

Staples Theory, Oil, and Indigenous Alternative Development
in the Northwest Territories

by

Donna Bush
B.A., Carleton University, 1990

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Supervisory Committee

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Supervisory Committee

Dr. James Lawson, Supervisor

Department of Political Science

Dr. Michael Asch, Departmental Member

Department of Anthropology and Political Science

Abstract

Staples theory has been used as a framework to explain the historical establishment and political economy of Canada and other “new” countries, based on the concept that Canada has been and continues to be built on an economy of resource extraction. The theory has been applied on both a macro and a micro scale to regions of Canada that have specialized in the extraction of cod, wheat, fur, and oil and gas. Two foundational academics of staples theory, Harold A. Innis and Mel Watkins, spent time in the northern region of Canada now known as the Northwest Territories (NWT) and, among other researchers, applied a staples approach to various periods of the region’s economic development.

The application of staples theory in northern Canada, however, is problematic, particularly in view of the territory’s predominantly Indigenous, Inuit, and Métis population. A staples framework tends to ignore, or underplay, a fundamental reality in the NWT: the original political economy of the region was based on Indigenous values of communal trading and sharing in a subsistence economy. Most importantly, the Indigenous economy was controlled and distributed by the Indigenous people as they lived on, and carefully managed, the land and resources of the North. A theoretical approach that centers on the extraction and commodification of resources in the North by white traders and settlers who take over the land, obscures the critical questions of who owns and cares for the land and how it is ‘developed’.

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Dedication

To my Dad, Dave Bush,

One of the good guys. The hardest-working and smartest man I've ever known.

Rest in Peace.

Introduction

The black, tar-like substance that oozed along the banks of the Deh Cho River in the Sahtu region of what is now known as Canada's Northwest Territories was known long before it was "discovered" by white explorers and settlers. When Alexander Mackenzie made note of this element in the late eighteenth century, Indigenous people in the Sahtu region had been using it as a sealant and light source since time immemorial. Settlers began to understand its potential as an energy source in nineteenth century, launching a rush for non-renewable resources that has persisted to the present day.

This thesis examines this non-renewable resource industry in the Northwest Territories—specifically, light crude oil from the Sahtu region—from its use by Indigenous people to the past 100 years of extraction by oil companies and the federal government of Canada. Given its long history of extraction by multinational companies and the economic linkages (or lack thereof) in the industry, the oil from Norman Wells provides an excellent example of the history of non-renewable resource extraction in the NWT and the effect on Indigenous people in the region.

As many Canadian political economists have done when reviewing a region known largely for its resources, I will outline how staples theory has been applied. A primarily Canadian approach to the study of economic development, the staples approach was introduced by W.A. Mackintosh, and by Harold Innis. Innis's work was particularly influential in academe, beginning in his seminal work, *The Fur Trade in Canada* (1930/1964) and in other studies of Canadian resource industries such as cod and wheat (1954, 1923). Innis visited the North during the early 1920s, and his detailed account of the colonial staples economy he found there contributed greatly to this tradition of historical economic analysis that focused on raw resources from the land (staples) and their extraction, transportation and marketing (1923).

This staples approach has evolved into a theory that outlined a historical process by which Canada has evolved, for better or worse, into a global supplier of raw resources. Innis's elucidation of the boom and bust cycles to which a staples economy is subject and the economic and social pressures these cycles impose on the people of the North remains timely, in view of the recent collapse in oil prices and its effect on Alberta's oil-dependent economy. Other writers, such as W.A. Mackintosh (1953, 1964) and A.O. Hirschman (1958), investigated the powerful economic linkages that a resource-export economy entails and the ways in which strong linkages can grow a local and national economy. Mel Watkins (1963) then wove these elements into an analysis that outlined a methodology of economic growth based on these linkages from the initial extraction of the raw staple. Watkins also, however, explicitly warned of a staples trap, extending some of Innis' remarks: the persistent problem of fragile linkages that curb development, create self-perpetuating dependency on raw resources, and subject source regions to intense resource cycles of boom and bust.

Staples theory is not without its critics. Paul Kellogg recently argued that Canada's manufacturing industry has been robust enough historically that staples theory no longer applies (Kellogg, 2015). Much earlier, David McNally argued that staples theory, based as it is on a market economic model, cannot be expanded into a dependency theory or further into a Marxian critique due to its reliance on things (staples) as its focus rather than social relations of production and exploitation (McNally, 1981). Other critics have long viewed staples theory as a "white settler's theory" that ignores the rich and vibrant Indigenous economy that predated the arrival of white colonists (Abele & Stasiulis, 1989).

Staples theory can help to identify some features of the role that staples has played in the development of Canada, and to point out the possibility of staples traps that could hinder future development. However, the application of staples theory in Canada's North can be problematic.

The focus on the staple as the central cause and motivator of all economic interactions in the North ignores the original Indigenous economy that existed prior to the arrival of the white settler. Innis's staples approach was based on the western European economy of the market and did not address the robust Indigenous economy of communal lands, sharing of resources and materials and a spiritual and cultural connection to the land. The latter economy included a spirit of ensuring that resources should be harvested in a fashion that would allow them to provide for generations to come. The lack of acknowledgement of two very different modes of production and their interaction in the North is a critical shortcoming for the use of staples theory.

In addition, staples theory does not adequately address the process by which settlers attempted to move Indigenous people from their land in order to impose the capitalist mode of production in the North. While Indigenous people in the NWT were resilient in their efforts to stay on the land, the non-renewable resources of the land have been absorbed into the capitalist mode of production. This type of primitive accumulation, originally identified by Karl Marx (1867 /1974), has continued into modern day practices in northern Canada through what David Harvey refers to as 'accumulation by dispossession' (2003). Through a review of the history of one region in the NWT, the Sahtu region, I will demonstrate that without this element of primitive accumulation, staples theory fails to acknowledge the brutality of the incursion on northern Canada by private corporations and facilitated by the Federal Government of Canada.

Finally, recent research regarding climate change and environmental damage caused by non-renewable resource exploitation has begun to question how staples theory, and its economic linkages, can in fact, solidify a climate change trap in a region. With this issue of climate change becoming more critical by the day, especially for the North, staples theory, based as it is on market (both its benefits and hindrances), is difficult to align with the necessary changes that address critical environmental issues.

The claims just made above about a staples approach in general suggest that careful consideration is needed in considering the northern application of staples theory developed by Mel Watkins. During the 1970s, Watkins worked with the Dene Nation to apply his staples theory analysis to the First Nation's economy in the Northwest Territories. As one of a number of academics who believed that Innis' approach fell to the left of the political spectrum, Watkins augmented staples theory with dependency theory in order to explain the historical underdevelopment of the region, and offered suggestions for improving the economic and political well-being of northern Indigenous people by increasing a specific form of fiscal linkage to the region (1977).

While Watkins and others described the richness of the Indigenous economy and the deep connection of the community to the land, their recommended approach to future development, described as an "alternative economy," entailed a continued reliance on staples and a staples framework for economic development. They advised the Dene Nation to work within the legal framework of the Canadian state to establish a land-claim agreement with self-government. Non-renewable resource development should continue, albeit under Dene Nation control; and resource royalties from non-renewables like oil, gas, and mining were to be increased, turned over to the Dene Nation, and used to sustain and adapt an alternative economy based on renewable resources that relies on the market economy. The goal was to keep this alternative economy at arms' length from the resource sector, with most Indigenous people pursuing their livelihoods in it, rather than in non-renewable resource-sector employment.

The federal government, territorial government and a number of corporations and agencies developed a variety of approaches over the past 200 years for utilizing fur, mineral and oil staples to develop an economy that would benefit Canada and the Northwest Territories as well as, ostensibly, the original land-holders, the Indigenous people. It has now been almost a

full century since the ‘discovery’ of crude oil in the Arctic by settlers and the signing of Treaty 11. It has also been almost forty years since Watkins and the Dene Nation proposed self-government and alternative development for Indigenous people. Finally, it has been more than two decades since a comprehensive land claim agreement was signed with the Sahtu Dene. With the looming environmental disaster of climate change, putting particularly dark clouds on the Arctic horizon, and the rising political protest movements of Idle No More with appeals for a new relationship with the federal and territorial governments, Indigenous people in the North are at a critical point now in terms of resource and economic development. It is time to reflect on whether the focus, both in theory and in action, on economic development based in any way on staples has been beneficial for Indigenous communities in the NWT. On balance, I suggest that it has deflected the conversation away from development models that could have been based on Indigenous culture and values.

The thesis will review the application of staples theory in the NWT, its relevance given the Indigenous population of the region and whether it is an appropriate theoretical approach both historically and for future analysis. Chapter 1 discusses traditional economic theory as well as staples theory, its history, and its early proponents and critics. Chapter 2 reviews the process by which Canada conducted the accumulation of land through numbered treaties and later court decisions. Chapter 3 reviews the history of Indigenous and Canadian relations in the region of the Northwest Territories from origin to present day. Chapter 4 returns to the central issues of staples theory and asserts that the history of the region is more closely related to Marxist theories of primitive accumulation than staples theory. Chapter 5 looks at the environmental issues and a profoundly different approach for the region moving forward. Chapter 6 provides a summary of

the conclusions drawn from this thesis and considerations for a future approach which would benefit not only the North and its indigenous people but Canada as a whole.

Chapter 1

Economic Theory - Classical Economics

From the initial colonization of northern North America to the establishment of Canada, the prominent economic theories were those developed in British and European imperial countries in the late 18th and early 19th century, now known as classical economic theories: these include the works of Adam Smith, Robert Malthus and David Ricardo. Smith's concepts as explained in *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776/1902) focused on the 'invisible hand' of self-interest that naturally propels people towards the creation of wealth and development in the market. As he states,

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages (Smith, 1776/1902).

Without interference from governments and institutions, people can use their own self-interest in gaining wealth which, through competition, enables the appropriate establishment of prices. The community, and by extension the public good, benefits from this competition by the means of fair prices and appropriate exchanges of services and goods. Similar theories were espoused in France in the 18th century through the concept of *laissez-faire* (Faccarello, 1999). Smith outlined history as the natural progression of people labouring as hunter-gatherers to working as shepherds and then as agricultural workers, a common idea of his time. Finally, Smith saw people as evolving into commercial society as paid labourers working in the towns. He outlined three classes of people: the land-owners to whom rent is paid, the workers who provide the labour and the capitalists who earn profits. He stated that neither landowners or labourers had much effect on the development of the economy due to indolence in the former

and lack of education in the latter. Capitalists, on the other hand, were the ones who through their work and projects would generate profits and thereby capital for the economy.

Smith promoted the privatization of Crown land, stating that the landowners would ensure that the land was used in a more efficient and profitable manner and contribute substantially to the economy. “In every great monarchy in Europe the sale of the crown lands would produce a very large sum of money, which, if applied to the payments of the public debts, would deliver from mortgage a much greater revenue than any which those lands have ever afforded to the crown... When the crown land had become private property, they would, in the course of a few years, become well-improved and well cultivated (cited in Yarrow, King, Mairesse, & Melitz, 1986).

Smith’s historical account of the process of accumulation and moving people from the land into paid labour would be well received. Both Malthus and Ricardo were supporters of Smith and largely agreed with his interpretation (Briggs, 1998; Ricardo, 1911). Malthus was best known for his concepts of population increase and his theory on the limits of the ability of England to sustain the rise in population brought about by increases in production of food (Briggs, 1998; Malthus, 1973). However, his work on economic rent from the production of land and his theories of political economy added to the classical economic theory of the day (Peterson, 1979). His 1815 pamphlet, *An Inquiry into the Nature and Progress of Rent* preceded David Ricardo’s work on economic rent and could be considered the primary document on the topic (Peterson, 1979, p. 83). Unlike Smith, he praised landlords as those that could use their land in a way that would create profit for themselves and the community. In his *Principles of Political Economy* (1820/1973), Malthus largely agreed with Smith on the natural growth of the market in response to demand. However, he warned of the possibility of a glut in the market that would drive prices below the cost of production, in particular in the case of imports from other

regions (He famously favoured the Corn Laws, which placed high tariffs on imported grain in the late 1700s.) (Peterson, 1979, p. 84).

David Ricardo was a fierce contemporary critic of Malthus: their constant correspondence provided fodder from which both revised their previous works (Peterson, 1979, p. 84). Ricardo also supported laissez-faire, allowing capitalists to decide on their own what levels of wages to pay to workers. Like Malthus, his approach mostly assumed that these wages would sit just at the subsistence level.

Ricardo's most famous work can also be linked to Malthus. His outline for the concept of rent on land considered the means by which it could be increased by use of the land. When a private or government-owned enterprise extracts raw materials (or natural resources), the owner of the resources may be able to charge a price for them if the market price for the raw material exceeds the cost of extraction. This price, because it is over and above the cost of extracting the resource, is an extraordinary profit, or "super profit." This payment by corporations to the owner of the finite resource is ground rent.

David Ricardo presented a systematic account of rent in *The Principles of Political Economy and Taxation* (1911/1960), based on his reading of ground rent. He states, "Rent is that portion of the produce of the earth, which is paid to the landlord for the use of the original and indestructible powers of the soil" (Ricardo, 1911/1960, p. 33). An essential feature of the way ground rent is justified is that the earth's supply of natural resources for the production of primary goods is limited and that owners must be adequately compensated for the removal of those natural resources. Ricardo described the competitive market conditions under which extraction occurs, specifically the markets for labour and capital which govern the cost of extraction and the price of the resource. Ricardo viewed rents as what remained from the selling price of the extracted resources after other costs of production, including interest, wages, and the

costs of capital investments, were recovered. Because those costs rise when extraction occurs at more sparsely endowed sites, Ricardo observed that ground rent rises with the resource richness of the land parcel in question. This concept of resource rent, central to Ricardo's conception of rent, will play a large role in the fiscal linkages of the staples theory as we will examine later in this essay.

By the mid-19th century in England, a number of challenges arose to the classical economic theory of the invisible hand. Working conditions on farms and then in factories became increasingly brutal during the Industrial Age. Child labour, 16-hour work days, wage levels below subsistence and inhumane treatment of workers had become the norm in the 'natural' economy guided by the invisible hand of capitalism. Reformers and socialists quickly emerged, seeking to ameliorate the conditions of the laissez-faire economy. In 1848, John Stuart Mill published his tome *Principles of Political Economy* (1848/1909). This approach criticized laissez-faire and maintained the need for government to establish rules to benefit workers and create a curb on capitalists. While he did not recommend intervention in the production of wealth, Mill argued that the distribution of wealth was not a natural process guided by an invisible hand but was a process led by a society's values and morals. This mode of analysis in economics would continue throughout the 19th century and become a part of the economic theoretical basis of both Innis' and Mackintosh's education and writings in the start of the 20th century.

One of the most significant critics of capitalist political economy is Karl Marx. His writings in the mid- to late 1800s refuted much of the prominent economic thought of Adam Smith and others. Marx was born in Germany and was educated at the University of Berlin. Much of his activism was against the Prussian government. He and Friedrich Engels wrote the Communist Manifesto in 1848 amidst a major European economic and political crisis (Marx &

Engels, 1848/1987). Their work finally exiled Marx to England where he and Friedrich Engels created much of what is now understood as Marxism.

