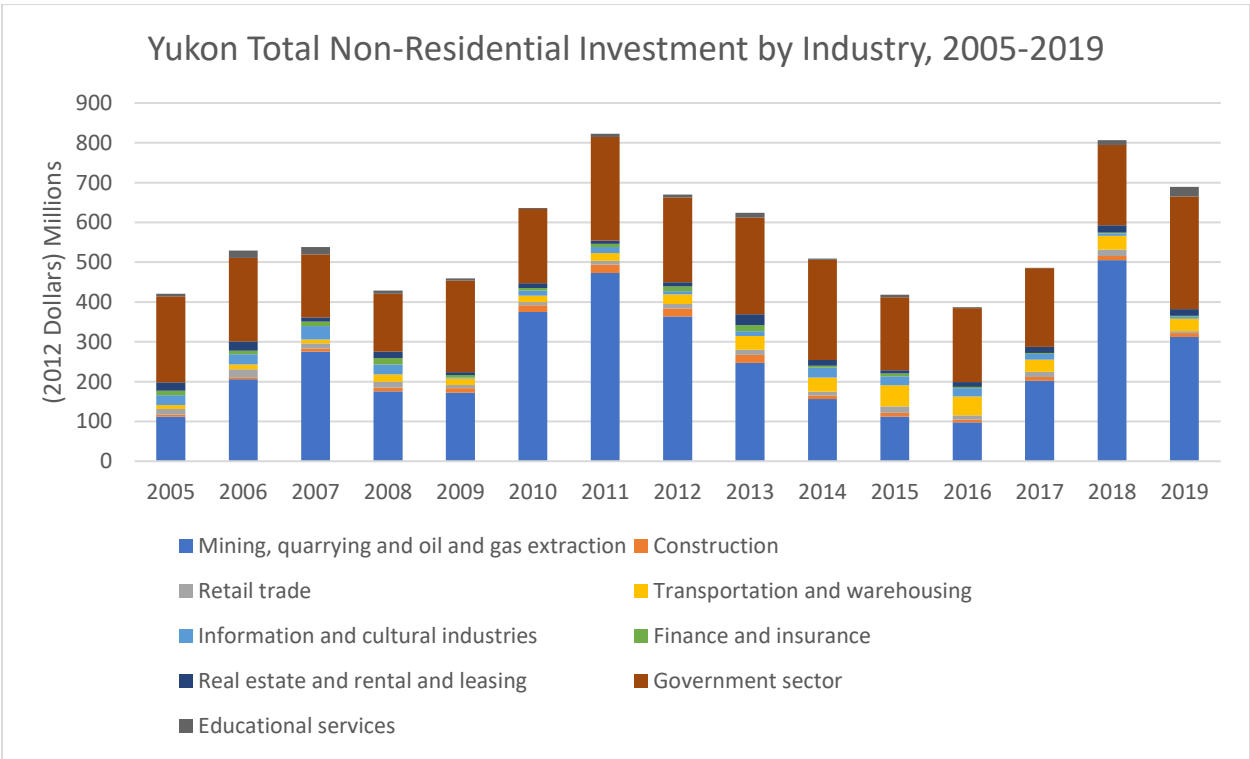


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