

# An Unfinished Nation

COMPLETING THE DEVOLUTION REVOLUTION IN CANADA'S NORTH

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Dog Sled Racing, Yellowknife



Whitehorse, Yukon



Yellowknife, Northwest Territories

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MACDONALD-LAURIER INSTITUTE

True North in Canadian Public Policy



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# Executive Summary

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Canada is an incomplete nation. Vast parts of the country, mostly in the North, lack the services, equality of opportunity, and political authority necessary to effect positive change. While a great deal remains to be done, the process of devolution in the Yukon, Northwest Territories, and Nunavut has started to address some of the great inequities in the Canadian federation, providing a foundation for long-term regional empowerment and political change. Canada is a better nation for having found the means of sharing power with Aboriginal people and northerners generally. The devolution process has not been without challenges but the initiative has transformed the North without creating major conflicts.

Canada is not alone in seeking ways to improve conditions on the periphery. Devolution, the transfer of government power, authority, and resources from the national government to sub-national governments, has been occurring on a global scale. National governments have sought to improve efficiency and responsiveness in service delivery and program development by decentralizing government offices to regions or, as in the case of the territorial North in Canada, transferring government responsibilities to regional governments.

The northern devolution process has been underway since the early 1970s and has accelerated in recent years, highlighted by the creation of Nunavut and the 2013 agreement on resource management with the Government of the Northwest Territories. When combined with the signing of modern treaties across much of the North and the expansion of Aboriginal self-government, devolution is an integral part of an extensive process of regional empowerment and local control. The process has been surprisingly smooth and without controversy, despite the complex financial, human resource, and other issues that have to be addressed when transferring authority to another jurisdiction. Problems remain, however, particularly in terms of capacity of northern governments to absorb the rapid transitions, disagreements about the appropriate levels of funding for devolved responsibilities, and the complex challenges of delivering government services in the Far North. The unique situation in Nunavut, an Inuit-dominated jurisdiction, is improving, but considerable work remains to be done.

On balance, the devolution of federal responsibilities to the territorial governments, while still a work in progress, has been an impressive achievement. With growing (but incomplete) control over natural resources in the Northwest Territories and the Yukon, the territorial governments are gaining much greater authority over development, economic planning, and community improvement strategies. The federal government has not walked away from the North and continues to pursue an active agenda focusing on sovereignty and resource development, as well as the continually evolving relationships with Aboriginal people. Devolution is also occurring at a time of almost unprecedented external interest in northern resources, fuelling an exploration and development boom that holds the potential for greater personal and regional prosperity, connected to increased Aboriginal engagement with an influence over the pace and nature of economic change.

Well over a century after Confederation, Canada has finally taken significant steps toward bringing the North into the country. Canada's colonies demanded greater attention and political autonomy and, after a long struggle, the process of regional empowerment has started. There are already signs of positive outcomes associated with regional autonomy and indications, as northern capacity improves, of substantial changes in the offing. The devolution process, while impressive on its own merits, is a crucial stage in Canadian nation-building and a key sign that the country has started to come to terms with its obligations and opportunities in the Far North.

# Sommaire

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Le Canada est une nation encore à définir. Dans de vastes parties du pays, la plupart situées dans le nord, l'absence de services, d'accès égaux aux possibilités et d'autorité politique fait obstacle à l'implantation de changements positifs. Bien que le travail qui reste à faire soit énorme, le processus de transfert des responsabilités vers le Yukon, les Territoires du Nord-Ouest et le Nunavut permet de commencer à corriger certaines grandes inégalités au sein de la fédération canadienne, en jetant les bases d'une autonomisation régionale et d'un changement politique à long terme. Le Canada est un pays meilleur pour avoir mis en place les moyens de partager l'exercice du pouvoir avec les peuples autochtones et les habitants du nord en général. Le transfert des responsabilités vers le Nord ne s'opère pas sans difficulté, mais l'initiative réussit à le transformer sans créer de conflits majeurs.

Le Canada n'est pas seul à chercher des moyens d'améliorer le sort des régions éloignées. Partout dans le monde, les gouvernements nationaux ont délégué ou transféré leurs pouvoirs, leur autorité et leurs ressources aux gouvernements infranationaux. Les gouvernements nationaux s'efforçaient ainsi d'améliorer l'efficacité et la souplesse de leurs services et de leurs projets de programmes en décentralisant leurs bureaux vers les régions, ou, comme dans le cas du Nord territorial au Canada, en transférant les responsabilités gouvernementales aux instances régionales de gouvernement.

Le transfert des responsabilités aux gouvernements du Nord se poursuit depuis le début des années 1970 et s'est accéléré ces dernières années, notamment grâce à la création du Nunavut et à la signature de l'entente de 2013 avec le gouvernement des Territoires du Nord-Ouest sur la gestion des ressources. Conjugué aux traités modernes conclus avec la plupart des partenaires dans le Nord et à l'expansion de l'autonomie gouvernementale autochtone, ce transfert est une partie intégrante d'un vaste processus d'autonomisation régionale et de contrôle local. Ce processus a été étonnamment harmonieux et à l'abri des controverses, malgré la complexité des enjeux financiers, humains et de divers ordres habituellement soulevés lors d'un transfert de responsabilité entre paliers de gouvernement. Des difficultés subsistent cependant, notamment en ce qui a trait à la capacité d'adaptation des gouvernements du Nord aux transitions rapides, aux mécontentements sur l'octroi de financement approprié pour les responsabilités déléguées et aux défis complexes à relever pour fournir des services gouvernementaux dans Le Grand Nord. La situation unique du Nunavut, un territoire habité en grande partie par les Inuit, s'améliore, mais beaucoup reste à faire.

Dans l'ensemble, le transfert toujours en cours des responsabilités fédérales aux gouvernements territoriaux est une réussite impressionnante. Tout en accroissant leur contrôle (encore partiel) sur les ressources naturelles dans les Territoires du Nord-Ouest et au Yukon, les gouvernements territoriaux se trouvent à exercer une influence grandissante sur le développement, la planification économique et les stratégies d'amélioration du milieu. Le gouvernement fédéral n'a pas abandonné le Nord pour autant, car il continue de mettre de l'avant un ordre du jour dynamique qui est axé sur la souveraineté et la mise en valeur des ressources et qui tient compte de ses relations en constante évolution avec les peuples autochtones. Le transfert des responsabilités survient également alors que l'engouement quasi exceptionnel de l'extérieur à l'égard des ressources du Nord pourrait entraîner un essor de l'exploration et de la mise en valeur en mesure d'assurer une très grande prospérité à la région et à ses habitants, au moment même où l'engagement des Autochtones s'accroît de pair avec leur influence sur le rythme et la nature des changements économiques.

Bien plus de cent ans après la Confédération, le Canada a enfin pris des mesures importantes en vue d'intégrer les régions du nord au reste du pays. Ces « colonies » canadiennes ont réclamé une plus grande attention ainsi que l'autonomie politique, et, après une longue lutte, le processus d'autonomisation régionale a commencé. Des signes de résultats positifs en découlent déjà et certains permettent d'entrevoir des changements importants dans la foulée des augmentations de capacité dans le Nord. Le processus de décentralisation, tout en étant remarquable pour ses mérites propres, est une étape cruciale dans la construction de la nation canadienne – et témoigne du début de réconciliation du pays avec ses obligations et les possibilités à saisir dans Le Grand Nord.

# Introduction

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Arctic issues have recently captured the attention of the media, governments, and people around the world due to the rush for resources, global warming, and questions of Arctic sovereignty and Indigenous rights. Less understood, but with profound implications for all of the above, over the past four decades the Canadian North has experienced a profound political revolution.

In June 2013, the Government of Canada formally signed an agreement with the Government of the Northwest Territories to transfer authority over natural resources from the federal government to the territorial government as of 1 April 2014 (Canada et al. 2013). The previous month, in May 2014, Nunavut celebrated the 20th anniversary of the signing of the agreement that created it. The event passed almost unnoticed outside the North. Both of these events are but two of a number of landmark achievements over the past 35 years by Canada's territorial governments to gain greater regional control over natural resources and more broadly acquire the kind of political and financial autonomy enjoyed by their provincial counterparts. They are part of a broad political transformation that includes a re-configuration of the relationship with the Government of Canada and Aboriginal peoples.

Most Southern Canadians take regional self-government for granted; few realize that constitutional rights to make decisions over education, health care, and natural resources through their provincial governments are not fully enjoyed by their fellow citizens living in Canada's three territories, nor are the rights of the territorial governments constitutionally protected. As late as 1967, there was no legislature in the Northwest Territories, with key decisions made in Ottawa. The Yukon had a representative assembly, but meaningful power rested with the appointed Commissioner. Starting in the 1970s, northern protest and changing national policies led to significant transfers of authority to, initially, the Yukon and Northwest Territories and, later, to all three territories in Canada's Arctic. It was a region that had little experience with legislative and bureaucratic governance institutions (Cameron and White 1995). Indeed, many Northern residents only settled in permanent communities after the Second World War. In comparative context, only a few areas in the world have experienced the intensity of peaceful political and administrative change that has occurred in the Canadian North. In less than 40 years, the Territorial North has made a transition from being "favoured colonies" toward being regional, self-governing jurisdictions acquiring many province-like powers.

Surprisingly little attention has been paid to the manner in which Canada launched into this unprecedented and rapid burst of regional empowerment in the North. Comparable developments in Western Canada started with the incorporation of Rupert's Land into the new Dominion of

Devolution is the transfer of authority from a central to a regional (or local level) government.

Canada in 1870 (Canadian Geographic 2014), the gradual expansion of governance powers of the regions over the next 35 years, the slow territorial expansion of Manitoba, the acquisition of provincial status for Alberta and Saskatchewan in 1905, the transition of constitutional authority for natural resources in 1930 from the federal government to the provinces, and participation in the patriation of the Canadian constitution in 1982.<sup>1</sup> By contrast, little has changed politically for roughly a century

in the Canadian North (Coates 1985). Throughout this process, the Government of Canada had maintained control of northern resources and resource use in particular and public affairs more generally.

Over the past four decades, Canada's North has experienced nothing less than a "devolution revolution". Devolution is the transfer of authority from a central public government to a regional (or local



level) public government. Understanding the devolution revolution in the Canadian North is vitally important for several reasons. First, external drivers – particularly climate change, which has the potential to open Arctic waters and create global demand for energy, mineral, and biological resources located in the North – have drawn international attention to the Arctic region. This means how the territorial North is governed matters, as the world is on the doorstep of the Canadian North in ways that simply were not the case a decade ago. Second, the recognition of the legal and political rights of Aboriginal peoples in Canada has had enormous consequences for governance for over 40 percent of Canada's land mass (Natural Resources Canada 2013). The federal government is no longer the only or the most important level of government to the First Nations, Métis, Inuit, and non-Aboriginal peoples in the Canadian North. Third, the natural resources that have been identified in the Canadian North have potentially enormous consequences for Canada's economic and fiscal future. Good governance creates investment certainty. Good regulatory processes are essential for industry to thrive and the environment to be properly stewarded. Appropriate governance changes will also mean that the territories are better able to develop and capture their own source of revenues, lessening fiscal dependence on the rest of Canada.

The pressure on the North and from the North has intensified over the past 20 years. Arctic matters have catapulted from a political afterthought in the 1980s to the front of the line in national and international policy debates of the 21<sup>st</sup> century (Légaré 2009). There is a real possibility – and a real need – over the next few years to fundamentally reform Canadian policy toward the territorial North and to strengthen governance in the North in order to promote northern economic prosperity and security.

Whatever the motivation, the transformation of government was also predicated in no small part on the belief that political reform would lead to marked improvements in economic and social outcomes for Northern residents. Canadians, through the Government of Canada, have invested heavily in the Far North. The territories, particularly Nunavut, are very heavily subsidized societies, dominated by government in many social, political, and economic respects.

Northern prosperity and security  
require fundamental policy reform.

This report examines the central issues related to the devolution of political authority – autonomy, integration, responsibility, accountability, and capacity – to the Yukon, Northwest Territories, and Nunavut, and considers how this accelerated transfer will promote northern visions of self-reliance and regional control. In undertaking this examination, this report recognizes that devolution is not a process unique to the Canadian North, but rather is part of a broader global trend.

The main questions arising at this juncture are straightforward:

- How has devolution transformed governance in the territorial North? Through these governance changes, is Canada's position in the North – its sovereignty and security – stronger than it was 30 or 40 years ago?
- What are the current shortcomings and challenges associated with devolution in the territories? What are the strengths of current arrangements?
- Has devolution contributed to the completion of Confederation, particularly in terms of improving quality of life in the territorial North?

