

# Economies of the North

## Report by Dr. Natalia Loukacheva

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This session was organized by Dr. Lee Huskey, Professor of Economics at the University of Alaska, and Dr. Joan Nymand Larsen, Senior scientist at the Stefansson Arctic Institute, Iceland. It dealt with both general questions of the local economies of the North, and specific issues of holding a workshop on the economies of Northern regions.

This report provides a brief list of the main discourses, proposals and recommendations.

There is a need in opening up the dialogue between scholars with an understanding of particularities of local economic development across the Arctic.

Diversity is inherent to the Polar Regions. On one hand, this leads to functioning of local northern economies within different institutional, legal, political, cultural settings, results to distinct opportunities, constraints and policies within the Arctic states, and partially explains the existing economic gap among the richest and the poorest of the Arctic nations. On the other hand, despite these national differences, the regional economies of the north share commonalities (*e.g.* low density of the population, limited infrastructure, remoteness, natural resource production, subsistence and transfer based economies, similar economic structures).

These economies have to tackle common challenges, like: fluctuations in the world natural resource markets, local changes in governmental structures and resources ownership, vulnerability to decisions on environmental programs, fiscal-

transfer policies and economic development made outside the north without northerners' direct involvement. It is clear that there is much to learn about the local economies of the North for developing mutual approaches to common problems and sharing general knowledge and experience among the eight Arctic states.

The local northern economies are intertwined with national economies and sensitive to the trends of globalization and global economics. These prospects bring complex challenges to the northern regions and local communities and require further comprehensive analysis.

The understanding of economic dependency and sustainability in the North is linked to existing and evolving governance structures and legal arrangements. It is also connected with the history of the economic northern development and resilience and cultural adaptation of indigenous and other northern citizens. Therefore, legal, historical, political and social factors should be taken into consideration in any research on economies of the North.

The study of northern economies is marked by complexity. Currently, there is an insignificant amount of scholarly works by economists dealing with analysis of economies in the Arctic from a comparative and generalized angle. This situation is further complicated by the lack of sufficient data on northern economies. The workshop on the economies of the North would assist in assessment of the effects of political and institutional changes taking place in Northern regions. It would further form a research agenda for northern economies and integrate into

existing initiatives, like: the International Polar Year; The next Northern Research Forum; the International Conference on Arctic Research Planning, etc.

There is a demanding task to get a comprehensive map of economies of the North from statistical, economic, geo-political and other standpoints. Northern experience of each Arctic state is of utmost importance for developing a general framework for an understanding of northern economies. Therefore this workshop could be focused on the four main questions which are not exhaustive:

What is the economic structure of the local economies in the north? What are the important similarities and difficulties? How important are subsistence activity and government transfers to the economic well being of the region?

How do remoteness and institutional constraints affect the economies? What effect does the lack of adequate infrastructure have on development? How are resources owned and what effect does this have on development?

How does local control of economic resources vary throughout the north? What is the status of 'land claims' efforts in each region? What are the lessons that can be learned?

What are the factors that have created successful local economies? How is successful economic development defined in these regions?

The workshop would lead to a comprehensive comparative study of economies in the North. The workshop would take into account any suggestions for further research on Arctic economies and encourage maximum discussion and interaction of all interested parties from around the North.