As Wolff summarizes Marx's thought, Marx's method of analysis rests with his understanding about how societies develop. His 'historical materialism' starts with concept that unlike animals, humans are not only capable of creating things, but need to create things, transforming nature in order to survive and evolve. The combination of these productive forces and the social relations that develop as a result form what he refers to as a 'mode of production' (Wolff, 2002, p. 56). Each mode of production centres on a specific socio-economic structure such as slavery, feudalism and capitalism. The structure of the economy is crucially shaped by class relations, understood as who produces and who controls and benefits from the production. In a capitalist society, there are the wage workers, or proletariat, who produce the items for consumption and the bourgeoisie who, as factory owners, control the process of production. In feudalism, the serfs would work the land, produce foodstuffs and pay rent to the feudal lord. Each form of production created a specific form of social relations. But each also contains a form of what Marx called a 'superstructure', the political power and legal structure that governed the society.

Each mode of production would also become "more complex, ingenious, and elaborate" over time (Wolff, 2002, p. 54). The economy's mode of production will develop and increase over time, in particular, as technology is developed. However, this growth, according to Marx, is not infinite and eventually will be halted by the very economic structure that built it. New productive forces will emerge to develop a new economic structure. For Marx, the pinnacle of this historical process of successive modes of production was the communist mode of production, which would arise from the fall of the capitalist mode.

This materialist framework for evaluating the development of human society outlines how the economic structure is central to the form of the mode of production. The superstructure emerges in relation to the economic structure, technology and social relations, upholding the rules and laws required for the economic structures to function (Wolff, 2002, p. 58). In the capitalist system, Marx denied that this state and the civil-society structure were neutral forces. He argued that they served bourgeois efforts to lower wages, protect bourgeois property and dominant status, and further alienate the workers from the land in order to create wage labour.

One of the most powerful ways in which capitalism alienated people was to remove them from their prior control over the means of production. Adam Smith had suggested that the process of moving into capitalism, private ownership of land, and wage labour was a relatively peaceful process. Capitalists emerged from acquiring ever-increasing profits that came to them as a result of their labour and efforts. Marx strongly disagreed with this historical assessment, outlining the violent process of primitive accumulation (Marx, 1867/1974). This historic process took place after feudalism in England: people were removed from the land and the commons land was placed into private ownership. This created a class of workers many of whom had to migrate to towns to work in brutal factory environments in order to survive. This process, Marx maintained, created in Europe a new class of people, the proletariat. These were the workers whose labour could be bought and sold. The same process generated the bourgeoisie who owned not only the land and the factories but also (by purchase through wages) the productive labour of the workers. Marx argues explicitly that the workers' productive labour is the direct source of core capitalist profit.

Marx's critique of capitalism had much of its genesis in his concerns about the spirit of mankind and with the philosophical theories of the time. Marx believed that the German philosopher Georg Hegel was correct in his assertion that the mind would evolve over time and

evolve differently based on the unique environment. He also agreed with Hegel that the mind would interact with its environment and evolve into an ever-increasing ability to develop as a result of this interaction. This dialectical approach would allow the mind to develop constantly. However, Marx differed in his philosophy when he maintained that this dialectical approach would not only take place in the mind but also in the physical world: a person had the ability to shape not only his/her mind but the environment as well through practical activity (Wolff, 2002, pp. 26-27). This practical activity in turn shaped the mentalities of the succeeding ages.

Following this approach, Marx suggested that if humanity is responsible for evolving by changing their minds and their environment then their labour is a critical element in their evolution. In fact, Marx would state that this productive labour is necessary for humanity to evolve (Wolff, 2002, p. 28).

Marx then looks at alienation in labour. In his critique of Adam Smith, he finds that the essential elements of capitalism are alienating the worker from his labour: under capitalism, human beings must produce in an inhuman way (Wolff, 2002, p. 31). Prior to capitalism the worker was able to create a product from the beginning to the end in a process that would give him control over the inputs, his labour and the final product and how it is distributed. With industrialism, the worker has no control over the final product nor in the manner in which it is made. This process frustrates our 'species-essence', as Marx phrases it, by thwarting our need to produce and therefore evolve (Wolff, 2002, pp. 34-35). Finally, the individualistic, piecemeal approach to production in capitalism frustrates our ability to communally co-create with one another, thereby alienating us from one another (Wolff, 2002, pp. 36-37).

This dispossession of the workers from their land or access to the commons was a fundamental disruption of their mode of production (farming, producing items for their own use,

etc.). It allowed the capitalist mode of production to take root and expand. Some dispossession came by violence within a society in transition, such as the forcible removal of people from their land. Further dispossession depended on war and colonialism. The state would assist in this process by creating the institutions that would enforce the requirements for this new capitalist mode of production and entrench it in law. This historical process, collectively known as primitive or primary accumulation, set the stage for the establishment of capitalism. It was an account of how capitalists initially acquire (or accumulate) the wealth to invest in production, and how and why it was that others became available to work for wages. Importantly, Marx felt that this accumulation process ended as capitalism took hold.

David Harvey has published a number of works bringing Marxist theory into modern discussions about capitalism. One of his most important contributions is that primitive accumulation is in fact, an ongoing process. Dispossessing communal societies of their land and resources remains important today in order to maintain capitalist growth. While Marx outlines the varied processes of a “primitive” accumulation, Harvey argues that many of these same processes continued through recent history to the present day. Harvey mentions the privatization of land and the conversion of property rights from common to exclusively privately held rights, as well as the commodification of labour.

However, he also states that Marx saw other processes at play including:

... the suppression of alternative (indigenous) forms of production and consumption; colonial, neo-colonial, and imperial processes of appropriation of assets (including natural resources); the monetization of exchange and taxation, particularly of land; the slave trade; and usury, the national debt, and ultimately the credit system as radical means of primitive accumulation (Harvey D. , 2003, p. 145).

Harvey therefore renames these ongoing processes accumulation by dispossession. Citing countries such as Mexico and India, he notes that the privatization of common property resources

such as water, has deliberately suppressed other modes of production than capitalism (Harvey D. , 2003, p. 146).

As we will review later in this essay, mode of production and accumulation by dispossession are concepts that can be directly applied to Indigenous issues of the Northwest Territories. To say this is not to say that dispossession has happened completely and everywhere. It is to say that capital depends on finding new contexts for dispossession in order for its growth to continue. The question of whether and how far this process has proceeded in a given place is an empirical question. An historical review of its place in the political economy in Canada and the different regions of Canada must take account of local conditions and local attempts to make sense of them. In Canada, the question of dispossession is tied up with the commonly held hypothesis that the creation of Canada and its wealth was, and in the view of many, still is, heavily dependent on the extraction and export of our resources or staples.

Origins of Staples Theory

Canada was established, first as a set of unrelated colonies and then as a dominion, in the political and economic context of the world economy in the 1600s–1800s. In the early phases of this process, the set of economic ideas that was then prominent, European mercantilism, identified regulated trade and the opening of trade routes as a significant factor in the growth of imperial nations. The central aim of this trade was to maximize the accumulation of gold (and hence wealth in general) in one's nation. In practice, this method of growth included the invasion and trade-based colonization of non-European lands across the globe. While European economies flourished, colonies located in what are now India, Australia, Canada, and various African countries provided resources and investment opportunities to the imperial powers.

Many studies of the economic and political history of Canadian regions have used staples as an analytical framework. Staples begin with products that occur naturally within the ground, such as metals or liquids, or that grow upon it, such as plants and animals, and that can be turned into commodities for export with relatively little processing (Innis H. A., 1930/1964, pp. 384-385). For some countries, natural resources provide the impetus for historical growth and power based on domestic secondary processing or consumption. For others, however, these resources and their financial benefits flow abroad, leaving a legacy of trade-based exploitation and environmental degradation (Innis H. A., 1930/1964, p. 385). These are the staples-based economies.

Canadian resource exports—notably timber, fur, fish, and wheat— were important to the colonial status of its founding colonies. While colonial status was altered by Confederation in 1867, the broad outlines of this resource-export economy were perpetuated by our close European and American ties through the resource trade. Canada's reliance on resource exports to fuel its economy at various stages during its evolution is interpreted by political economists in two contrasting ways: either as the means by which our country developed a stable, modern economy or as the brake that has held our economy back. The debate between pro-staples and anti-staples views of Canada's political economy has been central to the history of staples theory. The degree to which Canada actually continued to be staples-oriented – continued to rely on those exports rather than on manufacturing and supplying a domestic market – forms a separate issue in the debate.

During the early twentieth century, Canadian academics explored questions about the resource economy, the value of products, and the limits of economic growth based on resource exports. Two of these academics, Harold Innis and W. A. Mackintosh, had trained in the United States and recognized the importance of raw resources to the growing Canadian economy. Innis

(Innis H. A., 1930/1964) and Mackintosh (Mackintosh, 1953) observed that trade in those resources with the “mother country” played a vital role in establishing the new country’s economy. Thus, Canada’s economy depended on its continued ability to supply the required goods to the mother country.

Whether the extraction, transportation, and export of staples would lead to the development of a strong independent Canadian economy was a question on which Innis and Mackintosh differed. However, they agreed that staples and its corollary elements were key to the success or failure of the Canadian economy and those of other ‘new countries’. By identifying the central staple, one could analyze the extent to which economic benefits would spread out from it, economic linkages to other parts of the economy could be forged and the manner in which local communities would feel the larger effect of their commodities’ value. But whichever staple dominated, communities would be subject to the cyclical, boom-and-bust nature of the staples trade, resulting from fluctuating prices in the global economy. This staples approach also pointed out the substantial investments the colonial powers of England and France made and the focus of the nascent Canadian government on the development of the staples industry, not the least of which (in the consequence of the wheat staple in particular) was the enormous cost of building the transcontinental Canada Pacific Railway (CPR) (Innis H. A., 1930/1964, pp. 397-398).

While their views on the importance of staples to the new economy of Canada were similar in many ways, Innis and Mackintosh differed in their opinion of the long-term benefits of a staples focus, most likely as a result of their substantially different life experiences.

Innis

Harold Innis was brought up on a small family farm and attended a one-room schoolhouse, to which he later returned to as a temporary teacher. He also spent some time

teaching in rural Alberta, and his understanding of the difficulties of life in rural Canada in the early twentieth century, coupled with his Baptist upbringing and education, may have helped to provide the basis for a concern with the struggles of peripheral communities (Creighton, 1957).

Innis enlisted during the First World War and was wounded in 1917; he then turned his attention to an examination of the war effort and the global economy, an examination informed by his first-hand knowledge of the margins of the world economy (Watson, 2006). At the time, the conventional idea in Canada and Europe was that specialization in staples exports would provide the jumping-off point for a developing country's successful integration into the world economy, and lead to an economy that would develop a secondary manufacturing and service industry (Ratner, 1993).

Innis encountered a climate critical of classical economics during his doctoral studies at the University of Chicago. Here he studied in the shadow of Thorstein Veblen (who had previously taught there) and whose *Theory of the Leisure Class* (1899/1957) criticized the "conspicuous consumption" of the era and whose other writings stressed the limitations of a classical model of economic development. Innis's dissertation on the CPR demonstrated his interest in the Western provinces' concern about their inability to participate in Canada's rapidly growing economy based on the raw resources they provided to the centre: "Western Canada has paid for the development of Canadian nationality, and it would appear that it must continue to pay. The acquisitiveness of Eastern Canada shows little sign of abatement" (cited in Clement & Williams, 1989, p. 145). The statement could easily have been applied to Canada's relation with Europe or, as we will see later in this essay, to northern Canada's relationship with the southern centres of industry.

Innis's strong interest in staples production and transport continued for the rest of his career and, together with his interest in the economic history of the fur trade, prompted his

travels in remote parts of Canada, particularly early in his career. He referred to the ideal economist as a “dirt economist”—one who did not neglect the social and political sides of economic life and sought inspiration in the site of the economic activity rather than in the theory (cited in Drache 1995). His interest in northern staples began early. Innis traveled widely throughout the North with his wife Mary Innis in 1922 and 1923 (Black J. D., 2003); in 1924, he canoed down the Athabasca River to Slave Lake and then travelled down the Mackenzie River on a Hudson’s Bay Co. tug to the Beaufort Sea (Creighton, 1957, pp. 61-63).

Innis’s *Fur Trade in Canada* (1930/1964) provided the basis for his subsequent work assessing the effects of the staples, staples trade and the consequences of pulling raw resources from a region with little economic benefit to its inhabitants. The book provides a detailed account of the effects of the early days of fur trading in Northern Canada. In this account, the Indigenous people abandoned some of their traditional methods of producing food and tools in favour of imported items obtained from European fur traders. Innis spends considerable energy in the second chapter in his book outlining Indigenous peoples’ transition to consumers of European commodities as the colonialists penetrated further inland (Innis H. A., 1930/1964, pp. 9-22). Iron objects, particularly kettles and points for arrows, spears, and harpoons, supplanted implements made from locally sourced materials (Innis H. A., 1930/1964, p. 17). The musket became the most critical good sought by the Indigenous people of the North, and its purchase required substantial numbers of beaver furs. Innis notes that this increasing dependence caused stress in indigenous communities. Longer distances needed to be covered with greater time spent away from their community. “Furs had to be collected, stored, packed and carried for long distances in the spring and summer to the trader...Since the trade was carried on in the summer, agriculture was neglected or shifted to a greater extent to the care of the women” (Innis H. A.,

1930/1964, p. 20).¹ Transportation by canoe was critically important, yet little time was left for individual canoe building with so much of it spent acquiring the pelts. Moreover, increasing competition for pelts created conflict: “Wars between tribes, which with bows and arrows had not been strenuous, conducted with guns were disastrous” (Innis H. A., 1930/1964, p. 20). Finally, exposure to European diseases, especially smallpox, led to large-scale death in communities that had once been strong and resilient. Innis’s fur trade book provided detailed information about the process by which furs were obtained from largely Indigenous people in northern Canada and were transported to southern ports for sale and revenue while Indigenous people became consumers of imported goods.

Innis, however, would be known best for his review of the trade and the potential conflicts as a result that developed into a cautionary tale of the dangers of economic dependence on staples:

The economic history of Canada has been dominated by the discrepancy between the centre and the margin of western civilization. Energy has been directed toward the exploitation of staple products and the tendency has been cumulative (Innis H. A., 1930/1964, p. 386).

