Economic Diversification in the North

by Geoffrey Weller

Communities from all over the circumpolar north will be meeting at the Winter Cities conference about to be held in Prince George. Many of them, like most of the communities in northern British Columbia, are heavily dependent upon a single natural resource. They have all their eggs (or one big egg) in one basket. That is, they do not have several different sources of employment. They are not "diversified."

If a community, or a region, is not diversified, it is very vulnerable to outside forces over which it has no control. It is dependent upon others wanting the resource and being willing to pay a good price for it. It is also usually dependent upon companies extracting the resource that are headquartered elsewhere and have similar operations in many other places. Recently northern resource communities are facing increasing competition from more and more resource rich regions in lower wage areas all over the world. Moreover, there is an industrial revolution underway which involves the economies of most nations switching away from resource based heavy industries. The resource based industries themselves increasingly require fewer and fewer, but much more highly skilled, employees. In addition northern resource communities face the competitive disadvantages (relative to some other resource rich regions) of harsh climate, high travel costs, and the like. If diversification does not occur in these circumstances many northern largely single resource based communities have to face the possibility of serious decline or, as in the case of Cassiar, total removal from the map.

Diversification essentially involves three types of activity which are best conducted simultaneously. First, making greater use of the local natural resource within the region before shipping it out. Secondly, developing resource related employment such as tourism, including eco-tourism and indigenous peoples tourism. Thirdly, and very importantly, developing employment opportunities that are in no way dependent upon the resource sector.

There are several ways of doing these three things, all of which are also best done simultaneously. First, by discussing local possibilities and establishing clear priorities in
areas of comparative advantage; secondly, by cooperating with other communities rather than giving in to the temptation to compete; and by seeking governmental as well as private sector assistance. Governments can help a region in many ways. They can help ensure that the north is well connected by fibre-optic cabling, roads, and transportation and communication of various kinds. They can help finance things like tourist destination points. They can give tax incentives to companies to locate in the north. They could even directly create employment by decentralising many of their own operations and placing them in northern communities.

However, the barriers to successful employment diversification are many:

- Some communities are tempted to resist diversification because it brings in outsiders and produces uncertainty, worry and change. It might even destroy an existing way of life that is highly valued.
- Communities often compete rather than cooperate in the search for new employment opportunities. Many people within a community or region will continue to place the political, ethnic, and other divisions between them ahead of common community or regional concerns. These things simply create the opportunity for others located elsewhere to divide and rule. An attitude can easily develop that government should have little or no role in the process. However, successful diversification is always likely to require public/private cooperation.
- A dislike of "planning" because of its "socialist" connotations might well prevent reasonable forethought, broad discussion, and priority setting - which is all planning really is.
- The often profound ignorance of northern resource regions by those in the centres of economic, political, and social influence in the south is usually laughed at and scorned but not tackled head on.
- In the specific case of northern British Columbia, few seem to believe that the problems of the north and the different problems of the south have a mutually beneficial solution. If some of the anticipated southern growth were deliberately enticed north this would help both north and south.

The Winter Cities conference is a wonderful opportunity to exchange experiences and to exchange ideas on how best to exploit opportunities and overcome difficulties in an effort to diversify employment in northern regions. No doubt there will be representatives there from Sudbury, which has diversified well after some initial setbacks, and from Oulu (a city much the size of Prince George on the arctic circle in Finland) which managed to attract a great deal of high-tech, computer based, employment.

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