A COMMUNITY BASE FOR NORTHERN DEVELOPMENT

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B.A., Harvard University, 1985
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A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS

in
THE FACULTY OF GRADUATE STUDIES
(School of Community and Regional Planning)

We accept this thesis as conforming
to the required standard

THE UNIVERSITY OF BRITISH COLUMBIA

September 1989

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Date 22 SEPTEMBER 1989

DE-6 (2/88)
ABSTRACT

Alternatives are required to replace the dominant paradigm of modernization if the residents and communities of Canada's Northwest Territories are to benefit fully from northern development activities. One such alternative is a bottom-up, community-based development process wherein communities engage in active planning to control and manage the resources of their regions. The purpose of this study is to investigate the implications of staple theory, a model of economic growth based on the export of primary resources, and community development approaches for development in the Northwest Territories. The thesis is that an Anarchist formulation of staple theory provides a theoretical foundation for an alternative, community-based approach to northern regional development.

The study describes the contexts of development theory, Canadian regional development, and the dependent nature of northern development. Staple theory, in a basic descriptive form, is then introduced. The prescriptive interpretations of staple theory posited by W.A. Mackintosh, H.A. Innis, and W.L. Gordon and M.H. Watkins are discussed. The study then compares staple theory's prescriptions with those indicated by the Anarchist approach to regional development and community development literature. The combined prescriptions are placed within the context of northern development. The study concludes by outlining the implications of staple theory and community development approaches for regional planning theory and practice in the Northwest Territories. In the context of northern development, the study recommends the adoption of a community-based development policy and a reconnection of regions to their resources as suggested by both the staple theory and community development approaches.
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ACKNOWLEDGEMENTS

This thesis is dedicated to my parents, Cynthia and Richard Hill, Without Whom None Of This Would Have Been Possible: they both delivered me unto the Northwest Territories when I was eleven months old and, since that time, have given me a desire to make sense of the world. The writing of this study was made more pleasurable by the friendship and support of my Non-Academic Advisor, Carl Ingersoll.

I would like to thank the University of British Columbia's School of Community and Regional Planning for providing me an environment within which I have been able to work out some of my questions about the world. I am particularly grateful to Peter Boothroyd, Henry Hightower, and Bill Rees for their help in this endeavour.

My studies at the University of British Columbia were made possible by the financial assistance awarded to me by the Canada Mortgage and Housing Corporation, the Association of Canadian Universities for Northern Studies, and the Donner Canadian Foundation. I extend my thanks to all.
CHAPTER 1. INTRODUCTION

1.1 A COMMUNITY BASE FOR NORTHERN DEVELOPMENT

This study is a critical investigation of existing and alternative approaches to development in Canada's Northwest Territories. The analysis of development approaches is premised on the assumption that fundamental development will be the product of local guidance and self-determination. Staple theory, a model of economic growth led by the extraction and export of primary resources, is used to describe various prescriptions for development. The thesis is that an Anarchist formulation of staple theory provides a theoretical foundation for an alternative, community-based approach to northern regional development. The study, by developing a framework for a community base for northern development, will provide a theoretical grounding for community-based regional planning in the North.

From the community-based perspective on northern development the study addresses five objectives:

1. To describe briefly the contexts of development theory, Canadian regional development, and northern development.

2. To discuss the descriptive and prescriptive facets of staple theory.

3. To assess the relationship of community development approaches to regional development in terms of staple theory and northern development.

4. To develop an alternative framework for understanding and overcoming the conditions of northern underdevelopment.

5. To discuss the implications of this study for planning theory and practice, especially as it relates to regional development planning in the Northwest Territories.

The question of what ought be defined as development in the Northwest Territories is significant both for northerners and for Canada. Traditional development approaches have stressed the need to integrate the
northern, resource-based economy with the national and international economies. The problem with such state-supported modernized integration is that it tends to omit the creation of local institutions and approaches to ensure sustainable, publicly controlled, and locally beneficial development.

Further, international economic and political conditions exert a strong influence on decisions about the North, and in Canada the "southern concentration of population inevitably weights political decisions" (Wonders and Brown 1984:421). In 1971 the federal government acknowledged the function of the national interest in northern development:

On policy grounds, development north of 60\(^{o}\) will be affected by policies on resource development and environment applied in the South. While most of the social and ecological benefits of government policies are likely to accrue to northern residents, some of the ecological benefits and most of the economic benefits will be felt in the South. It seems inevitable therefore that the kind of development encouraged in the North will reflect economic conditions and policies in the South.

These points are made primarily to emphasize that, while the Government seeks to provide strategy and guidelines for the northern territories, the responses are not unrelated to the broader question: What kind of Canada do we want? (Canada-INA 1972:9)

Northern development does not at present reflect the kind of Canada that northerners want. As Rees points out,

...residents of northern communities, whatever their race, want the same basic things from development as people anywhere else: the opportunity for personal growth, a decent standard of living, adequate services, reasonable control over the factors most significantly affecting their lives, and some sense of social stability and economic security. (Rees 1988:59)

Northern residents and communities lack control over their development. Neither is northern development based on "a fundamental democratic principle of Canadian federalism - the right of Canadians to have a say in and benefit from those decisions that affect them directly" (Canada-INA 1988b:1). What the North receives and how it develops is the result of national priorities set in the South. The North is therefore largely excluded from significant
input into policies for northern development but is not protected from the impacts of national and international trends and events. Yet, as a function of the 'national interest', the North occasionally becomes an integral, highly dependent part of Canada (e.g. Dosman 1975; Keith and Neufeld 1988; Rees 1978, 1988). At issue is whether or not this type of integration and its "inevitable" nature is of optimal benefit to Canadians and northern residents.

Community and regional planning can be defined as a process of "thinking rationally, creatively and decisively by a collectivity of humans about how to manage a complex open system which contains [the collectivity] and which is territorially defined" (Peter Boothroyd, Lecture 15.1.88. See Appendix A.). It is implicit in this definition that "thinking" is only the beginning of an ongoing process of action and implementation that seeks to control and manage the issues and dilemmas of social and economic directions of the system which, in this study, is defined as the sub-national area of the Northwest Territories.

In the western world, and increasingly elsewhere, 'development' is generally assumed to consist of the processes and products of modernization. Modernization assumes, envisages, and espouses a course of economic growth, specialization and integration. Yet, the very assumptions of modernization effectively preclude people and communities from having sufficient control to think "rationally, creatively and decisively" about development. Moreover, the "collectivity of humans" that makes development decisions tends to be national governments and industries rather than the residents of a region.

The definition of planning set forth above must therefore be seen as a normative assertion, an ideal state to work toward. In this ideal state the "collectivity of humans" would consist of the residents and communities of a region. This collectivity would be free to engage in creative, rational
and decisive thought on the directions of its region's development based on its peculiarities of culture, resources, and context. The means of attaining such an ideal state are generally constrained by the dominance of the modernization paradigm as outlined above.

Table I. The Guiding Principles of Community Economic Development

Susan Wismer and David Pell* discuss community economic development projects and "a number of guiding principles which inform their structure and operation and determine their relationships to the communities which have spawned them:

• there is a belief in and a desire to adopt an integrated approach to development; one which encompasses social, cultural, and economic goals within the same organization;

• the organization retains a not-for-profit status; that is, profits are used for the benefit of the community as a whole and are not solely for project members;

• there is belief in the capacity of people to manage their own affairs;

• the community is in control of the development process;

• democratic processes are maximized in internal decision-making and in community mobilization;

• the activities of the development process are innovative, redefining social and economic problems and working toward alternative solutions;

• the development process recognizes and supports a broad definition of work, including paid employment, volunteerism, subsistence activities, and work associated with the 'household' or informal economy;

• the organization is capable of securing the necessary financing to cover operating and program development costs;

• community self-reliance is an operating principle and goal;

• there is a belief that community self-reliance can best be achieved by maximizing the use of local resources, especially renewable resources.

[These principles] overlap and codetermine one another, integrating themselves into a coherent approach which has as its base the expressed goal of greater community self-reliance."

The formulations of most bottom-up community-based regional
development approaches claim to be an alternative to the tradition of
modernization. Community-based development formulations such as those
outlined in Table I argue that, ultimately, fundamental development can best
be achieved through a decentralized, community-controlled planning and
implementation process. As Rees, Boothroyd, and Hulchanski note,

...bottom-up or community-based approaches have resulted in myriad
examples of successful development [for examples see Wismer and Pell
1984], measured not only by improved material conditions, but also by
strengthened local institutions, enhanced local leadership and
administrative capacity, and much improved local pride and self-esteem
(Rees, Boothroyd and Hulchanski 1988:3).

Such 'fundamental' development, if and when it does occur, will be the
product of "thinking rationally, creatively and decisively by a collectivity
of humans about how to manage a complex open system which contains [the
collectivity] and is territorially defined.

The alternative perspective of 'community interest' in northern
development is being delineated and seeks to supplant the narrow,
centralized, corporate, and bureaucratic national interest. Dacks and Coates
(1988) have edited a group of articles from this perspective in their
Northern Communities: The Prospects for Empowerment. An example of the
community development perspective is the work of Rees in his articles,
"Development and Planning North of 60°: Past and Future" (1978) and
"Stable Community Development in the North: Properties and Requirements"
(1988). In the more recent article, Rees (1988:67-68) advocates the
development of a "True North" policy, having "an explicit northern
orientation and community development goals" and advancing "a new vision of
the North oriented to increased self-reliance, and reduced dependency". He
argues that the Federal and Territorial levels of government as well as
northern communities and individuals ought make a commitment to developing
Table II. Elements of a Strategy for Northern Community Development

The Federal and Territorial Roles:
- Employment Strategy: permanent jobs for qualified permanent residents.
- Training Strategy: develop skills for forms of employment that are permanent components of the northern economy.
- Business Education Programs: instruction in areas of business most compatible with northern business climate and community institutions.
- The Quality of Investment: acknowledge the importance of a balance between individual competition and community cooperation for economic viability and social harmony, particularly in small communities.
- The Nature of Community Enterprise: recognition of value of cooperative enterprise for meeting social and other objectives.
- Economic Development Agreements: incorporate criteria to ensure projects' contribution to northern economic stability and diversity.
- Plugging the Leaks: provide economic information to assist local networking, local capital accumulation, and to reduce economic leakages.
- Diversifiable Sectors: support and expansion of sectors with strongest internal linkages (i.e. those with the most "spin-offs").
- Resilient Enterprises: support local ability to tap into non-renewable resource projects with minimal risk of failure in a downturn.
- An Expanded Role for Funded Programs: encourage programs with multiple objectives and community-based implementation of key elements to allow communities to capture benefits of public investment.
- Housing as an Example: increase community control of housing programs to increase benefit from their social and economic multiplier effects.
- Financial Institutions: facilitate the establishment of a northern financial sector (including local credit unions).
- Financial Support for the Village Economy: to enable the traditional economy (i.e. hunting, fishing, etc) to maintain or expand productivity.
- Financial Support for the Small Business Sector: to preserve existing jobs and economic diversity in times of economic downturn.
- Access to Renewable Resources: ensure access to resources (e.g. develop a northern fishery rather than allow extension of Atlantic fishery).

The Community and Individual Roles:
- Community Development Planning: create a self-conscious, community-oriented process to identify resources and weaknesses; articulate needs and objectives; order development priorities; investigate alternative means to achieve community ends; and, serve a social learning function.
- Recognizing the Contribution of the Volunteer Sector.
- Planning and Managing New Enterprise: the identification and exploitation of new opportunities oriented to community development.
- Strengthening Local and Regional Markets: to gain economies of scale.
- Recognizing Northern Culture as a Development Template: investigate the possibilities of transforming traditional ways to a northern model.

this new policy founded on the principles of stability and diversity. Table II gives an overview of some specific elements of Rees' "True North" policy as it is based on the four objectives of stabilizing the northern economic climate, diversifying the economy, encouraging healthy economic adaptations to economic boom-bust cycles, and "nurturing those components of the economy that have proved their stability and resilience" (Rees 1988:68).

A further example of community development is "Yukon 2000", a participatory planning process for long-term development in Yukon Territory that was initiated in June 1986. Boothroyd observes that,

Beyond developing policy directions and recommendations.... It got people thinking that they could indeed direct economic strategy, that the economy need not be something laid down by the invisible hand of the market or the heavy hand of technocrats. It became increasingly evident that an economy is created by people and can be governed by people. (Boothroyd 1988:22)

The fact that economies can be governed by people is easy to overlook in areas such as the Yukon and Northwest Territories because the people that do govern northern economies tend to reside in Ottawa, Toronto, New York, Tokyo, etc. Local alienation is more common than feelings of control and security to development motivated by, for example, sovereignty and national security issues or the availability of oil and gas for southern and international markets. The Yukon 2000 process set out with four substantive goals: ensuring that residents have the opportunity to stay in the Territory; taking control of the future; achieving an acceptable quality of life; and achieving equality (cited in Boothroyd 1988:20). The principles, objectives, and substantive goals of these northern community development perspectives suggest that they may provide solutions to the North's dependency problems and, as Rees (1988:73) suggests, "It is at least conceivable that... [these northern solutions] will provide guidance to southerners, should we ever get serious about solving our own".
CHAPTER 2. THE CONTEXTS OF NORTHERN DEVELOPMENT

2.1 DEVELOPMENT

The term 'to develop' is defined by the Oxford Dictionary as: "make or become larger or more mature or organized; bring or come into existence; make usable or profitable...." Leonard Frank, a fifteen year veteran of international development, sums up the meaning of 'development' more pungently:

Development, as in Third World Development, is a debauched word, a whore of a word. Its users can't look you in the eye. Among biologists, the word means progress, the realization of innate potential. The word is good, incontestable, a cause for celebration. In the mouths of politicians, economists and development experts like myself, it claims the same approval, but means nothing. There are no genes governing the shape of human society. No one can say of a society, as a gardener can of a flower, that it has become what it should be. It is an empty word which can be filled by any user to conceal any hidden intention, a Trojan horse of a word. It implies that what is done to people by those more powerful than themselves is their fate, their potential, their fault. A useful word, a bland word, a wicked word, a whore of a word. Development in the mouths of Americans has a lot in common with psychotherapy in the mouths of Russians. (Frank 1986:231)

One finds constant but inconsistent use of the term throughout the social sciences literature of international development, national development, regional development, community development, northern development, etc. Each definition of 'development' determines its own logic and rationale. Therefore, use of the term 'development' in this study is inherently difficult but, in the absence of a suitable alternative, necessary.