Innis went on to explain how the supply of raw resources brought about both manufacturing and also the importation of finished products to the colony. Thus, the colony became dependent in a variety of ways on resources, both in the production but also in the purchase of materials. As he stated, “Agriculture, industry, transportation, trade, finance and governmental activities tend to

¹ Feminist research concurs with careful anthropological research and reports of oral tradition that traditional economies of the Dene balanced big game hunting with fishing, snaring, and gathering activities in a gender division of labour. Both sides of this division of labour were essential to the working of Dene traditional economies. While earlier anthropological research missed this important fact, essential elements of the arguments surrounding Dene land relationships still hold. A feminist analysis of the impact of resource extraction activities in the NWT is beyond the scope of this thesis. However, the work of both Marjorie Cohen (Cohen M. , 1988) and in particular, Sylvia Van Kirk’s book, *Many Tender Ties: Women in Fur-Trading in Western Canada 1670-1870* (Van Kirk, 1980) would provide additional information.

become subordinate to the production of the staple for a more highly specialized manufacturing community” (Innis H. A., 1930/1964, p. 386). His warnings of the negative effects of staples extraction activities on the satellite economy and the benefits for the centre economy outlined concern that Canada’s focus on the acquisition and transport of raw resources to Britain would lead to a loss of the capacity to develop a specialized manufacturing sector of its own (Watkins, 1963). This concept underwrote Innis’s pessimistic outlook on the prospects for a staples-based economy. The single-mindedness of staples export and the Canadian government’s attendant investments in transportation infrastructure at the expense of other forms of local economic development was a serious concern. Without strong leadership at the national level, Innis warned, Canada was “in danger of being burned at the stake of [its] natural resources” (cited in Drache, 1995).

Innis’s concern focused largely on what he referred to as the cyclonic effect on regions suddenly dependent on a single resource. Centre economies had progressively developed technology and therefore, institutions and processes in such a way that would support community expansion and development. However, satellite communities were faced with a massive importation of foreign technology and processes that landed onto the region in one fell swoop.

Similarly, economic advance in marginal areas takes place at an ever-increasing pace until, at an advanced stage of modern industrialism, an entire satellite economy with all its technical and organizational equipment is built in one brief moment of social excitation that can only be described as an economic storm of cyclonic intensity. (Neill, 1972, p. 38)

This intensity then redirects and focuses the entire community’s efforts towards the new staples economy. If the community is relatively homogenous in character and is willing and able to participate in this effort then it is possible for the region to benefit temporarily from this sudden influx of activity. When the resource requirements of the centre change however, the exporting region will face a sudden drop in income, jobs and livelihood. A shift to a new staple

would then be required, with the ‘painful stamp’ of adjustment for small, local communities. Canada’s history is replete with examples of ghost resource towns and work camps around which communities developed and then were promptly abandoned. Innis forewarned Canada in the 1920s to beware the boom-and-bust scenarios of a continued reliance on staples exports upon which to base the economic development of a country.

Mackintosh

For some, Innis’s contemporary, W.A. Mackintosh, was the actual originator of the staples theory: Innis extrapolated from ideas Mackintosh introduced in a lecture in 1922 (Grant, 2014). Mackintosh stated at that time,

The prime requisite of colonial prosperity is the colonial staple. Other factors connected with the staple industry may turn it to advantage or disadvantage, but the staple in itself is the basis of prosperity (Mackintosh, 1923, p. 4).

This opening emphasis on prosperity may reflect Mackintosh’s experience of relative comfort growing up in Canada. Born in Toronto, Mackintosh attended Queen’s University and enjoyed a comfortable lifestyle far from the farm on which Innis grew up. This was also in stark contrast to Innis’s role as an officer on the front lines in World War I. After receiving his doctoral degree from Harvard, Mackintosh returned to Queen’s as a professor of economics and remained at the epicentre of Canadian political economy for the remainder of his career. He served on numerous economic commissions, advised federal finance ministers, and served as an assistant to the Deputy Minister of Finance during the Second World War. While some have described the contrasting perspectives of Innis and Mackintosh as reflecting their respectively pessimistic and optimistic personalities, the difference between the two scholars is perhaps better ascribed to their origins: the margin of Canada, where Innis both grew up and conducted his research, *versus* the centre of the young country’s wealth, where Mackintosh was firmly lodged from the cradle to the grave.

Mackintosh (1939), among others, focussed on the income to the Canadian economy that raw commodities exported to Europe and the United States provided. The progress of “new” countries, he maintained, was dependent upon the development of “cheap supplies of raw materials” the country could trade for items it could not produce on its own. In fact, he states, the search for staples was a key activity of early settlers to North America:

Nothing is more typical of colonial development than the restless unceasing search for staples which would permit the pioneering community to come into close contact with the commercial world and leave behind the disabilities of a pioneer existence (Mackintosh, 1923, p. 4).

The search for these staples and the inherent difficulty in transporting those staples to markets, however, led Mackintosh to assert that geographical factors should be more carefully considered when attempting to analyze the success, or lack thereof, within the North American economy.

If then we start with the European colonization of the Atlantic coast, the structure of American barriers, plains, and waterways takes on a special significance. That structure shaped the course of westward progress; it facilitated or hindered the connection of the frontier with the older settlements and with Europe; it selected to some extent its own settlers; and together with other factors it determined the trend of industrial production (Mackintosh, 1923, p. 2).

That trend of industrial production was largely dependent upon the ability of the country to facilitate the transportation of goods through the geographical terrain. Mackintosh suggests that much of the early success of the U.S. communities was due to the development of the Erie Canal that gave them a significant advantage in both the exporting of raw goods from the Midwest but also in the distribution of goods from the European markets (Mackintosh, 1923, p. 4). The building of this necessary infrastructure, however, was dependent largely upon its ability to borrow capital and technology from older countries. It would not be until the success of the Canadian government in facilitating the development of the national railway that Mackintosh

could see Canada's ability to rise beyond its dependence on staples and to develop as an industrial nation (Mackintosh, 1939, p. 14).

What appear to have been critical for staple-led growth in Mackintosh's view were backward linkages, such as transportation, to the local producing regions, which would not only allow the frontier economy to transport raw materials from the region, but would also enable the transportation of labour, imported goods and production inputs, such as imported technology.

The development of substantial transportation links such as the Erie Canal and the Canadian Pacific Railway required significant investment resources that at the time could only be facilitated by a central government. The direct link to the building of the national economy based on the transportation investment was justified in the Canadian federal budget speech of 1873 (quoted in Mackintosh 1964, 25). Samuel Leonard Tilley stated that with the expenditures of more than \$60 million on railways and canals, "the result will be that the trade of the city of Toronto...will be quadrupled, and the case will be the same with Hamilton, London, and other cities in the West" (quoted in Mackintosh 1964, 25).

This emphasis in Mackintosh on investment in critical infrastructure in order to facilitate a national economy had a distinct Keynesian element, and read that preoccupation back into earlier generations of staples expansion. John Maynard Keynes had published his two-volume set of *Treatise on Money* (1930) just after the start of the Depression. In it, he countered the Adam Smith concept that the free market would naturally evolve. Keynes maintained that 'aggregate demand', or spending by families, businesses and government, was the main engine that drove the economy. As families had more disposable income, they would buy more goods from local stores. The stores would then be required to purchase more goods to sell and to hire more people to serve their customers. Businesses would then increase their manufacturing production in order to meet the demand and governments would in turn receive more funds from taxes paid by

families and businesses. Governments themselves are also an important part of this demand. As government projects increase, more people are hired and in turn spend their income on goods. It was this multiplier effect spun off from initial spending that Keynes felt would prompt the economy in a positive direction with relatively limited initial spending.

This ‘Keynesian model’, as it came to be known, flew in the face of Adam Smith’s ‘invisible hand’ of the economy, strictly understood. Cutbacks on spending by governments and companies to balance their books would exacerbate unemployment through inadequate investment into the local economy. Keynes suggested that during a depression, governments should consider the opposite of austerity measures and develop substantial infrastructure investments in order to boost employment and spending.

Beyond fiscal stimulus, Keynes’ recommendations included calls for easier credit. Keynes outlined concerns that high interest rates had prompted excessive savings rather than spending which was stalling the economy. With easier access to borrowed money, both businesses and families would generate further multiplier effects, with effects going far beyond their initial spending.

Keynes’ multipliers probably influenced the conception of economic linkages in the sense this term came to be used in the Canadian staples context. That insight, which came through Mackintosh and A.O. Hirschman, is central to Watkins’ staples theory. Some staples, Mackintosh noted, were more likely than others to create positive local linkages. Both the wheat industry and the fur trade relied extensively on vital linkages, such as transportation, that helped to foster regional economic development. However, other industries, such as mining and oil and gas, were notoriously disconnected from local economies. Tools and heavy equipment were delivered to the sites of such industries from afar, along with the labour force and necessary supplies. Camps were developed to house and feed workers brought in from southern Canada or

from still more distant foreign centres. Being heavily financed, these industries could provide most of the transportation for the goods they produced, in many cases to their own secondary processing facilities such as refineries or pulp mills in the south. Linkages such as jobs, transportation, and inputs to industrial development remained largely undeveloped in the remote northern regions of Canada where resource-extraction industries predominated.

Despite this critical problem with key staples for the Canadian north, Mackintosh continued to advise the federal government to connect the northern economy more fully with the rest of Canada. The aim was always to develop the national economy based on the extraction and transportation of raw resources.

Economics and Staples Theory 1950s

In the mid-twentieth century, staples theory dominated the field of political economy in Canada. Textbooks in the field, starting with the work of Mary Innis (1935), began to address staples theory as a uniquely Canadian approach that helped to explain economic development in this new country. While Canadian scholars were formulating a political-economic theory to explain the nation's resource-extraction and trade relations, others were raising significant questions about the world economic system. The signing of the Atlantic Charter and post-war economic decline put pressure on Britain to emancipate its colonies, and a number of African nations agitated for independence after the end of World War II. By the late 1950s and early 1960s, the majority of British colonies in Africa and Asia were declaring independence. However, as these new economies attempted to develop or re-develop their local domestic economy, global economic pressures forced them to focus their economic activity on the extraction of raw resources required by their former colonial powers (Ferraro, 1966). As prices of resource exports fluctuated worldwide, newly-formed independent countries were tied economically to a global economy that would limit their ability to produce value-added goods

and services. In developing insight into this situation, analysts based in that part of the global South which already had decades of experience of formal independence—namely, Latin America—were particularly influential. So were the works of Marx, Engels, and with regard to imperialism, Lenin.

Dependency theory arose in this context. Influenced by his experience of Argentina's economic dependence in the 1940s, Raul Prebisch developed a theory that mirrored the ideas of German economist Hans Singer (Prebisch, 1950). Recognizing that developing countries disproportionately provided resources, both saw that the developed countries with access to technology and capital were able to process those raw resources into more valuable goods which could be sold back to the peripheral countries from the centre. This gave the countries of the centre a significant advantage in world trade, especially since they were able to set the world price for commodities. Over time, the productivity of the centre's manufacturing industries would grow faster than that of the periphery's resource-extractive industries. Developing countries would be required to work harder and export more in order to maintain a balance of trade, further inhibiting their ability to develop industrial capacity. Inevitably, most of the profit from the trade would funnel back to the centre (Prebisch, 1950) (Singer, 1950).

Harvey and colleagues later tested the Prebisch-Singer Hypothesis, as it came to be known, by examining price volatility in 40 countries with 25 commodities over four centuries (Harvey, Kellard, Madsen, & Wohar, 2010). They concluded that the ability of a developing country to build its economy on the export of primary commodities is limited by its lack of ability to control the world-wide economy and price of its staple:

Clearly, given the strong evidence of a long-term downward trend in its relevant export commodities, a country might explore diversification of its export portfolio to include manufactures or services (Harvey, Kellard, Madsen, & Wohar, 2010, p. 367).

Dependency theory argued that the standard economic model of capitalist modernization did not benefit the developing world. Rather than increase the standard of living in poorer countries, the process of selling raw resources diminished these countries' ability to compete on the international market. The rate of rising prices of imported manufactured goods overwhelmed countries reliant on the export of raw resources, for the price of the latter rose at a lower rate on average, one set largely by demand in the industrialized world. Dependency theorists advocated protectionism and placed a high priority on developing local economies with goods produced domestically instead of imported from developed nations.

Other analysts took up these themes, and dependency theory spread in the early 1950s and 60s throughout newly developing and increasingly independent nations in Africa and Latin America. Andre Gunder Frank's thesis of the "development of underdevelopment" was a significant contribution to the analysis as it outlined how the economies of the new countries were not only not developing but were being systematically undermined by the world economy's demand for low-price, unprocessed raw resources. "The now developed countries," Frank wrote, "were never under-developed, though they may have been undeveloped. . . . Contemporary underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries" (Frank, 1966, p. 18).

Immanuel Wallerstein built the core propositions of dependency analysis into what he dubbed world-systems theory (Wallerstein, 1974). A key proposition of major world systems theorists was to de-link developing economies from the global economic system in order to stimulate the domestic and regional economies of the South (Chew & Denmark, 1996). A central claim of world-systems theory draws on the Prebisch-Singer thesis: that the wealthy countries at the core of the world economy exploit the poor countries of the periphery by means

of the deteriorating terms of trade between wealthy and poor (Prebisch, 1950) (Singer, 1950). The resources of peripheral countries were used, not to benefit their own economies, but to provide increasing profits for the developed nations.

The similarities between dependency theory and staples theory are clear in the treatment of centre versus periphery as well as the dependence of the ‘frontier’ economy on raw resource extraction activities. Key staples theorists in Canada in the 1960s and 1970s, including Mel Watkins, would utilize this similarity and bridge the two frameworks (Watkins, 1977). But before exploring this bridge-building further, I turn to Robert Baldwin’s analysis which also offered an explanation for similar regions developing economically in different ways.

Baldwin

As part of this ongoing effort to examine economic development, Robert Baldwin developed a model in the 1950s in an attempt to explain the differences in growth rates between two forms of commodity production in what he refers to as ‘newly settled regions’ (Baldwin, 1956). This model is an imperfect fit for the Canadian situation, since it assumes that both areas would have similar access to technology, labour and capital from a nearby, populated region, and that both are agricultural settlements. More interestingly, it also assumed that economic development starts in these new areas with the production of a resource for export.

The two forms of commodity production are a plantation-crop type of production and a family-farm type of production. Baldwin suggests that the land’s physical qualities dictate whether the region will develop a staple such that it will best be suited to a plantation production or the development of a non-plantation type staples such as wheat (Baldwin, 1956, p. 165). This hypothetical examination of the newly settled areas then allows Baldwin to examine how “the production function differences still emerge as an important (and neglected) determinant of development patterns” (Baldwin, 1956, p. 165).

Both types of production will induce the development of export sector linkages such as transportation. Other types of linkages, however, such as the purchase of local goods by prosperous owners, suffer in the plantation model. Baldwin questions why domestic consumption by wealthy plantation owners, aside from foodstuffs, is made up largely of imported commodities. “Why do not efficient domestic industries quickly develop and capture both the import markets and the domestic markets which are supplied in a socially inefficient manner?” (Baldwin, 1956, p. 172). To answer his own question, he suggests that the lack of skilled labour, higher wages needed to lure low-income farm labour into urban factories and the high costs of transportation are major factors (Baldwin, 1956, pp. 172-173).

Baldwin then goes on to cite two additional and important factors: the rate of saving and the supply of entrepreneurial labour (Baldwin, 1956, p. 173). The rate of saving is higher in the plantation economy largely because of the greater income inequality. However, interest and returns on foreign investments in the plantations fund the more developed area rather than the new region. Even those earnings that remain local tend to be invested in the export industry rather than the linkage areas given the need for security and guaranteed return for the investors. In addition, those savers that do invest in the new regions tend to invest in the development of large buildings and elaborate homes rather than the supply of local services or locally-produced items. Without local investment in services and goods the local market cannot expand to develop a fully self-sustaining economy (Baldwin, 1956, p. 173).