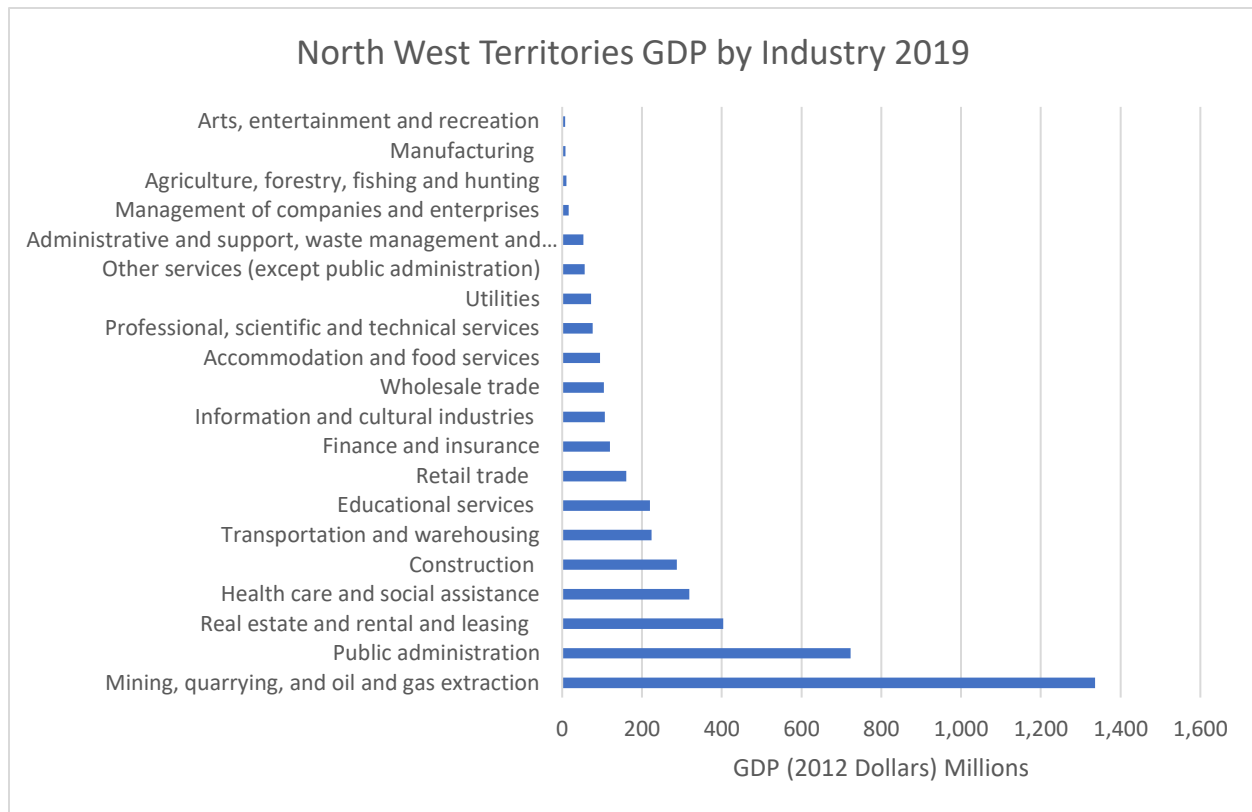


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