For the purposes of the survey sections of this study, 'development' will be used as the various original uses of the word intended it. In other instances the concept of 'fundamental development' will be used. Fundamental development was defined in the Introduction as being the product generated by the community-based processes of planning which was, in turn, defined as "thinking rationally, creatively and decisively by a collectivity of humans
about how to manage a complex open system which contains [the collectivity] and is territorially defined."

2.2 DEVELOPMENT THEORY

Development theory addresses issues related to the nature, dynamics and distortions of growth and development. Usually applied to issues of national development in an international context, development theory has implications for sub-national levels of development. Yet, as Bradfield (1988:20) notes, this recursion is not without problems. While regions may have the same sources of growth as nations, they have a different set of constraints. For example, regions do not control currency fluctuations, have fewer taxation sources, possess less control over economic forces, and have a more volatile labour force than nations have. Regions, in short, have less autonomy than nations in implementing prescriptions generated by development theories.

Blomstrom and Hettne (1984) have described development theory as an ongoing battle between variations of the 'modernization' paradigm and 'dependency' paradigm. Simplified for the purposes of discussion, modernization sees development as the product of positive processes of economic growth, industrialization, specialization, and integration. The dependency paradigm counters this conception of development by focusing on the negative impacts of modernization at the periphery. It argues that the processes of modernization produce development and wealth at the centre and, in so doing, cause underdevelopment and continuing exploitation of hinterland areas. Thus, to the dependency theorist, the relationship between modernization and dependency is so close that it can be seen as two faces of a single, evolving process.

Blomstrom and Hettne observe that modern development theory is
founded in western approaches to development of the post-war period which, ... saw development in an evolutionary perspective, in which the concept of underdevelopment was defined in terms of observable differences between rich and poor countries. The true meaning of development was to bridge these gaps by means of an imitative process in which the less developed countries gradually assumed the qualities of the industrialized nations. (Blomstrom and Hettne 1984:4-5)

Dependency theory grew as a critique of the dominant modernization development theory and out of Latin American debates on underdevelopment. Blomstrom and Hettne have distilled the common ideas of the dependency school as:

- Underdevelopment is intimately connected with the expansion of the industrialized capitalist countries.
- Development and underdevelopment are different aspects of the same universal process.
- Underdevelopment cannot be considered as the original condition in an evolutionary process.
- Dependency is, however, not only an external phenomenon but is also manifested in different ways in the internal (social, ideological and political) structure. (Blomstrom and Hettne 1984:6)

Neo-Marxist criticism of the modernization paradigm is the dominant ideology of the dependency paradigm. Neo-Marxist critiques are derived from orthodox Marxist critiques and founded on the notion that the roots of modernization are capitalism and "therefore fundamentally dehumanizing, exploitative of the working class, and inherently unstable" (Boothroyd 1989:23). Marxism per se is not of particular relevance to this study but how neo-Marxism differs from orthodox Marxism is noteworthy. The central difference is that neo-Marxism focuses on the experience and structure of underdevelopment from the perspective of the underdeveloped area. The shift of perspective from Marx's European model to the neo-Marxism's Third World or dependency model has immediate consequences for understanding and prescribing solutions to underdevelopment. As Blomstrom and Hettne (1984) note, the shift entails a reconsideration of the nature of imperialism and nationalism,
the roles of different classes, the possibilities for activating positive
change, and a renewed interest in ecological relations and the role of rural
life (see Appendix B).

There is also a branch of the dependency paradigm associated with
Anarchism. The definition of genuine development discussed in the
Introduction and section 2.1 belongs to an Anarchist-dependency critique of
modernization and conforms to what has been labelled 'bottom-up' development.
Boothroyd (1989:24) has discussed W.B. Stohr and D.R.F. Taylor's 1981
dichotomy between top-down and bottom-up approaches:

"Top-down" referred to the flows of development theories and plans from
rich nations to poor, from capitals to regions, and from cities to the
countryside. It also meant the kinds of development concepts typically
flowing down these pipes: industrialization, specialization, free trade
and dependency on exports, i.e. functional integration of communities and
regions into national and world markets – Ricardo's 1817 notion of
"individual advantage" (often termed comparative advantage).

"Bottom-up" meant, procedurally, the reverse flow of plans: from community
to region to developing state. Substantively, bottom-up meant attention
to basic needs first rather than waiting for prosperity to trickle down to
the poor, and economic diversification and territorial integration of
regional territories (through "selective closure", i.e., import
substitution) in the interests of stability and local determination of
priorities. (Boothroyd 1989:24-5)

The dominant ideologies behind both the modernization and dependency
paradigms are of a top-down nature. This may appear to contradict elements
of the dependency paradigm. Yet neo-Marxist dependency thought points to the
necessity of large-scale structural change to be exercised from the state
level and directed at regions and communities. A retreat from international
or external dependency does not prevent the hardening of internal dependency
relations. By way of contrast, Anarchist dependency thought highlights the
alternative of incremental structural change occurring in the reverse
direction: from community to region to state to international relations.
Anarchist approaches to development seek to reduce dependence in real terms
rather than substituting one form of dependence for another.

As the next chapter shows, within staple theory one finds a good example of the skirmishes between the modernization and neo-Marxist dependency interpretations in the context of internal Canadian development. The relationship between the dependency paradigm's expression in staple theory and in Anarchism is discussed in chapter 4.

2.3 CANADIAN REGIONAL DEVELOPMENT

Rees (1978:44) defines planning at the regional level as the "responsible government intervention in the development process or other social systems to improve the welfare of those living in a region". In the years since World War II, Canadian regional development policies have assumed such regional 'improvements' to the welfare of regions to be the result of the processes of modernization, as discussed above. At the same time, confusion has been the salient characteristic of Canadian regional development theory and practice. Any review of Canadian regional development theory must take into account this underlying disarray. As Richard Lipsey has observed:

For all the concern about regional area development and regional problems in Canada, we don't really have an underlying theory. We don't know what we would have to do, what are the conditions under which there would be regional equality, however we define equality. (Lipsey quoted in Savoie 1986:5)

Further,

There can be no simple statement of "the regional problem". It is viewed differently by different actors at different times. Moreover, there is no single core of theory that permits us to formulate a neat analytical resolution of these controversies. (Lithwick 1982a:275)

From the 1930s to the late 1960s Canadian regional policy focussed on the alleviation of regional disparities through intervention in non-urban
economies (Weaver and Gunton 1982:11-13)*. This 'worst first' policy with its emphasis on joint federal-provincial funding for increasing farm productivity and alleviating rural poverty (e.g. the Agricultural Rehabilitation and Development Act (ARDA)) was maintained until the 1960s. By the early 1970s it was apparent that a shift had occurred in that federal programs "favoured industrialization and strong urban growth centres and was moving away from schemes to alleviate rural poverty and encourage rural-based development" (Savoie 1986:36). The new favouritism was approached with programs giving industrial incentives for location supporting "stronger sectors of the economy in areas with growth potential" (Weaver and Gunton 1982:13). The assumption was that economic growth would occur at 'centres' and general welfare would increase and spread through the economy by means of 'trickle down'. The 'growth centre' policy was gradually replaced by the decentralized and more comprehensive General Development Agreement (GDA) approach in which GDAs were seen as "mechanisms" to "increase business in all parts of Canada" and as "the primary tools for addressing regional economic requirements" (Canada-DRIE 1987:3&7).

In the early 1980s regional development policy changed again. As

* While a complete narrative of regional development programs and their histories is not appropriate here, it is useful to note that there are many ways to look at regional development policies. Weaver and Gunton (1982) have provided an historical overview of regional development policy in light of trends in development theory. Robinson and Webster (1985) detail the divergence of regional land use and development planning. Savoie (1986) outlines the evolution of regional development policy and programs in the form of an historical-evaluative narrative. Lithwick takes both a historical-evaluative approach (Lithwick 1987) and an analytic approach based on the matched dimensions of 'compensatory' vs. 'transformatory' policies and 'autonomous' and 'integrated' regions (Lithwick 1982b). Martin (1982) assesses regional policy on the basis of 'strictly' and 'broadly' defined policies. Bourne (1982) identifies the importance of 'implicit' and 'explicit' federal regional policies. Weaver and Richardson (1985) assess regional development planning in light of the advent of "the new global economy". Rees (1978) relates southern regional economic planning to development policy in northern Canada and advocates an alternative, locally based development. Each of these perspectives, and there are more, provides insights into the nature of regional development in Canada.
Weaver and Gunton (1982:28) assert, "Partially in response to fiscal crisis, stagflation and higher energy costs... the regional initiatives of the 1960s and 1970s have been abandoned." Large-scale resource exploitation or 'megaprojects' came to be the national economic focus of the early 1980s and the federal administration of regional development was fundamentally restructured (Weaver and Gunton 1982:29-31; Savoie 1986:76-84). Ostensibly serving to develop peripheral regions, megaprojects were in fact more closely linked to the capital and manufacturing interests of multinational corporations, urban centres and/or goals of national self-sufficiency. Now, in the late 1980s, it is clear that the prospects for resource megaprojects, including oil and gas industry in the Northwest Territories (supported by the National Energy Policy and Petroleum Incentive Program), as stimuli to regional development were not only overestimated but were in fact "socially expensive" (Boothroyd 1988:22; Savoie 1986:127). At present, the future of regional development policy appears to be up in the air in terms of its institutions and its directions.

Overall, Canadian regional policy has implemented the bias of modernization theories with its emphasis on the state's role in encouraging the private market. Savoie identifies four attempts to define a suitable strategic approach to regional development that are essentially grounded in the optimism of economic growth. These attempts were the growth pole/growth centre model, the 'development' approach, the trade approach, and the 'neo-classical' model (Savoie 1986:5-8). An example is the 1982 Report of the Senate Committee on Government Policy and Regional Development (Canada-Parliament 1982). This document is informed by the trade approach and its emphasis on the notion of comparative advantage. As Savoie discusses in his book, Regional Economic Development: Canada's Search for Solutions (1986), these attempts have inspired various regional development policies
designed to create, accelerate, mitigate or direct the private market's energies on the assumption that economic growth characterized by specialization and integration will resolve regional disparities.

Because Canadian regional development policy relies on the private market, it has "tended to chase fluctuations in regional economic performance" and, more importantly, policies and programs can be characterized as,

...a combination of a 'mopping-up' exercise, designed (if at all) to pick up the litter left by the overwhelmingly powerful forces of the private market, and a 'relocation' exercise, acting to move firms and jobs from one place or region to another. (Bourne 1982:284)

The challenge from the perspective of traditional development approaches is how best to integrate regional economies into national economic systems. The perceived barriers to integration are those posed by the biophysical environment, resource endowments, infrastructure, etc. For example, Michel Boisvert (1978) describes these disparities as "factors of distortion" in an ordered sequence of economic growth that progresses from primary through to secondary sector development.

Despite the ongoing retrenchment of government services, the Constitution Act of 1982 provides that the Canadian Charter of Rights and Freedoms, under Part III "Equalization and Regional Disparities," commits the federal and provincial governments to "promoting equal opportunities for the well-being of Canadians; furthering economic development to reduce disparity in opportunities; and providing essential public services of reasonable quality to all Canadians" (Canada—Constitution Act 1982, Charter of Rights and Freedoms, Part III, Section 36:1:a,b,c). The achievement of such broad goals is difficult to meet because "defining the ultimate goal for policy... provides little guidance for policy makers about how to achieve this end" (Canada—Parliament 1982:3).
Yet, the importance of coming to grips with regional disparities in Canada has been recognized since the appearance of drought relief programs in the 1930s (Weaver and Gunton 1982:5). The following quotation sums up the continuing concern with the effects of regional disparities:

Regional disparities do create unequal opportunities among Canadians in terms of education, social facilities, career choices, social development. Disparities strain the fabric of national unity and create feelings of inequity in the less developed regions. Disparities represent a waste of Canadian natural and human resources... For all these reasons, Canada cannot allow disparities to continue to the same extent as at present. (Canada-Parliament 1982:25)

The recurring themes of regional development echo those noted above: equal opportunity (especially regarding employment), national unity, and the productive use of resources. Somewhat of a Catch-22, the capacity of regions to create jobs and retain population is dependent on economic development. If a region is unable to perform at the level of a national average in some or all of these areas, a regional disparity exists. The exact nature and degree of disparity is peculiar to the region. The Northwest Territories is a region in which disparities exist, particularly in terms of opportunity, employment, and the productive (and locally beneficial) use of resources. It is a resource region with a severe welfare dependency. As discussed in the next section, the North is dependent on policies, transfer payments, and programs funded and administered by the federal government. As a less-developed region within the industrialized society of Canada it has been a target of regional development.

2.4 NORTHERN DEVELOPMENT

The meaning of northern development depends on what is defined as the North. Traditionally, 'the North' has meant the part of Canada between the sixtieth parallel of north latitude and the geographic North Pole (hence
'North of 60°'). The geographic definition complements the extent of direct federal jurisdiction and includes both the Yukon and Northwest Territories. Within the Northwest Territories there are several 'regional' definitions, namely, five administrative regions (Baffin, Inuvik, Fort Smith, Keewatin, and Kitikmeot), at least three ethnic regions (Inuit, Dene, and Inuvialuit), economic regions (e.g. Yellowknife, Beaufort Sea/Mackenzie Delta), and descriptive regions that have extensive overlapping of factors (e.g. Eastern Arctic, Western Arctic). This study is mainly concerned with the larger 'region' of the Northwest Territories.

The Northwest Territories comprise approximately one-third of Canada's land mass and in January 1989 had a total population of 52,700. There are 57 communities in the Northwest Territories of which five are considered to be major centres with populations exceeding 2,000 (GNWT-EDT 1988:10-11). The population is 16% Dene, 7% Metis, 35% Inuit, and 42% non-native (GNWT-EDT 1988:11).

The formal territorial economy is based on the public sector and on the mining industry while tourism and traditional activities of hunting, fishing and trapping also are important elements. Although popular perception sees "Government" as the leading sector, a recent analysis states that "Mines as a group, are the NWT's largest single employer, biggest exporter and biggest contributor to corporate profits" (GNWT-EDT 1988:9). The Northwest Territories is also a net exporter of oil. Renewable resource activities are particularly significant for smaller communities.