In a comparative context, devolution in northern Canada has been a reasonable success. While processes in northern Scandinavia and Greenland have achieved better results, the northern Canadian challenge was probably greater, particularly in terms of the socio-economic, historical, and logistical realities facing Aboriginal people in the region. Sustained commitment from the national government and the regional response to empowerment processes has established a strong foundation for long-term political and administrative change.

# The Governance of Canada's Colonies

Canada stands alone among the circumpolar nations of the world in its arms-length relationship with the Far North. While the Arctic holds a prominent place in the literary, artistic, and ceremonial culture of the country, Canadians have never really embraced the North in a meaningful way. Efforts to settle the sub-Arctic and Arctic foundered repeatedly over the years. National interest in the Far North ebbed and flowed largely on the basis of external threats to Canada's loosely held sovereignty over the region and the prospects of a northern resource boom. The government responded to the early gold mining activity along the Yukon River in the mid-1890s and, by good

Canada stands alone among the circumpolar nations in its arms-length relationship with the Far North.

chance, had the North West Mounted Police in place before the great Klondike stampede descended on the region after 1897 (RCMP 2002). Conversely, Canada stood largely in the background when the Americans "invaded" the area during the Second World War as the US raced to build military facilities to prepare for a possible Japanese attack. After the war, Canadians believed that there was also little choice but to accept a large US presence during the Cold War, as Canada lacked the resources to mount a major

defensive effort against Soviet threats (Coates and Morrison 2005; Coates and Morrison 1992; Grant 2010; Grant 1994; Coates, Lackenbauer, Morrison, and Poelzer 2007).

The northern territories evolved through a series of short-term political decisions, rather than from a long-term strategy for northern development and political incorporation (see map 1).

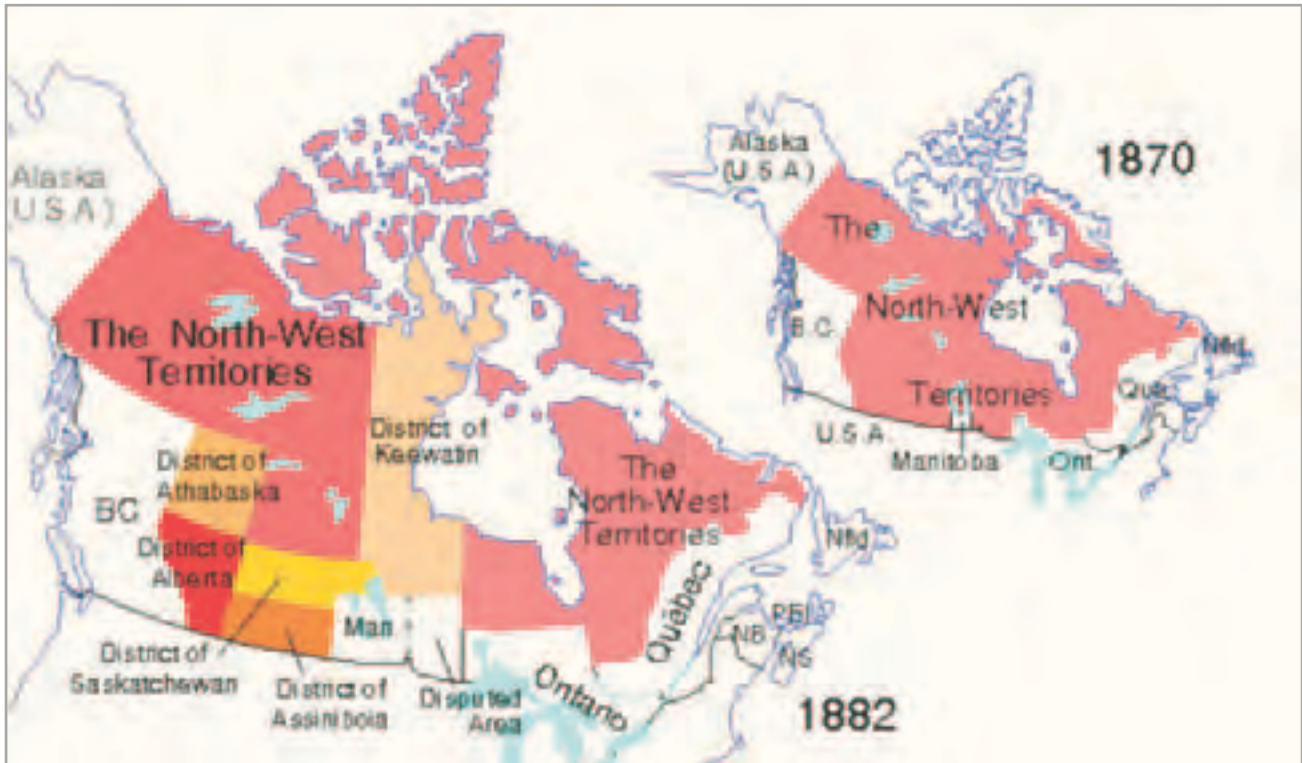
The Northwest Territories, created in 1870 after the Canadian purchase of Rupert's land from the Hudson's Bay Company, initially covered the area from Labrador (save for the coastal area) to the Yukon and from the Canada-US boundary west of Ontario and east of British Columbia to the Arctic Ocean, with a small portion carved out for Manitoba (Canadian Geographic 2014). A decade later, a further deal with Great Britain saw Canada accept dominion over the Arctic Islands, then under threat from foreign interests (Zaslow 1981). The Yukon, then engulfed in the world-famous Klondike Gold Rush, was removed from the Northwest Territories in 1898 when Ottawa discovered that the Northwest Territories' government, based in Regina, was casting covetous eyes on Klondike liquor revenues.

The Government of Canada continued to carve up the Northwest Territories in a series of stages, removing what would become northern Ontario, northern Quebec, Labrador, northern Manitoba, the provinces of Saskatchewan and Manitoba, and northern British Columbia. The Northwest Territories, once covering the vast majority of the country had, by 1905, been whittled down to a "mere" third of the total landmass, stretching from the 60<sup>th</sup> parallel to the top of Ellesmere Island and from Baffin Island to the Yukon border (see map 2).

While the boundaries were settled by the early years of the 20<sup>th</sup> century, discussions nonetheless continued about redrawing territorial borders (Zaslow 1971; Zaslow 1988; McKittrick 1939). In the 1930s, serious thought was given to amalgamating British Columbia and the Yukon and, less urgently, Alberta and the Mackenzie River Valley. The former plan came close to fruition, failing only when the Liberal government of William Lyon Mackenzie King realized that territorial funding for a Roman



## MAP 1 Political Boundaries in Canada, 1870 and 1882



Source: Canadian Encyclopedia Online.

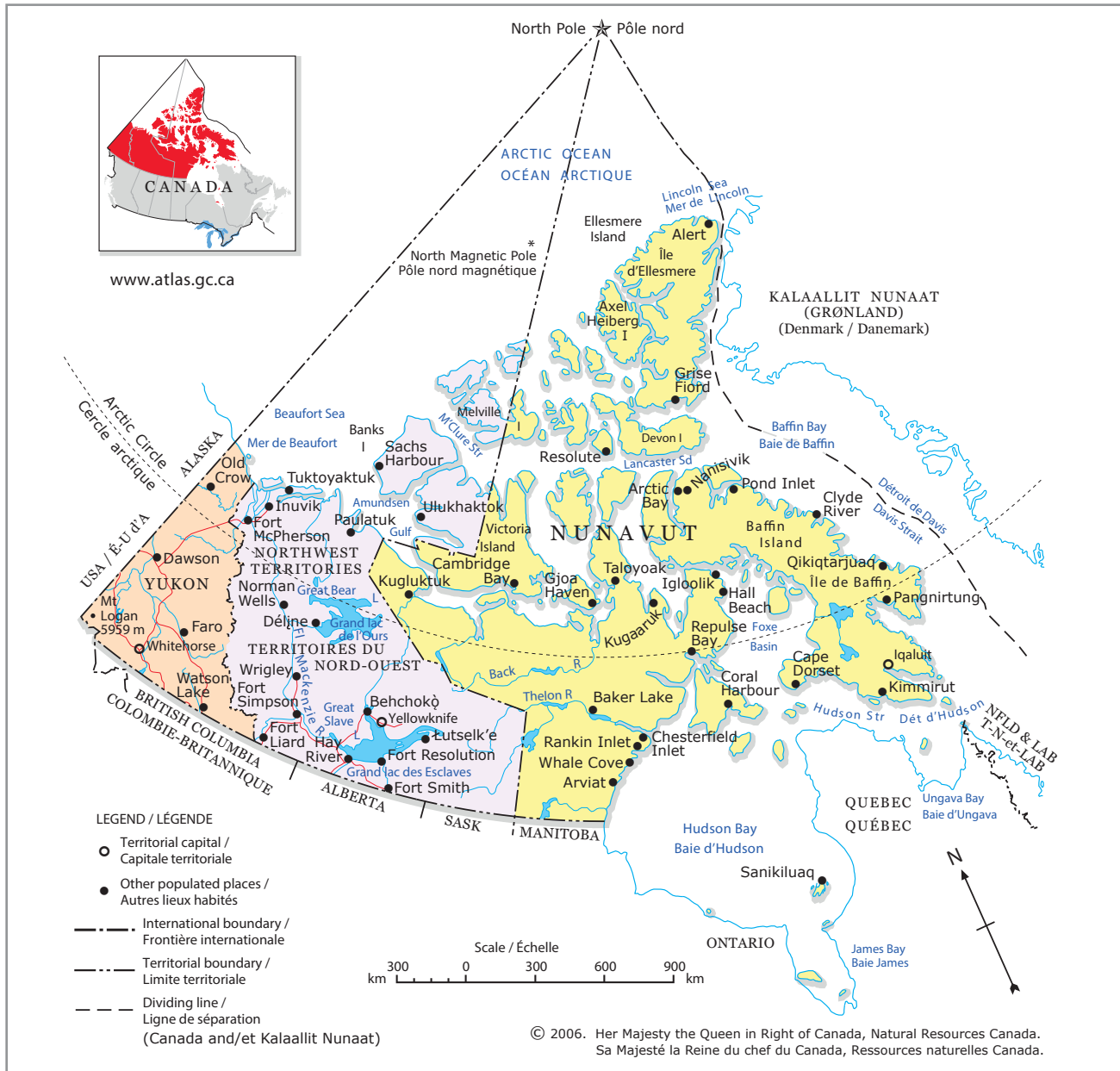
Catholic school in Dawson City set a precedent in the region that might, if the merger proceeded, unleash worrisome French-English, Catholic-Protestant tensions. The proposal died (Stuart 1983).

The governance of the Far North was largely an afterthought until the 1960s. Government and a political system were, after all, reserved for settled societies, not for regions dominated numerically by Aboriginal people or, as in the Yukon during the Gold Rush, by a tidal wave of short-term, largely foreign miners. The government established the Territorial Council in the Yukon during the Gold Rush primarily as a result of US agitation for greater democracy in the region. But the Council almost disappeared after the collapse of the regional economy during the First World War (Coates and Morrison 2005). Throughout, however, the Commissioner (Gold Commissioner and Controller after the war), a political appointee of the Government of Canada reporting to the Minister responsible for the North, maintained full authority in the Yukon. Council served in an advisory capacity. The Northwest Territories had even less input into government decisions and resource allocations. The legislative capital of the Northwest Territories remained in Ottawa until 1967; Fort Smith hosted regular meetings of the Northwest Territories' advisory council and served as the administrative capital from 1911 to 1967, when both functions were merged in the newly proclaimed capital of Yellowknife (Thomas 1978; Hamilton 1994).

The governance of the Far North was largely an afterthought until the 1960s.

The Yukon and Northwest Territories were truly Canada's colonies, controlled long distance from Ottawa, ruled by appointed Commissioners, and without a significant administrative apparatus or local political process, particularly in the Northwest Territories. The launch of hard rock gold mining and the related emergence of the gold mining town of Yellowknife in the 1930s brought stability to

**MAP 2 The Arctic North of Canada**



the Mackenzie Valley, leading to agitation for political autonomy there and in the Yukon. The Second World War and the resulting US presence across the Far North jolted Canada from its complacency. The government moved North in a major way in the 1950s, partly to assert sovereignty over the long-neglected territories but also to fulfill an increasingly urgent mandate to equalize social and economic opportunity. The arrival of the welfare state, highlighted by the expansion and empowerment of the existing Indian and Inuit residential school system, government transfers to individuals, and the settlement of Indigenous peoples in more permanent communities, ushered in an age of administrative oversight, with the lack of interest of the pre-1950 period replaced by assertive social policy interventions and major investments in regional infrastructure. John Diefenbaker, Prime Minister from 1957 to 1963, made northern development and his Roads to Resources program a centrepiece of national economic strategy, ushering in an unprecedented burst of investment in roads, railways, airfields, and other northern infrastructure (Novosel). The territories passed very quickly from being neglected colonies to being “favoured” colonies, particularly in terms of the scale of the government investment and spending in the region.