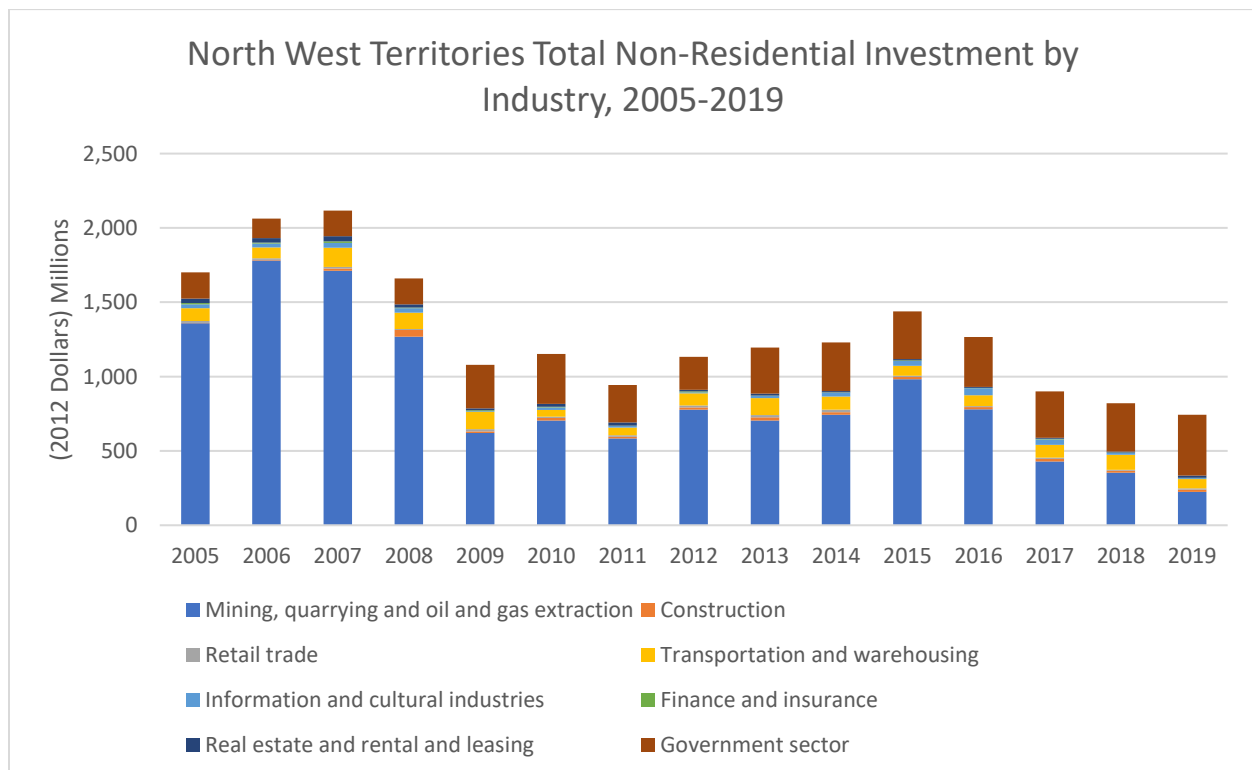


Table A.9

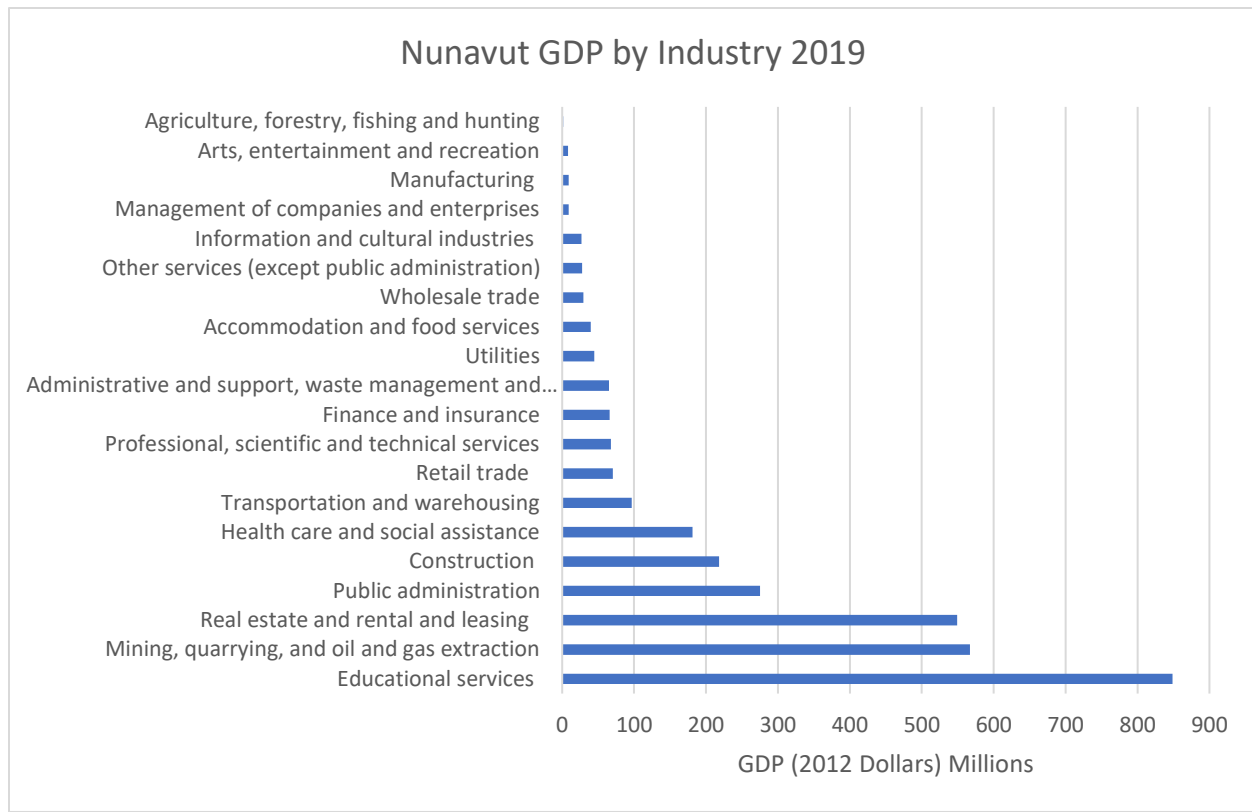