Table III provides a comparison of approximate export and import replacement values by sector. The data illustrate the degree of separation in monetary value between the industrial sectors of mining and oil and gas and the non-industrial sectors. The data do not show the relation of imports to exports or the importance of the public sector in the northern economy.
For example, "The Northwest Territories is rich in natural resources, but the economy remains poorly integrated and diversification has been confined to the development of service businesses which are primarily dependent on government" (GNWT-EDT 1988:5). The point is that northern development is dependent development. The Northwest Territories is dependent on the export of staple resources, the import of resources and consumer goods, and the financial support of the federal government.

Table III. Comparison of Approximate Export & Import Replacement Values by Sector ($ millions).

| NON-INDUSTRIAL | Exports:                  |          |          |          |          |
|                | Fur                       | 5.6      |          |          |          |
|                | Commercial Fishing        | 2.0      |          |          |          |
|                | Forestry                  | 2.0      |          |          |          |
|                | Arts & Crafts             | 8.0      |          |          |          |
|                | Tourism                   | 44.0     |          |          |          |
|                | SUBTOTAL Non-Industrial Exports | 61.6 |      |          |          |
|                | Import Replacement (Domestic Consumption): |          |          |          |          |
|                | Fuel Wood                 | 2.1      |          |          |          |
|                | Fisheries and Marine Mammals | 12.6    |          |          |          |
|                | Wildlife                  | 29.0     |          |          |          |
|                | Domestic Milled Lumber    | 1.8      |          |          |          |
|                | Round Logs for Homes [Houses] | 1.1     |          |          |          |
|                | SUBTOTAL Import Replacement | 46.6    |          |          |          |
|                | SUBTOTAL Non-Industrial | 108.2    |          |          |          |

| INDUSTRIAL | Exports: |          |          |          |          |
|            | Mining   | 790.0    |          |          |          |
|            | Oil & Gas| 140.0    |          |          |          |
|            | SUBTOTAL Industrial | 930.0    |          |          |          |

Notes: Domestic wildlife harvest, fuel wood, round log, and milled lumber figures are variously gathered and extrapolated. See Source.
NB. A date for the data is not given, it would appear to be 1987.
The Government of the Northwest Territories, Department of Economic Development and Tourism described the state of the Northwest Territories economy in 1988 as follows:

...the NWT is still best viewed as two distinct economies. Most of the non-native population live in major centres whose economies are dominated by government and/or resource-extraction activities. Average incomes are typically very high, unemployment very low and future prospects relatively bright. Conversely, most of the 29,500 people of Inuit, Dene, or Metis ancestry (almost 60% of the total population) live in small, widely scattered villages, where government transfer payments and traditional harvesting activities dominate a fragile economic base and where there are few prospects for growth. Average incomes are generally low, unemployment high and social assistance a fact of everyday life. Unemployment rates reach 50% or more in some of these communities, and can no longer be dismissed as a native preference for traditional, non-wage pursuits. (GNWT-EDT 1988:3-4)

There are broad implications for economic development of statistics such as an effective unemployment rate (including "discouraged workers") of 26% (GNWT-EDT 1988:12). The Department of Economic Development and Tourism interprets such conditions in the following light:

... the NWT economy as a whole appears to be emerging from a cooling off period after the boom earlier in this decade, and there are definite signs of further expansion over the next decade. On the other hand, that expansion will embrace only some communities. Given the already high unemployment rates, the high birth rates and the paucity of economic opportunity in many of the other communities, there is still considerable cause for concern. (GNWT-EDT. 1988:26)

In sum, the NWT poses a challenge for economic development whether it be conventional or community-based. Regional development approaches that propose to meet this challenge are therefore deserving of scrutiny.

The Northwest Territories lie within direct federal jurisdiction. "In Canada's federal system the northern territories are an aberration: the NWT does not have 'responsible government', and its system of government remains almost completely subordinate to the federal government in Ottawa" (Funston 1982:117). As Table IV shows, in 1984–85 the Northwest Territories
government received 70.2 per cent, or $427.8 million, of its gross general revenues from the federal government (Robertson 1985:Table 1). This percentage is the highest of all the provinces and territories receiving equalization transfers. Because of the extent of federal jurisdiction and the degree of financial support given to the territories, activities North of 60° continue to be dependent upon the federal government either by commission or sanction, forming an empire of sorts despite recent trends toward the devolution of government and the settlement of land claims.

Accordingly, northern development has been subjected to the national trends in Canadian regional development theory discussed in section 2.3. The path of northern development is partly determined by interpretations of what constitutes economic and socio-economic development. At present, there are two opinions of note in this regard: the Government of Canada and the Government of the NWT, assuming the two can be separated (which they constitutionally cannot be: the territorial government is a branch of the federal government rather than a separate entity). The two voices are mainly complementary and their combined approach to development is indicative of the mindset behind northern development.

The Government of Canada continues to be nominally guided by a 1971 federal policy that sees 'Economic Growth' as one of seven 'Northern Objectives' under which programs are formulated, coordinated, implemented, and funds allocated (Canada-INA 1972). The remaining objectives are 'Quality of Life,' 'Sovereignty and Security,' 'Protection of Environment,' 'Evolution of Government,' 'Social and Cultural Development,' and 'Leisure and Recreation.' The objective of 'Economic Growth' is to "encourage viable economic development within regions of the Northern Territories so as to realize their potential contribution to the national economy and the material well-being of Canadians." Appendix C defines the six remaining northern
Table IV. Federal Cash and Tax Transfers to Provinces Receiving Equalization and to the Territories as a Percentage of their Gross General Revenues, 1982-1983 to 1984-1985. (dollar numbers in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Newfoundland</th>
<th>P.E.I.</th>
<th>N.S.</th>
<th>N.B.</th>
<th>Que.</th>
<th>Man.</th>
<th>Yukon</th>
<th>NWT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1982-1983</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Transfers</td>
<td>874.3</td>
<td>200.5</td>
<td>1,019.8</td>
<td>931.6</td>
<td>5,062.8</td>
<td>877.9</td>
<td>87.8</td>
<td>321.6</td>
</tr>
<tr>
<td>Cash</td>
<td>63.3</td>
<td>12.6</td>
<td>115.4</td>
<td>85.9</td>
<td>2,334.9</td>
<td>171.5</td>
<td>6.8</td>
<td>9.6</td>
</tr>
<tr>
<td>Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>937.6</td>
<td>213.1</td>
<td>1,135.3</td>
<td>1,017.5</td>
<td>7,397.7</td>
<td>1,049.4</td>
<td>94.5</td>
<td>331.2</td>
</tr>
<tr>
<td>Gross General Revenues</td>
<td>1,863</td>
<td>414.8</td>
<td>2,721</td>
<td>1,124</td>
<td>26,535</td>
<td>3,705</td>
<td>181.1</td>
<td>480</td>
</tr>
<tr>
<td>Total transfers as a % of gross general revenues</td>
<td>50.3</td>
<td>51.4</td>
<td>41.7</td>
<td>47.9</td>
<td>27.9</td>
<td>23.3</td>
<td>52.0</td>
<td>69.0</td>
</tr>
<tr>
<td><strong>1983-1984</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Transfers</td>
<td>844.4</td>
<td>190.8</td>
<td>1,022.2</td>
<td>908.9</td>
<td>5,031.2</td>
<td>914.7</td>
<td>110.0</td>
<td>374.0</td>
</tr>
<tr>
<td>Cash</td>
<td>69.3</td>
<td>13.9</td>
<td>126.1</td>
<td>93.8</td>
<td>2,569.5</td>
<td>187.0</td>
<td>7.6</td>
<td>10.5</td>
</tr>
<tr>
<td>Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>913.7</td>
<td>204.7</td>
<td>1,148.3</td>
<td>1,002.7</td>
<td>7,600.7</td>
<td>1,101.7</td>
<td>117.6</td>
<td>384.5</td>
</tr>
<tr>
<td>Gross General Revenues</td>
<td>2,020</td>
<td>477.1</td>
<td>2,966</td>
<td>2,354</td>
<td>28,596</td>
<td>4,045</td>
<td>185.5</td>
<td>570.7</td>
</tr>
<tr>
<td>Total transfers as a % of gross general revenues</td>
<td>45.2</td>
<td>42.9</td>
<td>38.7</td>
<td>42.6</td>
<td>26.6</td>
<td>27.2</td>
<td>63.4</td>
<td>67.4</td>
</tr>
<tr>
<td><strong>1984-1985</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Transfers</td>
<td>907.4</td>
<td>205.7</td>
<td>1,078.6</td>
<td>957.0</td>
<td>5,604.1</td>
<td>1,024.4</td>
<td>124.3</td>
<td>414.6</td>
</tr>
<tr>
<td>Cash</td>
<td>74.8</td>
<td>15.9</td>
<td>141.5</td>
<td>104.9</td>
<td>2,689.2</td>
<td>204.7</td>
<td>6.7</td>
<td>13.2</td>
</tr>
<tr>
<td>Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>982.2</td>
<td>221.6</td>
<td>1,220.1</td>
<td>1,061.9</td>
<td>8,293.3</td>
<td>1,230.0</td>
<td>131.0</td>
<td>427.8</td>
</tr>
<tr>
<td>Gross General Revenues</td>
<td>2,224</td>
<td>478.9</td>
<td>3,297</td>
<td>2,616</td>
<td>30,743</td>
<td>4,366</td>
<td>200.7</td>
<td>609.1</td>
</tr>
<tr>
<td>Total transfers as a % of gross general revenues</td>
<td>44.2</td>
<td>46.3</td>
<td>37.0</td>
<td>40.6</td>
<td>27.0</td>
<td>28.2</td>
<td>65.3</td>
<td>70.2</td>
</tr>
</tbody>
</table>

Notes: 1. For all federal transfer data, Treasury Board of Canada, Fact Sheet No. 5, "Federal Transfers to the Provinces, Territories and Municipalities" (Department of Finance, June 1985).
Source: Gordon Robertson, Northern Provinces: a Mistaken Goal (Montreal, Institute for Research on Public Policy, 1985), Table 1.
objectives and displays trends in federal and territorial expenditure by
northern objective. Table V shows the allocation of funding under the
selected northern objectives of 'Quality of Life', 'Social and Cultural
Development', and 'Economic Growth.' It is important to note of Table V that
out of seven objectives plus 'Administration and Support,' 'Quality of Life'
receives the highest combined federal and territorial level of funding,
followed by 'Administration and Support' and 'Economic Growth.' 'Social and
Cultural Development' receives the lowest level of combined funding. Also,
as was pointed out with reference to Table IV, the monies contributed by the
territorial government to the above objectives are 70 per cent federal.

Also at the federal level, the Constitutional Development and
Strategic Planning Branch of the Department of Indian Affairs and Northern
Development has recently acknowledged that "northerners do agree on one
important and fundamental issue - the right to political and economic
self-determination - the right to control decisions which directly affect
their lives" (Canada-INA 1988b:3). The Branch's report, "A Northern
Political and Economic Framework", focuses on "three interrelated issues that
form the heart of northern politics - aboriginal rights, political evolution
and the economy" (Canada-INA 1988b). The report reaffirms Canada's 'national
interest' in northern development and that, despite the changing role of the
federal government in the North, it "will continue to have a special interest
in the North", particularly in the areas of "national security, the political
development of the North, its economic potential, expanding our scientific
knowledge of the Arctic..., protection of the North's unique environment,
conservation of nationally important natural areas and protection of
aboriginal rights" (Canada-INA 1988b:26). The concept of community-based
development is not at odds with the report's framework but neither does the
report mention the possibility of community involvement in the attainment and
Table V. 1987/88 Planned Expenditure by Selected Spending Agency and Northern Objectives - Northwest Territories ($000's)

<table>
<thead>
<tr>
<th>Spending Agency</th>
<th>Quality of Life</th>
<th>Social &amp; Cultural Development</th>
<th>Economic Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Agencies:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada Mortgage &amp; Housing</td>
<td>28,300</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Communications</td>
<td>186</td>
<td>--</td>
<td>91</td>
</tr>
<tr>
<td>Employment &amp; Immigration</td>
<td>22,482</td>
<td>25</td>
<td>7,488</td>
</tr>
<tr>
<td>Energy, Mines &amp; Resources</td>
<td>16</td>
<td>156</td>
<td>796</td>
</tr>
<tr>
<td>Environment</td>
<td>143</td>
<td>--</td>
<td>5,938</td>
</tr>
<tr>
<td>Federal Judicial Affairs</td>
<td>362</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Fisheries and Oceans</td>
<td>634</td>
<td>--</td>
<td>3,180</td>
</tr>
<tr>
<td>Indian &amp; Northern Affairs</td>
<td>1,964</td>
<td>2,523</td>
<td>7,934</td>
</tr>
<tr>
<td>Justice</td>
<td>1,068</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>National Defence</td>
<td>3,305</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>National Health &amp; Welfare</td>
<td>85,626</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>National Museums</td>
<td>--</td>
<td>384</td>
<td>--</td>
</tr>
<tr>
<td>Post Office</td>
<td>9,008</td>
<td>--</td>
<td>9,008</td>
</tr>
<tr>
<td>Public Service Commission</td>
<td>2,870</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Regional Industrial Expansion</td>
<td>--</td>
<td>--</td>
<td>10,909</td>
</tr>
<tr>
<td>Royal Canadian Mounted Police</td>
<td>27,879</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Secretary of State</td>
<td>2,268</td>
<td>2,778</td>
<td>--</td>
</tr>
<tr>
<td>Transport Canada</td>
<td>26,460</td>
<td>--</td>
<td>61,741</td>
</tr>
<tr>
<td>Veterans Affairs</td>
<td>213</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total Federal Government</strong></td>
<td>212,784</td>
<td>5,866</td>
<td>107,085</td>
</tr>
<tr>
<td><strong>Government of the NWT</strong></td>
<td>549,231</td>
<td>5,961</td>
<td>68,334</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>762,015</td>
<td>11,827</td>
<td>175,419</td>
</tr>
</tbody>
</table>


management of greater control.

The Government of the Northwest Territories' Department of Economic Development and Tourism is charged with economic development concerns. In the territorial government's 1987 Annual Report the Department states that it follows six principles for economic development:

...diversification, the concentration of efforts in the smaller communities, identification of opportunities for the private sector, encouragement of southern investment in the northern economy and
The development of new export markets, strategic planning, and cooperation with the non-renewable resource companies. (GNWT 1988:55)

These principles are based on the assumption that "through the creation of jobs, training, opportunities for northern people and the interest and investment of the rest of Canada, the economy of the Northwest Territories can gain stability and diversity" (GNWT 1988:55). In the territorial view then, state-assisted economic development in the NWT is seeking both integration with the rest of Canada through "interest and investment" and some control over the rate and type of integration so as to attain "stability and diversity". The possibility that these may be contradictory objectives is not raised.