# The North Fights Back

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Beginning in the mid-1960s, the North chafed under the increasing presence of the Government of Canada and the activities of the small but growing territorial civil service. Representatives on the Territorial Council – elected in the Yukon but a mix of elected and appointed officials in the Northwest Territories – struggled with the authority of the Commissioner, even as they generally admired the individuals holding the posts. In the Northwest Territories, the establishment of Yellowknife as the territorial capital meant that the government was actually just as inaccessible for the people of the Eastern Arctic as when it had been in Ottawa. That the Inuit struggled to get attention from the First Nations, Métis, and non-Aboriginal people in the Western part of the territory only exacerbated the problems. Yukoners had particular difficulty with the Ottawa-centric approach. Whitehorse had, by the mid-1960s, developed into a modern Canadian city, with political aspirations to match. That the elected politicians had no control over the territorial budget, functioned in an advisory capacity only, and lacked the managerial responsibilities of cabinet government made the political class increasingly outspoken and critical of Ottawa. The most prominent northern politician, Conservative Member of Parliament Eric Nielsen (serving from 1957 to 1987), was a particularly vocal critic of federal Liberal policies in the North (Coates and Morrison 2005).

The unsurprising result of the colonial political situation, even though it was regularly burnished with federal largesse, was territorial pushback. Regional politicians, particularly in the Yukon, became increasingly outspoken about both government policies and government structures. Demands for local autonomy increased steadily, spilling over mildly into the Northwest Territories. The Yukon's Member of Parliament, Eric Nielsen, supported the local demand for greater regional control, joining with others who began to speak openly about the value of provincial status. The Liberal government under Pierre Trudeau was not overly interested in northern questions, beyond working harder on Aboriginal social and economic development. Political noises from the Far North, inconsequential compared to the gathering storm in Quebec and the rising frustrations of the prairie West, passed unheeded.

The North found its political voice, ironing out future arguments through internal debate.

The emergence of the autonomy movement was important, nonetheless. The North found its political voice, ironing out future arguments through internal debate.

## Aboriginal Rights and Land Claims

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Quite apart from territorial autonomy movements, the Aboriginal people of the Canadian North began to lobby for greater attention to their aspirations. The pressure came from several sources. Among the Inuit, the impressive and fast-growing Arctic Cooperatives, a comprehensive network of community-owned retail stores and services, provided a training ground for political mobilization and regional empowerment. Veterans returning from the Second World War, particularly Elijah Smith in the Yukon, reacted to their political and socio-economic marginalization when they returned home. Smith and his counterparts started pressing for greater respect for Aboriginal rights (Francis, Jones, and Smith 2005). A series of court cases, including the 1970 *R v. Drybones* case (which identified discrimination against Aboriginal people in liquor laws and in the



Canadian Bill of Rights), ushered in a new era of attention to sustained political and legal bias against Aboriginal people. Uprisings and protests across North America, and Canadian government support for ethnic and minority cultural organizations, fuelled greater interest in Aboriginal rights. Indeed, the Government of Canada's commitment to community mobilization, including through the Company of Young Canadians, helped promote northern and Indigenous political engagement.

The foundation of Indigenous frustration in the Canadian North was very simple: unlike much of the country and in seeming violation of the spirit if not the letter of the Royal Proclamation of 1763, the Aboriginal people of the territorial North had not signed land surrender treaties. (Treaty 11, covering

The Aboriginal people of the territorial North had not signed land surrender treaties.

the lower Mackenzie Valley, was signed in 1921 following the discovery of oil at Norman Wells in the Northwest Territories. The courts later invalidated the treaty, asserting that it had not been signed properly) (Fumoleau 2002). As resource developments in the North continued at a frantic pace, with Aboriginal people receiving few jobs and with few community benefits, Indigenous groups were understandably upset about the absence of formal treaties, as apparently required

under British and Canadian laws. Many northerners came to believe that the agitation for Aboriginal land rights was the work of southern radicals, ignoring the fact that Yukon First Nations had first placed a formal claim for a treaty before the Government of Canada in the early 20<sup>th</sup> century.

The Liberal government of Prime Minister Pierre Trudeau, fresh off the forced retreat over the 1969 White Paper on Indian Affairs that had proposed the end of "special" status for Indians in Canada, initially had little interest in land claims discussions. Their reticence ended in 1973 when the Supreme Court narrowly (on a 3-3-1 vote, with one judge ruling against the Nisga'a on a technicality) overturned a challenge by the Nisga'a of northwest British Columbia related to Ottawa's refusal to negotiate a claim (Aboriginal Affairs and Northern Development Canada 2010). The Liberal government, realizing that their legal position was tenuous, opted to commence land claims discussions. That same year, after the tabling of the first comprehensive land claim in the modern era by the Yukon Native Brotherhood (later renamed the Council for Yukon First Nations), the Government of Canada accepted the Yukon submission for negotiation. They did so in an atmosphere of considerable non-Aboriginal distress about the concept of Aboriginal treaty and other rights, particularly in the Yukon where the YNB claim was greeted with disquiet, if not hostility. Other Indigenous groups in the Northwest Territories joined in the political mobilization. The era of land claims negotiations in the Far North had started.

By the mid-1970s, sparked in substantial measure by the high profile Mackenzie Valley Pipeline Inquiry chaired by Justice Thomas Berger that recommended a delay in pipeline construction until Aboriginal people were supportive of the project (Berger 1977), conditions were in place for a multi-site conflict, with deep emotions, ethnic tensions, external pressures related to resource development, and a distant national government.

It is to the enduring credit of the people involved that the increasingly dramatic rhetoric of the late 1960s and late 1970s led to careful and respectful negotiations.

It is to the enduring credit of the people and organizations involved – Indigenous, non-Indigenous, territorial, federal, government, and private sector – that the increasingly dramatic rhetoric of the late 1960s and late 1970s led not to confrontation, violence, protest, blockades, and destruction but instead to careful and respectful negotiations. From the outset – and it is important

to remember that the launch of land claims demands in the Yukon was met by considerable non-Aboriginal anger – the process of reconstructing the political and legal arrangements in the Canadian

North was collaborative but time-consuming. There were numerous forces impinging on the North at this time: external resource development expectations, Aboriginal aspirations, a separate territorial autonomy movement, internal dynamics associated with Indigenous-newcomer relations, and the transition away from old-style colonial administration. In other parts of the world, this was a recipe for revolution and civil war. In the Canadian North, these conditions coalesced to generate one of the most peaceful, comprehensive, and transformative governance revolutions in history.<sup>2</sup>

## PART 2 DEVOLUTION

# What is Devolution?

Devolution involves the transfer of significant government responsibilities from a higher level of government (such as the nation state) to a subordinate level of government (such as a province or a territory, in the Canadian context). It is part of a global process of decentralization of authority, based on the general premise that administrative power should rest as close as feasible to the people receiving and requiring government services. Decentralization often involves the transfer of administrative responsibilities within government, from central to regional offices. Devolution is a different process, involving the transfer of authority from a national to a sub-national government, in this case the northern territories. The processes of devolution became particularly popular after the apex of the welfare state, when national governments started to download responsibilities to other levels of government in order to restrain expenditures and to allow local and regional populations to establish their own political and administrative priorities.

Authority should rest as close as feasible to the people receiving and requiring government services.

As well, devolution reflects a growing belief in the importance of empowering local and regional populations, on the expectation that control closer to the affected populations will result in more appropriate and responsive policies and programs. Finally, devolution seeks to make local/regional authorities responsible for the expenditure of public funds devoted to their region, enhancing the authority of the electorate and reducing tensions between national governments and the regions and populations under state control.

Canada started on this path of devolution in the territorial North for several reasons:

- the demands of local residents for greater control and autonomy from Ottawa,
- the political and administrative maturation of the territorial political and administrative systems,
- the increasing political and legal power of Aboriginal peoples,
- the national desire to unlock more of the resource potential of the Far North,
- the emergence of new fiscal arrangements to address the major gaps in northern services and infrastructure,
- the growing commitment of the Government of Canada to decentralization and the empowerment of regional governments, and,
- a general Canadian commitment to equality of political rights.

More controversially, some observers have suggested that devolution affords Ottawa with an opportunity to offload expensive programs, particularly as the territories later claimed that Ottawa did not transfer sufficient funding to properly support the transferred responsibilities.<sup>3</sup>

## The Devolution Revolution

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**B**eginning with the launch of land claims negotiations and continuing to the present, the territorial North experienced one of the most profound political transformations in Canadian history. Consider the major developments that occurred between 1973 and 2013.

### Land Claims Negotiations

The start of land claims negotiations in the Yukon in 1973 represented a watershed in the mobilization and engagement of northern Aboriginal people in national public affairs (Yukon Native Brotherhood 1973). At the same time, the precision and intensity of Aboriginal demands for autonomy struck a real chord with northern non-Aboriginal politicians, whose attention focused on the absence of territorial political autonomy, the lack of control over land and natural resources, and the general powerlessness of the territorial governments. Aboriginal agitation sparked broader demands for territorial empowerment in the Yukon, in particular.

### Responsible Government

The Yukon gained responsible government (which means that the administrative branch of government is subject to parliamentary or legislative oversight, with the executive seeking and requiring the support of the legislative branch of government) through the “Epp letter” of 1979 (Epp 9 October). By way of this letter, the Honourable Jake Epp, Minister of Indian and Northern Affairs, instructed then Yukon Commissioner Ione Christensen, to operate according to the instructions of the duly elected Yukon Territorial Legislature, acting through the Government Leader and his/her cabinet. While Commissioner Christensen resigned in protest over the radical change in the authority of her office (Smyth 1999), the Yukon had finally achieved a significant measure of self-rule, albeit one that rested upon an easily revocable ministerial letter of instruction. Responsible government was extended to the Northwest Territories at the same time, with Minister Epp authorizing the expansion of the size of the Executive Council (the cabinet) and empowering the elected officials to take a greater role in the management of territorial affairs.

### Nunavut and the Division of the Northwest Territories

By the 1980s, the people of the Eastern Arctic felt under-represented in the Northwest Territories. The establishment of Yellowknife as the territorial capital left the people of the Keewatin District and the Arctic islands distant from their government. Tensions built over time, connected to rising Inuit political aspirations and the evolution of land claims. Following the 1982 plebiscite (which voted 56 percent in favour), the Northwest Territories agreed to division, resulting in the formal establishment in 1999 of the new territory of Nunavut.<sup>4</sup> This jurisdiction was, at the point of its creation, over 85 percent Inuit. Nunavut was presented to the world as a major innovation in Indigenous empowerment. (Denmark was proceeding with a comparable process in Greenland, providing the Inuit of Greenland with even greater autonomy than that provided in Nunavut.)



## Comprehensive Claims Settlements

From a standing start in 1973, the North quickly tackled the negotiation of land claims. The issue was particularly intense in the Yukon, where the Government of Yukon made a formal claim for its own territorial land rights. The election of the New Democratic Party under Tony Penikett in 1985 eventually brought the Yukon Territorial Government together at the table with the Government of Canada and the Council for Yukon First Nations. Discussions proceeded more quickly in the Northwest Territories, with the Inuvialuit signing an agreement (the “Inuvialuit Final Agreement”) in 1984 (*Western Arctic (Inuvialuit) Claims Settlement Act* (S.C. 1984, c. 24)). Other agreements followed in due course, with the Council for Yukon First Nations signing an umbrella final agreement (UFA) covering all 14 First Nations in 1993 (Canada, Council for Yukon Indians, Government of the Yukon 1993).<sup>5</sup> The Yukon UFA covered the entire territory, requiring individual First Nations to negotiate individual claims and self-government agreements; the UFA came into effect when four First Nations signed on to the accord. The Inuit in the Eastern Arctic signed their agreement in the 1990s (*Nunavut Land Claims Agreement Act* (S.C. 1992, c. 29)). Not all groups reached final accords. Three First Nations in the Yukon have still not signed, and the Akaticho Treaty 8, Deh Cho (Dene), and the Northwest Territories Métis of the southern Mackenzie River basin also have not reached a resolution. The signing of modern treaties brought about major changes in the North: the infusion of hundreds of millions of dollars of capital, the removal of the *Indian Act* as a governing document over Indigenous peoples in much of the North, royalties from future resource developments, new government structures, and enhanced financial opportunities and responsibilities.

Nunavut was presented to the world as a major innovation in Indigenous empowerment.

