Resources and Sustainable Development in the Arctic: Research for Yukon Communities

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Background – Resource Development and Northern Communities

“In the past resource development devastated northern communities. People came, disrupted communities, damaged cultures, polluted the land, made money, and then left leaving the communities to clean up the mess.”
The Central Research Questions

Can resources be developed in a manner that helps the long-term sustainability of northern communities?

How can this be done?
ReSDA?

• The Network is mobilizing researchers around the questions of finding out how to maximize benefits of resource development to northern regions and communities and minimize the social, economic, cultural, and environmental costs.
• The idea came from here.
ReSDA?

- Currently involves 52 researchers at 29 universities in 9 countries.
- Core funding from the Social Sciences and Humanities Resource Council of Canada – 2011 to 2018.
- The main focus of ReSDA’s research will be on finding ways to ensure that a larger share of the benefits of resource development stay in the region with fewer costs to communities.
- Main coordination office at Yukon College with regional coordinators in Labrador, Nunavut, and NWT
Communities have an increasing confidence in their ability to control resource development to meet their needs – but there is a difference between new treaties and historic treaties.

They want to know the best ways to do this.

They want to know what are the likely impacts of resource development, how these impacts can be best measured, and what is the best way of dealing with these impacts.

They want to know how other communities have dealt with resource development so that they can maximize benefits.
Can resource development help?

- “Can we find ways to use the land so that our sons can find jobs and have hope for the future”
- “We don’t have much else to build a healthy community on other than natural resources. It is difficult to say no to mining – but can we do it in a way that it helps us continue to exist rather than kill us?”
- “Climate change research money can’t keep our communities alive forever – we need to have a serious look again at what we can do with our natural resources”
## ReSDA First Projects – Gap Analyses

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<th>Lead Researcher</th>
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<td>Measuring Impacts</td>
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<td>Resource Revenue Regimes</td>
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<td>Suzanne Mills, McMaster University; Martha Dowsley, Lakehead University</td>
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New Possibilities (and new dangers)

- Resource revenues - new mechanisms exist to slow leakages and increase linkages – royalties now recognized as belonging to regions – new sovereign wealth funds etc. (resource curse – corruption)
- IBAs (IBAs are often secret – divide communities)
- New corporate-community relations – corporate social responsibility (possibility of CSR green wash and only to assure community agreement)
- Social impacts – better understanding of social impacts over the past 30 years – new possibilities of mitigation (and we now know how severe some of these impacts are)
- Indicators – new realization of the importance of measuring change – new relevant indicators - increased understanding of the politics of data collection and management – need for community-based monitoring of social and economic change (and knowledge that community monitoring often benefits outside researchers more than communities)
Project 1: Resource Development Impacts Indicators (Andrey Petrov)
How can we develop better, community controlled, indicators of change linked to resource development?

Project 2: Measuring the fiscal linkages (Lee Huskey)
How can we maximize the amount of money that stays in a region?

Project 3: Distribution of financial benefits within communities (Thierry Rodon)
What are the various ways that funding is distributed within communities and what are the impacts of these?

Project 4: Social Impacts and Mitigation in Northern Communities
What are the best ways to mitigate the main social impacts of resource development on communities?

Project 5: Long Distance Commuting and Arctic Communities (Gerti Elmsteiner-Saxinger)
What are the best options for Arctic communities in dealing with long distance commuting?

Project 6: Impact Benefit Agreements and Beyond (Ben Bradshaw)
What are the best ways to deal with negative impacts arising from current Impact Benefit Agreements?

Project 7: Resource Development and Subsistence Activities (Harvey Lemelin)
How can resource development enhance the subsistence economy of northern communities?

Project 8: Social and Economic Impact Assessment
Which forms of socio-economic impact are communities most comfortable with?

Project 9: Educational and Training Benefits (Andrew Hodgkins)
What are the best examples of resource-related employment, training, and education programs?

Project 10: Community Well-being and Resource Development (Brenda Parlee)
What are the best measures of well-being for northern communities impacted by resource development?