Northern development is thus characterized by confusion. In part, the reasons for confusion stem from the incongruence of the Canadian culture's simplistic images of the North and the complex reality of the North. As Sally Bremner (1988:111) observes: "Canadians have a peculiarly ambivalent attitude toward their northern territories: southern Canadians vacillate between a romantic view of untamed wilderness, exotic fauna and hardy peoples on the one hand, and an inexhaustible supply of exploitable resources on the other." The implications of these polarized images are as incompatible as they are obvious: the romantic view implies preservation, the inexhaustible resources view implies exploitation. Thomas Berger observed a further distinction in the Report of the Mackenzie Valley Pipeline Inquiry (1974-1977), *Northern Frontier, Northern Homeland* (1988). In addition to being a store of inexhaustible resources and a gargantuan national park, the North is a home and a homeland for the people who live there. And it is these people, however few, who must live with both the opportunities and constraints resulting from national policies of preservation or exploitation.
The issue of a dichotomy between hinterland and homeland is therefore of special significance to northern peoples.

Lotz has asserted that the Canadian North is "a mirror to the nation and a place in which Westerners [i.e. Western Civilization] see their folly in plain light. What has happened to the north reflects the nature of the Western way...." (Lotz 1970:16-17). Lotz's 'Western way', in the context of northern development, is the way characterized by the modernization paradigm and its prescriptions. In the Northwest Territories the objectives of modernization have not been attained and instead an increasing dependency is being produced. For example, as one of the most 'developed' regions in Canada's North, the Western Arctic has evaded the economic growth, specialization and integration of modernization and instead bears the full brunt of dependency. In the past, when resources have been in demand, the Western Arctic has proven to be a resource region - manifesting relying on the staples of whale products and fur and the export of wealth along with those resources. When the demand for resources disintegrated, the Canadian welfare state moved north, and the region reverted to public assistance. Due to the transition from staples to state assistance, the Western Arctic is now more accurately described as a welfare region than a resource region. At the same time, it is subject to the booms and busts of the resource-based components of its economy. Fundamental development, characterized by stability, diversity and local control, remains an ideal to work toward.
CHAPTER 3. STAPLE THEORY

3.1 AN INTRODUCTION TO STAPLE THEORY

'Staple theory' is an economic model that explains economic growth and development based on the extraction and export of primary products such as fish, fur, timber, or petroleum. Staple theory was formulated in and has direct application to Canada. It has been used both to describe and to prescribe paths of economic development. This section outlines the basic formulations of staple- or export-led growth.

Staple theory was developed simultaneously by economic historians Harold A. Innis (1894-1952) of the University of Toronto and William A. Mackintosh (1895-1970) of Queen's University in the 1920s and 1930s. Innis is usually deemed to be the founder of staple theory through his studies of the cod, fur, mining and communications industries. In addition, Innis is said to be the father of Canadian political economy and the greatest figure in intellectual nationalism (Page 1986:49). Mackintosh's contribution to the formulation of staple theory and Canadian political economy began with his 1923 article "Economic Factors in Canadian History." The two men came to represent divergent interpretations of staple theory. Interestingly, the world of public policy has tended to gravitate toward Mackintosh's interpretations, while the world of intellectuals has found a greater affinity with Innis' interpretations.

Before parting theoretical ways, Innis and Mackintosh agreed to the basic assumptions of staple theory respecting material conditions and dynamics of change. This basic framework was outlined Watkins in his 1963 article "A Staple Theory of Economic Growth." Watkins' formulation is useful because, as Caves has observed, the simple form "probably yields no normative conclusions" (quoted in Watkins 1977a:84).
A simple model of staple theory asserts that the export of staples provides an engine for national economic growth. The theory takes into account the fact that the experience of 'new' countries is different from that of older industrialized nations. Indeed, the theory's application requires the material conditions of a country like early Canada, possessing "a favourable man/land ratio and an absence of inhibiting traditions" (Watkins 1963:53). Conditions are such that there are enough people to constitute a domestic market but not enough people to flood the labour market and restrain wages. The low person/land ratio (population density) is important because it "implies a relatively high standard of living" and the "fact that new countries do not start their development with population pressing against scarce resources gives them an enormous advantage over the typical underdeveloped country" (Watkins 1963:61). The lack of traditions "means that institutions and values must be formed anew, and... the process will be selective and those [values and institutions] transferred are likely to take a form more favourable to economic growth" (Watkins 1963:61).

A major limitation of staple theory is immediately apparent in its neglect of aboriginal societies. Watkins (1963) makes the case that early (European) Canada was a staple economy rather than a subsistence economy. Staple theory would encounter major limitations if Canada were to be considered a subsistence economy insofar as for "the staple economy, the export sector can be an engine of growth; for the subsistence economy...the export sector will have either limited or adverse effects" (Watkins 1963:65). This point will be discussed in section 3.4, but for the moment we must suspend our disbelief in order to pursue the simple model of staple theory.

From the atypical characteristics of a favourable person/land ratio and an absence of inhibiting traditions flow some "highly probable consequences for the growth process":

...staple exports are the leading sector, setting the pace for economic growth and leaving their peculiar imprint on economy and society; the importation of scarce factors of production is essential; and growth, if it is to be sustained, requires an ability to shift resources that may be hindered by excessive reliance on exports in general, and, in particular, on a small number of staple exports. (Watkins 1963:53)

The fundamental assumption of staple theory is that "staple exports are the leading sector of the economy and set the pace for economic growth" (Watkins 1963:53). Watkins uses orthodox economics and Hirschman's concept of economic linkages to restate the essentials of staple theory (Watkins 1963:54-59). Generally speaking, linkages are complementary activities spawned by the primary economic activity. As noted, staple theory asserts this primary activity will be the extraction and export of a staple resource. Linkages generated by increased demand for the staple are 'backward,' 'forward,' and 'final demand.' Backward linkages are made by purchases stimulating the production of inputs that are needed to extract the resource such as machinery. Forward linkages are made by the processing of the resource prior to export which adds value. Final demand linkages are made by activities related to the production of consumer goods demanded by the population associated with the resource industry. The movement and diffusion of investment through these linkages is termed 'spread' or 'spread effect.'

In addition to these linkages there is also a relationship between "staple production and the supply of entrepreneurship and complementary inputs, including technology" (Watkins 1963:56-57). Entrepreneurship, or the ability to perceive and exploit market opportunities, is a key factor. Entrepreneurship may be either domestic or foreign, private or governmental or any combination of the above. Labour and capital are closely connected to entrepreneurship, the characteristics of the entrepreneurial combination leading the nature of labour and capital, where both are imported to the 'new country'. As Watkins (1963:58) notes, "foreign capital, both in substance
and preference for foreign trade over domestic industry, is difficult to distinguish from foreign entrepreneurship". The import of foreign technology will also be facilitated by foreign capital and entrepreneurship. Despite the positive qualities of the model, the combination of the above factors is highly subject to normative interpretation as is discussed below.

The nature of growth follows upon the characteristics of the staple economy. Change can occur in the following external dimensions:

...in foreign demand and supply, which can destroy old staples and create new ones; in transport facilities, which can cheapen internationally traded goods; in the 'push' of factors from the old countries and the 'pull' from other new countries; in colonial policy and in the frequency of wars which can either encourage or discourage growth. (Watkins 1963:60)

Internally, the new country "may gain power to mould the environment to suit its needs":

It can develop a transport system adequate for both domestic and export requirements; it can pursue a commercial policy by which it can cause further processing of its exports and promote import-competing industry without unduly interfering with the optimal allocation of its resources. (Watkins 1963:60)

In the short run, growth is "initiated by an increase in demand for a staple product" and, in the long run, "sustained growth requires an ability to shift resources at the dictates of the market" (Watkins 1963:60).

Although verging on the normative, a brief overview of potential pitfalls is necessary. Watkins identifies two important pitfalls: the development of an inhibiting 'export mentality' and the possibility of a 'staple trap'. The export mentality is defined as an "overconcentration of resources in the export sector and a reluctance to promote domestic development" (Watkins 1963:62). Closely connected is the concept of a staple trap:

If the staple is unfavourable or if stagnation persists for any period of time because of a weak resource base, the staple economy can take on the
character of a traditional underdeveloped country.... Firstly, institutions and values can emerge which are inimical to sustained growth, and the process of remoulding will be difficult. Secondly, a population problem can be encountered as the population initially established through immigration continues to expand through natural increase [resulting in]...persistent unemployment and underemployment... (Watkins 1963:63)

In an ideal scenario, the pitfalls identified by staple theory would be avoided. The production of staples would generate strong linkage and spread effects which would be adequately exploited and "eventually the economy will grow and diversify to the point where the appellation 'staple economy' will no longer suffice" (Watkins 1963:64). The staple economy is replaced by another type of economy which Watkins characterizes as follows:

Population growth will come to result more from natural increase than from immigration. Per capita income will rise beyond the level consistent with any customary definition of underdevelopment. With the gaining of entrepreneurial confidence and the expanding opportunities of domestic markets, domestic entrepreneurs will persistently usurp markets from foreign suppliers. A well-developed secondary manufacturing sector serving domestic markets and possibly even foreign markets will emerge. Staple exports and imports of manufactured goods may fall as a percent of national income. (Watkins 1963:64)

Staple theory establishes a close link between the functionings of a domestic economy and the exigencies of international trade. It is therefore subject to different interpretations of the nature, degree, and desirability of this connection. Accordingly, this basic framework of staple theory will now be subjected to the interpretations and prescriptions of William A. Mackintosh (section 3.2), Harold A. Innis (section 3.3), and Walter L. Gordon and Melville H. Watkins (section 3.4).

3.2 MACKINTOSH'S OPTIMISIM

Mackintosh interpreted staple theory's connection between the domestic economy and international trade in a favourable light. From the publication of his 1923 article "Economic Factors in Canadian History" to his
1939 The Economic Background of Dominion-Provincial Relations to his later works, he was influential in the formulation of Canadian public policy from his positions as an academic and then as a public servant. Mackintosh was a major contributor to the Royal Commission on Dominion-Provincial Relations, more commonly known as the Rowell-Sirois Commission (Rowell-Sirois Commission 1954) which conducted its research between 1937 and 1940. The influence of his theory of economic growth is demonstrated in the pages of the Report, particularly in the background laid out in Book I. Indeed, Mackintosh can be said to have provided the development theory for Canada's nascent welfare state as it was grounded in the findings of the Rowell-Sirois Commission (Mackintosh 1939).

Mackintosh also produced the 1945 White Paper on Employment and Income. This document outlined the postwar government's intention to adopt Keynesian economic policies to maintain a high level of employment and income through judicious balancing of budget deficits and surpluses. It is clear that Mackintosh's impact on Canadian public policy was pervasive.

For Mackintosh, staple theory was a model of economic growth that emphasized the importance of external demand for Canada's raw resources. This external demand stimulated economic expansion which would then evolve toward a mature industrialized economy based on staple production through increasing backward, forward and final demand linkages. This variation of staple theory is labelled the "optimistic scenario" because Mackintosh maintained that staple-led growth "based on dispersed, competitive production and limited concentrations of market power" would produce an economy that would diversify and expand into manufacturing and services (Bradfield 1988:33-34, 122).

Mackintosh held the modernization paradigm or vision of industrialization. In this paradigm, progress based on growth, integration
and specialization was assumed to be universally desirable. Development was seen as a natural progression from primary staples industries, to secondary processing and manufacturing industries. The integration of regional economies with the national economy and the national economy with the international economy was seen to be beneficial both to the creation of wealth and a diverse economy. In the words of the Rowell-Sirois Commission's Report:

Because Canada is one of the least self-sufficient countries in the world her prosperity and her very existence depend on making the most of her own specialized resources, and on trading them as advantageously as possible for her other requirements. Her success will depend not only on her own skill and efforts, but also on the continuation of an interdependent and integrated system of trade and finance. Everything which tends to restrict the operation of that system, such as barriers to the international movement of population, goods or capital, or the detachment and artificial isolation of large blocs from the world economy on a self-contained basis, reduces the scope for an advantageous international division of labour - the principle on which the existing Canadian economy and standards of living are built. (Rowell-Sirois Commission 1954:Book I, 178)

The findings of the Commission were grounded in the experience of the Depression in Canada and the domestic impacts of the total collapse of world trade during that period. The Commission's prescriptions were not, however, acted upon until after World War II. At this time it was deemed by the federal and provincial governments to be in the interests of Canadians to seek to equalize the opportunities and services provided to Canadians. The Commission recommended the revamping of federal-provincial fiscal arrangements in order to ensure comparable levels of service across the nation's diverse regions.

The regional development implications of this view of economic growth and the addition of Keynesian economic management gave rise to the Canadian Welfare State's concern with the alleviation of regional disparities and thence to regional development policies. The experience of the
Depression of the 1930s gave notice that in some areas integration was a problem. Out of the Rowell-Sirois Commission and the experience of postwar reconstruction came the notion that government was to have a role in assisting market forces. Federal deficits would be incurred when unemployment threatened but this debt would be balanced by the budget surpluses generated in periods of prosperity. Although governments have found it difficult to withdraw growth incentives during periods of prosperity, these principles were given lip service from the 1950s to the 1970s.

Canadian development theories have been decidedly of the optimistic bent in the years since World War II. Staple-led development and integration with the international economy in the manner outlined by the Rowell-Sirois Commission has dominated the Canadian economy. Analysts such as Clyde Weaver and Thomas Gunton have asserted that operative Canadian development theories have been derived more from international ideas than they were from Canada's 'home grown' staple theory (Weaver and Gunton 1982:9-10). Given Mackintosh's association with staple theory and his impact on public policy as outlined above, it is difficult to accept Weaver and Gunton's claim that staple theory has been 'neglected.' One explanation of their assertion may be found in the predilection of intellectuals to associate staple theory with the pessimistic rendition of Innis rather than the optimistic interpretation espoused by Mackintosh.