The plantation system is similarly responsible for the lack of available entrepreneurs in the new economy. With the substantial profits available to the plantation owner from the production of the raw material, little domestic demand encourages the further expense and risk of new secondary manufacturing industries based on that resource. The plantation owners restrain the development of entrepreneurship by providing meagre income to their workers (the

plantation model assumes either slaves or sharecroppers) and little in the way of training or opportunities for those workers to participate more fully in the new economy (Baldwin, 1956, p. 174).

Baldwin suggests that the lack of investment in the domestic economy by either the slaves or the sharecroppers combine to keep the plantation-based local economy's "export-oriented nature" (Baldwin, 1956, p. 174).

In the case of the family-farm unit, however, Baldwin is more optimistic. "In this region, there are relatively fewer individuals at both ends of the absolute income scale" (Baldwin, 1956, p. 175). He states that as the majority of labour comes from the family, little encourages further immigration of workers into the region. The majority of their food, clothing, shelter and household goods are initially produced by themselves, but as the business income increases, they can turn to purchasing locally developed items in the region. Critically, the more equitable distribution of income in the family-farm economy is better for the local economy, because it means a larger demand for local services and goods. From this comes a gradual response as the community itself provides the necessary goods and services. As buildings, roads, hospitals and warehouses are built, each one provides a multiplier effect. The export economy continues; however, much of the resources can be returned to the community to fund domestic manufacturing. "For, (sic) the more favourable distribution of income and thus the relatively large demand for durables stimulates domestic manufacturing" (Baldwin, 1956, p. 176).

Baldwin's models provide for an analysis of the spread effects, or the lack thereof, from the two types of economic development found in newly settled regions, based on the extraction of raw resources. The spread effects, or economic linkages, are largely dependent upon the type of production model used, not the characteristics of the staple. In turn, according to Baldwin, this is, however, dependent upon the soil and the type of raw material that can be produced from it.

Both Innis and Mackintosh would agree that the type of resource would dictate the health of the economy surrounding it. This use of linkages and their dependence upon the type of resource will also be used extensively by Mel Watkins as he develops his framework for staples theory in the 1960s (Watkins, 1963).

Hirschman

Further analysis of the linkage element was developed in A.O. Hirschman's *The Strategy of Economic Development* (1958). He emphasized that one should not analyze 'latecomer' economies for what they are missing, but rather for their inherent qualities:

As long as one thinks in terms of a missing component, be it capital, entrepreneurship, or technical knowledge, he is likely to believe that the problem can be solved by injecting that component from outside or by looking for ways and means of producing it within the country (Hirschman A. , 1958, p. 7).

Instead, Hirschman proposed that the focus of efforts towards 'development' in underdeveloped regions should be what can be drawn from within the community itself. What is needed is a 'binding agent', bringing together linkages in the economy to provide a development effect (Hirschman A. , 1958, p. 7).

Hirschman then discussed two types of linkages that could arise in the commodities sector (1958, pp. 100-102). Hirschman described the backward linkage as the inducement of a community to produce domestically the inputs that are required for production. The subsequent processing of the commodities before export was described as a forward linkage. The critical element for development is described as the complementary role of the backward and forward linkages (Hirschman A. , 1958, p. 116). Forward linkages cannot exist in a vacuum and must be accompanied by the backward linkage if balanced development is to occur. Forward linkages are, according to Hirschman, developed as a result of investment decisions that depend largely on the strength of backward linkages and the ability of the forward linkage to utilize them.

Hirschman terms the backwards and forwards linkages together and calls them ‘production linkages’ (1977, p. 161).

Finally, Hirschman outlines fiscal linkages, the ability of the state to ‘tap the income stream accruing from the staples to various parties, in particular to the owners of the mines and plantations’ (1977, p. 162). As the state taxes the income made from staples production, or from land rents, and then reinvests the profit into the economy, fiscal linkages can be used to increase growth.

Hirschman warns that in many cases where the production linkages are strong, such as in the coffee-growing regions of Brazil and Columbia, the fiscal linkages are only brought in at a later date and in minimal amounts as they are required to assist farmers during depressed world prices for the staple (1977, p. 163). Indeed, he correlates the strength of production and consumption linkages and the weakness of fiscal linkages (Hirschman A. O., 1977, p. 163). Where local activities have created strong production linkages, the people of the community would strongly resist any efforts to tax the commodity significantly. However, in communities where the staple provides little in the way of local linkages in terms of jobs to produce items needed for the resource extraction or necessary inputs for a production process for the extracted staple, the local community would likely encourage the creation of fiscal linkages in order to enable investment in the region and gain some form of compensation from the extraction of the raw resources. As Hirschman maintains, this fiscal linkage would likely be requested even more if the owners of the resource extraction were foreign.

In this instance of staples extraction under foreign ownership, Hirschman warns that the primary staple economy such as oil and mineral extraction leads to “enclaves”. Linkages to the region would be minimal: he refers to “this ability of primary products from mines, wells, and

plantations to slip out of a country without leaving much of a trace in the rest of the economy” (Hirschman A. , 1958, p. 110).

The importance of economic linkages for newly emerging countries is highlighted in each of the theoretical works listed previously. The lack of linkages and the difficulties of their interrelation is highlighted by dependency theorists and in the work of Hirschman, Baldwin and Mackintosh. As political economy develops into the late 1950s and early 1960s, theorists would develop a theoretical framework that would help to put these approaches together into an economic model based on a region’s raw resource, their staples.

Easterbrook and Aitken, and Gordon

Easterbrook and Aitken’s *Canadian Economic History* (1956) presented staples production, its associated transportation infrastructure, and the government’s policies on resources as the building blocks of the nation. In their conclusion, its authors optimistically asserted that Canadian industry and savings would underwrite a new national policy that would “hasten Canada’s departure from its staples era into one of advanced industrial technology” (Easterbrook & Aitken, 1956, p. 580).

However, the effect of U.S. economic policy and the role of large multinationals within Canada’s borders also began to be felt by the 1950s. A growing sense of Canadian nationalism found expression in the Royal Commission on Canada’s Economic Prospects, tasked with exploring concerns about the development of raw resources and the foreign interests involved in that development (Shea, 1960). Chaired by Walter Gordon, the Commission published its findings in 1957. It questioned the government’s policy of allowing such open-ended foreign control of Canada’s natural resources and other business enterprises (Shea, 1960).

The commission's report joined a rising tide of Canadian nationalism in art, culture, and politics in the early 1960s. It provides the backdrop against which Mel Watkins, one of the report's principal authors, made his keystone contribution to staples theory.

Watkins

While previous economists discussed economic linkages extensively, along with the consequences for regional economies when the linkages were weak, Mel Watkins incorporated linkages into a comprehensive theory applicable to regional and national economies based on resource exports. In his seminal outline of staples theory, Watkins (1963) brought to the fore a framework that could be used to link a region's staples reliance to its ability to create a domestic market.

Watkins starts by outlining the central element of staples theory, that the staple itself, and what he calls the 'spread effects' of that staple, is the main actor in a new economy. The staple will dictate the characteristic pattern of diversification around itself and therefore build an export base and all other elements of the economy, and society, will fall into a model of economy growth for a new country.

Key to this framework then, is the development of the spread effects or linkages that are created by the staple and its export. The framework then will require an analysis of the spread effects for each staple and the economic blocks upon which they are developed:

Economic development will be a process of diversification around an export base. The central concept of a staple theory, therefore, is the spread effects of the export sector, that is, the impact of export activity on domestic economy and society. To construct a staple theory, then, it is necessary to classify these spread effects and indicate their determinants (Watkins 1963).

Building upon Hirschman's concerns regarding the ability of certain staples to slip out of the country with few linkages to local activity or local economy development, Watkins' framework

was key to analyzing not only the specific elements of the linkages but also whether those linkages were, on the whole, were positive or negative from the standpoint of local prosperity and growth. In a positive environment, certain staples will create a market that will grow to such an extent that it is no longer considered a staples economy.

...staples generate strong linkage effects which are adequately exploited – then eventually the economy will grow and diversify to the point where the appellation “staples economy” will no longer suffice. Population growth will come to result more from natural increase than from immigration. Per capita income will rise beyond the level consistent with any customary definition of underdevelopment. With the gaining of entrepreneurial confidence and the expanding opportunities of domestic markets, domestic entrepreneurs will persistently usurp markets from foreign suppliers. A well-developed secondary manufacturing sector serving domestic markets and possibly even foreign markets will emerge (Watkins, 1963, p. 151).

However, Watkins warns that the opposite can occur. Certain staples can lend themselves to the development of what he calls a ‘staples trap’. This situation occurs when linkages are not built into the staple economy that allows the economic benefits to filter back into the region or country of origin. Without these linkages, the local domestic economy cannot grow and the spread effects of transportation, support businesses, production of materials from the staple, and the creation of domestic entrepreneurs will not grow. This leads to a staples trap in which the region or country cannot switch to a new staple and continue building the economy. The painful stamp of the staple, as Innis referred to it, may be too difficult for an economy to recover from.

The serious pitfall is that the economy may get caught in a “staples trap.” Sustained growth requires the capacity to shift attention to new foreign or domestic markets. The former requires a favourable combination of external demand and available resources. The latter requires a population base and level of per capita income that permit taking advantage of the economies of scale in modern industrialism. ... If the staple is unfavourable or if stagnation persists for any extended period because of a weak resource base, the staple economy can take on the character of the traditional underdeveloped country.... (Watkins, 1963, p. 151).

Watkins goes on to outline the characteristics of a staples trap such as the growth of institutions and values that hinder growth, a rise in local population that leads to unemployment,

and a focus of the community on the export sector or in subsistence agriculture (Watkins, 1963, p. 151). More significant than the superior returns that a new country may receive from a resource bonanza is the concern, outlined by Watkins, is that the people in control of the region will develop an “export mentality” which focuses the attention of investment into the “export sector and a reluctance to promote domestic development” (Watkins, 1963, p. 150).

The only way out of a staples trap is the development of strong economic linkages which are critical for the development of both the export economy as well as the domestic economy. Watkins utilizes Hirschman’s linkages as the necessary features of the economy to watch, to see whether the domestic economy will make this transition. The production linkages, as outlined previously, are the backward linkages of investment in the domestic development of inputs for the export sector, and the forward linkages of investment in industries that produce a value-added product from the item extracted by the export industry.

According to Watkins, the most important form of backward linkage is a transportation system (Watkins, 1963, p. 145). In Canada’s economic history, the building of a national railway is a clear example of the massive investment required for this form of linkage, which had a major impact on the economy by enabling the ready transport of wheat products. A forward linkage Watkins describes as the inducement for industries to capitalize on the output of the resource extraction either by adding value to the item or increasing processing (Watkins, 1963, p. 145). In their positive aspect, backward and forward linkages can promote independent economic growth in a region and enable it to survive a drop in the resource price on the world market. In their negative aspect, linkages that are predominantly external rather than local drain resources, rents, and other benefits from the region and its communities.

A further element is the final demand linkage:

a measure of the inducement to invest in industries producing consumer goods for factors in the export sector. Its prime determinant is the size of the domestic market, which is in

turn dependent on the level of income – aggregate and average – and its distribution. (Watkins, 1963, p. 145).

In this account, the level of per capita income is a critical element in the development of a domestic economy. Using the contrasting models in Baldwin's theory of staple production in plantation economies versus family farm crops, Watkins suggests that consumer spending on local goods can profoundly affect the domestic economy. The purchase of luxury goods would be limited to those items imported, while the purchase of a broader range of goods and services would encourage the domestic economy (Baldwin, 1956). Therefore, Watkins states,

Final demand linkage will tend to be higher, the higher the average level of income and the more equal its distribution. At a higher level of income, consumers are likely to be able to buy a range of goods and services which lend themselves to domestic production by advanced industrial techniques. Where the distribution is relatively unequal, the demand will be for subsistence goods at the lower end of the income scale and for luxuries at the upper end. The more equal the distribution the less the likelihood of opulent luxury importers and the greater the likelihood of a broadly-based market for mass-produced goods. (Watkins, 1963, p. 146)

The crucial method by which this range of goods and services will become available in a region is through entrepreneurship. By seizing local opportunities to build on the staple economy, domestic entrepreneurs can fill gaps and create the vital linkages. If those gaps are filled with foreign entrepreneurs, then Watkins raises concern that domestic opportunities will be overlooked (Watkins, 1963, p. 146).

Watkins utilizes Baldwin's work, stating that the plantation case with its "mass of slaves who are prevented from bettering themselves" will inevitably produce conditions that will prevent the crucial development of local entrepreneurship. The family farm, however, with its "more equal distribution of income" will encourage the development of social business, education and government institutions that are supportive of domestic business opportunities (Watkins, 1963, p. 147).

Watkins identifies weak per capita income as a significant inhibitor of growth in the domestic economy and the development of domestic entrepreneurship. It is therefore, according to Watkins, a critical element in the development of a staples trap:

Sustained growth requires the capacity to shift attention to new foreign or domestic markets. The former requires a favourable combination of external demand and available resources. The latter requires a population base and level of *per capita* income that permit taking advantage of the economies of scale in modern industrialism. Both require institutions and values consistent with transformation, and *that* requires the good fortune of having avoided specialization in the wrong kind of staple, such as Baldwin's plantation crop. If the staple is unfavourable or if stagnation persists for any extended period because of a weak resource base, the staple economy can take on the character of the traditional underdeveloped country ... (Watkins, 1963, p. 151)

Watkins' 1963 contribution to staples theory provided a framework for analyzing a region's political economy, examining linkages, identifying a staples trap, and solving the region's economic problems through the development of stronger linkages. For Watkins, the central concept of a staples theory is "the impact of export activity on domestic economy and society" (Watkins, 1963, p. 144). Watkins suggests that a full exploitation of forward, backward, and final-demand linkages could enable the development of new industries and eliminate the staples trap. One central problem for Canada's future economic development, Watkins suggests, is its inhibiting export mentality with economic and political institutions unwilling to expand beyond primary exports to encourage economic growth. As we will see later in this chapter this issue of dependency on raw staples would lead to the incorporation of dependency theory with staples theory for the "neo-Innisian" political economists of the late 60s and 70s.

Neo-Colonialism and Internal Colonialism

Watkins' work did more than draw together the work of Baldwin, Hirschman, and Mackintosh. He also contributed to the Dene Nation's engagement with "neo-colonialism". By the 1960s, in many developing countries, dependency theory spoke to a growing concern about

neo-colonialism, a term Kwame Nkrumah of Ghana coined in 1965. “The result of neo-colonialism,” Nkrumah wrote, “is that foreign capital is used for the exploitation rather than for the development of the less developed parts of the world. Investment, under neo-colonialism, increases, rather than decreases, the gap between the rich and the poor countries of the world” (Nkrumah, 1965, p. x). As newly independent countries began to attempt to develop their economies and systems of governance, they found that the economic institutional systems put in place by their colonial rulers were rigid and, in many ways, difficult to change. Currencies, banking, debt, interest rates, and tariffs remained in the control of the Western powers. As countries such as Tanzania, Mali, and Ghana attempted to strike out in a new direction, with economies less focused on capitalism and more on social equity, economies less focused on exports to the former imperial powers and more on producing for domestic demand, they found the developed countries unwilling to negotiate. Newfound independence in former colonies created a dangerous mix of hopeful citizens petitioning for radical change and politicians faced with an intractable global economy that set a low value on their resources, often the lowest possible value.