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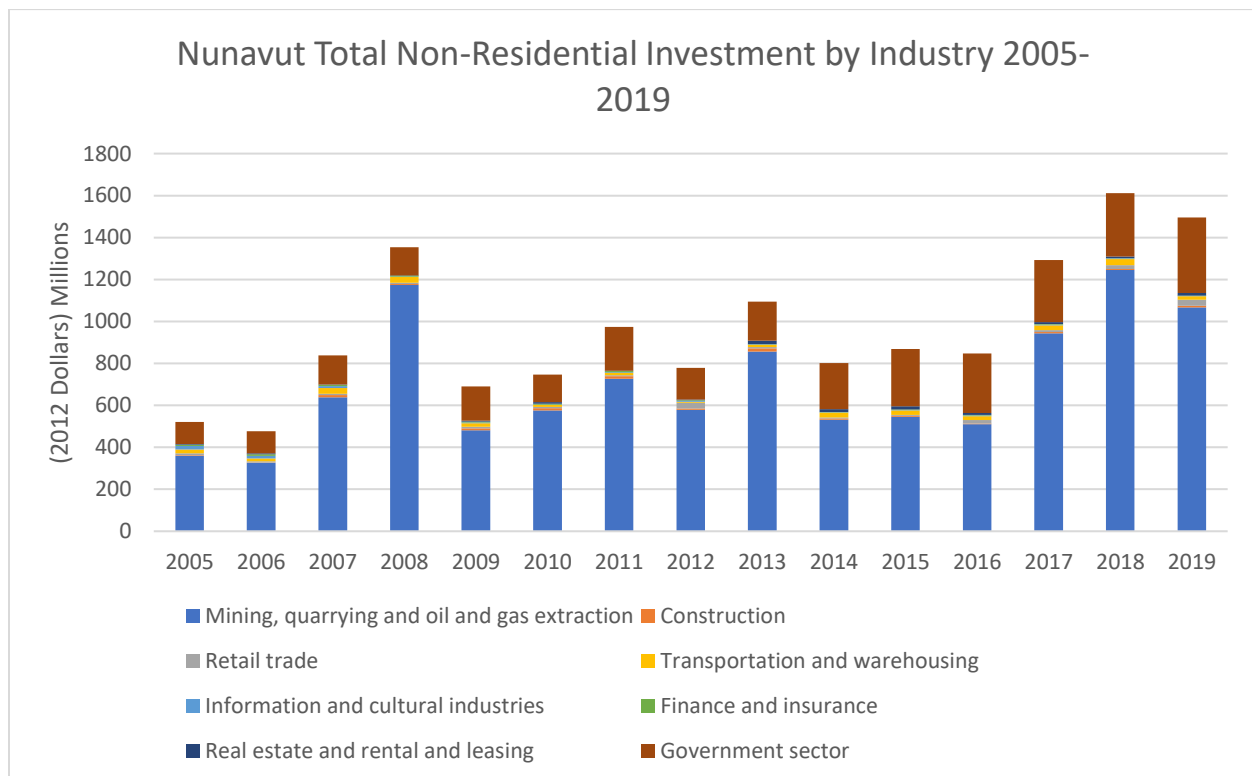