## The End of the Provincial Aspirations

Not all of the political transitions were positive. During the extended constitutional wrangling of the late 20<sup>th</sup> century, questions emerged about the political possibilities of the Far North (Robertson 1985). Regional aspirations peaked in 1976, when Joe Clark, the newly elected leader of the Progressive Conservative opposition, promised to convert the Yukon into a province within his first term in office (Smyth 1999).<sup>6</sup> Yukoners were underwhelmed, in part because of analysis that indicated the territory would have to increase taxes dramatically to cover the additional costs. Nonetheless, northerners wanted to keep the option of converting the individual territories into provinces at a future date. They assumed, as well, that the conversion process would happen, as with the southern provinces, following agreement between the Government of Canada and the affected jurisdiction. (Prime Minister Paul Martin repeated this sentiment as recently as 2004, as reported by CBC News on November 23, 2004.) The practical prospect of this happening evaporated in the patriation of the Canadian Constitution in 1982. Under the terms of the *Constitution Act* (1982), changes in the Constitution – which would be required to admit a new province – require approval from the House of Commons, the Senate, and two-thirds of the provincial legislatures representing at least half of the country’s population. This is an extremely high bar for the attainment of provincial status and was not required for the establishment of any of the six post-Confederation provinces. The Government of Yukon, led by Tony Penikett, unsuccessfully challenged the *Constitution Act* (1982) in court, with the decision effectively locking the territories into permanent colonial status, a substantial breach of faith and democratic principles with the people of the territorial North (Goldenberg and Penikett 24 July 2013). Importantly, the Yukon was not arguing for provincial status, which the government agreed was not suitable at the time. Rather, they sought the right to aspire for provincial status under comparable terms and regulations that governed the creation of the other provinces in Confederation. With the normal path to political autonomy effectively eliminated, northern politicians turned their attentions to other approaches to regional empowerment.

## Shifting Federal Powers to the Territories

While provincial status has been rendered largely unattainable, the northern territories were not denied the opportunity to aspire to province-like status. Preceding the constitutional debates of the early 1980s, the Government of Canada began devolving responsibilities to the territories. One of the first transitions involved the transfer of Alaska Highway maintenance to the Government of the Yukon in 1972 (Yukon District 1972). This arrangement, which involved the shift of several hundred high-

The six post-Confederation provinces did not have to meet the current extremely high bar for the attainment of provincial status.

way workers and managers, proceeded without controversy. In a quiet and non-confrontational manner, the Yukon and the Northwest Territories worked with Ottawa to assume control of education and health care, two areas of responsibility that, it was uniformly agreed, were best handled at the regional level. In each instance, the transfer of responsibility included the shifting of personnel (or at least salary lines, in those cases where individuals opted to stay with the Government of Canada rather than shift to the territorial

government) and federal funding. In a series of steps that attracted very little national attention, Ottawa transferred administrative responsibility for a range of federal duties to the territories, with the Yukon proceeding several years ahead of the Northwest Territories. Each shift added to the size of the territorial government and, directly, the authority of territorial politicians. Importantly, these transitions – which involved complicated personnel processes (such as the matching of pension funds and career tracking), legislative changes, and budgetary arrangements – were concluded without controversy and without significant protest across the territorial North. The process worked, in large measure, because the pace was not forced by the Government of Canada and allowed the territorial governments to decide when they were ready to assume additional responsibilities.

## Influence over Lands and Natural Resources

Taking over child welfare or even social housing, while vitally important in their own right, lacks the symbolic power of influence over natural resources and lands (it is important to note that control, in this context, does not mean ownership in a fee simple sense). In the resource rich territories, managing

In the resource rich territories, control of resource development is a major advance.

public lands, shaping resource development, and securing control over royalty revenues (albeit under more constraints than for the provinces) is a major advance. The Yukon secured such control over resources in 2002 (*Yukon Act* (S.C. 2002, c. 7)); the Government of the Northwest Territories assumes these responsibilities in 2014 (Canada et al. 2013). This is perhaps one of the most important stages in the devolution process, providing two of the three territories with effective control over the most important

elements in the territorial economy. This aspect of devolution remains incomplete, with the territorial governments in the Yukon and Northwest Territories moving quickly to establish and support the administrative and policy apparatus necessary to manage the land and resources in their jurisdiction. Nunavut has not yet assumed control of natural resources and is unlikely to do so in the near future. Nonetheless, as recently as August 2013, the Government of Nunavut indicated to Prime Minister Stephen Harper during his annual northern tour that gaining control over natural resources remained a high territorial priority. Clearly, even with devolution, the territories will not be fully “province-like” in their roles and responsibilities.

## Aboriginal Self-Government

While the signing of land claims agreements is politically significant, the creation of self-governing Aboriginal communities and regions is one of the most important implementations of the spirit and intent of the settlements. Aboriginal self-government is not an event, not something accomplished in a single legislative act. Instead, self-government is permitted under the terms of the agreements, at a time and with an administrative focus determined by the individual Aboriginal governments. Each community decides if and when it wants to assume specific governmental responsibilities, as outlined in the settlement accord. When the decision is made to proceed, the Aboriginal group negotiates with the appropriate government agencies or department to secure the human and financial resources necessary to exercise the authority. As a consequence of these arrangements and protocols, Aboriginal self-government is a patchwork at present, with some communities exercising multiple responsibilities and others eschewing the assumption of government duties. In addition, the arrangements vary in terms of overall coverage, with some accommodating service provision for non-Aboriginals. Over time, Indigenous communities have steadily assumed greater governmental roles, providing for greater local control and Aboriginal management over crucial community-level services. The generally successful assumption of government responsibilities has given a strongly Indigenous cast to many services in the territories. It is also, over time, adding significantly to the administrative capacity in the North and among Aboriginal organizations, as hundreds of Indigenous people gain professional experience and learn to manage the levers of government. In the medium to long-term, the steady increase in Aboriginal political, policy-making, and administrative expertise will help the territorial North assume greater control over its affairs (*Yukon First Nations Self-Government Act* (S.C. 1994, c. 35); *Tłı̨chō Land Claims and Self-Government Act* (S.C. 2005, c. 1)).

The creation of self-governing Aboriginal communities and regions is one of the most important implementations of the spirit and intent of the settlements.

## Modernization of Yukon and Northwest Territories Foundational Legislation

The legislative foundation for the Northern Territories was, until recently, quite weak. The *Yukon Act*, first passed in 1898 (S.C. 1898, c. 6), had many anachronistic elements and lacked key policy elements. One of the most important, and unheralded, transitions in northern political affairs came with the passage of a redrafted *Yukon Act* in 2002. Prior that point, responsible government rested on the “Epp Letter,” a single and retractable document that required the Commissioner of the Yukon Territory to follow the directives of the duly elected territorial government and cabinet. The *Yukon Act* transformed the ministerial order into a permanent component of territorial governance, removable only through formal and standard legislative procedures. Regularizing the Yukon’s legislative framework was a crucial point in the entrenchment of devolution in the territorial North, a clear and strong signal of the unfolding political revolution that passed almost completely unnoticed south of 60° (*Yukon Act* (S.C. 2002, c. 7)). The Northwest Territories, similarly, was managed under an often-amended piece of 19<sup>th</sup> century legislation that was updated as recently as 2014 to recognize the changes associated with modern treaties and other federal-territorial political arrangements (*Yukon Act* (S.C. 2002, c. 7)).

## Co-Management Regimes

Among the many key elements in the overlapping processes of Aboriginal self-government and devolution, the engagement of Indigenous peoples in governance of natural resources is perhaps the most significant. Under the new systems implemented in the territories, Aboriginal people have ma-



major roles to play in the oversight of natural resource development, heritage preservation, watershed management, and many other economic, cultural, and environmental regulations. Perhaps the most significant transition rests with the regulation and oversight of harvesting activities. Hunting, fishing, and gathering remain vital elements in the economic, social, and cultural life of the territorial North. Country food is an important part of the northern food supply, just as the harvesting activity itself is critical to the preservation of language, cultural traditions, and Indigenous worldview. For these reasons, the ability and capacity to engage Indigenous peoples, cultural values, and Traditional Indigenous Knowledge in the regulation and management of harvesting activity is central to the evolution of governance in the North. The fundamental importance of harvesting to northern Indigenous peoples has made co-management the litmus test of the effectiveness of devolution, territorial autonomy, and Indigenous-government administrative arrangements (White 2006; White 2008).

## PART 3 DEVOLUTION IN ACTION

# The Details of Devolution

Devolution is a complex, multi-faceted constitutional, political, legal, and administrative process. Key elements range from the decision of the Government of Canada to assign responsibility for selecting Aboriginal students for federal grants for post-secondary education to band-level governments to the legislative establishment of Nunavut and the re-drafting of the *Yukon Act*. These agreements represent the most important illustrations, in terms of negotiated accords and formal arrangements, of northern devolution.

These agreements are complex legal documents, often running to several hundred densely written pages. The written material obscures as much as it reveals. Behind each accord are thousands of hours of extended negotiations involving various levels of government, Aboriginal communities and organizations, and consultations with the public at large. At the Aboriginal level, these agreements

Devolution is a complex, multi-faceted constitutional, political, legal, and administrative process.

involved extremely difficult decisions about the appropriateness of the settlement, debates about the prospects for a better agreement if negotiations continued, and a careful balancing of needs and opportunities. Cumulatively, these documents outline the shape of devolution and decentralization in northern Canada, providing the legal and political framework for the governance and administration of northern Canada. A central challenge lies in the transition from negotiations to implementation (a similar process

is underway with land claims agreements). The spirit and the intent of the negotiated accords are swiftly replaced, in the hands of civil servants, by the details of the agreements, which are highly technical and subject to interpretation. Government officials have no choice but to adhere to the written texts, which can often result in sharp disputes between federal and territorial governments and which can delay the implementation of agreed upon arrangements.

# The Northern Political Challenges

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Devolution and the empowerment of the territorial North is a reality. Major and sweeping legislative, legal, and political changes have occurred. The expansion of the political role of Indigenous peoples in the territorial North is nothing short of transformative. In certain areas, particularly relating to Aboriginal participation in regional politics, resource development, and the management of renewable resources, the northern territories became globally significantly innovators in their own right. It is with considerable justification, therefore, that politicians and government officials from other remote and isolated regions and from countries with significant issues relating to Indigenous affairs pay close attention to developments in the three territories. Northerners are more in command of their affairs, but with limited financial room to manoeuvre. Indigenous and northern political and administrative leaders are now extremely active in the management of territorial governance. Furthermore, by the early years of the 21<sup>st</sup> century, representatives of Indigenous and public governments worked routinely with counterparts from throughout the Circumpolar world. Indeed, the level of productive and sustained Circumpolar engagement is likely unmatched in global intra-regional affairs. Even with these achievements, much remains to be done.

## Financing Devolution

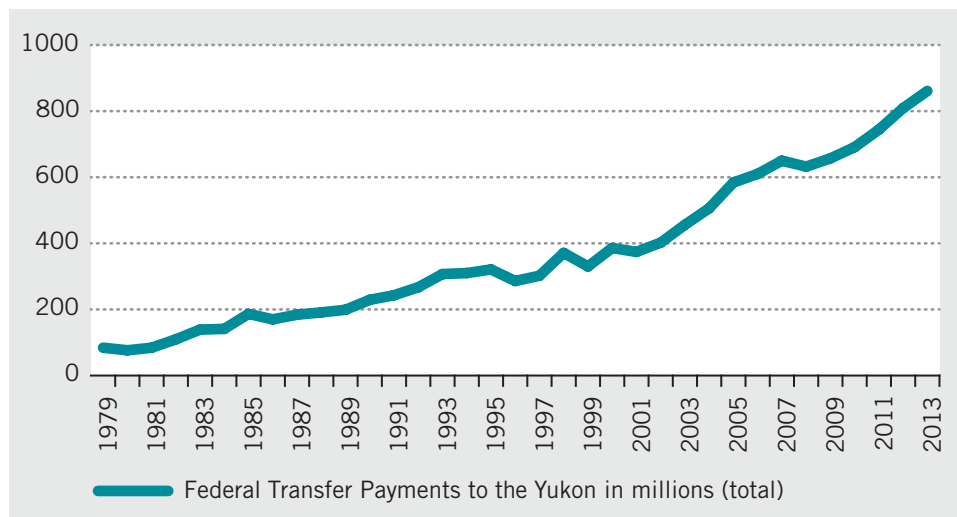
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Expanding and improving governance in the territorial North is a costly enterprise. Before 1985, the Department of Indian Affairs and North Development worked on a program-by-program funding model, providing northerners with little certainty and politicizing the annual financial allocations to the territorial governments.<sup>7</sup> The territorial governments were fiscally subservient to the Government of Canada, an arrangement that limited the political authority and responsibility of the Yukon and Northwest Territories. Eric Nielsen, Yukon Member of Parliament and Deputy Prime Minister under Prime Minister Brian Mulroney, was instrumental in changing this complex and unreliable financing system.