3.3 INNIS' PESSIMISM

For Innis, staple theory "was not just an explanation of economic growth. It was, instead, a framework for analyzing the entire political, social, and economic history of Canadian development" (Weaver and Gunton 1986:8). Out of the depth and breadth of Innis' works arise two points that
are of particular relevance to this study. The first is Innis' discussion of dependency. The second is his insight into the impacts of particular staples on growth patterns.

In contrast to Mackintosh, Innis' interpretation may be labelled the "pessimistic scenario" of staple theory (Bradfield 1988:34-38, 122). Innis was less optimistic than Mackintosh because he saw a "possibility that the growth of staples industries will create patterns of production and control which inhibit both competitive markets and the development of a strong and diversified (locally-controlled?) economy..." (Bradfield 1988:122, parenthetical commentary in original). This was seen to be the case because of the tendency of "financing, production and/or distribution arrangements" to "focus the economy on external markets and restrict its ability to meet its own needs" (Bradfield 1988:122). If this were to be the case, a national or regional economy would enter into a cycle of dependency on external markets and be subject to external control. Thus, in the Canadian context:

The economic history of Canada has been dominated by the discrepancy between the centre and the margin of western civilization. Energy has been directed toward the exploitation of staple products and the tendency has been cumulative. The raw material supplied to the mother country stimulated manufactures of the finished product and also of the products which were in demand in the colony....energy in the colony was drawn into the production of the staple commodity both directly and indirectly. Population was involved directly in the production of facilities promoting production. Agriculture, industry, transportation, trade, finance, and governmental activities tend to become subordinate to the production of the staple for a more highly specialized manufacturing community. (Innis 1956:18)

Furthermore,

Concentration on the production of staples for export to more highly industrialized areas in Europe and later in the United States had broad implications for the Canadian economic, political and social structure. Each staple left its stamp, and the shift to new staples invariably produced periods of crises in which adjustments in the old structure were painfully made and a new pattern created in relation to a new staple. (Innis quoted in Watkins 1973a:116)
Thus, for Innis, staple theory became the reference framework for discussions of dependency and economic inhibition rather than the simple assumption of economic growth. As Weaver and Gunton (1982:8) observe, Innis emphasized factors such as "discrepancies of power between metropolis and hinterland, the consequences of external control, the problem of leakages of capital, institutional blockages to economic diversification, and the frequent occurrence of disequilibrium and crisis."

Innis saw in the inherent nature of staple production a pervasive impact on the Canadian economy and society. As Bradfield (1988:30) summarizes, the impact of a new staple export "will depend on its [demand and] duration, the linkages with the rest of the economy, the type of production process used, government reactions to the new industry, and a host of other factors." For example, a staple that uses labour intensive and/or locally owned production processes will have a greater local impact than industries that are capital intensive and/or foreign owned. The nature of the staple also determines the degree and nature of settlement and economic infrastructure. For example, the Canadian fur trade "did not encourage permanent settlement, whereas wheat prompted urban growth because of the need for processing and transportation facilities" (Norton 1984:175). The reaction of government is also important as seen in Canadian government's subsidization of the Canadian Pacific Railway or, more recently, resource megaprojects.

Staple export is highly sensitive to its markets' demands. Bradfield (1988:35-38) points out that a particular staple is likely to be of marginal importance to the market (that can be supplied from any source) while it is of paramount importance to the specialized export region. "Demand changes can lead to expansion of the new area or, possibly, to a settlement collapse if demand drops before a more diverse economy emerges"
Innis observed a tendency in the phenomenon of staple export to develop an "export mentality," wherein resources are concentrated in staple production rather than diversification as was noted in section 3.1 as one of the pitfalls of staple-led growth. The export mentality manifested in staple exploitation is reinforced by the same tendency in government and in financial markets. The narrow economic base thus developed is therefore even more highly sensitive to fluctuations in demand.

Thus, where the optimistic scenario sees development as a process of increasing external linkages with developed areas promoting increased internal linkages, the pessimistic scenario sees external linkages as inhibiting the development of internal linkages and thereby the cause of underdevelopment. What are termed external linkages may effectively be blockages to the extent that they prevent internal or local development. In this way, Innis can be said to have anticipated more recent core-periphery/metropolis-hinterland arguments with regard to development theory (Bradfield 1988:122; Weaver and Gunton 1982:8).

But Innis focussed on description rather than prescription. He was a strong and vocal proponent of the detachment of the Canadian academic community from political involvement. Innis saw in staple theory a method of explaining and analyzing the history and development of Canada. His significance to development theory therefore lies in the depth and breadth of his analysis that later theoreticians were to make use of in their own ideological framework and political activities. As will be seen in section 3.4, Innis' staple theory provided a reference framework and a discussion of dependency that opened new avenues for the nationalism of Canadian liberals and socialists in the 1960s and 1970s.
3.4 STAPLE THEORY REVISITED

In the 1950s and particularly in the 1960s and 1970s staple theory was 'revisited' by Canadian nationalists. For theoreticians such as Walter L. Gordon (1906-1987) and Melville H. Watkins (1932- ), Innis' formulations came to demonstrate that Canada was being unnecessarily subjected to external forces which ensured Canadian dependence on foreign markets and desires.

Gordon was a public servant, Minister of Finance in the Pearson administration from 1963 to 1965, and an author who became an inspiration to Canadian nationalism from the 1950s until his death. Watkins was, and continues to be, an academic economist with varying involvement in Canadian political life. As an orthodox economist in the early 1960s, Watkins was noted for his study of Innis and staple theory and, interestingly, was criticized for reducing Innis to sterile economism in his 1963 article "A Staple Theory of Economic Growth" (Watkins 1963) referred to in section 3.1.

From 1955 to 1957 Gordon chaired the Royal Commission on Canada's Economic Prospects, also known as the Gordon Commission. The Gordon Commission warned of the threat that foreign investors posed to Canadian sovereignty. As Minister of Finance from 1963 to 1965, Gordon attempted to put forward a budget that would place a tax on takeovers of Canadian firms. This proposal was withdrawn under pressure and Gordon resigned after the November 1965 election. He returned to public life in 1967 as President of the Privy Council in order to oversee the Task Force on the Structure of Canadian Industry. This task force was headed by Watkins and is usually referred to as the Watkins Task Force.

The research undertaken by the Watkins Task Force took place in 1967 and 1968. D. Morton (1983:244) claims that up until this point Watkins was a "sympathetic but hitherto anti-nationalist economist." Gordon and Watkins "began the process of analysing and exposing the extraordinary degree to
which American capital had permeated and come to dominate Canadian economic life" (W.L.Morton 1972:130). In response, Gordon advocated increased Canadian ownership, financing of further Canadian developments and the promotion of a domestic entrepreneurial class (Page 1986:51). Canadian wealth should be in the hands of Canadians rather than multinationals. There is no indication that this economic nationalism had direct or positive implications for regional development theories since liberal nationalism was also relatively centralist.

At this time, it would appear that Watkins' thought shifted in response to his research on American domination and exposure to liberal nationalism. He shifted past Gordon on the political spectrum and became affiliated with neo-Marxism (see Appendix B) in his academic life and the New Democratic Party (NDP) in his political life. Therefore, although Gordon and Watkins shared, for a time, similar interpretations of Canadian reality in light of Innisian dependency issues, their ideological frameworks prompted them to quite different conclusions and prescriptions. In 'revisiting' staple theory in the late 1960s and early 1970s, Watkins formulated a divergent prescription for Canada and for regional development.

Watkins used neo-Marxism and staple theory to analyse the stagnation and deindustrialization in the Canadian economy (1973a;1973b;1977a). In his view, "there was no point in replacing American capitalists with Canadian ones [as Gordon espoused] when the fundamental problem was capitalism, including the dependency relationships and economic disparity it spawned" (Page 1986:51). Gordon was applauded as a "genuine bourgeois nationalist folk-hero" (Watkins 1973a:108) but his idea of an independent capitalist Canada was dismissed as a structural contradiction (Watkins 1973b:252, 256-61). According to Watkins (1977a:110), "It is the hallmark of a hinterland that it not only cannot generate its own solutions - so long, that
is, as it operates within the capitalist framework - but it cannot even generate its own problems."

Closely related to Innis' discussions of dependency, Watkins' thought is also informed by neo-Marxism including the work of Andre Gunder Frank of the Latin American 'Dependencista' School (citations in Watkins 1973a:111 and Watkins 1973b:257). As Weaver and Gunton (1982:22) note, Innis anticipated the Dependencista formulations on dependency and underdevelopment. Watkins, however, did not produce his similar neo-Marxist analysis independently.

In Watkins' view, radical changes are required in the Canadian economic and political structures. Approaching the question of economic development from a staple theory background, he described the situation as one in which,

...staple production in Canada has not only generated economic growth - as emphasized by mainstream writers [e.g. Mackintosh] - but has also generated social disturbances (such as protest movements) and social rigidities (regional disparities and the social costs of regional underdevelopment). (Watkins 1977a:92)

The reason for these social disturbances and social rigidities lies in the nature of capitalism in a staple-based economy: "staple production, by its inherent nature, brings into play powerful structural and determinative factors" (Watkins 1977b:94). Of these structural and determinative factors the most important is the tendency of capitalist investment to bleed regions of economic surpluses which would have ideally generated regional development. Within Watkins' neo-Marxist model, not only do capitalist firms appropriate workers' labour but they also appropriate regional and national wealth.

Furthermore, and here the influence of nationalism appears, it is international capitalism that poses the greatest threat to Canada:
At the root of our problem lies foreign ownership. In the resource industries, it means the export of staples in unprocessed form and the outward drain of surplus. In the manufacturing industries, it means a truncated, branch-plant structure with a high propensity to import parts and an incapacity to export finished products, or even to hold the Canadian market without tariff protection. The combination is deadly. (Watkins 1973a:115)

As Page (1986:40) observes, in Watkins' and others' work "class analysis overlapped with clear nationalist priorities in a way that was uncommon for Marxism, given its usual international perspective."

The structural conditions of underdevelopment of the hinterland are the same as those that ensure the development of the metropole. Therefore,

...the prospects for sustained and more diversified development in the wake of non-renewable resource exploitation are decreased to the extent that rents, or "superprofits," are appropriated by the resource-capitalists, and particularly if they are foreign capitalists. ...the rents, to the extent to which they are retained by the corporations, tend to remain locked into resource exploitation and eventually leave the region that had the resources. This is so because resource companies are generally not diversified outside the resource sector and are increasingly multinationals prepared to exploit resources anywhere in the world. (Watkins 1977a:86)

By adding an analysis of economic rent, staple theory becomes an example of dependency rather than modernization theory (Watkins 1977a:87). As discussed in section 3.1, a staple trap, or a cycle of dependency associated with the export of staples, then implies that the outward draining of economic surplus, or 'rents', from a resource nation (or region) would inhibit growth. The nation would not develop sufficient capital or political power to control its own destiny let alone diversify and move into manufacturing and services.

This distortion of healthy economic growth is caused by forces inherent in staple-led growth. A tendency toward over-specialization is a characteristic of staple production. If the demand for the staple is particularly volatile the region will experience the effects of boom-bust cycles. If demand falls off altogether the region is stranded with
unadaptable infrastructure, etc. Painful readjustments must be made to these dislocations and will inhibit the growth of a diverse economy.

Watkins' formulation of staple theory also incorporates the issues and problems of aboriginal societies that had been smoothed over by Mackintosh and Innis in the assumption of a 'new' country to be developed by the export of staples. As noted in section 3.1, there is a fundamental difference between applying staple theory to new country without populations and traditions and applying it to existing subsistence economies: "For the staple economy, the export sector can be an engine of growth; for the subsistence economy... the export sector will have either limited or adverse effects on the economy" (Watkins 1963:65). Not to acknowledge the existence of aboriginal societies, let alone as subsistence economies, was to disregard the obviously adverse effects of staple export on aboriginal populations. Within the neo-Marxist framework the "aboriginal populations by being separated from the means of production have... the status of an underclass or lumpenproletariat" (Watkins 1977a:90) and are thus incorporated into the model as a marginalized group.

Watkins' critique of Canadian dependency was extended to the case of the Northwest Territories in the 1970s when he undertook work with the Indian Brotherhood (now the Dene Nation). He edited a collection of essays dealing with northern development published as Dene Nation: The Colony Within (1977). Included in this collection is his own essay entitled "From Underdevelopment to Development" (Watkins 1977b) which discusses the implications of neo-Marxist staple theory for native peoples of the Northwest Territories. In addressing the issue of development, Watkins states that "structural tendencies can be broken only by new institutional arrangements that permit of genuine development" (Watkins 1977b:94). Rather than expanding state capitalism, Watkins advocated a socialism that is associated
in Canada with the Regina Manifesto (Laxer 1971:7-8). Canadian public ownership should replace American private ownership.

Watkins stated it was important that "ownership [of resources] be regional, planning national, and decision-making communal" (Watkins 1973a:126). Leaving the statement’s ambiguity alone for the time being, Watkins claimed that if this new structure were to be adopted it would ensure that economic surpluses would remain in the region, staple industries would be subject to regional control, and, a base for diversified development would be secured. Thus, "in opposition to earlier formulations of staple theory, the explicit emphasis is upon the strategic use of resource exports to promote a more general economic restructuring, through active public entrepreneurship" (Weaver and Gunton 1982:27). In fact the economic processes incorporated in this 'new' conception of development derive from the simple model of staple theory outlined in section 3.1 and are therefore substantially the same as Mackintosh's and Innis'.

Regional public ownership in the context of national planning is seen as the solution to dependency. "The moral of the story is that failure to establish indigenous control over resources, and to escape the metropolis/hinterland bind, is crippling in the long run" (Watkins 1973a:119). Watkins quotes Bruce Archibald's study of the Atlantic Region as evidence to this line of thought:

Public ownership of the resource industries...would not only ensure that a more reasonable price could be obtained for these raw materials which were to be exported, but also the retention of economic surplus being produced by workers in the region. This could then be put to use in developing the manufacturing industries.... (Archibald quoted in Watkins 1973a:119)

In reality the means to connect communities, regions and national structures in a framework of socialism and national independence remains unclear. Watkins maintained that an alliance of a truly socialist party
(i.e. a reformed NDP) and trade unions could accomplish these radical changes (Watkins 1973b:261-69). With the quantity and quality of water that has passed under Canada's bridges since his writing in 1973, this situation does not appear to be developing: the NDP rejected the reform-minded Waffle Manifesto in favour of more middle-of-the-road policies and the alliance of the NDP and trade unionism appears shaky at best. While it is clear that regional ownership of resources would have a significant impact on the development of resource regions, it is unclear what is meant by the nature of and relationship between 'national planning' and 'communal decision-making.' Also, how the nation would institute these new arrangements is completely obscure in the absence of a revolution. Watkins does not appear to have been advocating revolution and, in the early 1970s, must have had a stronger faith in the future of a radical NDP than seems appropriate in the late 1980s. These structuralist critiques of traditional regional development approaches have provided insights into development processes but have not had a great impact on public policy.