The experience of resource-rich countries in Africa and (from more than a century earlier) South America after decolonization began to be used for marginalized groups within a developed country as well. By the mid-1960s, the phrase “internal colonialism” appeared, expressing the concept that regions, or ethnic groups, could experience the same type of colonial relationship as once existed between the European powers and their colonies. Malcolm X spoke of colonialism in describing the relationship between blacks and the American government, and Martin Luther King described black ghettos in similar terms. As Jack Hicks put it more recently, “The slum is little more than a domestic colony which leaves its inhabitants dominated

politically, exploited economically, segregated and humiliated at every turn” (Hicks, 2004). The elements of internal colonialism are described by Robert Blaumer (Blaumer, 1969) as follows:

- 1) the colonizer forces entry into the colonizer’s society;
- 2) the colonizer attempts to destroy or to “transform” the colonized group;
- 3) members of the group are managed or manipulated by the colonizer;
- 4) racism is present.

In Canada, the Dene Nation broke new ground in using the concept of internal colonialism to describe their experiences after the arrival of white settlers (Watkins, 1977). They invoked the experience of the colonized and stated categorically that, while they found themselves in a country called Canada, they did not consider themselves to be citizens:

The Government of Canada is not the Government of the Dene. The Government of the Northwest Territories is not the Government of the Dene. Those governments were not the choice of the Dene, they were imposed on the Dene (cited in Watkins 1977, 4).

Significantly, they did so with Watkins as their principal research director, utilizing a unique combination of the staples theory approach with dependency theory and a critique of colonialism, as we shall see further in this thesis.

Other Neo-Innisians

As stated earlier, Watkins’ 1963 staples framework would provide the basis for a new approach that would be developed in the late 1960s and early 1970s. A number of Canadian academics began to incorporate dependency theory, world-systems analysis, and the concept of neo-colonialism into the analytic tradition founded by Innis, thereby shifting that tradition markedly to the political left. In particular, they focused on dichotomies between the centre and the regions, the rising power of multinationals in Canada, and the exploitation of former

colonies. Much of this work stemmed from concern about the foreign ownership of Canada's resource industries, such as that expressed by the Gordon Commission.

Levitt

One of the first works to address the concern about foreign ownership and control seriously was Kari Levitt's *Silent Surrender: The Multinational Corporation in Canada*, published in 1970. Levitt suggested that Canada was a country of the margin and that the world economy, more specifically the American economy, controlled Canada's economic destiny. Increasing dominance of foreign ownership was creating an economic dependence in Canada that has, as the title to the first chapter of her book states, enabled "The Recolonization of Canada" (Levitt, 1970, p. 1). The new global rise of multinational companies, Levitt maintained, "... undermine the national sovereignty of the hinterland countries in which their subsidiaries and branch plants are located" (Levitt, 1970, p. 3).

In his Preface to Levitt's book, Watkins wholeheartedly agrees with Levitt's concerns about foreign dominance in the Canadian economy, "... the multinational corporation is more certainly a means to drain surplus than to create it" (Levitt, 1970, p. xiii). This support is not surprising given that much of Levitt's argument is based on the writings of the Gordon Commission of which Watkins was a main author (Shea, 1960).

Levitt's acknowledgement of the appeal Canada presented for American multinational companies leads back to a recognition of the extraordinary value of resource extraction for the economy:

The expensive infrastructure required by [Canada's] peculiar geography has long been put in place and paid for. Levels of per capita income are second only to the United States and the rate of personal savings is higher. The brutal fact is that the acquisition of control by U.S. companies over the commodity-producing sectors of the Canadian economy has largely been financed from corporate savings derived from the sale of Canadian resources, extracted and processed by Canadian labour, or from the sale of branch-plant

manufacturing businesses to Canadian consumers at tariff-protected prices (Levitt, 1970, p. 63).

Levitt returns to the Watkins report (Gordon Commission) (Shea, 1960) for suggestions that would help to increase Canadian economic independence, including opportunities to purchase equity shares in subsidiaries operating in Canada, develop new Canadian-controlled entities and establish the Canadian Development Corporation, “a large quasi-public holding company...that might organize and participate in consortia of investors, both domestic and foreign, so that large projects beyond the capacity of a single institution could be undertaken under Canadian control (Levitt, 1970, p. 142).

Levitt’s arguments for increased Canadian investment within Canada lend themselves well to the staples approach of increasing fiscal linkages and domestic entrepreneurship. In addition, her arguments against foreign ownership of Canadian industry outline the concerns of those who argue that Canada is caught in a staples trap with fiscal linkages of earnings and savings, resource royalties and taxation funds being sent to the U.S.

Levitt’s fervent expression of Canada’s recolonization and economic dependence brings forward a new discussion incorporating dependency theory that moves staples theory towards more of an advocacy role than before.

The Naylor-Clement Thesis

R.T. Naylor (Naylor, 1972) continued Levitt’s tendency, expressing his concern that Canada was being relegated to the margin of the world economy as its capitalist class focused almost entirely on the extraction and transportation of staples at the expense of investing in the country’s manufacturing industry. He characterized Canada as a “staple extracting backwater colony” (cited in McNally 1981), a description that for many continues to resonate today. R. T. Naylor outlined Canada’s over-reliance on exporting staples and under-reliance on developing

manufacturing industries as a demonstration of Canada's immersion in a staples trap (Naylor, 1972).

Naylor (1972) suggested that Canadian capitalists were wary of investing in innovation or new technologies and instead focused on financing the quick and easy extraction of staples and retrieved profits through tariff policies, transportation charges, and price differentials resulting from the scarcity of resources and goods (Naylor, 1972, p. 11).

Naylor also acknowledged the Canadian government's involvement in establishing the internal colonialism of Indigenous people by stating that the Canadian Pacific Railway (CPR) and the Canadian Pacific Mounted Police paved the way for the removal of Indigenous people from lands to be developed by settlers (Naylor, 1972, p. 16). By eliminating the buffalo and expropriating the land to be used by the CPR, the political and financial elite of this new country were able to force Indigenous people off their land (Naylor, 1972, p. 17). While the Hudson's Bay Company's wealth had been created by the fur traded with Indigenous people, the land was now to be the focus of the new country.

Alongside Wallace Clement, Naylor outlined a theory that Canada's peculiar economic and political elites deliberately limited the country's economic development and cemented its relationships with former colonial powers such as England in order to increase profits and limit risk (Naylor, 1972). Watkins (1973, 115) agreed with Naylor:

At the root of our problem lies foreign ownership. In the resource industries, it means the export of staples in unprocessed form and the outward drain of surplus. In the manufacturing industries it means a truncated, branch-plant structure with a propensity to import parts and a demonstrated incapacity to export finished products, or even to hold the Canadian market without tariff protection. The combination is deadly.

This concern about the apparent inability of the Canadian economy to use income from the resource industry for its own industrial development lends itself well to a left-radical analysis such as that of the Latin American dependency school. Foreign control over the local economy,

over-reliance on the export of raw resources, exceptional exploitation of workers under foreign ownership, weakness of a manufacturing industry, and inability of local communities to benefit from their resources—all of these features are common to dependency theory and the Canadian theory of a staples trap.

Daniel Drache and the New Canadian Political Economy

In the 1970s, writers such as Watkins, Daniel Drache, and Gordon Laxer pursued this theme, developing theories relating staples theory and Innis to the dependency school and Marxian thought. Drache maintained that Innis's understanding of centre-margin relations was a clear recognition of the dependency created by what Drache termed "staple-ization." (Drache, 1978). Focusing on the polarity between periphery and core, Drache discussed problems of adjustment and disparity. Resource-extracting regions were vulnerable to changes in market prices and limited in their capacity to adapt. A typical reaction to a crisis in a peripheral region was to entrench itself more fully in the staple economy. This reaction caused such a region to indebt itself further and to rely on imported technologies, along with foreign ownership and human resources. (Drache, 1978)

Drache pointed out that this entrenchment in staples production had encouraged the growth of regionalism in Canada. Since the margins felt that their staples were being sent to the centres to create growth, innovation, and opportunity there, they were best advised to develop policies to create linkages in their own communities instead (Drache, 1978).

In the ten years after his seminal statement on staples theory and linkages, Watkins would move his staples theory into a more clearly Marxist theme with the work he conducted in the 1970s with the Dene Nation. Watkins was not alone in this move. Other writers, such as C.B. Macpherson and later Ian Parker, maintained that Innis was closer to Marx than Innis himself realized (Parker, 1977). On the one hand, by 1979, Watkins was urging that class-based analysis

take a larger role in the analysis of development. On the other, he saw the self-described Marxism of the more radical side of dependency analysis as an important source of insights. His 1973 article “Resources and Underdevelopment” would serve as the start of his later article “From Underdevelopment to Development” (Watkins, 1973) (Watkins, 1977). Here Watkins would utilize Andre Gunder Frank’s “Development of Underdevelopment” to provide a clear link between Marx to staples theory (Frank, *The Development of Underdevelopment*, 2010).

Watkins stated that:

Socialists, beginning with Marx, have understood that capitalist development was uneven development. Not only was there an uneven distribution of benefits among classes – with capitalists benefitting much while workers benefited much less or lost – but globally the same was true for countries; that is, the phenomenon of imperialism and underdevelopment, and within countries for regions, with some prospering while others stagnated (Watkins, 1973, p. 111).

Watkins would go on to state that Gunder Frank articulated this best: “Economic underdevelopment is generated by the same forces which generate economic development, and to search in each case for special reasons for the former is to miss the point” (Watkins, 1973, p. 111). Watkins states that as manufacturing occurs mostly in the metropolis it is natural for the hinterland to provide the staples required. This fixes the hinterland in a permanent position of being under-developed as they direct efforts towards exports rather than the development of their own economy (Watkins, 1973, p. 111).

Watkins would praise other writers for following suit in providing a link from staples theory into Marx. For example, Watkins praised Naylor’s historical model as “a Marxist version of the Innisian version” of staples theory (Watkins, 2006, p. 40). For Watkins, linking a staples theory of growth with the Marxist analysis is highly fruitful and he bemoaned the lack of a robust examination of this theme by other Canadian radicals:

In general, the refusal of even the best of the orthodox Marxist writers on Canada, from Stanley Ryerson to Leo Panitch, to build on Innis’s staple studies rather than critiquing

them is ironic and unfortunate; it has almost certainly inhibited the development of an alternative grand thesis in the new political economy of comparable insight to that of Naylor and Clement (Watkins, 1989, p. 26).

Watkins and the Dene Nation

Watkins played an active role in supporting the work of the Indian Brotherhood of the NWT in the early 1970s and assisted with the development of research reports and proposals for self-governance. During this period, he had occasion to revisit his 1963 contribution to staples theory, developing an approach that encompassed Indigenous people and their relationship with Canada and the resource industries. Incorporating concepts of regionalism, dependency theory, social-structural analysis, and internal colonialism, Watkins developed a striking and powerful new version of staples theory, which he used to assist the Brotherhood in its opposition to the Mackenzie Valley pipeline proposal. Watkins argued that the absence of backwards and forwards linkages and, most importantly, the lack of fiscal linkages had resulted in the underdevelopment in the NWT.

Watkins's new version of staples theory acknowledged the rights of Indigenous people in the North. He described the argument of the pipeline applicants, framed in the terms of traditional staples theory. Citing Innis, he affirmed the central role of staples export in the development of Canada, noting that the succession of staple products led to "periods of crises in which adjustments in the old structure were painfully made" (cited in Watkins 1977, 85). In the 1970s, Watkins wrote, "The North is [again] experiencing 'the shift to a new staple'; the result is a 'period of crisis' and of 'painful adjustments'" (Watkins, 1977, p. 85).

After describing the way Indigenous people were "swept aside," Watkins stated:

There is, then, an awful truth about the manner in which this country was "born," and has since been successively rejuvenated. We cannot change that history, but we can learn from it and resolve "never again." Put differently, the exigencies of staples production

must make allowances in the North, for the first time, for the reality of native rights; unless that is done, nothing will really change (Watkins, 1977, pp. 86-87).

He then returned to the staples theory methodology outlined in his 1963 article, examining the northern economy and the backwards, forwards, and final-demand linkages of a staples-based economy. Fur was a trade good and as such allowed Indigenous people to work within the new mercantile economic system without giving up their land or becoming wage-earners. Oil and mineral development, however, introduced a new mode of production in the North that required certainty in land ownership and the use of wage labour. Land rights became critical for companies to extract minerals from the ground, and a secure labour force was guaranteed by bringing in workers from the south. But one of the most fundamental broken linkages according to Watkins was not the lack of jobs for local people or the introduction of common-law property rights that closed parts of the landscape to historical uses and allowed the new rights bearers to transform those landscapes, but the lack of resource rent returned to the region.

Watkins argued not only that resource rent was not returned to the North but that the Crown, whose responsibility it was to collect the rent, had failed to do so in adequate amounts, thereby allowing the corporations to collect super-profits, the latter defined by being over and above the cost of production and a reasonable return on investment.

Without state-recognized land ownership, the Dene could not control or collect resource rents from the mining and oil industries in the NWT. Watkins suggested that had the Dene been able to collect a fair return from the production of non-renewable resources in the North, they could have reinvested the funds in renewable-resource industries, which would sustain them after oil and mineral supplies were exhausted (Watkins, 1977).

Linkage-building then, in keeping with Watkins' original staples theory, was the key to development in the North. The creation of vital linkages, ensuring jobs for local residents, value-added production, and the retention of resource rents in the region were all essential. Watkins

argued that it was “the tactic of the businessmen and government of the staple-exporting region. . . to attempt to increase the linkages within the region” (1977, p. 91).

However, Watkins noted that the people of the region could obtain the benefits of these linkages only if they “opt[ed] wholeheartedly for continuing staple production” (1977, p. 91).

Watkins noted the interest of (mostly white) business and government in promoting a staples extraction approach in the NWT, including where necessary a staples extraction strategy for

Indigenous people:

It is no surprise that local business interests in the North are solidly behind the pipeline, and that the territorial government conceives of Indian economic development as helping the Dene to get a piece of the action that will be generated in other sectors by the pipeline—in spite of the fact that the latter has about it something of the aura of asking the condemned man to take up rope manufacturing (1977, p. 91).

Watkins thought that the Dene were unlikely to reap any benefit from a linkage-building approach based on the *production* of the staples; in fact, he warned that they might be left worse off, citing examples of previous efforts to involve Indigenous people in local economic development related to the fur trade, river transport, sawmilling, and commercial fishing.

Watkins asserted that large-scale resource projects were more likely to create underdevelopment in a region rather than promote local development. Therefore, his solution to the problem of linkage-building was to focus on the *resource rents* that were draining away from the region (Watkins, 1977).

Fiscal Linkages

As noted previously in this Chapter, the application of staples theory to the analysis of a regional economy focuses largely on the existence (or the lack) of economic linkages, including backwards linkages of input production and forward linkages of value-added manufacturing.