Territorial Formula Financing, introduced in the mid-1980s, provided a single annual block grant – unconditional support for the territorial governments – without the program-by-program funding requirements and transformed the administrative dynamics of territorial governance. The agreements are reviewed regularly, currently every five years, providing the territorial governments with a new level of political freedom and greater accountability to territorial electors. The formulas are complex and include the need for government funding, adjusted by available own source revenues to arrive at a final sum. Among all of the elements of devolution, the availability of stable, substantial, formula-based funding best embodies the northern goal of substantial autonomy, fiscal flexibility, and responsive and responsible territorial government.

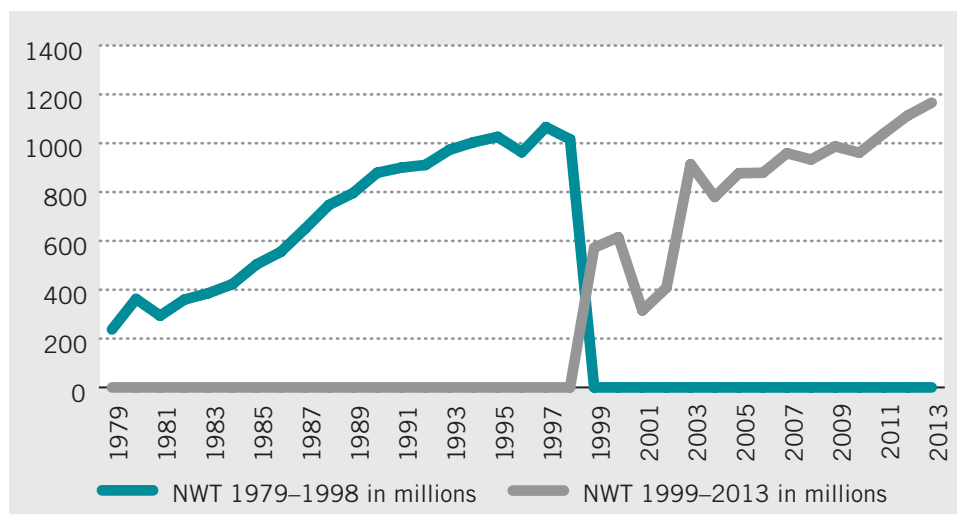
The funding thus transferred is substantial (see the charts 1, 2 and 3 for total federal transfers to the northern territories in the past 34 years).

**CHART 1 Total federal transfer payments to the Yukon, 1979–2013**



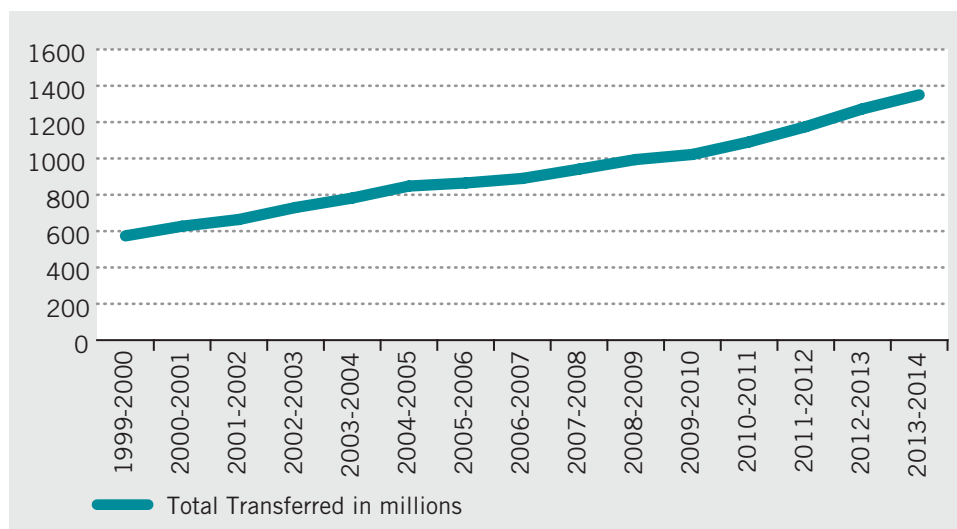
Data from 1979–1985 includes transfers from municipal governments in addition to federal transfers. Source: Statistics Canada, Provincial and territorial revenues, 1965/1966 to 1991/1992; 1986–2010 data from Public Accounts of the Yukon Territory 2011–2013.

**CHART 2 Federal transfers to the Northwest Territories, 1979–2013**



Data from 1979–1985 includes transfers from municipal governments in addition to federal transfers. Source: Statistics Canada, Provincial and territorial revenues, 1965/1966 to 1991/1992; 1986–2010 data from Public Accounts of the Northwest Territories; 2011–2013.

**CHART 3 Federal transfers to Nunavut, 1999–2014**



1999/2000 to 2004/2005 data from 2005 Nunavut Economic Outlook; 2005/2006 to 2013/2014 from Department of Finance Canada.



On its own, devolution is no panacea and could, in fact, lead to additional crises for regional governments. Assuming control of additional administrative responsibilities requires money, in this case from the federal government that previously managed the programs and services. Territorial funding has, however, increased alongside devolution, providing the governments of Nunavut, the Northwest Territories, and the Yukon with the resources needed to manage the new duties. Territorial governments are quick to point out – with good reason in many instances – that the incremental funding does not cover the full costs of delivery, particularly given the special geographic and human aspects of the North. The steady increase in overall transfers illustrates, however, that devolution brought substantial increased revenues to the territorial governments.

## The Governance Challenge

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**T**he Yukon, Northwest Territories, and Nunavut are intriguing political environments, made all the more so by the intensity of the change in the region. While the accomplishments are real, serious challenges remain. The political revolution in the Far North is not complete. Indeed, it remains at a relatively early stage and does not yet hold the assurance of full success. The situations vary across the North. Nunavut faces far greater financial, administrative, and socio-economic challenges than does the Yukon, with the Northwest Territories quickly catching up to the westernmost jurisdiction. Indeed, the prospect for rapid resource development in the Northwest Territories means that political change in the territory will likely be strong in the coming years. The issues facing the smaller, isolated communities are much greater than those confronted by the three territorial capitals and the larger territorial towns. There are a series of major challenges facing northern governments that need to be comprehended if the interim nature of the devolution transformation is to be understood. When southern folks wonder why the territorial North is not yet celebrating its accomplishments, it is largely because so much work remains to be done.

The political revolution in the Far North is not complete.

### Unfinished Business

Devolution has not been fully implemented and the administrative transitions and staffing remain incomplete. Much as the negotiation of land claims agreements were difficult and time-consuming tasks, effective implementation is an equal challenge. These complex legal agreements, running to hundreds of pages, require careful administrative and political attention. The agreements require the establishment and operation of many different committees, all of which have to be managed by qualified people. That the Aboriginal signatories to the agreements and those who have still not signed a final accord are going to the courts to seek resolution of some of the central issues demonstrates the difficulty involved in completing land claims agreements. For the

Effective implementation is a challenge equal to negotiation.

Indigenous groups involved, there are major decisions to be made about assuming self-government responsibilities, building local administrations, and managing the new tasks and duties. Each year seems to add new activities and programs, ranging from collaborations arising out of the Arctic Council to new climate change initiatives. The north itself remains very much a work in progress on many fronts, and the administrations in the Yukon, the Northwest Territories, and Nunavut will be pushed to the limits for years as they continue to implement the many diverse policies and agreements that now govern northern life.

## The Scale and Complexity of the Issues

The three northern territories are small places; the Yukon has 36,700 people, the Northwest Territories some 43,500 people, and Nunavut 35,600, for territorial total of only 113,000, or less than half the population of the medium-sized city of Saskatoon, Saskatchewan (Statistics Canada 2013). Consider, then, the political and governance challenges before these three territories, which are responsible for well over half of the land mass of Canada, stretching across four time zones and reaching some thousands of kilometres from North (the top of Ellesmere Island) to South (Belcher Islands, well south of the 60th parallel in Hudson Bay) and East (the easterly end of Baffin Island, which is north of Labrador) to West (the Alaska-Yukon boundary, close to 1,000 kilometres west of Vancouver). Handcuffed by these formidable geographical challenges, and operating with two comparatively small cities, Whitehorse and Yellowknife, and one large town, Iqaluit, the governments of the three territories have to contend with far more than the management of devolution, land claims, and related issues. They face enormous southern and international pressure to develop northern resources, cope with the uncertainties associated with climate change, respond to the many linguistic, cultural, and socio-economic challenges facing Indigenous peoples, manage dozens of tiny and widely scattered villages (no Nunavut communities have road access and many Northwest Territories communities have only winter roads, and several, including Old Crow in the Yukon, have no road access), maintain political and administrative relationships with the federal government and their provincial counterparts, struggle with the ongoing realities, and work through the vicissitudes of a boom and bust resource economy. No political regimes in the world, with the possible exception of the still-evolving situation in the former Soviet Union, are required to tackle as many different and complex issues over such a landscape and with such limited governance resources.

## Capacity Issues

The intensity of the governance challenge is complicated by the limits on the North's ability to manage its affairs. Government succeeds or fails not entirely on the quality of its legislative and political framework, but on the ability and integrity of its civil servants. Good governance requires a stable,

The northern territories do not suffer from a want of motivation and effort; the issue is one of capacity.

skilled, and motivated bureaucracy to develop and implement legislation, monitor and evaluate programs, and otherwise manage the affairs of the state. The northern territories do not suffer from a want of motivation and effort; regional enthusiasm for the multi-faceted challenges of self-government, land claims implementation, and devolution remains strong. The problem facing government in the North is that the regional and Aboriginal governments have significant capacity issues. Northern governments have difficulty

staffing their civil services, particularly in the smaller and isolated communities. Staff turnover is high. Promotion is often rapid, particularly in Nunavut, putting inexperienced and unprepared people into jobs for which they are not adequately prepared.

The issues at the territorial level – fairly minor in Whitehorse and Yellowknife, more serious in Iqaluit

and in the smaller regional centres and often critical in the tiny communities – are magnified with Aboriginal governments, where the lines between administration and politics are often blurred. The north has many talented and able civil servants, but the number, diversity, and intensity of their tasks often overwhelm them. All northern governments recognize the challenges, and the three northern colleges (aided by southern university partners) are working hard to address the capacity gaps. The reality is that there are too few trained and skilled northerners ready to assume government positions, and not enough motivated and able outsiders willing and able to come North. Furthermore, the training programs in place across the country for administrators and public servants rarely incorporate preparation in the special challenges and opportunities involved with working in the territorial North. People with the right credentials, therefore, can have difficulty adjusting to the realities of northern political and administrative life and can lack the cultural and social understanding to flourish in the territorial civil services. It will take a considerable amount of time to build an effective, sustainable, and regionally-aware northern bureaucracy, although the rapid progress made since the 1970s provides reasons for optimism.

## Over-Governance in the North

The territorial North is one of the most government-dependent regions on Earth. Federal and territorial government spending is the foundation for the territorial economy; a substantial portion of the private sector activity in the North involves supplying or serving government departments. Personal income transfers are crucial to the economy in many parts of the North. Government employees dominate the territorial capitals and a combination of administrators, teachers, police, and health care personnel dominate the workforces in all northern towns. Stand-alone private sector activity, often launched with government support, is limited to the mining sector and seasonal tourism activity. Expressed as a percentage of the northern economy, workforce, and population, government-related agencies and organizations dominate all aspects of the territorial North. This means, in turn, that the territorial North is preoccupied with and by government and that the imperatives of government drive northern public and private life. To date, private sector activity in the North has been comparatively small and subject to boom and bust cycles that further reinforce the importance of government in stabilizing and underpinning the economic well-being of the North. Successes and failures of northern administration have significant implications for the region.

The territorial North is one of the most government-dependent regions on Earth.

## Under-Governance in the North

Ironically, under-governance is also one of the serious challenges facing the territorial North. Combining the list of responsibilities, political transitions, geographic area, and capacity challenges means the North experiences regular shortages in terms of the availability of key personnel, the mismatch of talent/experience and specific duties, rapid turnover of officials, expectations regarding cross-cultural and linguistic abilities (particularly in Nunavut), and the ever-changing nature of government in the region. Many of the pressures on territorial governments, particularly from the Government of Canada and those arising from court decisions, put substantial pressure and additional work on northern authorities. The northern governments, then, find themselves struggling to keep up with legislated and legal requirements, a situation made more complicated by the expectation that the public government work collaboratively with Indigenous organizations and governments. While the challenges show up in delays in the delivery or development of government programs, the problems show up with the pressure on understaffed natural resource units to keep up with the demand for a prompt

turn-around on high-value resource projects. It is a testament to the complications of northern governance that the territories can, at once, be over-governed and under-governed.