Project 11: Traditional Knowledge and Resource Development
What are the best examples of the use of traditional knowledge in resource development?

Project 12: Best practices in Industry/Government/Community relationships (Frances Abele)
What are the best practices in developing relationships and how do these relationships influence success?

Project 13: Gender and Resource Development in the North (Emilie Cameron and Suzanne Mills)
How can resource development enhance gender equality?

Project 14: Environmental Impacts of Resource Development (John Sandlos and Arn Keeling)
How can environmental impacts be best mitigated to the benefit of communities?
The Resource Curse versus the Staples Trap

- General belief that resource development will in the north intensify over the next 30 years
  - Need for new sources
- Yet since the 1990s the resource curse discourse has proven that extractive industries are bad for economic development and not good for sustainable growth
  - Yet there is no agreement to why (although institutions and education are important)
- Staples theory has shown that it is due largely to “leakages” – Watkins et al
  - Yet there is danger of the “Staples Trap”
## Staples Trap vs Resource Curse

### Staples Trap
1. Trap occurs when benefits (linkages) leak out of the region
2. Most important benefits are resource rents – the super profits that are associated with resources
3. When these do not stay then regions don’t develop according to the classical liberal model

### Resource Curse
1. An econometric observation
2. Explanations
   1. Immense wealth leads to lack of preparedness for the future (education)
   2. High resource incomes kill the rise of diversification
   3. Danger of corruption and war from “flexible incomes”
   4. Boom and bust prevent long-term planning
3. Poor Institutions
Has the north been cursed?

- Fur trade – where did the money go?
- Whaling – where did the money go?
- Mining – where did the money go?
Can we escape the trap without being cursed: Alaska as an outlier

Resource cursers have looked at the situation inside the US and all seem to indicate that the curse exists

- James and Aadland, 2011; Freeman, 2009; Goldberg et al, 2008; Papyrakis and Gerlagh, 2007

Yet others claim that Alaska is different because of the Permanent Fund

- Baena et al, 2012; Frankel, 2010; Segal, 2012

Note: The graph shows the relationship between the predicted value of GDP per capita (from Model 1 in Table 2) and logged natural resource dependence.

Goldberg et al, 2008
### Stopping the leaks without being cursed

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<th>New constraints on leakages</th>
<th>Barriers to being cursed</th>
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<td>• Global cosmopolitanism</td>
<td>• Collective control of sovereign wealth funds</td>
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<tr>
<td>○ Impact Benefit Agreements</td>
<td>• Legitimate institutional base – on local/regional/and national level</td>
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<td>• Modern comprehensive treaties</td>
<td>• Concern for educational benefits</td>
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<tr>
<td>• New Backward and forward linkages - education</td>
<td>• Barriers to corruption</td>
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<tr>
<td>• Final demand linkages</td>
<td>• Stable political environment</td>
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<tr>
<td>○ Impact on subsistence activities</td>
<td></td>
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<tr>
<td>• New fiscal linkages</td>
<td></td>
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<tr>
<td>○ Sovereign wealth funds</td>
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What are the linkages? Comments from Faro

- Standard IO analysis limits linkages to readily measurable economic indicators
- Yet northern communities see development in a much different light
- Need for new conceptualization of linkages – What do communities consider useful linkages
What lost opportunities for linkages did the Faro communities talk about?

- **Backward linkages**
  - Education/Training/Remediation/environmental protection/monitoring/employment

- **Forward linkages**
  - Are these useful to communities?

- **Final demand linkages**
  - Support for traditional activities

- **Fiscal linkages**
  - What is the proper share for communities? How should the rents be used?
Operationalizing the Staples Model

- Fiscal linkages
  - Where did the rents go? Percentage retained in the Yukon
    - Territorial taxes, Yukon based-shareholders, other fiscal transfers
- Final demand linkages
  - Wages paid to locally-based workers
    - Amount of wages, impact of wages
- Forward linkages
  - Additional processing of staple
    - Was anything done to the ore and the impact of this
- Backward linkages
  - Transportation systems, employment and training, power supply and transmission, environmental protection, remediation
Thank you

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