Table A.11

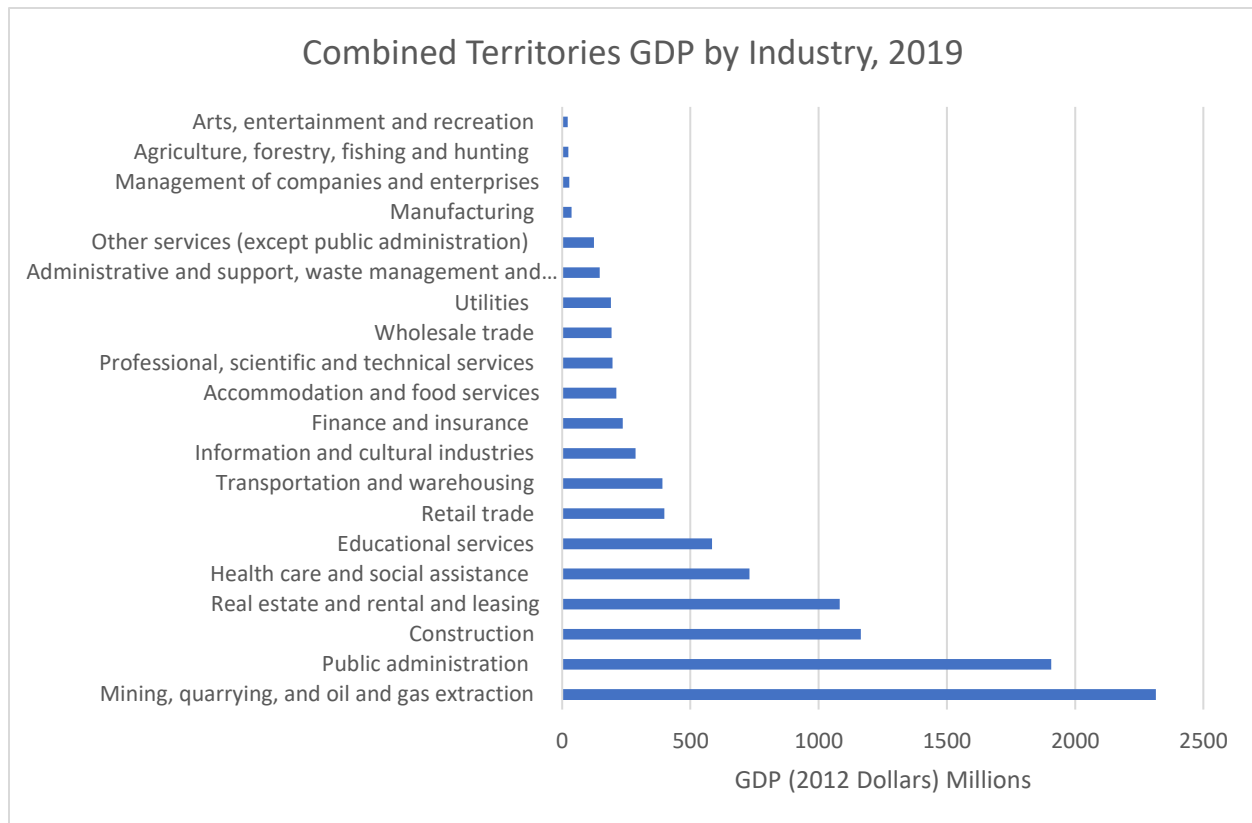


Table A.12