## Localized Indigenous Governance and Questions of Economies of Scale

The structure of land claims agreements is driving Aboriginal governments, particularly in the Yukon and Northwest Territories. In both cases, First Nations, Inuit, and Inuvialuit groups have focused on building local capacity and local governments, often creating substantial self-government operations for small Indigenous populations. There is a compelling logic behind this approach. The North has many distinctive cultural and linguistic groups. Expecting these people to work together on a regional basis is unrealistic. Furthermore, the Indigenous peoples worked under the paternalistic and often oppressive hand of the Government of Canada for generations, a legacy that left most Aboriginal northerners bitter. Although the situation has improved in the last 20 years, there remains distrust of the Yukon and Northwest territories governments as well. Nunavut, of course, does not fit in this category, since it is a creation of the Inuit land claim and political negotiation processes. The result is that, in the Yukon and Northwest Territories, there has been a proliferation of local, often tiny, Indigenous governments. The Council of Yukon First Nations, which oversaw the negotiation of the umbrella final agreement, largely stepped aside from the delivery of Aboriginal government programs. Aboriginal self-government in the North suffers from serious diseconomies of scale. They often find themselves under-resourced and under-staffed, relative to the governance responsibilities that they have accepted. The creation of mini-territorial governments is driven by the desire for political autonomy and local control. The system, however, is expensive, complicated, and disconnected from the administrative capabilities of comparable communities. The model adopted in Labrador and northern Quebec, where regional authorities work on behalf of multiple governments, is administratively efficient and fiscally effective. In time, it is possible that the Indigenous governments will gravitate toward regional administrative structures. For now, however, the imperative is in the opposite direction, toward a continued existence of small Indigenous governments.

Understaffed and overwhelmed northern governments are under pressure to perform.

## Territorial Fiscal Dependence

At present, and until there are sustained and large-scale resource developments, the territorial governments are extremely dependent on federal funding. The financial transfer agreements for the North are generous, but only when expressed on a largely irrelevant per capita basis rather than as an assessment of the resources needed to meet pressing costs. With control of natural resources and resource revenue in the hands of the Yukon and Northwest Territories, two of three territories will have additional own source revenue to offset the costs of territorial government (Hodge, Stauch, and Taggart 2007). The fiscal benefits of these payments are restricted, however. Revenues are capped and leave the territories with a smaller share than the funds available to their provincial counterparts. In the Northwest Territories, a substantial share of the revenue goes to Aboriginal governments. In Nunavut, where the costs of governing are well beyond the capacity of the local population to sustain, even gaining control over resource revenue is not likely to change the dependency formula. So long as Ottawa remains open-minded to meeting the real costs of governing the North, the high level of fiscal dependence will not be a serious problem, save to outside critics who believe that the expenses of territorial administration are not justified. Should resource revenues spike sharply upward – and the Government of the Northwest Territories has the best chance either through the commercial development of Beaufort Sea oil and gas or the full exploitation of the large Sahtu oil and gas reserves



– territorial resources might well come closer to matching the cost of government. Territorial authorities are nervous about the assumption that additional revenues will replace federal funding, rather than allow northern governments to tackle more of the seemingly endless list of needed northern infrastructure, government projects, and services.

## Managing Resource Developments

The news is full of accounts of imminent major resource projects coming on line in the North: diamond mines in Nunavut and the Northwest Territories; the massive Baffinland iron mine on Baffin Island; a series of significant mines around Baker Lake in Kivalliq; oil, gas, and minerals in the Mackenzie River valley; and a number of new mines in the Yukon. Each project generates responses from local businesses eager for new opportunities, Indigenous groups anxious about traditional harvesting lands and socio-economic dislocations close to home, and environmentalists nervous about the despoliation of the pristine northland. Land claims agreements created structures for local input into the evaluation and monitoring of resource projects, a power aided by the “duty to consult and accommodate” provisions set by the Supreme Court of Canada. But these projects, however attractive in terms of royalty revenues, job creation, and general business opportunity, require an exceptional amount of government work. Highly technical environmental assessments are required, as are socio-economic evaluations. Consultation requirements are considerable, requiring many hours of meetings and follow-up. Add to these tasks the licences, regulatory changes, planning activities, and infrastructure needs associated with major projects, plus the services required to support the workforce and their dependants, and the magnitude of the challenge becomes clear. In all three territories, there are at least a handful of these resource projects at advanced stages of development simultaneously, all pushed forward by junior mining companies, investors, territorial and federal politicians, and often, Indigenous groups eager to get the projects off the ground. Managing such pressures is a thankless and difficult task, largely because the government officials are both required to attend to the law in terms of approval processes and because they are eager to do what is best for the North. As global investment interest has increased in recent years, so has the pressure on government to respond quickly, professionally, and appropriately to plans that could bring hundreds of millions of dollars into the North.

Resource development requires an exceptional amount of government work.

## The Politics of Smallness in the North

The North is a demographically small place. People know each other, and their lives often intersect in many different ways. In small political environments – Aboriginal or non-Aboriginal, northern or southern – the imperatives of the politics of smallness take effect. In these socially intense environments, most issues go beyond the local and become personal. The politics of smallness can be seen in particular in the government operations of the Northwest Territories, where in the consensus-style political system (without the intermediary role of political parties), personal connections are highly significant in determining the success or failure of a particular measure. While the politics of smallness facilitates prompt decision-making, it can encumber important government matters with personal and local elements. The politics of smallness does not imply ill will on the part of individuals or organizations. Instead, it shows that the webs of connections and personal histories, for better or worse, shape electoral processes, administrative systems, and decision-making in areas with small populations.

## The Unique Situation in Nunavut

Nunavut has a great deal to commend it. The creation of an Inuit-controlled jurisdiction in the territorial North was a bold, decisive, and impressive innovation. The subsequent political and administrative transformation of Inuit life includes many dramatic and impressive achievements, not the least of which are the introduction of Inuktitut into Nunavut governance, the evolution of territorial political life, the implementation of major parts of the Nunavut land claim agreement, and the creation and operation of Nunavut Tunngavik Incorporated (NTI), the agency which owns the Inuit's development corporations. At the opposite extreme, the new Government of Nunavut faces some serious challenges, including those associated with the expense and dislocations associated with decentralization within the territory, difficulties with the management of public funds, failed regional economic strategies, difficulties supporting traditional lifestyles, the challenge of reviving Inuit language and culture, and unresolved challenges with the management of government. Nunavut requires large annual transfers from the Government of Canada and the federal Auditor General has raised serious questions about the effectiveness of these expenditures. The most serious Nunavut challenges – housing shortages, domestic violence, drug and alcohol abuse, widespread unemployment, and capacity building – have proven intractable, complicating the challenges of governing Nunavut. Put more simply, Nunavut is lagging at least a decade behind the Yukon and Northwest Territories in terms of the management of territorial affairs and deeply entrenched socio-economic and cultural problems make the task of catching up to the other territories extremely difficult. Conditions will continue to improve, if northerners and the country give the territory time to do so.

## The Prosperity Challenge

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One of the “promises” of devolution was that regional governance, land claims agreements, and other developments would usher in an era of economic growth, fuelled in part by locally controlled resource development. The economic situation has changed, in large part because of the expansion of government services and employment, the advent of self-governing Aboriginal communities, and the resources available through land claims agreements. Measures of community well-being show reasonable improvement in the territories, with territorial settlements doing markedly better than in the northern provinces (particularly Ontario, Manitoba, and Saskatchewan) (see map 3).

Northern unemployment is low in many districts. Well-educated northerners do well in terms of employment and income, and the economic measures of well-being, including the Human Development Index, point in positive directions, with significant convergence toward national norms. While high average earnings mask significant inequalities within the northern workforce and do not account for the high cost of living in the North, the marked improvement in income experienced across the North is reason for optimism. Moreover, Aboriginal communities and northerners generally are active participants in regional economic development. In a variety of important ways, the political transformations of the territorial North have had a significant impact on the economic structures, processes, and opportunities in the region.

### MAP 3 Well-being in First Nations Communities: The Community Well-being Index, 2006

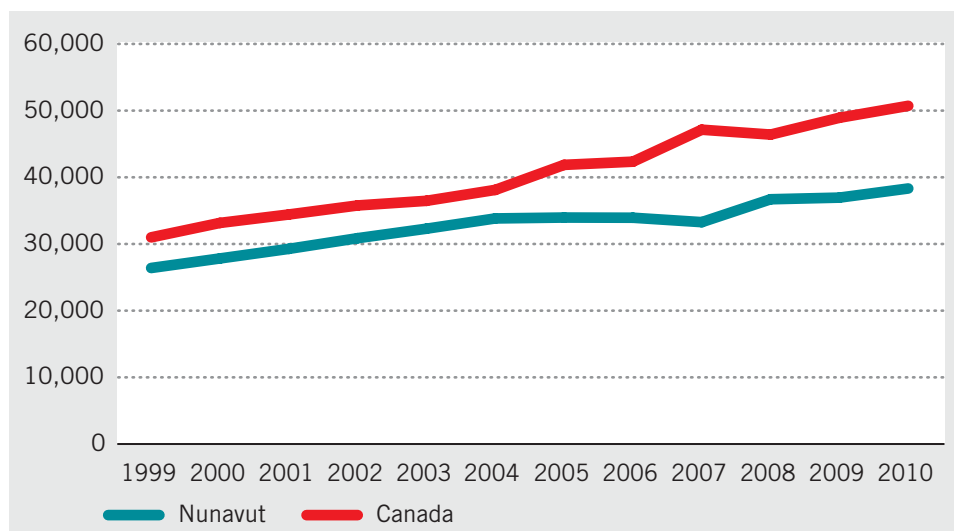


Source: Canada. 2006. Well-Being in First Nations Communities: The Community Well-Being Index 2006. Retrieved from <http://www.aadnc-aandc.gc.ca/eng/1321883955297/1321884166104>.

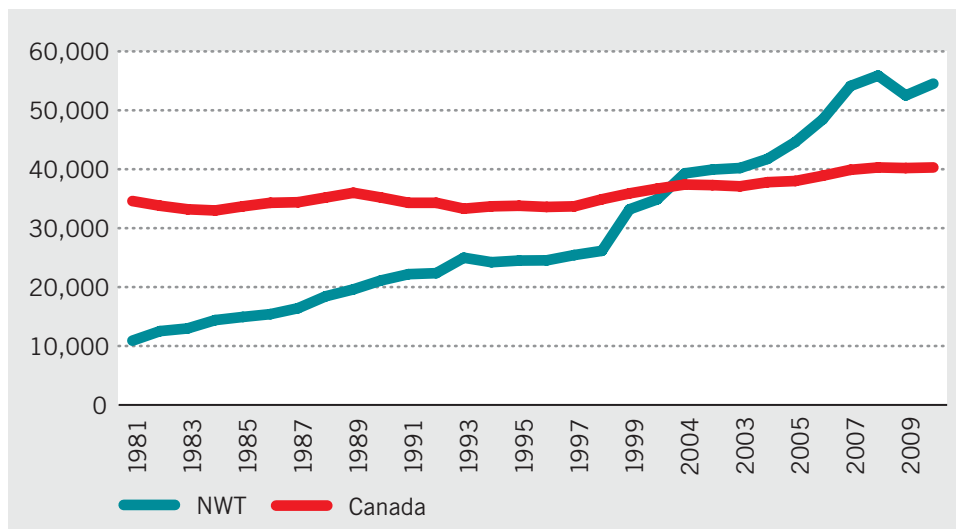
### Socio-Economic Realities

The economic situation in the territorial North is reasonably strong and improving. Average incomes have increased (see charts 4, 5, and 6) as have overall employment rates. Improvements in education and training are generating long-term changes, particularly in Indigenous engagement with the economy (Howard, Edge, and Watt 2012).