Yet without structural changes such as those outlined by Watkins (however naive they might appear today), the future of underdeveloped regions appears bleak. Neither Canada nor the less-empowered regions are producing means to create fundamental development. Rather, Canada appears to be steadily on the course outlined by Innis while failing to capture the potential benefits of staple driven development as posited by Mackintosh.

3.5 STAPLE THEORY AND DEVELOPMENT APPROACHES

This section reviews the links between development theory and public policy by employing staple theory. While not all approaches to Canadian regional development have relied on staple theory, its representation of the opposing modernization and dependency paradigms permits an understanding of
the rationales behind the approaches. Further, Canadian regional development theory has traditionally stressed the nation's heritage of wealth based on primary resource extraction such as agriculture, mining, petroleum, fisheries, etc. These approaches were initially premised on the idea that "what was good for the periphery was good for Canada" (Lithwick 1987:127). Also, given the chaos of Canadian regional development, it is useful to distil generic theories of development. Staple theory provides such a reference. Its variations serve to demonstrate some of the complexity of 'traditional' approaches and the critiques of them.

The optimism of the modernization paradigm has dominated Canadian approaches to issues of national and regional development. Yet contemporary analysts of staple theory such as Watkins argue that Innis' version more accurately describes the Canadian situation at present. Staple theory demonstrates that there are potential tangible benefits to be gained by increased integration as was seen by Mackintosh and acted upon by governments throughout Canadian history. But there are also tangible costs and these have been noted by Innis, Gordon and Watkins. The costs and benefits of integration are essential to development theory in terms of both national and regional economies. Staple theory provides a window on this problem so that Canadians might face it, if and when they so choose.

The significance of optimistic formulations of development through specialization and integration is that they have provided the mainstay for most Canadian development policy at both national and regional levels. The more pessimistic formulations of Innis, Watkins and Gordon are also significant because they have fulfilled the function of a convincing opposition. There is some advantage in both the modernization and dependency paradigms coming out of the same tradition as they do in Canada. Because both are set forth in roughly similar language there have been cases where
the pessimistic formulations have swayed public policy. But the pessimistic formulations have not become consistently dominant in either national or regional deliberations. The reason for this is Canada's "export mentality" that was identified by both Innis (e.g. 1956:18) and Watkins (e.g.1963:62) as a likely pitfall of staple-led development. Also, the large and increasingly powerful influence of foreign demand (largely from the United States) for Canadian resources that preclude internal linkages and therefore development. Watkins (1973a:86&115) would appear to be correct in his assessment that the problems are structural and at the root lies foreign ownership or external control.

It might seem that the prescriptions of the two paradigms will be essentially opposed: policies that are grounded in the modernization paradigm will produce results antithetical to the prescriptions countering the negative impacts of dependency. Yet it has been the case in Canada that economic interests have found the prescriptions of the dependency paradigm in their interests from time to time. For example, the Canadian government has occasionally followed Gordon's prescriptions for the state support and protection of Canadian industries. Instances such as the support and funding of Canadian oil industry under the National Energy Program and Petroleum Incentives Program were ostensibly in the interests of Canadian rather than international capital. In the case of international capital, Canadian governments have a recurrent fascination with international investment and have entered into activities of 'smoke stack chasing.' In addition to the automobile industry, an example of this was the 1970s offer on the part of the Canadian government to provide a right-of-way for an Alaskan oil transportation corridor through Canada which has generated a considerable literature (e.g. Berger 1988; Dosman 1975; Lotz 1977; Watkins 1977a, 1977b; etc.).
Thus, what prescriptions for internal control generated by the dependency paradigm have been adopted tend to be in favour of large capital interests and market welfare. One result of reliance on the modernization paradigm without the use of a dependency antidote is that regional development strategies have been largely ineffectual in alleviating regional disparities. Indeed, there is a firm consensus in the regional development literature that "after two more decades and billions of dollars of grants and tax subsidies, no significant improvements have been made" (Bradfield 1988:11) and "regional disparities have not disappeared" (Lithwick 1987:142). If the energies currently mobilized behind the modernization paradigm were to be shifted to support some of the more socially and locally oriented prescriptions of the dependency paradigm (or simply immobilized) some progress toward fundamental development might be made. Any investigation of these possibilities will no doubt raise more issues. But at least such an investigation of our condition will begin the ongoing process of "thinking rationally, creatively and decisively by a collectivity of humans about how to manage a complex open system which contains [the collectivity] and is territorially defined." Staple theory therefore provides a vehicle for generating insights into how fundamental development may be understood and possibly accomplished.
4.1 AN ANARCHIST APPROACH TO REGIONAL DEVELOPMENT

Since staple theory has introduced both liberal and neo-Marxist thought and solutions to no avail, this chapter looks at solutions to the problems of regional and northern development to be found in Anarchist thought. Anarchism may be seen as an alternative to the industrialization and integration of the modernization paradigm. As such an alternative it belongs to the dependency paradigm. Where Watkins was seen to delinate a neo-Marxist perspective, this section assesses an Anarchist perspective on regional development.

The Anarchist perspective constitutes part of the dependency paradigm because, firstly, it is a critique of the conditions produced by policies grounded in the modernization paradigm and, secondly, it prescribes fundamental structural and institutional change as the solution to dependency. As Weaver notes, "The central thesis of radical regional science... is that the capitalist economic system necessarily creates uneven development" (Weaver 1984:140, emphasis in original). Anarchist regional theory also concurs with the neo-Marxist analysis that concludes "structural tendencies can be broken only by new institutional arrangements that permit of genuine development" (Watkins 1977b:94).

The main difference between neo-Marxist and Anarchist prescriptions lies in the goals and nature of the endeavour: where the Marxist and neo-Marxist approaches point to the necessity of large-scale structural change from the top down, the Anarchist approach points to the possibility of incremental structural change from the bottom up. Because of this bottom-up approach, Anarchist thought more clearly outlines the connection between the well-being of communities and a healthy regional socio-economic environment.
The Anarchist-based branch of radical regional science seeks to affirm, 

...oppositional movements that will lead to a genuine political life with widespread citizen involvement, a measure of territorial autonomy in production and politics, the collective self-production of life, and the discovery of one's individuality in the context of specific social relations. (Friedmann 1987:14)

Relatively little has been written about the relationship of communities to regional and national development. Boothroyd (1989:34) observes that "Regional theory has yet to catch up with bottom-up development activities and concerns." What has been written has been authored by the main proponents of a community-based regional development planning theory, Friedmann and Weaver. Friedmann is a convert to Anarchism from the growth pole strategies of the modernization paradigm. Weaver has changed his approach slightly less over his career and his work has evolved toward a more subtle application of Anarchist thought.

Weaver's Regional Development and the Local Community (1984) provides a clear statement of the Anarchist approach to regional planning. In this work he outlines the progress of Anarchist thought from 19th century theoreticians such as Proudhon to the origins of North American regional planning in the 1920s and 1930s to the present. Weaver argues that,

... in an important sense regional theory comes full-circle. As in the beginnings of urban-industrialization, the health and well-being of a local community are seen within the context of the broader political economy, but, to succeed, regional reconstruction must be accepted as fundamentally a local task, based on democratic consciousness, solidarity, cooperation, and struggle. (Weaver 1984:14)

Communities and regions must have political control over regional development if fundamental development is to occur. Mechanisms and structures that ensure an ongoing process of local political control over development are seen to be at the heart of community-based development: "because of a growing divergence between the interests of corporate economic power, local
communities, and central governments, grassroots regional planning may represent a viable alternative to arbitrary corporate-bureaucratic control" (Weaver 1984:1). Regional planning may become "one of the central strategies of democratic action" (Weaver 1984:1).

In the earlier concept of 'territorial development', Weaver (1978) argued that regions must seek "selective regional closure" and "strategic regional advantage" through "willful community action" rather than succumb to integrative market forces and state policies (especially growth pole strategies). 'Territorial integration' was seen by Friedmann and Weaver (1979) as a new stream of development doctrine in opposition to the 'functional integration' espoused by notions of polarized development and growth pole strategies. What Friedmann and Weaver titled the 'agropolitan' approach was a strategy for regional development based on the assumptions that "the first-stage objective of development should be the satisfaction of basic needs; that development should be organized on a territorial basis; that questions of production and distribution should be jointly solved; and that the resource base for the development of productive forces must be continuously expanded" (Friedmann and Weaver 1979:194). The basic conditions for agropolitan development are: "selective regional closure, the communization of productive wealth, and the equalization of access to the bases for accumulation of social power" (Friedmann and Weaver 1979:195). These notions relating to territorial development appear to have evolved in Weaver's work into a firmer conceptual framework of local political control over regional development (Weaver 1984, 1985; Weaver and Gunton 1982; Weaver and Richards 1985).

In the Canadian context and out of an analysis of staple theory, Weaver and Gunton state that the past fifty years of regional development policies demonstrates,
Massive resource exports do not equal economic development. Significant numbers of jobs must be created. Useful, general purpose infrastructure must be built. Inwardly strong regional economies must be brought into being, which can provide residents a comfortable, secure living. This means hard work, initiative and reinvestment where the wealth is created. Most of all, it means a long-term commitment by people to their community. In this light, with due regard for the important redistributive functions of national government, perhaps it is time for the provinces to assume responsibility for their own economic development. (Weaver and Gunton 1982:31, emphasis in original)

Other than the debatable equivalence of provinces and regions, Weaver and Gunton are advocating a logical reconnection of resource regions to their resources as a means to develop socio-economic well-being. This reconnection would have special significance in the Northwest Territories where it is not even the territorial but the federal government that owns and controls regional resources. The following summarizes Weaver's approach to development as he has discussed it in Development and the Local Community (1984) and "Regions, Decentralization and the Global Economy" (1985):

A political strategy of bottom-up development amounts to mobilizing local labour power to create self-reliant economic well-being, typically in marginalized peripheral locations. Starting with use-value production for the individual and living group, it provides a mechanism for promoting wider forms of petty commodity production and exchange. Here we are talking about the so-called informal sector of the economy, whose main institutional forms are the grey market and producer and consumer cooperatives. ...such organizations provide a self-help welfare strategy for underdeveloped areas and a possible bridge to renewed success in the formal sector of the economy, creating in effect new decentralized patterns of economic activity. (Weaver 1985:294-95)

The devolution of political and administrative powers constitutes "decentralization of the state apparatus" and "will help overcome exploitation of the periphery by the core, changing the structural characteristics of public sector resource allocation and the class alliances upon which the power of government depends" (Weaver 1985:295).

It is important to note that the fundamental restructuring of the economy and society that Weaver advocates is achieved by incrementalism and
that it may co-exist with and receive support from existing society. Indeed, such restructuring requires transaction within society. Weaver suggests that economic development decisions ought to originate through a 'transactive style' that calls on collective wisdom (Weaver and Richards 1985:49).

Transactive planning is a 'staple' of planning theory and is discussed by its main theoretician John Friedmann (1987) and by Barclay Hudson (1979). Transactive planning is based on the idea of praxis: the intimate relationship between understanding and practice. It stresses "interpersonal dialogue marked by a process of mutual learning" and views planning as a "process embedded in the continual evolution of ideas validated through action" (Hudson 1979:389).

Difficulties with transactive planning are to be found in its tendency to discourage a community's capacity to be critical of its common culture and implicit assumptions. Therefore, although a transactive style opens possibilities for dialogue, it has a tendency, once opinions are voiced, to sustain rather than challenge them. This said, transactive planning's value lies in its notion that planning thought and action are linked processes and that both are embedded in society rather than being imposed in thought or action from above. It implies an ability of the 'bottom' to take advantage of the material and intellectual resources of the 'top', and vice versa. In the context of evolution towards local control of development, it is important that such a symbiotic relationship be developed. Community strategies must take advantage of the opportunities and constraints implied by this environment.

Community economic development encompasses a broad grouping of strategies that link local efforts to development. The variety of initiatives that are labelled 'community economic development' indicates that the concept is subject to broad and varied interpretations. The ambiguity of
the concept means that it is at once accessible and distant to understanding. McRobie and Ross (1987) maintain that it is up to the individual community to define what constitutes community economic development. Having said this, they then proceed to define community economic development as an effort to create employment. Members of the community are seen to "come together out of common concern for the growing social and economic costs associated with continuing unemployment" and attempt "to generate and initiate their own solutions to common economic problems." McRobie and Ross also state that the "solutions may tend to rely on market forces or utilize government programs; but, most importantly, the results are purposeful and deliberate economic actions and structures representing the wishes of the community." As noted in Table I, Wismer and Pell (1984) have identified a number of guiding principles for community economic development based on the expressed goal of community self-reliance. The emphasis of community economic development, according to Wismer and Pell (1984:29), is on "small-scale, decentralized, frequently labour-intensive projects which developed through finding new uses for available resources, both human and material, and which serve a variety of locally-identified needs."

Boothroyd and Davis have developed a framework for understanding community economic development. Table VI summarizes this framework. The Boothroyd-Davis framework incorporates a wide variety of definitions, goals, and approaches to community economic development. Each of the three types represented by CED I, II, and III may be seen as independent approaches, each constituting legitimate community economic development. Where McRobie and Ross would regard only the socially-motivated CED II and CED III as legitimate forms of community economic development, the Boothroyd-Davis framework incorporates the more conventional approaches to development as embodied in the economically-motivated CED I.
Table VI. Ways of Looking at Community Economic Development (C.E.D.):

<table>
<thead>
<tr>
<th>Emphasis</th>
<th>Direction</th>
<th>Focus</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Economic</td>
<td>Promotion</td>
<td>Outward, outside aid, $</td>
<td>Economic growth, Growth, continuity</td>
</tr>
<tr>
<td>II. Development</td>
<td>Self-reliance</td>
<td>Inward, internal resources</td>
<td>Economic development, Stability</td>
</tr>
<tr>
<td>III. Community</td>
<td>Transformation</td>
<td>Beyond purely economic concerns</td>
<td>Social development, Love/equity</td>
</tr>
</tbody>
</table>

Source: Boothroyd and Davis, School of Community and Regional Planning, UBC, Planning 503 lectures, especially 19 January 1989 and 9 February 1989.