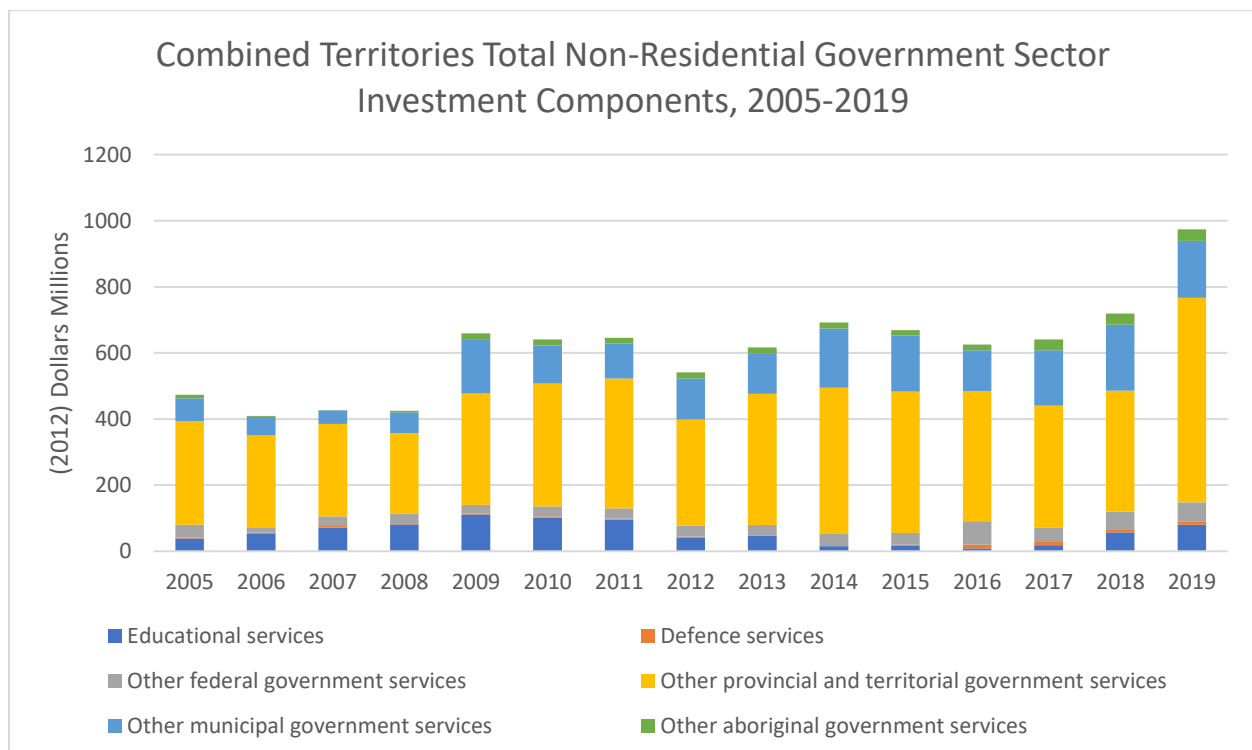


Table A.13

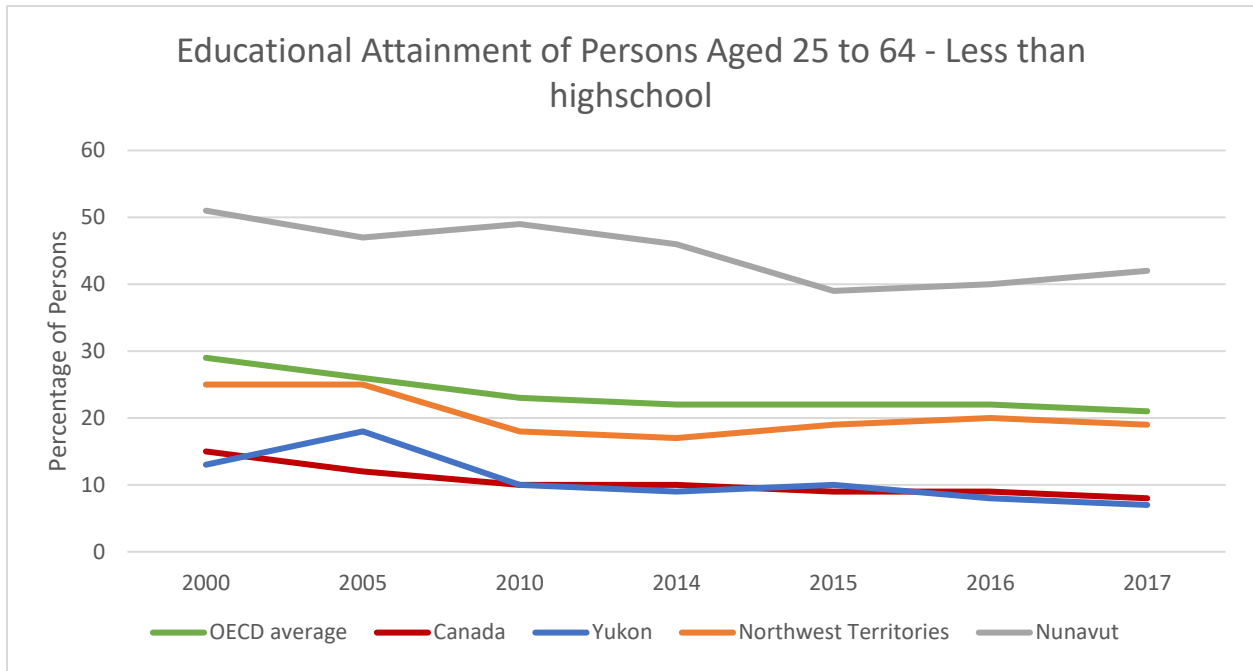