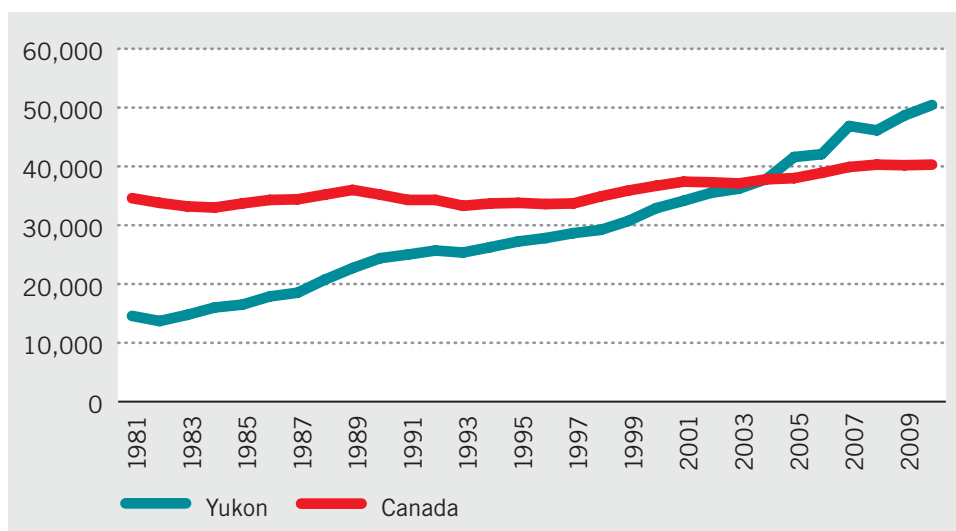
**CHART 4 Nunavut average income, 1999–2010**



**CHART 5 Northwest Territories average income, 1981–2009**



**CHART 6 Yukon average income, 1981–2009**



Conditions in many communities in the Yukon and Northwest Territories have taken significant turns for the better, with improved housing, better local facilities, and significant business developments. Nunavut's socio-economic conditions are shifting more slowly and have proven resistant to both government and private sector intervention. The reality is that there are large numbers of unemployed and poor northerners, particularly in the Aboriginal population and specifically in the smaller, remote communities. Economic conditions in these villages – in sharp contrast to the capital cities – are typically extremely difficult, with few prospects for sustained paid employment.

## Preserving Traditional Lifestyles

Northern Indigenous peoples did not see political and economic authority in the territories as a means of abandoning traditional lifestyles. Indeed, Aboriginal leaders assert that a fundamental goal of land claims and devolution was to give northern peoples the chance to control their destiny, including harvesting opportunities and traditional cultural values. Generational and lifestyle changes



disrupted traditional activities in communities, resulting in sharp shifts in hunting, fishing, trapping, and gathering. New mechanisms, including income support arrangements in Nunavut, favourable legislative regimes, vigorous but failed defence against anti-fur trapping regulations in the European Union, microloans for harvesters, schools and school programs to provide training for young people, and recognition of traditional skills, have been used to support land-based activities. These efforts have been offset by other forces, including ecological shifts associated with climate change and disruptions related to resource access and related industrial activity. Harvesting activities in much of the territorial North appear to be in sharp decline and there is widespread concern across the North about the longevity of the vital caribou herds. While threats to traditional lifestyles persist – a function of television and video games as well as resource development activities – the expansion of local control has given territorial governments the means to support traditional lifestyles.

## Aboriginal Development Corporations

Little-known Aboriginal development corporations have demonstrated the potential to revolutionize the economic system in the Canadian North over the next 20 years. Development corporations are Aboriginally controlled (directly through an Indigenous government or through an arms-length legal entity) businesses. While a few firms pre-date the settlement of land claims, most arose out of a combination of modern treaties (as depositories for the multi-million dollar financial settlements), royalty returns as outlined in the settlements, and financial payments connected to resource projects. While many of the development corporations are relatively small, particularly those associated with the individual First Nations in the Yukon, others are substantial. The Inuvialuit Regional Corporation, set up after the 1984 land claim settlement, has a current value in excess of \$500 million (Inuvialuit Regional Corporation 2012).<sup>8</sup> The Nunavut Tunngavik Incorporated (NTI) is the holding company created out of the Nunavut agreement, and was established with the allocation of \$1.2 billion as the Government of Canada's payment under the land claim. It has the potential to add several billion additional dollars in resource revenue in the coming two decades.<sup>9</sup> The Gwitch'in community of Old Crow used a portion of its money to buy the Yukon's regional airline, Air North. The funds are invested comprehensively, in both local companies and external securities and investment instruments. The development corporations improve on the financial well-being of the larger Indigenous political community. The Yukon development corporations, for example, invest in local hotels and businesses, heritage projects, new Aboriginal companies, and other ventures. The Indigenous development corporations have become major players in the northern economy, providing Indigenous governments and beneficiaries with major financial stakes in the North. Indigenous corporations will have the funds necessary to launch significant businesses and/or purchase equity in other projects, thus establishing Indigenous people as significant participants in northern economic development. That those Indigenous participants were to hold a 30 percent stake in the proposed Mackenzie Valley Gas pipeline project is but one indication of the scale and potential impact of Indigenous investment generally. To date, the development corporations are significantly under-appreciated in Canada.

Aboriginal development corporations have the potential to revolutionize the economic system in the Canadian North.

## Regional Economic Development Strategies

The territorial North hosts uneven micro-economies, ranging from the government-supported capital cities to tiny land-based villages with little access to the wage economy. The Government of Canada, working through Aboriginal Affairs and Northern Development, has invested hundreds of millions over the years in all manner of regional economic development strategies. The Canadian Northern Economic Development Agency (CanNor), operating such programs as Strategic Investments in Northern Economic Development, encourages economic diversification, entrepreneurship, and

regional planning. The effort is not without successes, including small businesses expansion in the tourism and resource development sectors and investments in future building initiatives like the Innovation Centre at Yukon College. On balance, however, the investments have not enjoyed steady success, in large part because of significant northern economic liabilities. Many of the pre-conditions for economic success – including an educated and trained work force, investment capital, access to markets, critical infrastructure, and supportive government policies – are unevenly available. The

Many of the pre-conditions  
for economic success are unevenly  
available.

prospects in Whitehorse and Yellowknife are quite reasonable; opportunities in Resolute Bay and Cape Holman are weak. In general, then, government regional economic strategies are operating in difficult circumstances, with limitations and liabilities that interfere with efforts to create sustainable businesses. In Inuit communities, the Arctic Cooperatives play a vital role as community-based entrepreneurs. In most instances, and with the important exception of the Inuit art enterprise, the cooperatives have worked primarily to provide local services such

as grocery and hardware stores, hotels, and restaurants. More recently, the Cooperatives have been helping to expand commercial fishing operations in the Arctic and they will play a significant role in the evolving resource economy.

## Building Northern Economies from the People Up

Much of the development effort in the Canadian North – most appropriately – focuses on individual capacity building rather than dramatic business developments. Across much of the North, the Indigenous adult population has deficiencies in formal education and skills training. The residue of the residential school experience and ethnic marginalization remains in evidence. Problems persist at the pre-school, elementary and secondary levels. Aboriginal graduation rates are comparable to Indigenous performance results across the country, and are weaker in some smaller remote communities. The localization of education, through the addition of Indigenous language training and cultural content, has been provided to offset the earlier assimilationist content.

The effort, while strongly supported by the adult population, has produced mixed results, at best. The Inuit, in particular, debate the relative merits of developing Indigenous language and cultural skills as opposed to the abilities required in the wage economy. To date, the Inuktitut and cultural training has not produced the anticipated results, but it is very early in the process. Inuit children have not made substantial gains in Inuk-based learning while remaining significantly deficient in marketable skills including English and French language abilities. Governments at the federal and territorial levels have invested heavily in adult basic education, technical and careers training, professional development, and foundational post-secondary programming. The work has been done primarily by the three territorial colleges – Yukon College, Nunavut Arctic College, and Aurora College – all of which maintain an extensive network of community-based colleges. The educational and training gap in the territorial North is wide among the Indigenous population, with a very different pattern among the largely southern-trained non-Aboriginal population. In many instances, mines, oil and gas companies, and governments could not find locally qualified individuals available to assume jobs with the companies, even with high rates of unemployment at the community level. Resource firms, as part of their agreements with Indigenous groups, have made impressive commitments to workplace training and employee upgrading.

There is a tendency to focus on the shortcomings and comparatively poor results in northern Aboriginal education and training without contrasting the contemporary situation with that of a few decades ago. The transition has been dramatic. Northern Indigenous peoples support education, where decades ago they had an internalized hatred of government-run schooling. Nationally, there is a growing realization that the experience of young, pre-school children (age 0 to 5) needs more attention,

with the goal of improving the life chances of young children living in challenging circumstances. Inside the formal education system, participation and graduation rates are improving, albeit slower than wished. The same is true of adult basic education and practical training. Northern colleges and schools have been working back from the ends, steadily improving educational programming for the very young and for mature learners. Over the next few decades, as the rapidly growing number of young Indigenous college and university graduates work their way through their schooling and into the workforce and parenthood, the nature of northern education, training, and workplace preparedness will change. Until that time, and moderating slowly, northern demands for greater attention to education and training will persist.

The Government of Canada retains a powerful role in the security of the Far North.

## The Security Challenge

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Over the last century, the Government of Canada has maintained a loose, occasionally tenuous hold on the territorial North. The region was supervised but not really occupied by Canadians. More recently, the conjunction of concern about Arctic boundaries, heightened awareness of the North's resource potential, climate change, and Russian resurgence has raised national concern about Arctic sovereignty and Canada's ability to defend its interests in the Far North (Wallace and Dean 2013). As with other frontier regions, where competing national interests raise political tensions and require national government attention, the territorial North remains a crucial Canadian zone of engagement (Shadian 2013; see also: Lajeunesse 2013; Lackenbauer and Shackleton 2013; Rutten 2010).<sup>10</sup> Devolution does not involve such government responsibilities as defence and formal international relations, meaning that, even with the rising power of the Yukon, the Northwest Territories, and Nunavut, the Government of Canada retains a powerful role.

In other northern countries, military investments underpin regional development.

### The Risks of an Incomplete Nation

Compared to other northern nations, particularly Scandinavia, Canada has stopped well short of completing the process of nation building. Countries like Norway have delivered high quality services, facilities, and regional infrastructure to their northern regions, basically ensuring that national standards apply to the sparsely populated Arctic regions. Canada's North has more in common with Russian Siberia than northern Sweden or Finland. The absence of a northern road system, uneven services like the Internet, health care, and community infrastructure, and distressingly low-quality housing and education facilities in many villages have left the northern territories outside the capital cities far below general Canadian conditions (save for Indigenous settlements in the northern provinces). Northerners understand the differences in basic health services and housing stock. They feel disadvantaged and distressed by the gaps and by the substantial differences in lived experiences for the people of the Far North. While the North has been making significant improvements in recent years, the gap in conditions between the territories and the south remains a source of irritation and political unease.

## Defence Infrastructure as a Foundation for Northern Development

In other northern countries, military investments have been used to underpin regional development. The philosophically free-enterprise Alaskans rarely acknowledge the long-standing importance of military spending as the foundation for the high quality of life enjoyed in the region. Across Scandinavia, defence institutions support and upgrade regional infrastructure, while ensuring long-term government commitment to northern regions. Canada has made little such military commitment, save for the Canadian Forces Northern Area headquarters in Yellowknife (with a total of slightly more than 400 personnel and their dependants). Neither the Yukon nor Nunavut has much more than transient military facilities or armed personnel in their jurisdictions. Indeed, and in sharp contrast with other remote regions, the northern territories are almost without substantial defence facilities or capabilities. Canada, in other words, has opted to neither provide substantial forward defence capabilities in the territorial North, nor to use security investments as a means of supporting regional development. Furthermore, the announced government commitments to northern defence infrastructure and equipment have not materialized, once more disappointing regional advocates.

The ability to provide for basic needs is a mark of a country's commitment to its citizens.

Canada, in other words, has opted to neither provide substantial forward defence capabilities in the territorial North, nor to use security investments as a means of supporting regional development. Furthermore, the announced government commitments to northern defence infrastructure and equipment have not materialized, once more disappointing regional advocates.

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## Climate Change and the Future of the Far North

The melting of Arctic ice and the opening of Arctic sea lanes for possible commercial navigation has attracted international attention to the territorial North in a way that few other developments have done. Indeed, such potent images as a polar bear on an ice floe and the shrinking Arctic ice cap have become familiar symbols of global climate change. The climate debate, well summarized in Inuit leader Sheila Watt-Cloutier's demand for respect for the "human right to be cold," has drawn global attention to the impact of ecological change on the land and people of the Arctic. Nunavut, in particular, has attracted widespread attention, with intense global interest in the manner in which human-induced environmental shifts are affecting the human and natural worlds. Canada has made minimal commitments to Arctic climate change research, although the Canadian High Arctic Research Station under development for Cambridge Bay, Nunavut will make a contribution. The Government of Canada's limited engagement with climate change is matched by an equally limited effort to identify and anticipate the impact of environmental shifts on the people, economy, and infrastructure in the Territorial North. It needs to be pointed out, somewhat surprisingly, that the climate change debate is not overly heated in the Yukon, the Northwest Territories, and Nunavut, in part because of the very tiny contribution that northerners make to climate change – both the source of the problems and therefore the search for solutions lie elsewhere – and because of the region's commitment to oil, gas, and mineral development. Once again, this is an area where the over-stretched territorial governments have nothing close to the human resources they need to make a concerted effort to study and ameliorate the impact of ecological change on the region.