However, the most critical linkage, for Watkins and others, is the fiscal linkage of resource rent.

According to staples theory, this fiscal linkage can provide the revenue needed for the development of a non-staple economy and an escape from the staples trap.

Economic rents are central to fiscal linkages, and their effective appropriation is central to powerful local spread effects, as Watkins explains:

It is a peculiarity of resource production that it generates Ricardian economic rents, or super profits, and it is a matter of the first importance for economic growth who appropriates these rents and what is done with them. As Thomas Gunton has demonstrated in his extensive writings on resources and rents, there are implications for staples theory as well as for public policy. Adding fiscal linkage to other linkages actually increases the likelihood that resource development will have positive effects on the regional economy; there is no inevitable tendency for the export of staples to culminate in dependency and a staples trap, and therefore no presumption against the pursuit of comparative advantage. But if fiscal linkages are not exploited for domestic, typically regional, advantage, the risk of the staple trap remains (Watkins, 2007, p. 118).

In other words, the calculation and distribution of the resource rent are critical to ensure benefits go not only to the extractor of the resource but also to a benefit to the owner of the land. As

Watkins remarks elsewhere, there are important questions to ask:

What is the size of the rents? Who gets them? What difference does their distribution make to sustained economic growth? Clearly, the conventional focus on forward and backward linkages has obscured an important point, that is, that the prospects for sustained and more diversified development in the wake of non-renewable resource exploitation are decreased to the extent that rents, or “super profits,” are appropriated by the resource-capitalists, and particularly if they are foreign capitalists (Watkins, 2006, p. 37).

Leakage of the fiscal benefits to areas outside the region of extraction is a significant concern for those attempting to forestall or correct the development of a staples trap in that region. The development of linkages—including jobs, services for the local industry, and manufacture of value-added products from the raw resources—can help the local economy grow and diversify on the basis of staples. Such growth, however, requires significant initial investment in capital infrastructure, training and education, and local services. This investment can best be provided by companies or government as a result of capturing a portion of an extraction company’s super profit:

But what if staple production yields profits above and beyond those necessary to service capital? This is not a hypothetical matter, but is rather to be expected in the nature of the case. The main reason is that staple production necessarily means exploitation of natural resources, or of “land,” and since the latter is scarce, it is likely to command its own reward. The critical question becomes who gets the reward, or who appropriates the rents. Logic suggests that the answer is the owner of the land. If, as is alleged in the North, the Crown owns the land, then it should get the rents, and that is a rationale for royalties and other forms of taxation of the resource industries. If the Crown fails to appropriate the rents—as it largely does in the North and as it apparently intends to continue doing in the future—they are transformed into “super-profits” and are appropriated by the owners of the capital or, in effect, the corporation itself for purposes of re-investment . . . What tends to happen, then, is that the return to capital and to land leaves the region; all that remains is the return to labour, and that only to the extent it is resident labour (Watkins 1977, 89).

As we will note later in this essay, there is a fundamental problem in assuming that the Crown is the owner of the land and the appropriate body to collect resource rents. The Dene strongly rejected this claim of the Crown and proposed a significantly different approach, more fully explored at a later point in this essay.

The calculation of resource rent is dependent upon a number of economic factors. If appropriation is limited to the rent – the difference between market prices for the resource commodity and the market prices for the costs of production, including the going rate of return on investment – the company paying the appropriation is likely to maintain its investment. However, that revenue can be collected in a number of ways, and if the Crown does not collect it, it can also go to different recipients: through resource royalties, taxation on corporate income, or capital investment in the community by the company. If that resource rent is not properly accounted for, not recovered by a government, and accumulated instead by the multinational company as a super-profit, this important linkage is lost to the country and its citizens. In order to ensure that the Dene would receive these rents, Watkins advocated the negotiation of a comprehensive land-claim agreement with full political rights for the Dene (Watkins, 1977, p. 96).

Michael Asch, an anthropologist who worked extensively in the North, agreed that the rents and royalties are the best way for Indigenous people to gain access to funds from staples in a staples-centred economy, but for a markedly different reason. Asch outlined that the resource rent is the only way Indigenous people can receive funds in a manner that does not impose a capitalistic system of labour-earning onto the 'native economy' (Asch, 1987, p. 240). As I will discuss in more detail further in this essay, this contrast between the Dene mode of production and the capitalist mode of production is key.

Watkins' use of dependency theory was most clearly defined in his defense of the native subsistence economy. He suggested that rather than seeing the subsistence economy of the Dene as undeveloped, that we should view it as underdeveloped. The Dene had been unable to fully develop their traditional economy because the Hudson's Bay Company had controlled the fur trade and had diverted its profits out of the region, not because the Dene's traditional economy was inherently stagnant. In fact, the two sectors of the economy often described in the North had rarely been entirely separate (Usher P. , 1998). Rather, each sector affected the other, at times in ways the Dene welcomed, such as through the acquisition of hunting guns, steel tools and imported foodstuffs; and at other times, in ways that affected them negatively. Large-scale mining also had negative effects, but effects of a different sort: they directly disrupted traditional uses of the land, thus under-developing the traditional sector; and they also encouraged the settlement of newcomers, who, together with non-aboriginal social and political institutions, undermined the local communities (Watkins, 1977, p. 96).

In presenting this argument—not only that the modern sector of oil, gas, and mineral production was not developing the North but that it was systematically under-developing the region—Watkins encouraged a staples analysis that considered Indigenous issues in a colonial environment. It examined the effects of colonialism and the imposition of a capitalist economy

on a subsistence culture in such a way that it deftly outlined earlier concerns about the imposition of a resource economy on a subsistence economy would overtake the latter and condemn it to non-existence. Re-casting the situation as far worse than a mere staples trap, Watkins' use of dependency theory helped to frame this fourth-world issue in the third-world reality of colonialism, racism and oppression. The addition of dependency theory to staples theory provides an important historical grounding for the Indigenous economic context. It may not, as we will discuss further in this thesis, go far enough to draw on Marxist theory.

McNally

The efforts of the Neo-Innisians to develop a clear link between Innis and Marxist thought in the 1960s and 70s met with profound criticism by the 1980s. McNally was one who disagreed strongly with efforts to link Innis to Marxist thought (McNally, 1981). In his work, "Staple Theory as Commodity Fetishism: Marx, Innis and Canadian Political Economy", McNally takes on each of the Neo-Innisian writers including Watkins, Drache, Levitt, Naylor, and Ian Parker. McNally maintains that Innis' staples theory relies heavily upon Adam Smith's conception of political economy and market relations (McNally, 1981, p. 38). Innis' criticisms of capitalism, McNally maintains, also fell within Veblen's approach, where the fault lay not in the capitalism itself but in the price system.

McNally refers to this central interest in the staple as Innis' "commodity fetishism" (McNally, 1981). McNally claims that Innis focused so narrowly on the properties of the staple that he failed to see the social and class relations involved in staples production. Innis's theory "conceives of society as comprising material relations between persons and social relations between things" (McNally, 1986, p. 163). For McNally, Innis' technological determinism also reflects this fetishism: commodities, including the means of production, are seen as mere things. Any changes in production will be determined not by social relations but only, as Innis maintains

frequently, by the nature of the staple itself, its geographical occurrence, and problems associated with its extraction and transport. In addition, McNally dismisses Innis' theory that commodities dictate the creation of other commodities such as the productive equipment required for extraction purposes. McNally maintains that people, their social relations, and their innovative capabilities, create new technical elements, not the commodity itself. According to McNally, Innis's commodity fetishism constitutes an unbridgeable theoretical gulf between Innis and Marx. A view in which all change is based on the properties of the staple is incompatible with Marx's view of change as a result of class struggle.

Without a concept of class struggle, McNally (1986) maintains, the "Left Innisians" are limited in their ability to argue for socialism (McNally, 1986, p. 168). McNally argues that staples theorists are reducing the production process to a 'technicist conception of production' where production is dependent upon the interaction of things, including capital, land and labour (McNally, 1986, p. 163). Innis appears to maintain that the most important developments of Canadian history are technological changes such as "the introduction of steam on the St. Lawrence waterways" (McNally, 1986, p. 167). Only by "defetishizing the alienated world in which workers are dominated by the products of their own life-activity (capital), Marx demonstrates the possibility of workers controlling society through a struggle against capitalist domination" (McNally, 1986, p. 167). Without this critical element of class struggle, staples theorists believe that technological change is no longer a result of the "social relations of capitalism; instead, it is seen as determined by the nature of the staple" (McNally, 1986, p. 163).

As I noted previously, Marxism maintains that the starting point for the development of capitalism is the process of primitive accumulation. This process critically involves the creation of workers alienated from their own labour by first separating them from the land. This is, as McNally refers to it, the secret of the capitalist mode of production (McNally, 1981, p. 48). This

concept of primitive accumulation and how it has occurred in Canada is critical to both a fundamental exploration of Marxism in Canada and to explore how the Canadian working class was formed. As McNally argued in the early 1980s, this exploration had not taken place (McNally, 1981, p. 52).

McNally maintains that Innis' staples theory is "built upon precisely the kind of theoretical commodity fetishism that Marx attacked" (McNally, 1981, p. 56). He further states that rather than developing an historical materialism along the lines of Marx' analysis, Innis developed what McNally calls a 'vulgar materialism'. McNally states that Innis attributes the items of history, such as geography and technology and the staple, as the actual "determinant of social life" (McNally, 1981, p. 57). This runs directly counter to Marx's idea that human beings make their own history, albeit under certain circumstances that are not in their control (McNally, 1981, p. 56). It is possible for humans to change their social environment, though they can do so most fully only once they have become emancipated. Therefore, the human environment is not defined by or dependent upon the staples nor the technology but is in fact also affected by human actions and production. Eliminating the social production element is, quoting Carl Berger, history "dehumanized" (cited in McNally, 1981, p. 57). An actual return to Marx to conduct a review of Canadian history would require the demonstration that staples are merely the "forms of appearance of social relations of production" (McNally, 1981, p. 57). His powerful critique of the neo-Innisians ends with these words:

It is high time that the fetishistic preoccupation with staples was abandoned in favour of a concentration on class formation and capitalist development in Canada. And it is high time that vulgar materialism was supplanted by historical materialism. If they hope to contribute to the construction of a creative Marxist view of Canadian history, those who have undertaken to "wed" the traditions of Innis and Marx must be urged to file for divorce. (McNally, 1981, pp. 57-58)

Free Trade

In the late 1970s and early 1980s, economic policy discussions in Canada began to centre on the concept of “free trade.” Canadian politicians and the “staples fraction” (Watkins, 1997, p. 28) (business elites focused on staples extraction, finance, and transport rather than secondary manufacturing pursuits) began advocating, in part, for less restriction on trade in staples between Canada and the US. They justified this in order to facilitate economic development and industrialization. The US – Canada Free Trade Agreement signed in 1988 and the North American Free Trade Agreement (NAFTA) which came into effect in 1994 created a relaxation of trade barriers and according to Drache, placed Canada further into “advanced resource capitalism” (Drache, 1978). The solidification of Canada’s economy into a staples supplier for the United States continued into the 1990s and for some theorists, led to significant changes in the process of the supply if not the substance.

A Mature Staples Economy or a Post-Staples Economy?

Most recently, Thomas Hutton has argued that Canada has moved from the status of a staples state to that of a mature staples state or even beyond that, into a post-staples state (Hutton, 2007). As early as 1994, for example, he argued that British Columbia had developed the capacity to move beyond raw resource exportation to an economy based on entrepreneurship and manufacturing (Hutton, 1994, p. 3), thereby positing the theory that it is possible to develop past the original staples theory end point.

Keith D. Brownsey and Michael Howlett (2008) build on Hutton’s phases of staple development and transcendence in four phases of the evolution of a staples state:

The first phase is a period of rapid expansion as the new staple is developed using easy-to-access, plentiful natural resource supplies. The second phase is a maturing phase as the limits of easily accessible, low-cost resource supplies are reached and/or increased competition limits both market growth and the rate of the expansion of the sector. The

third phase is one of disequilibrium as the state and private sector respond to the slowing of growth by trying to force expansion through subsidies, weaker regulations, or the search for new resource supplies. . . . The fourth phase is one either decline or crisis as the subsidized expansion is shut down and the industry downsizes, moves to other countries still offering plentiful cheap supplies, or makes a transition to a new form of resource activity (Brownsey and Howlett 2008, 5-6).

As these authors explain, the extraction of raw resources is a major factor changing the “social formation and settlement patterns” of a frontier state; in provoking conflict between colonial powers, regions, and trading companies; and often in forcing the relocation of aboriginal groups (5-6; see also Innis 1956, 142). Once Canadian society adjusted, however, the periphery developed a resource-extracting process that fostered the growth of Canada’s financial and industrial core, the metropolises of Montreal and Toronto.

According to Brownsey and Howlett, a post-staples state arose in Canada as a result of “new conditions” that significantly affected staples extraction and industry in the 1990s and early 2000s: “since the 1980s, this state was characterized by increasing pressures on resources and allied staples sectors and on communities derived from resource depletion, global market pressures, the relentless substitution of capital for labour, social factors (notably environmentalism and its variants), and a context of increasing metropolitan hegemony and transnational urbanism” (Brownsey & Howlett, 2008, p. 6).

While Hutton outlined the possibility of a mature staples economy creating investments in “non-staples-related areas, such as tourism, local administration, education, health and other social services”, he foresaw that the new economy of the 1980s and 1990s in British Columbia (B.C.) would lead to a relative decline in the economies of resource-dependent communities as wealth became increasingly concentrated in metropolitan areas (Hutton, 1994). This restructuring of the B.C.’s economy was largely caused by globalization and neoliberalism; it would unleash what Hutton called a “perfect storm” upon resource-dependent communities faced with declining

resource prices alongside economic mechanisms designed to minimize returns to the source regions of staples (Hutton, 1994, p. 3).

Other theorists would agree that Canada as a whole has evolved past the point of being a 'staples economy', even going so far as to say that the staples theory no longer applies to Canada in the modern economy.

Kellogg

Paul Kellogg has emerged as one of the strongest critics of staples theory over the past few decades. The focus of Kellogg's complaint is the attempt to incorporate dependency theory into the analysis of a Canadian staples trap and the associated argument that Canada has traded its colonial status vis-à-vis Britain for a semi-peripheral colonial status vis-à-vis the United States. Citing statistics from Canadian manufacturing and industry, including employment figures, Kellogg maintains that Canada's history with auto-making and other industries demonstrates a strong manufacturing sector (Kellogg, 2015, p. 72). Kellogg also suggests that the left's concern regarding foreign ownership in Canada, as exemplified by the work of Levitt and Watkins, is overstated: "US control of assets in the Canadian economy peaked at 27.7 per cent in 1968 but fell steadily to just over 10 percent by 1991. After some slight rises and falls through the 1990s and early 2000s, US-controlled assets were just 9.05 per cent of Canada's economy by 2012" (Kellogg, 2015, p. 76). While Kellogg acknowledges that Canada's economy was founded on staples, he maintains that the left-nationalist version of staples theory, augmented with dependency theory, is of little use in analysing Canadian political economy today.