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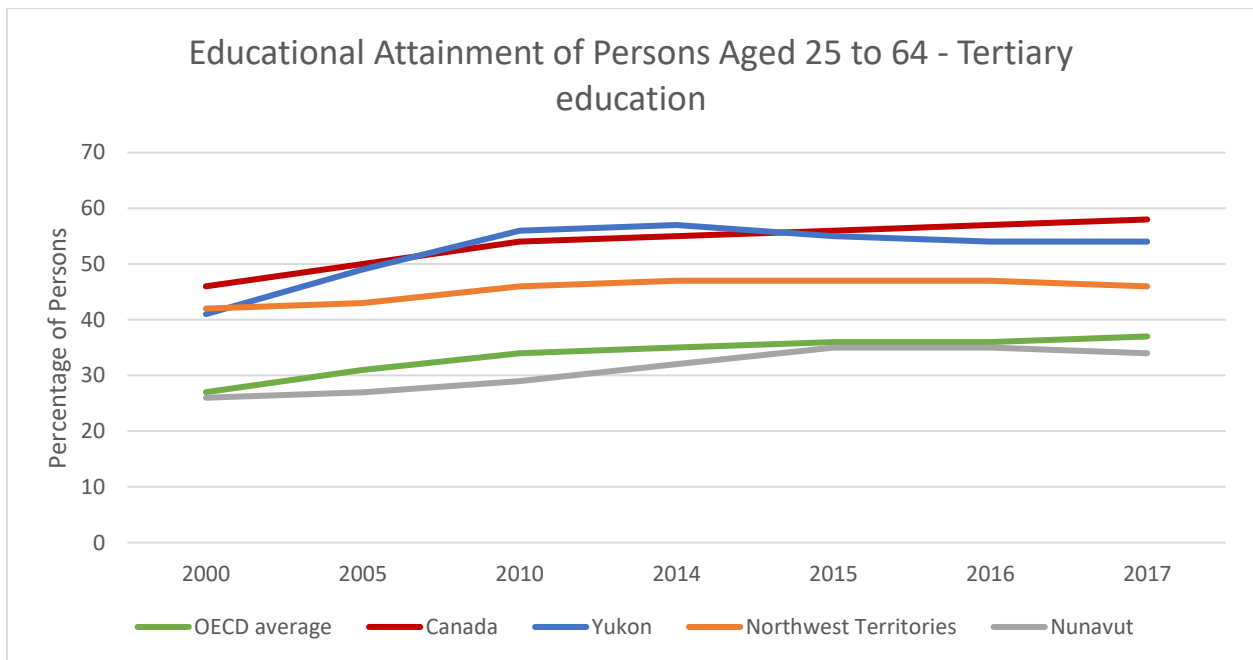