# Resource Revenues and the Continuing Challenges of Devolution

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Devolution has not proceeded without controversy, particularly in the Northwest Territories and especially over resource revenues. In the Northwest Territories, Aboriginal groups have been quite critical of both the political processes behind devolution, which some see as interfering with Aboriginal self-government and political systems, and several of the major elements, particularly relating to resource revenues. The Government of Canada is not proceeding with stepwise devolution of province-like powers to the territories, but rather has left substantial tethers attached to the new arrangements. Furthermore, the resource revenue requirements stop well short of meeting initial territorial expectations and requirements. Indeed, the financial benefits associated with devolution have been more limited than anticipated.

The northern territories are not going to get exceptionally wealthy from the new accords.

Devolution is not a simple process, as the central question of natural resource revenues demonstrates. The devolution of natural resource management, for example, does not mean that the Northwest Territories will have authority comparable to that of, say, Alberta or British Columbia. The Yukon agreement, for example, provided a hard cap of \$3 million on mineral revenues, which in 2012 was raised to \$6 million for all natural resources revenue (Government of Yukon 2012). In the case of the Northwest Territories, revenue sharing of offshore oil and gas remains off the table and there are restrictions on the total allocation to the territory from other resource revenues. The territorial formula funding arrangements for the Northwest Territories are to be adjusted based on the returns from resource royalties (an issue that had previously bitterly divided the Government of Canada and the Government of Nunavut). As a result of these arrangements – the Yukon demanded and received an improvement of its arrangements following the Northwest Territories deal – the territories secure some control over natural resources but without the clear fiscal benefits that would accrue to provinces (Specia 2012).

There is another, more recent example of the limits on devolution in the critical area of resource development. Bill C-15 (which passed the House of Commons in February 2014) has the unwieldy name of “An Act to replace the Northwest Territories Act to implement certain provisions of the Northwest Territories Lands and Resources Devolution Agreement and to repeal or make amendments to the Territorial Lands Act, the Northwest Territories Waters Act, the Mackenzie Valley Resource Management Act, other Acts and certain orders and regulations”.<sup>11</sup> The legislation connects the devolution process to changes in environmental regulations and co-management regimes. The legislation will, in the view of critics, leave the Government of Canada with significant control over northern economic development and with a pro-development agenda. While the Government of Canada presented Bill C-15 as a major advance in devolution in the Northwest Territories, many Aboriginal leaders disagreed. The Aboriginal response focuses on the sense that the changes in federal legislation interfere with their authority under land claim agreements. Nunavut is now negotiating control over resource development and resource revenues, but any subsequent agreement will have to attend to the framework outlined in the Northwest Territories and Yukon agreements. Put simply, devolution in the North is far from complete, with major issues remaining to be resolved and with sharply different views of the way forward.

Devolution has failed to capture the public’s imagination. But the details of devolution are very

important. As the resource discussions and agreements demonstrate, the devolution accords are significant, and provided additional authority to the territories, but not without limitations. The Yukon, the Northwest Territories, and Nunavut are not going to get exceptionally wealthy from these new accords; the Government of Canada remains an active player – both as a recipient of revenues from resource development and as a key participant (more so than in the provinces) in northern resource revenues – and devolution, although very important, does not completely reverse the structure of governance in Canada’s North.

## Conclusion: The Unfinished Revolution in the Unfinished Nation

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By almost any measure, the governance transformation in the Canadian North has been an impressive accomplishment. The coordinated retreat of the federal government and the emergence of Aboriginal governments, modern treaties, development corporations, more autonomous territories (to say nothing of a new, Indigenous-dominated jurisdiction in Nunavut), and innovative processes for reviewing economic development, managing wildlife, and respecting Indigenous culture and knowledge systems would, one by one, be significant achievements. That all of these were accomplished, at least through the early stages of implementation, across a vast landmass, with more than two dozen distinct cultures and linguistic groups, under great external pressure and in front of a largely sceptical national audience is an accomplishment of politics, cross-cultural partnership, and governance of the highest order. No one close to the processes thinks that the work is done, that all the problems have been solved, or that new issues have not emerged through the transitions in government. The critics of Bill C-15 (2014), which devolved control over natural resources to the Government of the Northwest Territories, argued the legislation altered the land claims settlements and challenged Aboriginal control over development. The debate demonstrates that devolution is neither simple nor supported uniformly. Despite this minor furor, important in the North but garnering little attention in the rest of the country, Canadians would do well to stand back from the political fray of the moment and marvel at one of the most impressive experiments and achievements in

governance in modern memory. It is an achievement that crossed partisan political boundaries, bridged territorial and federal governments, engaged with the public at large and the private sector, and put the territorial North on a course largely of its own choosing and design.

Modern treaties exist at two levels:  
the spirit of the accords and the words  
of the agreements.

Northerners are not given to introspection and celebration. One of the most startling elements of the political and governance revolution in the Canadian North is that it has passed with very little self-congratulation in the region. Northerners

are pragmatic people, eager to deal with the challenges arriving on their desks each day. As each of these impressive accomplishments unfolded, it was quickly incorporated into the status quo and became the new foundation for politics and administration. Ask a northern politician about the state of northern governance and politics, or the success of land claims, devolution, and territorial autonomy and you will generally get two responses: things are moving along fine, and there are an overwhelming and growing number of things to do, with few resources to do them. Northern governments seem to live on the knife’s edge at all times, facing many tasks, numerous deadlines, not enough people

with the right skills for the jobs that require urgent attention, and no chance for politicians and civil servants to catch their breath. The problems are less acute in the Yukon and more substantial in Nunavut. The Far North operates in a political cauldron dominated by the “politics of smallness,” where all issues, regardless of how symbolic or grandiose, are offset by the need to address the pressing concerns of neighbours, friends, and community members.

The northerners are right once again. There is no time for a long rest, however well deserved. The governance revolution is far from finished. The modern treaties, for example, exist at two levels: the spirit of the accords and the words of the agreement. The spirit and intent should drive the North, for no human creation should be deemed immutable. But unless there is conscious and deliberate attention to building bridges between Indigenous and non-Indigenous peoples, the promises of the agreements could easily be lost. One can see this across the North, in poorly executed decentralization processes in Nunavut, the struggles with self-government at the level of individual First Nations, and the difficulty associated with indigenizing the civil service in the territorial North. This is a multi-faceted issue, involving Aboriginal governments, territorial administrations, and the Government of Canada. To manage the challenges properly requires enormous good will, flexibility, and openness to continued change and innovation. Should the new political, legal, land claims, and constitutional regimes become ossified – an all too common outcome in Western democracies – the promise of the great northern Canadian governance revolution will have been lost.

The largest challenge is to convince Canadians as a whole to care about the North. While the Government of Canada, and particularly Prime Minister Stephen Harper, maintains an assertive Arctic stance, the rhetorical enthusiasm has not yet been matched by a change in national attitudes. The current administration has done a fair bit to move the northern agenda forward, albeit largely in incremental ways and with a focus on resource development. The sums of money are not small. Providing a few hundred million for housing here, the promise of a multi-billion dollar icebreaker there, a small but costly research station at Cambridge Bay, and increased funding for territorial governments is expensive, particularly when costs are presented on a per capita basis. Canadians need to get past this accounting mentality, and focus instead on the requirements and potential of being a truly northern nation. The country need only look at Greenland or northern Scandinavia to see what is possible in the Canadian North, and to be embarrassed by our accomplishments to date.

Completing Confederation is an essential national duty.

Completing Confederation is an essential national duty. The governance revolution should properly be seen as a major step in that direction. The territorial North now has the political and administrative tools, and increasingly the financial resources, to manage its affairs in a constructive and locally relevant manner. The country still has work to do. Weaknesses in northern infrastructure, the absence of a North-focused innovation system, the lack of a concerted effort to build a sustainable economy in the region, and an inadequate education system for the broader Canadian North speaks to a fundamental truth about this country. Our ancestors built a nation from coast to coast. It falls to this generation of political leaders and Canadians to rise to the challenges and opportunities of the new North, to create a country from coast to coast to coast, one reconstructed through political and governance reform in slightly over a generation. The foundation has been established for a substantial transformation. It remains to be seen if the country and the region will capitalize on the opportunity that they created together.

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# Endnotes

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- 1 Lewis Thomas, *The Struggle for Responsible Government in the Northwest Territories* (1978) tells the story to the 1960s. For the period after that, see Ken Coates and Judith Powell, *The Modern North: People, Politics and the Rejection of Colonialism* (1989).
- 2 This point was made, extremely well, by Frances Abele, with particular emphasis on the role of Aboriginal peoples and governments, and by Graham White.
- 3 See, for example, Justin Ling's January 21, 2014 *iPolitics* article, "NWT Devolution Bill Leaves Ottawa with Power to Hold Development Hostage: Critics."
- 4 For the background on this process, see Quinn Duffy, 1988, *The Road to Nunavut*. See also: *Nunavut Land Claims Agreement Act*. S.C. 1993, c. 29.
- 5 See also: *Yukon First Nations Land Claims Settlement Act*. S.C. 1994, c. 34.
- 6 See also: *CBC Digital Archives*. "Yukon party politics."
- 7 For details, see Aboriginal Affairs and Northern Development Canada, 2013, *Grants for the Political Evolution of the Territories, Particularly as it Pertains to Devolution*.
- 8 [http://www.irc.inuvialuit.com/publications/pdf/IRC percent20Annual percent20Report percent20+ percent20Financial percent20Report percent202012.pdf](http://www.irc.inuvialuit.com/publications/pdf/IRC%20Annual%20Report%20Financial%20Report%202012.pdf)
- 9 Details of the agreement are summarized at <http://www.polarnet.ca/polarnet/nunavut.htm> (Kitikmeot Inuit Association).
- 10 See also: Lajeunesse, Adam, 2013; Lackenbauer, Whitney, P. and Shackleton, Ryan, 2013; and Rutten, Bjorn, 2010.
- 11 See: *Northwest Territories Devolution Act*, <http://www.parl.gc.ca/Legisinfo/BillDetails.aspx?billId=6349930&Mode=1&View=8&Language=E>.





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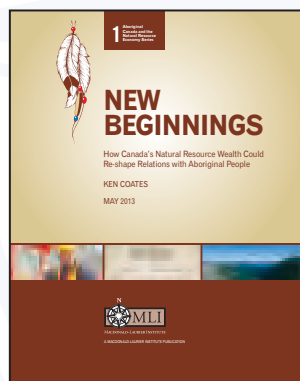
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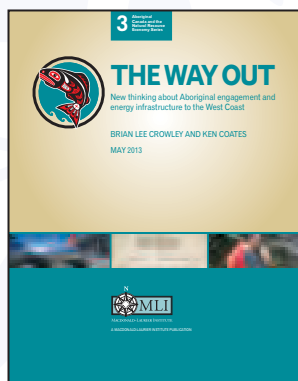
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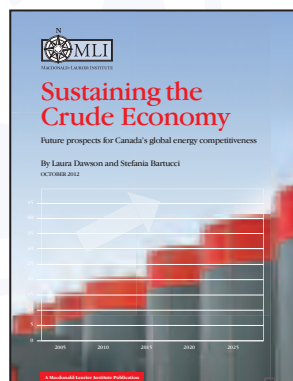
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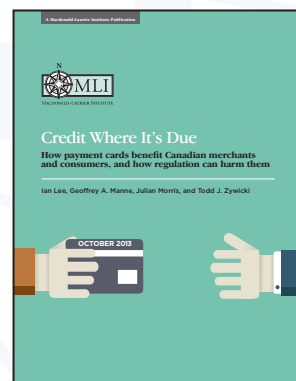
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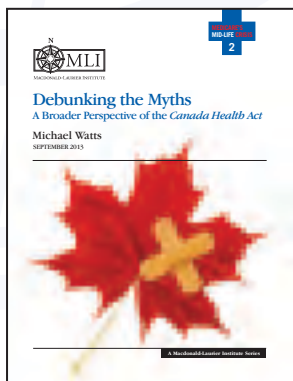
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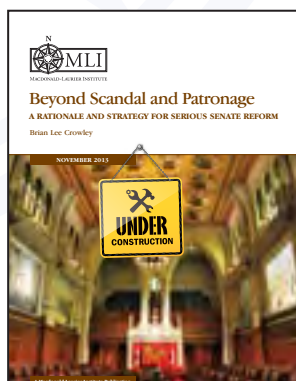
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