Kellogg and others cite the Autopact and various free trade deals as evidence that Canada has developed a strong and competitive economic relationship with the United States. Kellogg (2015) maintains that Canada has little in common with the underdeveloped former colonies of

the global South, arguing that Canada has maintained its sovereignty while southern nations were unable to do so. Colonial oppression and lack of sovereignty, not an over-reliance on resource extraction and export, led to the underdevelopment that characterizes the South today:

The sweated labour of the colonies and half-colonies congealed as superprofits in the imperialist centres. This was the central rationale for a half-millennium of colonialism and imperialism, a half-millennium in which world capitalism built its institutions. Countries at the core experienced that half-millennium as the creation of civilization, the foundation of modernity. Countries on the periphery or semi-periphery, denied effective sovereignty, experience this half-millennium as regressive and barbaric. (Kellogg, 2015, pp. 18-19)

According to Kellogg, Canada escaped this colonial trap by thwarting rebellion, establishing sovereignty in 1867, and developing a home market:

The very sovereign Canadian state of Macdonald, Wilfrid Laurier, and their heirs suppressed rebellions, acquired an empire bordered by three oceans, interred indigenous peoples in 'reservations,' and established populous and prosperous new settlements on land that had been forcibly emptied (Kellogg, 2015, pp. 18-19).

For Kellogg and others, Canada cannot claim to be a victim of colonial powers, neither of Britain nor of the United States. Its current status as a strong manufacturing nation and one that has massive investments in mining corporations around the world, particularly in the southern continents, demonstrates that Canada is a powerful nation. Kellogg further argues that Canada is a surprisingly strong player in the world economy:

In its analysis of the origins of Canadian capitalism, the staple-trap approach attempted to assimilate the Canadian experience into that of the under-developed economies of the global South. This allowed it no room to anticipate the development that manifestly has occurred in Canadian capitalism—that of a mature, imperialist industrial power, one of the largest advanced capitalist economies in the world despite its very small population base (Kellogg 2015, 218).

Kellogg (2015) does not dismiss the concepts of staples dependence, dependency theory, and neo-colonialism outright, however. He acknowledges that the southern regions of the world have been subjected to a global economy tilted sharply in favour of the colonial powers.

Moreover, within the Canadian context he recognizes that Indigenous people have suffered a similar fate under Canada's control. Referring to the issue of the Cornwall-Massena International Bridge and the resultant protest in Akwesasne, Kellogg argues that some sectors of Canadian society experience the deprivation and poverty that one would expect in regions of the global South that are caught in staples traps and subjected to colonialism. Canada, he argues, cannot claim to be a victim of U.S. colonialism while at the same time creating an entirely dependent class of underprivileged citizens within its own borders (Kellogg, 2015). The dispossession of the Indigenous people in Canada from their land and its resources is a critical point in any study of the Canadian political economy and should not be overlooked.

Up to this point in the thesis we have been reviewing the basis of the formulation of the staples thesis; the examination of its elements within new frameworks of dependency theory, Marxism, colonialism and new forms of staples dependence; and the criticism of these arguments from other Marxist positions. In order to address staples theory and its history from an Indigenous perspective we will look to an analysis researchers developed in the late 1980s, pointing to the inadequacies of the staples approach for both Indigenous people in Canada and immigrants.

The Critique of White-Settler Theory

The participation of Indigenous people in the extraction, transportation, and sale of staples are critical elements in staples history. They are, however, elements that staples theory has largely overlooked. Innis, despite his extensive travels in the North and his observation of the role of Indigenous people in the fur trade there, paid scant attention to the critical role that Indigenous people had in production. In *The Fur Trade in Canada* he focused on the Indigenous peoples' exchange of fur with settlers and traders from the south and on the transportation of furs from one region to another. He also placed great importance on the Indigenous peoples' interest

in accessing colonial goods. However, Innis did not go into detail regarding the processes of trapping or hunting animals nor did he examine Indigenous societies in which this production occurred. Hence, the labour involved in the extraction of resources was missing from staples theory, aside from a reference to the quantities produced and the amounts paid in a capitalist economy. Canada profited extensively from the fur trade and built massive edifices in Winnipeg and Montreal while the Indigenous people of the North were compensated only for a small portion of their labour.

In their critical review of staples theory, Abele and Stasiulis (1989) examined two groups who were missing from the staples examination of Canada's economy: Indigenous people and immigrants. They challenged the dominant practice of examining political economy in Canada from the perspective of the white settlers, as if Canada had only come into being upon the arrival of the newcomers. Staples theory, with its view of political economy focused on staples extraction, transportation, and export, narrows its analysis of Canada's economy to the start of the western capitalist economy. This lack of recognition of the Indigenous peoples' thousands of years of habitation on Turtle Island and of their flourishing political economy is a fundamental flaw in staples analysis:

The notion that Canada developed as a white settler colony or "white dominion" is a recurrent theme in the new political economy. In accounts of the "peculiar" nature of Canada as simultaneously supportive of high wages and standard of living and retaining a dependent, resource-based economy, various political economists have referred to its "beginnings" as a white settler colony. Significantly, the key formative period for Canadian development is defined as the period from the 1860s to the First World War, or the "age of classical monopoly capitalism (Abele and Stasiulis 1989, 243).

One result of this flaw is that staples theorists have generally failed to take adequate stock of colonialism and racism in Canada as founding elements of our country. As Abele and Stasiulis state, "accounts recognize that a profound racism permeated the dynamics of both European-Native interaction and working-class formation in Canada, but they incorporate racism as a

phenomenon of exceptional ‘ugly chapters’ of Canadian history, rather than as a constituent and explanatory feature of Canadian historical development” (Abele & Stasiulis, 1989, p. 244). This leads to two significant factors (Abele & Stasiulis, 1989, pp. 244-245). The first is that further analysis of the staples theory approach fails to pick up on the subtlety of what was deemed to be historical racist elements in Canadian economies. The second factor, and more significant one, according to the authors, is that the critical element of resistance to exploitation by ethnic minorities is overlooked. By emphasizing the “distortions and silences on race and ethnicity in the Canadian political economy” Abele and Stasiulis outline a critical avenue of analysis that we will use further in this thesis.

The work of Innis in *The Fur Trade of Canada* and future works on staples theory is used by Abele and Stasiulis to demonstrate the inability of staples theorists to imagine a world in which an Indigenous political economy mattered. Innis, they state, presumed the death of both the Indigenous people and their specific form of economy. “Innis’s obituary for indigenous peoples was premature; he mistook social distress and change for social and cultural collapse” (Abele & Stasiulis, 1989, p. 247). Future writers would continue in this assumption and overlook the profound tensions between the Indigenous economy and the new capitalist mode of production that was being introduced into the North.

One specific analysis used by Abele and Stasiulis is to review the state of the “mixed” economy in the North as defined by Peter Usher in *Denendeh/Northwest Territories* (Usher P. , 1998). Usher outlines that the current First Nation political economies have been operating alongside an imposed capitalist regime which white settlers and traders placed into the region. As Frances Abele explains, income in the Indigenous mixed economy is earned from wages but the means of subsistence also derives from activities on the land including hunting and trapping.

The mixed economy has proved viable and relatively stable over several decades, valued for its ability to make the best use of all available economic opportunities in areas where

wage employment is scarce and unreliable and also for its reliance on traditional Indigenous knowledge and skills for success. In this last capacity it strengthens Aboriginal communities as well as it feeds them (Abele, 1997, pp. 128-9).

Abele suggests that the continued survival of the mixed economy is dependent on two elements: one, a legitimate public authority that would ensure continued Indigenous access to land through land use regulation; and, two, infusions of cash through wages, social transfers, etc. (Abele, 1997, p. 129).

This would certainly be an improvement over the method of investment for Indigenous people in the North during the 1970s. Without access to resource jobs, or the return of funds from resource developments, Indigenous people were reliant on social assistance in the northern communities. As Watkins suggests parenthetically in his own work, welfare payments would greatly assist the government in their attempts to acquire the land and its valuable resources, but in a tragic way.

(Rather than seeing welfare as 'charity,' we should appreciate its hidden dimensions. For the Dene, it avoids integration into the wage economy, and is therefore a form of resistance. For the dominant society, it is something it can afford, for there are not that many Dene, and the long-run effect of welfare, to the extent it demoralizes and degrades people, discourages concerted use of the land, and thus helps to dispossess the Dene of their land.) Socially, it manifests itself in alcoholism, family breakdown, and suicide. Politically, it manifests itself in feelings of hopelessness and apathy (Watkins, 1977, p. 92)

Remarkably, as we will see later in this essay, the use of country food and the continuation of the Dene culture, spirit and political resistance would endure, despite the extreme deprivations faced by Indigenous people in the North. Later portions of this essay will discuss this evolution and relevancy to today's political economy in the Northwest Territories and the staples production in Norman Wells.

A Carbon Trap and the Unsustainability of Staples

In addition to the need to recognize diversity in staples theory, environmental concerns have more recently led political economists to incorporate the concept of ecological disruption into staples theory analysis. Brendan Haley (2011) views staples theory through this environmental lens. He described Canada's staples trap as facilitating a carbon trap: the self-reinforcing rigidities of staples dependence are also contributing to an economic development mode that not only ensures our continued dependence on world energy markets for our economic well-being but also contributes disastrously to the growing greenhouse-gas emissions that are destroying the planet.

Haley (2011) explains that Canada's role on the margin of the world economy as a staple supplier means that it is not a centre of industry or innovation. The margin's role in supplying commodities to the world economy is vital; however, Canada's marginality leaves it vulnerable. The volatility of the world market in low value-added products has been repeated over the past century and a half with a variety of staples, culminating in today's economic dependence on oil and gas. As energy prices have dropped alarmingly in recent years, Canada once again slipped into an economic recession. Given the cyclical nature of markets, the staples-based economy could continue, albeit at a slower rate of growth, until energy prices rise again.

Haley states that in traditional staples theory, the staples trap can only be broken by the development of stronger local linkages; however, these strengthened linkages would exacerbate the rigidities of reliance on the environmentally damaging staple (Haley, 2014, p. 78). "Strong linkages could be an indicator of lock-in within a decaying economic structure, making one paradigm's 'linkages' another one's 'rigidities'" (Haley, 2011, p. 118).

Haley (2011) points out that Innis's discussion of economic rigidities that hindered the development of the Canadian economy included his warnings about the inability of nature to

adapt to the impact of humans. The beavers' vulnerability to the settlers' predatory hunting practices virtually guaranteed their population collapse, limiting the peripheral region's ability to rely on this staple for a long period of time (Haley, 2011, p. 100). Similarly, Canada's current dependence on foreign investment in the environmentally damaging production of non-renewable energy resources encourages a false economy from which Canada gains little, and the global community will have to live with the climate change it brings about.

Conclusion

This section of the thesis has provided a substantial overview of staples theory, both in its historical establishment as the dominant political economic theory of Canada over the past two centuries and some of the criticisms of the theory's applicability to this new country. Further in this thesis I will utilize a number of these criticisms in order to examine whether staples theory can be usefully applied to the historical political economy of the NWT. When supplemented by alternative perspectives, such as colonialism, internal colonialism, and underdevelopment, it may provide some useful prescriptions. Staples theory, though, may also be misrepresenting the imposition of the capitalist mode of production in the North, the process by which resources were obtained, and focus too heavily on building linkages rather than acknowledging the vital Dene economy that had, and continues to, sustain Indigenous people. In future chapters I will review the Indigenous history of the NWT and, more specifically, the Sahtu region, in order to determine whether staples theory remains a viable theory to be applied in the North. In order to fully understand the historical process by which colonialism was imposed onto the region, it will be necessary in the next chapter to review the legal process by which Canadians obtained Indigenous land.

Chapter 2

Aboriginal Title

The arrival of white explorers and settlers on the continent of North America necessitated interactions with the populations that inhabited the land for thousands of years prior: The Indigenous populations. In what is now known as Canada, the Vikings were the first to arrive on the land that would be called Newfoundland in the 10th and 11th century. The Vikings failed to establish an enduring settlement in the region (Black C. , 2014).

In 1497, John Cabot would land on northern North America declaring possession of the land on behalf of King Henry VII of England, however, no settlement was established. In 1534, Jacques Cartier claimed the land on behalf of France and Canada would have its first permanent white settlement, Port-Royal, in what is now Nova Scotia by 1605 under the French explorer Samuel de Champlain (Litalien & Vaugeois, 2004). In 1608, Champlain would travel down the St. Lawrence and establish Quebec City as the capital of a new French colony, New France. Champlain explored the surrounding area and established contact with the local Indigenous tribes, first the Algonquins, then the Hurons, and with lesser success, the Iroquois. France's claims to the vast interior of northern and central North America rested heavily on alliance diplomacy, rather than heavy European settlement (Litalien & Vaugeois, 2004).

The English, however, claimed Newfoundland and a large portion of the eastern coast of Canada and established settlements there as well, violently displacing the Beothuk people from the coast and gradually driving down their numbers. The constantly recurrent battles between the two superpowers of the time would catch the Indigenous people in the middle with devastating consequences. After the British final defeat of the French and the Royal Proclamation of 1763, a new set of rules for the English emerged regarding the role of the new settlers and the resident

Indigenous population, in part based on what English officials had learned and adjusted from the French practice of alliance diplomacy.

In the absence of the cession of land by the Indigenous people, the Royal Proclamation of 1763 prohibited the unregulated settlement of lands by white settlers. The Proclamation also prohibited the private purchase of Indigenous land by white settlers. But it also opened up the possibility (for the first time) of the systematic purchase of Indigenous land by the British Crown. The land, according to the Proclamation, was to be acquired by the Crown, through a process of open and orderly negotiation with the Indigenous people. Ostensibly, it established the basis for a system that would protect Indigenous people from having their land appropriated by private purchasers and ensure a legal and peaceful process for the acquisition of the land for the colonialists (Canadian Encyclopedia, 2015).

This proclamation, however, did not set the real parameters by which the process of acquisition would take place, and the treaties developed over the next 100 years would vary widely across the country (Indigenous and Northern Affairs Canada, 2013).

A more codified system of treaty-making, expressed in the pre-Confederation Robinson treaties and the post-Confederation numbered treaties, was established in the 1850s and continued to 1921 (Indigenous and Northern Affairs Canada, 2013). The most significant aspect of these numbered treaties was Canada's insistence that these treaties were designed either to extinguish Aboriginal title over the negotiated land, or to placate the negotiating parties. As we will see later in this thesis, the Indigenous people of the Northwest Territories became increasingly aware of this insistence and by the time of their negotiations with the Crown, they were equally determined to ensure that their signatures on the treaties did not extinguish their right to the land.