In addition, the framework may also be interpreted as a continuum with the emphasis moving from strictly economic concerns (CED I) towards more holistic community concerns (CED III). The idea of a continuum contains within it an inherent value judgement: CED III is valued as being preferable to CED II which, in turn, is preferable to CED I. Yet, the very concept of community economic development is attractive because of the range of possibilities it suggests in varying circumstances. That is, CED I or CED II may in some cases and for some time be more appropriate than CED III.

Lotz (1987) observes that community economic development is "a child of hard times" in that it is a local response to degenerating social and economic conditions. Lotz perceives that community development has evolved to become "a form of research and development in handling social change in an economical and democratic manner" (Lotz 1987:45). The process is "an essentially political one in that it involves the reallocation of resources and power in a community" (Lotz 1987:45). At first glance it would appear that only CED II and CED III propose reallocations of resources and power. With a closer examination it becomes clear that all forms of community
economic development, including CED I, deal in the commodities of resources and power - some (i.e. CED II and CED III) reallocations simply appear more socially responsible than others to some perspectives.

When aligned with staple theory, CED I may be seen as the manifestation at the community level of Mackintosh's optimism for the prospects of economic growth. Similarly, CED II may be seen to represent Innis' pessimism and Gordon's prescriptions regarding the mitigation of market forces in a local context. In an Anarchist perspective, CED III is the desirable final state for communities within a region. Theoretically, communities so organized and sharing significant commonalities would federate in order to interact with other regions and communities, creating information and market networks. Obviously, a wholesale implementation of this ideal would be problematic as it involves a radical restructuring of existing industrial societies. As noted, however, Weaver's approach incorporates the possibility of incremental evolution towards the ideal. The following section assesses the opportunities and constraints posed by such a community-based approach to regional development.

4.2 OPPORTUNITIES AND CONSTRAINTS

The ideology of Anarchism poses both opportunities and constraints to its implementation in a less-developed region of an industrialized nation. Unlike the neo-Marxist/dependency view of regional development (which is obviously and fundamentally opposed to the capitalism in the guise of modernization), Anarchist regional development planning has an advantage because it does not give the immediate appearance of antagonism to the domination of modernization. Anarchist ideals of self-reliance, local self-help, political voice, etc. are fundamentally democratic and are not theoretically exclusive.
Community development initiatives may be funded and/or supported by higher levels of government. Both the state and communities have an interest in seeing that 'development' take place at the local level: the state because it may lessen welfare-type support and increase economic growth/national wealth and the community because it stabilizes economic conditions in a manner that is appropriate to the locality. Even so, state policies and programs are inherently designed to maintain the balance of community and state power in the state's favour. If communities seek to challenge state power or employ state resources they will have to deal with the state's goals, policies, and regulation of power and resources.

Simultaneously, it is a major constraint of Anarchist thought that it can be adopted and manipulated in the service of modernization. As Weaver (1982:29) notes, "'Devolution' has become the code word; meaning 'voluntarism' for those on the right and 'self-management' for the new left". Lotz (1987:41) and Weaver (1984:126-29 re.Hechter) note that community development may fit into a secondary stage of colonialism on either the international or domestic scale. On the domestic scale, an 'internal colonialism' of 'indirect rule' ensures that communities are firmly subject to the policies, desires, and influences of the colonial power. Indeed, they are actively engaged in performing in the service the colonial power at the local level. The state initiation or support of local self-help encourages communities to provide services for themselves that the state might otherwise be required to provide for them. Further, it ensures that colonial policies reach the grass-roots with a minimum of state effort and expenditure - an economical approach to governance. Community development can therefore be regressive, ensuring at once the underdevelopment of the periphery and the dominance of the core over the periphery.

From the perspective of a northern community, state support for
community economic development may be interpreted in terms of a conspiracy theory: the state abrogates its responsibilities to communities and maintains control of the communities while appearing to promote politically attractive concepts of local self-help, participation, and initiative. A conflict is inherent in this system because, even as the state seeks to exercise control through community economic development, the community tends to try to reallocate resources and power in such a way that undermines the state's control. State policies and programs in support of community economic development are therefore subject to polarized pressures: the state's desire for control and the communities' desires for freedom from that control. As Lotz concludes in his article on the history of community development, Community development - especially community economic development - is emerging as an attractive option for governments as they seek ways of generating jobs. Enthusiasm for community development, however, may detract attention from the reform of social, economic and political structures, and may become a way of avoiding hard choices in the mainstream society. (Lotz 1987:46)

In the Northwest Territories it is difficult to be distracted from the negative impacts of development to date and although "enthusiasm" for community based development may "detract attention from the reform of social, economic and political structures" it is unlikely. It is unlikely because the assumptions and goals of community-based development as outlined in this study are particularly directed toward such structural reform, from the bottom-up.

4.3 COMMUNITY, REGIONAL, AND NORTHERN DEVELOPMENT

Given the case of northern development, a new series of considerations arise. The issue of internal and indirect colonialism is certainly applicable. The Government of Canada both owns and controls territorial resources and is the source of the welfare on which many people
in the North depend. As discussed, the Government of Canada has traditionally seen the North as a resource base for the South, not as a tool for northern development. One may see in this relationship a tradeoff between a theoretically unstable independence via ownership and control of resources on the one hand, and a theoretically stable dependence via reliance on the state welfare system on the other.

It is possible that a policy of national economic integration combined with one supporting community development will be found to be too contradictory for the state to support. Yet, as Rees (1978:59) notes, "while locally based development is completely at odds with current practice, it is perfectly compatible with the social guidelines in Canada's North, 1970-1980" (see Appendix C). That is, there is nothing radically new in the notion of regions owning their resources and controlling development while the state taxes such activity and provides services. Yet in the current climate, the Government of the Northwest Territories' dual policy of encouraging national "interest and investment" and attaining local "stability and diversity" (GNWT 1988:55) is in conflict with itself: one or the other must take priority.

Critiques of modernization suggest that the Government of the Northwest Territories' dual objectives of integration on the one hand and control on the other are indeed contradictory. Neo-Marxist proponents of the dependency paradigm assert that linked development is the source of underdevelopment. That is, external interest and investment means external control. External control tends to be incompatible with regional stability and diversity because residents have a greatly decreased level of interest in maintaining a healthy local economy in the face of external dependency. The phenomenon of dependency is exacerbated by the operation of national and multi-national corporations whose commitments lie outside the region.
Following the logic of staple theory's pessimistic scenario, the challenge for stability and diversity therefore becomes how to avoid total integration with national and international markets so as to mitigate the turbulent shifts of the staples traps and the dependency that is begotten. The constraints to this strategy are perceived to be the structural/capitalist conditions of the Canadian economy and the dominance of the modernization paradigm.

Staple theory's application to the North demonstrates the theory's shortcomings. Although Watkins' analyses provide insight into the conditions of northern development and underdevelopment they do not, for example, provide an adequate explanation of how a resource region can manifest almost total dependency on state assistance in the absence of connections to staple exploitation. Generally speaking, the liberal and neo-Marxist analysis of dependency are helpful in identifying problems but less helpful in formulating solutions. As Savoie quotes, "There is no manual for dependency theory planning" (Benjamin Higgins quoted in Savoie 1986:136). More importantly, staple theory as a whole is deficient in providing insights into the non-economic aspects of development and how people might guide development. In its emphasis on economic determinism it fails to fully incorporate a broader definition of development that includes the social well-being of communities and the potential for community action.

Community development literature, while encompassing a broader definition of development, also has its shortcomings. As discussed in the preceding section, community development approaches are highly subject to manipulation by central governments on behalf of modernization. Also, as Boothroyd (1989) notes, there exists a strongly top-down quality in theories of bottom-up development. Effective bottom-up strategies are wrought at the local level and reflect uniquely local and substantive conditions.
Generally, effective strategies are designed locally, by the use of bottom-up procedures. It is difficult for theorists to assist communities with substantive issues as "the difficulty with the substantive bottom-up concepts is that they were formulated top-down, thus contradicting the procedural concept" (Boothroyd 1989:25).

In any case, as far as regional and northern development are concerned, modernization reigns supreme. Thus the choices confronting populations within less-developed regions such as the North are: to rely on subsidies, to migrate to southern urban centres, or to formulate alternative development approaches. Of the three, some form of semi-autonomous, alternative development approach is likely to provide the greatest benefit to Canada by increasing the social and material well-being of northern communities.

4.4 COMMUNITY-BASED NORTHERN DEVELOPMENT

Community-based regional development on the line of Rees' "True North" policy noted in the Introduction (Table II) would by no means solve all of the North's problems. There remain the distinctive constraints of the arctic and sub-arctic environments, distance, etc. that have contributed to the current conditions of underdevelopment. Yet, a community-based approach to regional development would give northern residents the opportunity for an active and integrated say in their development that is lacking under the present regime. Further, an aim of community-based development is that, given local control of resources, some wealth created by staple extraction would remain in the region through the conscious encouragement of internal linkages.

By combining staple theory and community development concepts one may see the problem of northern underdevelopment as one rising from the
dislocation of the relationship between regions and their resources. Where communities once exercised some control over their resources, communities now feel the impact of development through the intermediary activities of the state (most often in the form of individual or community welfare transfers). The state controls the resources rather than the region and what the region 'receives' is not necessarily related to a region's resources. The solution suggested by both neo-Marxist staple theory and the Anarchist formulation of staple theory is a reconnection of regions and their resources. Keith and Neufeld (1988:98) also point out that the centering of communities in the community development process is "fundamental to the development of self-organizing and self-regulating systems for resource planning and management".

Recent changes such as the negotiation and settlement of native land claims and the devolution of powers from the federal to the territorial government indicate that there is a trend towards some form of reconnection between regions and resources but these processes also contain significant problems. The most obvious difficulty is the possibility that northern economies in their present state (including increased expectations of residents) are insufficient to support regional self-determination in the absence of federal assistance (see Tables III, IV, V and Appendix C). A corollary of this difficulty is the fact that the Northwest Territories is a ward of the federal government and, given the Meech Lake Accord, is likely to remain as such indefinitely.

From a community perspective, the ongoing process of state devolution will not necessarily provide the Northwest Territories with Weaver's (1984:1) "viable alternative to arbitrary corporate-bureaucratic control." Devolution to the territorial government is not equated with the devolution of control and power to communities or regions and, for remote
communities, control by Yellowknife is not so very different from control exercised by Ottawa. An exception to this tendency toward 'centralized devolution' is the case of housing programs in Fort Good Hope where, at the community's request, it was given the authority to administer a previously territorial level program.

The creation of a regional level of government to supplement and direct the existing regional level of administration would assist in the evolution of responsible government. This said, there remains the issue of how northern governments whether territorial, regional or local, propose to develop a sufficient and sustainable socio-economic base. One assumes that dependence on federal transfer and welfare payments is not desirable in the long run and that territorial governments and populations must seek alternative sources of support (especially financial support) for their activities.

Similarly, the final settlement of native land claims (Canada-INA 1981) does not necessarily bode well for community-based development although it has significant advantages in this direction. Ross and Usher point out that,

Native peoples do not see... a stark choice between a high-tech, urban industrial future, on the one hand, and returning to a romantic bucolic past on the other. Instead, the issue is to find the right balance between formal and informal activities - between wage employment and the money economy, or a domestic and community economy (with its strong emphasis on mutual aid and sharing, family and community life, and traditional institutions, such as the collective land tenure system). Consequently, in the process of assessing the impacts of large-scale development activity in the North, there has been a substantial shift from a focus on the purely economic welfare of individuals to one of the social welfare of whole communities. (Ross and Usher 1986:150 (Appendix B))

The emphasis on the social welfare of whole communities is the most significant advantage enjoyed by native peoples in the Northwest Territories in terms of transformatory community development (Table VI's CED III). This
emphasis, in addition to an ethnic homogeneity and traditional geographic region, yields distinctive group identities and commitments. Also, the structure of land claims is such that regions are reconnected to resources which, as the overview of staple theory has demonstrated, is essential to fundamental development.

The mainly economic nature of land claims to date may be problematic to the extent that, in absence of political institutions ensuring local control and accountability, land claims institutions may behave as modernizing corporate institutions rather than community-based and controlled institutions. Problems may also arise where the the population of a region is mixed and not all members of northern society are permitted access to claims' institutions and benefits. The exclusivity built into, for example, the Inuviialuit Settlement of 1984 (Canada-INA 1984a, 1984b), may not prove helpful to community building in the North's regions. If the community emphasis is eroded for these and other reasons then northern peoples will lose their advantage in the creation of fundamental development.

The social and economic viability of the regions and communities of the Northwest Territories remains highly dependent upon the Canadian state in both its federal and territorial form. There is no clear or easy solution to the North's dependency. Regional self-determination within Canadian Confederation requires a degree of regional economic self-sufficiency that appears to be lacking in the case of the Northwest Territories. If development is interpreted as a process of fulfilling an innate economic potential then a condition of underdevelopment suggests that steps can be taken towards fulfilling a region's economic potential. These definitions could suggest that the Northwest Territories presents Canada with a case of non-development or a lack of economic potential. Yet the Northwest Territories is one of the most richly endowed resource regions in Canada.
The very existence of this endowment is, in itself, economic potential. But such economic potential as the Northwest Territories possesses has not lent itself to the creation of lives and institutions that will be required when the potential is realized or, more importantly, are satisfying in the meantime.

Northern development to date has not fermented in the absence of rationales. It has been the product not only of material interest in northern resources but also of non-quantifiable sentiments promoting sovereignty and security as well as a sense of moral responsibility for the North and its peoples. Yet all of these rationales have exacerbated the tendency of northern development to be an extremely dependent development. Both conventional and community-based development are and will be problematic in the absence of more generalized development. A major problem common to both approaches is the lack of resources and productive forces on which to base sustained development. Rees' "True North" policy (Table II) goes some way in advocating the development and support of local and regional human resources. The development of northern community potential requires planning by the communities, for the communities and the development of local knowledge and skills in implementing these plans.