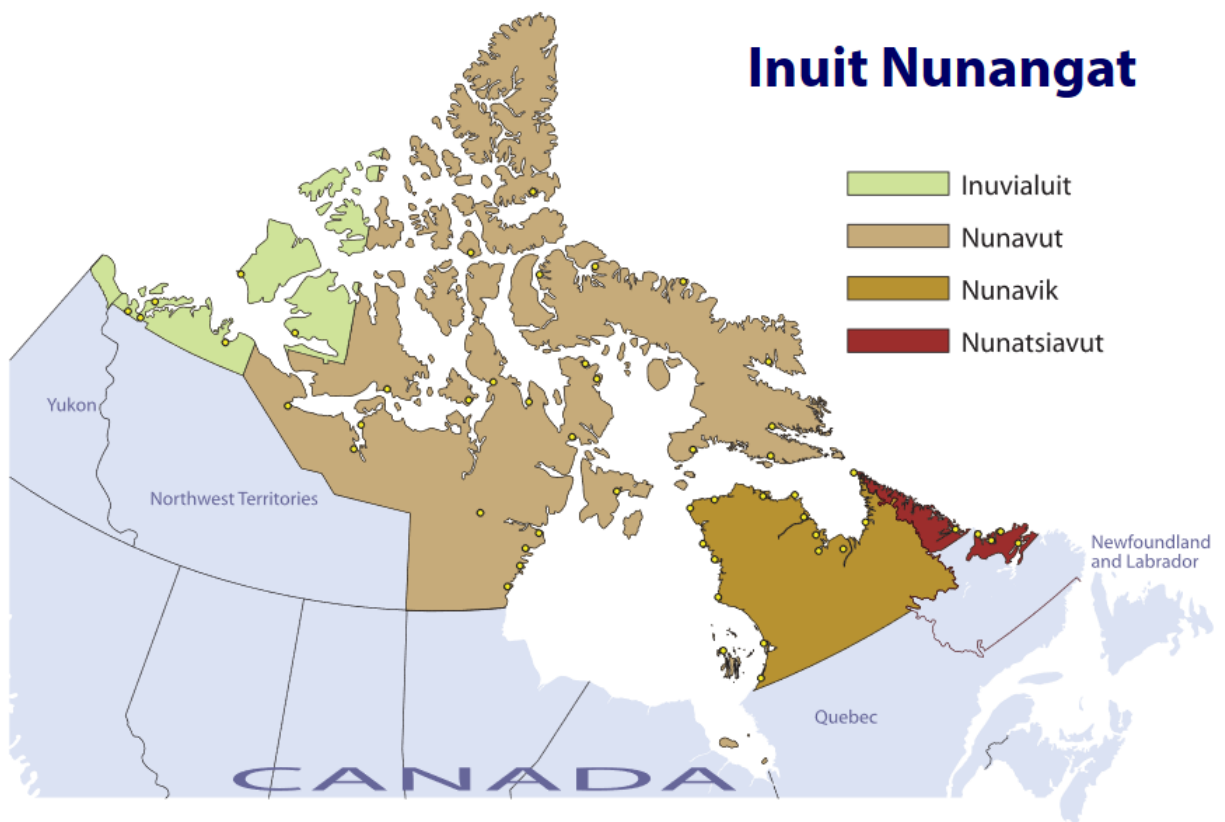


Figure A.15



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