At this time northern communities may not be fully equipped with the local finances and expertise necessary for advanced community development (CED III in Table VI) but they are ready to begin developing these resources. Aid for community development from the territorial and federal governments will be necessary but no more expensive than subsidies to resource megaprojects have been (e.g. the $7.2 billion in financial incentives paid to oil companies operating in the Beaufort Sea to 1987 (Foster 1987:162)). For example, the support of wildlife harvesting in the North, as recommended by the Canadian Arctic Resources Committee (Ames and others 1988), has an
estimated annual cost of $10-30 million in support of the estimated $55 million worth of country food that northern harvesters produce annually (this latter figure seems high compared to that claimed by the territorial government in Table III).

Rees' "True North" policy suggests specific program elements, including the support of the traditional economy, that would encourage community development on the CED II model, with its direction toward community self-reliance and goals of economic development and stability. A community development approach such as Rees' "True North" policy to northern development makes a strong case for northern people determining their own future: from the development of human resources to the control of regional resources to the 'plugging' of economic leakages.

Thus the process of "thinking rationally, creatively and decisively" about the North's ambiguous relationship between economic potential and healthy communities and regions has begun. The time has come for greater community involvement in these deliberations. If fundamental development is to occur in the Northwest Territories it will come from a bottom-up response to these conditions of northern development. Community-based regional development will provide the means to meet the goals of stability and diversity enunciated by the Government of the Northwest Territories (GNWT 1988:55). Fundamental northern development requires a willingness to approach the future with a sensitivity to the contexts of development, the exigencies of the northern environment in all its facets, the alternatives that the northern environment presents, and, given the difficulties and "cosmic contradictions" of the endeavour, the reformulation of northern development will also require a certain sense of humour.
CHAPTER 5. CONCLUSION

5.1 A SUMMING UP

'Anarchy' is an interesting concept to apply to Canadian regional development theory. With its meaning of a "total lack of organized control resulting in disorder or chaos" (Oxford Dictionary) it might be said to describe the condition of regional development policy, especially as it has been applied to the northern territories. With a second, political and philosophical meaning of the "condemnation of the pervasive oppression and alienation of the human being under the institutions of capitalism and the bourgeois state" (Friedmann 1987:83) and the assertion of the primacy of collective action from below, it can also be said to light a future path for regional and northern development. It appears that Anarchy, in both senses, is a stimulant to social change. The adoption of a community-based approach to regional development may be an outcome.

Given contemporary conditions, genuine development must be seen as a normative assertion, an ideal state to work towards. In this ideal state the "collectivity of humans" would consist of the committed residents of a region. This collectivity would be free to engage in creative, rational and decisive thought with regard to the directions of its region's development based on its peculiarities with regard to culture, resources, and context.

The study has highlighted the fact that the means of attaining such an ideal state are generally constrained by the dominance of the policies spawned in attempts to realize the objectives of the modernization paradigm. Further, the evolution and variations of the modernization paradigm suggests that its dominance is traditional rather than necessary. Accordingly, the study sought to outline alternative approaches that would permit genuine development. This study's overview of staple theory showed that the
dependency paradigm most accurately describes the conditions of underdevelopment in the Northwest Territories.

The dependency paradigm is dominated by neo-Marxist thought. An alternative branch of the dependency paradigm, the Anarchist interpretation, was then pursued. It was found that Anarchist staple theory's goals do not differ greatly from those of neo-Marxist interpretations. Both theories advocate a restructuring of society so as to provide people with institutions to ensure genuine development. Where neo-Marxist and Anarchist interpretations part ways is at the procedural level. Neo-Marxist prescriptions point to a procedurally top-down approach while the Anarchist perspective points to a procedurally bottom-up approach.

Regional development theory provides insights into the rationale behind development policies and processes. The modernization paradigm and its associated development theories are essential to an understanding of existing society and regional disparities. The primary contribution of the dependency paradigm is to point out that there is an integral and systemic connection between development and underdevelopment and that its essence is economic and political. Anarchist thought also highlights the fact that there are social as well as economic and political considerations to regional development and that residents of a region may guide their future. The abject failure of regional development policies to date suggests that the original modernization strategies to alleviate regional disparities and promote equal opportunity, national unity and the productive use of resources were inappropriate and, therefore, that alternative strategies might be formulated.

It is interesting to note that staple theory, in its essential form, remains the same for proponents of the modernization paradigm and both branches of the dependency paradigm. The differences in the above approaches
are normative and the results of the application of normative interpretations. That is, Mackintosh's optimism would have been well founded if regions had continued to be linked to their resources and employed the benefits from those resources in the building of healthy, stable and diverse communities and regions. Given the fact that regions have become dislocated from the controllable benefits of their resources as Innis suggested was possible, neo-Marxist and Anarchist prescriptions for reconnection are not completely antagonistic to Mackintosh's earlier conception. Indeed, in many ways, Anarchist prescriptions suggest a revival of the conditions under which Mackintosh formulated his optimism.

The study's main contribution has been to provide an outline of Anarchist staple theory as a grounding for community-based development. The investigation of the implications of staple theory and community development literature for the Northwest Territories has produced an alternative framework for understanding and working within conditions of underdevelopment found in a particular region of the industrialized world.

More work needs to be done before regional development theory fully catches up with bottom-up development activities and concerns and, in the case of northern communities, vice versa. That is, regional theory must amend its top-down orientation in order to be helpful to community-level activities and northern communities must become involved in the deliberations of community-based development. It is significant that the call for community-based development in the Northwest Territories is more strongly centered in southern academic settings than northern communities and governments. Building communities for change must be a bottom-up process. This said, regional theory could be useful to bottom-up development by undertaking theoretical and comparative studies with the object of
determining the conditions which promote or demote the building and operating of regions from the bottom-up. For example, Boothroyd (1989:34) points out that "regional theory could assist communities and their regional development of regional associations by studying the dynamics which encourage or hinder the formation and operation of such associations".

The study also confirms that the Northwest Territories poses a challenge for development whether it be conventional or community-based. The challenge has broad implications:

...while the Government seeks to provide strategy and guidelines for the northern territories, the responses are not unrelated to the broader question: What kind of Canada do we want? (Canada-INA 1972:9)

The issue of the kind of Canada we want is at the heart of studies such as this one which seek to understand the conditions and nature of development and underdevelopment and its impacts on society.

A transition to greater local control of economic development would be a significant one in the Canadian context. Yet, in the case of less-developed regions generally and small northern communities specifically, it ought to be preferable to a situation in which "government transfer payments and traditional harvesting activities dominate a fragile economic base where there are few prospects for growth" and "average incomes are generally low, unemployment high and social assistance a fact of everyday life" (GNWT-EDT 1988:3-4). Local control would also favour national objectives by increasing stability and diversity, local and therefore national well-being, opportunities, education and employment, decreasing welfare payments, exercising sovereignty, and increasing the national tax base. Given existing economic trends and the facts of the northern environment, it is highly unlikely that the federal and territorial governments will begin to approach their stated goals of economic growth and
stability through industrialization and integration or through the subsidy of resource megaprojects. With the recognition of community-based regional development as a pivotal national tool in regional development, however, development might begin to meet the needs of northern communities and people.

The findings of this study suggest that communities, regions and the Canadian state may usefully benefit from the application of bottom-up approaches to development. In addition to the elements prescribed by Rees (1988) in his "True North" policy (Table II), the following institutional developments may assist in the evolution of northern community development:

- a legislative framework oriented to permit and encourage community engagement in holistic community concerns (e.g. a municipal mandate for community development - this may entail the restructuring of municipal governments).
- the creation of a regional level of government to reflect community concerns and direct the existing structure of regional administration.
- the encouragement of initiatives that seek to integrate the goals of land claims institutions, all members of the communities, industry, and territorial and federal governments.
- a northern centre for research into community-based development providing information and networks supportive of local initiatives.
- experimental regions and communities to test the effects of community-based development.

The adoption of a community-based approach to northern development would not only be beneficial to the North but also to the rest of Canada and the world. Just as Lotz (1970:16) observed that the Canadian North is a "mirror to the nation and a place in which Westerners [i.e. Western Civilization] see their folly in plain light", it is equally possible that the North may provide positive examples. The study has implications for other less-developed regions lying within the industrialized nations and, to a lesser degree, for cases of underdevelopment in the industrializing world. The study points out that neither industrialization and modernization nor the dependency relations that are often begotten need be the fate of all regions of the world. Alternatives exist and await exercise.
### Appendix A. Community, Urban, and Regional Planning is:

1. thinking **rationally**, **creatively**, and **decisively**

   CUR Planning requires: understanding of scientific method; skill in deductive logic; analytical and conceptual abilities; creativity; and ability to solve problems, draw conclusions and make judgements in the face of uncertainty.

2. by a **collectivity of humans**

   CUR Planning requires sensitivity: to the way emotions affect thinking; to the ways in which differences in values and perceptions affect collaborative thought to the synergistic, labour-dividing and self-correcting potential of groups; to the difficulties and possibilities inherent in interpersonal communication; and to the pros and cons of alternative structures for facilitating thinking by face-to-face groups and larger collectivities.

3. about how to manage a **complex open system**

   CUR Planning requires: knowledge of cybernetics and General Systems Theory; the ability to see order in complexity; the ability to apply appropriately concepts of feedback, stability, diversity, development, hierarchy, ecology, entropy.

4. which **contains itself**

   CUR Planning requires: an understanding of the limits of science in guiding human affairs; an understanding of how spirituality, conflicting values, self-awareness and the ability to change intentions affects the self-management of human systems; and understanding of how self-management is different than management of a machine; and understanding of the epistemological, ethical and political implications of the planner being no more and no less than another human being.

5. and which is **territorially defined**

   CUR Planning requires: a knowledge of the particular attributes of territorially defined social systems; a knowledge of their components and sub-systems and how they inter-relate; a knowledge of how these systems develop and die; a knowledge of how they interact with their natural, built and human environments.

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Source: Peter Boothroyd (15 January 1988), Handout to supplement Lecture to Planning 540 in the School of Community and Regional Planning, University of British Columbia. Note at bottom: (draft 1, PB 2/2/87).
Appendix B. The Differences between Marxism and Neo-Marxism

Blomstrom and Hettne's "rough indications of general tendencies"* of Marxism and Neo-Marxism:

1. Imperialism and Nationalism: Marxism (as interpreted by Lenin) sees imperialism in a 'centre' perspective, that is, as a stage in the development of capitalism (monopoly capitalism); neo-Marxism, on the other hand, sees imperialism from the periphery's, or victim's, point of view, which in turn implies that the interest has shifted from development to underdevelopment. This break with what is, for the classical Marxism, such a typical evolutionary perspective is quite important to the distinction between Marxism and neo-Marxism. Marxist inspired leaders of the Third World, such as Mao Zedong or Amilcar Cabral, have often had a nationalistic appearance which has always been more acceptable to neo-Marxist than orthodox Marxists.

2. Classes: Here we find several important differences. The Marxist analysis of classes is based on specifically European experiences, while that of neo-Marxists is based on the revolutionary struggle in the Third World - with a much more generous view of different groups' revolutionary potential. Whereas Marxists have difficulties seeing anyone but the industrial proletariat as the revolutionary class par excellence, the neo-Marxists will tend to let the peasants play this role - claiming that the industrial workers of the Third World in reality form a 'labour aristocracy'. Marxists believe in the existence, or eventual emergence, of a national bourgeoisie in the Third World; neo-Marxists, on the other hand, see the bourgeoisie as the creation and tool of imperialism, and as such incapable of fulfilling its role as the liberator of the forces of production.

3. Revolution and Ethics: The neo-Marxists view the possibilities of starting a revolution with greater optimism, even if the conditions may be unfavourable, and in this context emphasize the importance of guerrilla warfare. Marxism, on the other hand, emphasizes organization and patient party work, particularly amongst the workers. In other words, the neo-Marxist emphasize the role of subjective factors, moral stimuli, the 'new' man, etc. Marxists retain materialism and the emphasis on 'objective conditions' that gave Marx his distinctive mark as a social scientist.

4. Ecology: Marxism still shows traces of the 19th Century development optimism, and many Marxists consider the concept of scarcity to be a bourgeois invention for the purposes of legitimizing economic inequality. Some neo-Marxists now integrate the growing ecological consciousness and the demands of environmental movements with their theory of development; the blind faith in industrialism as the liberator of humanity has at the same time undergone some major revisions. Similarly, there is now a tendency to think of cities as being parasitic, and to idealize the countryside - contrasting sharply with Marx's own comments on 'the idiocy of rural life'.

Appendix C. National Objectives for Northern Canada

NATIONAL OBJECTIVES FOR NORTHERN CANADA APPROVED BY THE FEDERAL GOVERNMENT IN 1971:

1. Quality of Life - To provide for a higher standard of living, quality of life and equality of opportunity for northern residents by methods which are compatible with their own preferences and aspirations.

2. Economic Growth - To encourage viable economic development within the regions of the Northern Territories so as to realize their potential contribution to the national economy and the material well-being of Canadians.

3. Sovereignty and Security - To maintain Canadian sovereignty and security in the North.

4. Protection of Environment - To maintain and enhance the northern environment with due consideration to economic and social development.

5. Evolution of Government - To further the evolution of self-government in the Northern Territories.

6. Social and Cultural Development - To realize the potential contribution of the northern territories to the social and cultural development of Canada.

7. Leisure and Recreation - To develop fully the leisure and recreational opportunities in the northern territories.


TREND IN EXPENDITURE ($ millions) AND PERCENTAGE DISTRIBUTION (%) BY NORTHERN OBJECTIVE

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<td>Federal (in NWT &amp; YT):</td>
<td></td>
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<tr>
<td>Quality of Life</td>
<td>62.8 31.9</td>
<td>301.5 43.4</td>
<td>293.0 37.9</td>
<td>313.6 38.7</td>
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<td>Economic Growth</td>
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<td>183.5 26.4</td>
<td>184.9 23.9</td>
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<td>77.0 11.1</td>
<td>139.3 18.0</td>
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<td>31.1 4.5</td>
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<td>Soc and Cult Devel</td>
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<td>17.4 2.5</td>
<td>19.2 2.5</td>
<td>18.9 2.3</td>
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<tr>
<td>Leisure and Rec'n</td>
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<td>8.3 1.2</td>
<td>8.1 1.0</td>
<td>7.7 1.0</td>
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<td>Evolution of Gov't</td>
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<td>5.2 0.8</td>
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<td>695.0 100.0</td>
<td>772.5 100.0</td>
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NWTG:

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<td>669.3 100.0</td>
<td>775.7 100.0</td>
<td>851.3 100.0</td>
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