The Constitution Act, 1867, established Canada as a self-governing dominion within the British Empire, and set out the initial distribution of federal and provincial powers. Aboriginal people are mentioned only once in the Act (1992). Section 91 outlines the legislative authority of the Parliament of Canada stating that it “extends to all Matters coming within the Classes of Subjects next hereinafter enumerated...”, after which follows subsection 24 “Indians and Lands reserved for the Indians” (Asch, 1992, p. 473). Asch suggests that the Act could be interpreted as meaning that “it is only the Federal government which has the authority to negotiate with Indians and to regulate Indian affairs after negotiations have resulted in treaties of mutual consent” (1992, p. 473). In fact, Asch suggests that this more benign interpretation of this section would be more consistent with other documents from the time period. However, a different reading of the Act, he states, would assume that the section ‘asserts unilateral dominion over Indians and lands reserved for Indians, subject only to dealing fairly with their claims’ (Asch, 1992, p. 474). This interpretation would establish the basis for the authoritarian approach that the Federal Government would proceed to follow.

Treaty 11, which the Dene signed in 1921, would be the last of these numbered treaties. Later in this essay we will address the process by which Treaty 11 was negotiated and the issues raised as a result. Alongside the numbered treaties of the prairies, the federal government began a process that destroys any semblance of a partnership between the government and Indigenous groups:

By the late nineteenth century, First Nations were no longer seen as partners but rather as holdovers from another period – obstacles to non-Aboriginal economic expansion. Increasingly, the relationship was marked by stark conflicts over resources, including land, water rights, and fisheries. First Nations were confined to reserves covering a small portion of their traditional territories and were prohibited from acquiring resources by means available to the settlers. They were unable to homestead land; their right to hunt and fish was restricted; and they were denied water rights, so that streams on which they depended for growing their own crops were diverted to water non-Aboriginal farms (Godlewska & Weber, 2007, p. 15).

It would not be until the 1970s that new court decisions made as a result of Indigenous protest and activism would help to develop a new process of treaty-making. The Calder Decision, as it came to be known, settled a court case in 1971 brought by the Nisga'a nation (Godlewska & Weber, 2007). A surveying team sent to the Nass Valley in BC in the 1880s, provoked the Nisga'a to launch a determined campaign to demand the recognition of their right to their land under Canadian law. They were hindered drastically by a 1927 federal law prohibiting the raising of funds for land claims. But after the repeal of this law in the 1950s, they revived almost a hundred years of legal battle: the Nisga'a presented their case in *Calder et al. v. Attorney-General of British Columbia* (Godlewska & Weber, 2007).

Prior to the Calder case, the federal government led by Pierre Elliot Trudeau continued a long tradition of maintaining that Indigenous people were not entitled to any special protection or rights under Canadian law. The government refused to acknowledge Aboriginal title to land and were not negotiating on any new treaties or agreements. This legal position co-existed with an entrenched sense of racial superiority. In an lower-court decision of the Calder case in 1970, Chief Justice Herbert William Davey in the BC Court of Appeal stated, regarding the Indigenous population of BC, that “they were undoubtedly at the time of settlement a very primitive people with few of the institutions of civilized society, and none at all of our notions of private property” (cited in Asch, 2007, p. 102).

The Nisga'a were demanding recognition that their Aboriginal title had never been lawfully extinguished, and that this had consequences for their rights in the present. For the purposes of the court case it was necessary to establish three essential elements. The first was to decide if Aboriginal title existed from the beginning, for if title did not legally exist then the Nisga'a could not argue that it had not been extinguished. The second decision was whether the title had, in fact, been legally extinguished and finally, the third decision was whether the Court

had the right to grant the declaration. The latter point bore on the facts of the particular case, though not directly on the question of aboriginal title: as the Nisga'a at the time had not legally gained the right to sue the Crown, the Court had to decide if it could technically even be allowed to rule on the case (Godlewska & Weber, 2007, p. 4).

Seven judges decided on the case with six of them affirming the Nisga'a title to the land prior to the arrival of settlers. They concluded that since the Nisga'a were organized and operating in societies at the time, the Nisga'a title existed as it had for centuries prior. However, in the second issue, six judges were equally divided on the extinguishment element: three maintained the transfer of public lands to British Columbia covered the Nisga'a land and the other three maintained that there was an unmet requirement for the extinguishment of Indian title to be made 'clear and plain'.

With the need for a tie-breaking decision, Justice Louis-Philippe Pigeon decided to focus his efforts on the question of jurisdiction for the Court. There was, he maintained, a legal requirement for the Nisga'a to obtain the consent of the attorney general prior to suing the province. As the Nisga'a had not obtained this consent, Justice Pigeon dismissed the case on its entirety (Godlewska & Weber, 2007, p. 5). The decisions of the judges however on the Aboriginal title question would stand as an important basis for future considerations regarding land title and claims:

Six of the seven judges had decided that Aboriginal title existed as a right within the common law, regardless of whether it had been recognized by the government or acknowledged in any treaty. Moreover, they decided that Aboriginal title existed not just in territories under European influence at the time of the Royal Proclamation – that is, in eastern Canada and the prairies, where it had already been largely addressed through treaties – but also across the entire continent, including British Columbia (Godlewska & Weber, 2007, p. 6).

While the future of court decisions regarding Aboriginal title would continue debated and argued for decades afterwards, the Calder decision did at least stimulate a significant change in

federal government policy that began the negotiation of establishing comprehensive claims in areas that had not had their land rights extinguished by treaty (Godlewska & Weber, 2007, p. 6).

In the view of a number of scholars, including Michael Asch, the Calder decision could have spurred on a more substantial and impactful change in the federal government's approach to Indigenous rights. In fact, Asch would suggest that the rightful conclusion of the Calder decision would have been the complete reversal of the entire legal system imposed by Canada on Indigenous people:

Were the court to adopt the representation of Indigenous society advanced in Calder, it would, by necessity, invalidate this assumption, for, under such conditions, the legitimacy of our claim to sovereignty, legislative authority, and underlying title without the express consent of Indigenous peoples is called into question. (Asch, 2007, pp. 109-110).

Asch goes on to state,

As I see it, the legacy of Calder lies not so much as a precedent in jurisprudence or as an instruction for government, as important as these have been and will continue to be. Rather, its enduring value is as a teaching that urges us to reconsider the inhumane way in which Canada treats indigenous peoples today. (Asch, 2007, p. 110).

Further court decisions have helped to both clarify and confuse the issues of Aboriginal rights and title in Canada. Section 35 (1) of the Constitution Act 1982 recognizes and affirms the existing aboriginal and treaty rights of the aboriginal peoples of Canada. Significantly, however, the Act did not elaborate on the rights that would be protected. In the Van der Peet case, the Supreme Court of Canada stated that in order to be protected the practice or custom must be integral to that distinctive culture prior to the arrival of settlers (Slattery, 2007, p. 111). As Brian Slattery points out, this case protects only those specific rights of a particular Aboriginal group but does not protect their general right to exist (Slattery, 2007, p. 112).

This general right of protection would be provided by the Delgamuukw decision shortly afterwards. The claimants maintained that Aboriginal title was an inalienable right of "fixed and uniform character, similar in this respect to standard estates known to the English law of real

property” (cited in Slattery, 2007, p. 112). Therefore, the right to Aboriginal title was not dependent upon a specific right related to a distinctive practice but was in fact, a uniform right to similar to other general rights in common law. The Supreme Court of Canada agreed and established two principles of Aboriginal title. The first stated that the group holding Aboriginal title has the right to the exclusive use and occupation of the land for a broad range of purposes, none of which must be specific to the historic practices of the group. The second principle is that land held under Aboriginal title is subject to an “inherent limit”. This limit is to ensure that the land is used in such a way that it would be preserved for future generations and not destroyed (Slattery, 2007, p. 113).

These legal decisions now provide a partial basis for analysis of Indigenous rights in Canada. In the next chapter I will review the history of the NWT and the Sahtu Region in relation to the rights of the Dene. This includes the process by which Treaty 11 was initiated, negotiated and signed in the NWT.

Chapter 3

History of the Northwest Territories

By the time Harold Innis arrived in the Northwest Territories in 1920, the region had seen a century of enormous change. The arrival of settlers had profoundly disrupted the traditional land use of Indigenous people in the region, with catastrophic results (Fumoleau, 1973/2004). Innis, in his focus on resource extraction and transportation, developed a theory based on what he saw in the 1920s, long after important change had begun in the North.

Northern Canada has been inhabited since time immemorial by a variety of Indigenous groups. Prior to contact with European settlers, these Indigenous people's patterns of land use made them largely self-reliant and independent of more southerly regions of North America.

The Indigenous groups of what is now the Northwest Territories hunted for food and other resources; gathered berries, roots, and edible leaves; and traded these and other goods amongst one another (Asch, 1977). Working together in lean times and sharing the harvest from hunting and gathering were essential to their way of life, and their economy was interwoven with a rich cultural history through stories of the land and the sustenance it provided. Many of these stories centred on the interdependence of land, animals, and humans and the need for all to work together to ensure their mutual well-being and security. George Blondin in *Yamoria* (1997) recounts one such story:

When the world was new, animals and humans held a conference to see how they would relate to each other. Yamoria [a Dene culture hero] used medicine power to control everyone's mind to arrive at a fair resolution. The meeting lasted a long time and involved humans and every bird, fish and animal that lived on the earth. All agreed that humans could use animals, birds, and fish for food, providing that humans killed only what they needed to survive and treated their prey with great respect. Humans must use every part of the animal and never waste anything (Blondin, 1997, p. 48).

The Dene thus developed a local, self-sustaining economy based not only on the mutual interests of human groups but also on respect for the land and the resources it provided:

The regional economy. . . in the late aboriginal period was a total economy both in terms of production and circulation of goods. The people of the region were themselves wholly responsible for their own survival. They achieved this end by organizing themselves into self-sufficient local groups within which production and distribution were collective activities. Given the potential variation of resources in local regions from year to year, on occasion local groups found themselves unable to maintain their self-sufficiency. At these times, they would join with other local groups lucky enough to be enjoying a surplus. Hence, the principle of co-operation and mutual sharing found within local groups was extended to all the people of the region (Asch 1977, 49).

This form of economy and its social relations in the North enabled Indigenous people to successfully survive in a harsh and difficult environment for thousands of years. As newcomers to the North would soon realize, this knowledge and expertise would be critical for their own survival as well. However, the new economy and social relations that newcomers brought with them would not be entirely beneficial to the original inhabitants of the land.

The Fur Trade

Settlers in the more southerly parts of New France, New England, and other eastern colonies directly or indirectly depleted the local stocks of beaver for the colonial trade with Europe. Trading posts around the perimeter of Hudson Bay experienced a similar depletion of the fur resource. Consequently, explorers moved further inland from all these locations in search of pelts. In the process, they recognized that the beaver in northern climes had a superior pelt that was desired by British hatters. More remote tribes began to hear of the white men and of their interest in furs and some Indigenous people travelled far to trade for goods. (Innis H. A., 1930/1964, pp. 13-14).

One of these fur trader explorers was the son of Scottish immigrants, Alexander Mackenzie, sent by his Loyalist family to be schooled in Montreal while his brothers fought in the American Revolution. Safety, however, was far from Mackenzie's mind as he turned to the

fur trade, joining the company of Finlay and Gregory in 1779 at the age of fifteen. One year earlier, another fur trader and explorer, Peter Pond, had reached the Athabasca River and observed the high quality of furs in that northern region. Increased competition had encouraged expansion of the fur trade and would eventually encourage the collaboration of traders, resulting in the establishment of the Northwest Company in 1783-1784. Mackenzie received a share of the company and later joined Pond at the trading post at Athabasca. In a failed attempt to discover the famed Northwest Passage, a coveted sailing route to the Pacific and Asia, Mackenzie headed down the river that would later bear his name in the summer of 1789. However, as he crossed Great Slave Lake and travelled up the Deh Cho River it became clear that the route was leading north instead of west. This disappointment only fuelled his future explorations extending to Canada's western coast.

Initially, the northern fur trade provided some benefits to the Dene: from the late eighteenth to the mid-nineteenth century, the trade along the Mackenzie River benefited both populations. The Dene traded with the white people who came down the river in their York boats, but the limited capacity of the boats acted as a check, ensuring that not enough game was taken from the area to threaten the sustainability of the harvest. The Dene valued the goods that were brought up from the south, including metal pots, tools, guns, and luxuries such as sugar and oranges. While some Dene and Metis would work as guides and spend the majority of summers with fur traders, the majority of the Dene remained near their homes and, as independent hunters and trappers, were able to maintain their way of life without interruption (Fumoleau, 1973/2004, p. 28). While the economy relied on trade as a means of exchange the Dene remained largely in control of their work and communities.

In 1821 the Hudson's Bay Company amalgamated with the Northwest Company and took over the trade administration of the region.

Things were changing further south as well. Confederation, in 1867, established a new form of political rule in an expanded region now known as Canada, and in 1870 the Hudson's Bay Company surrendered its rights to all of Rupert's Land and the former Northwest Company lands to this Dominion of the southern and eastern British colonies in return for land and money. These lands newly acquired by Canada were called the North-West Territories; they encompassed all of present-day Manitoba, Alberta, and Saskatchewan, as well as today's northern territories and the northern parts of today's Ontario and Québec. In order to establish its political authority, the young Canadian parliament designated the lieutenant-governor of the newly founded mini-province of Manitoba to administer the NWT in 1870 (Fumoleau, 1973/2004). In 1875, Ottawa passed an *Act to amend and consolidate the laws respecting the NWT*, or the NWT Act for short. As Canada founded the Yukon Territory (1898) and the provinces of Alberta and Saskatchewan (1905), as well as expanding the borders of Manitoba, Ontario and Quebec in several phases up to 1912, the NWT was significantly reduced to what are now the NWT and Nunavut. In 1905, the passage of the *Northwest Territories Amendment Act* provided for the establishment of a Commissioner of the Northwest Territories that then remained, as well as a Council of four members, all to be appointed by the federal Governor-in-Council (Rea, 1968, p. 34).

During the 1870s and 1880s, transportation in the North evolved from people-powered York boats to steamboats on the Athabasca by 1882 and on the Mackenzie by 1885. This technical innovation would serve to greatly increase the volume and pace by which furs could be extracted from the North. It also meant that settlers could migrate more easily to the region.

During the gold rush of 1896 and its aftermath, things began to change rapidly, though primarily in what became the Yukon territory to the west of the present-day NWT. Fur prices rose during the First World War, requiring more and more resources to be drawn from the Arctic.

In exchange, European items such as rifles, steel traps, luxury goods, and Western clothing were brought into the North in greater quantities (Fumoleau, 1973/2004). Settlers also searched for gold in the region of Great Slave Lake; they paid little attention to the rights of the Indigenous people of the area, shooting dogs and horses and disrupting trap lines (Fumoleau, 1973/2004, p. 48). The 1890s also saw the introduction of money in the fur trade, phasing out the barter-based system that had characterized the trade before.

Despite these rapid changes, the Dene were able to continue their community way of life. As Asch observes, the introduction of the rifle and steel trap did encourage a more independent role for hunters and trappers; however, the “Aboriginal hunting techniques were still employed in collecting most game, including big game animals, and so co-operation remained a significant component of production” (Asch, 1977, p. 51). Asch goes on to state:

Despite the increased individualization in production and the introduction of money into the economy, distribution both within and between local groups remained based on the principle of mutual sharing (Asch 1977, 52).

The Arrival of Settlers

None of this should minimize some of the dire changes confronting the Dene in their home territories. White settlers began arriving in the NWT in greater numbers in the late nineteenth century. Illnesses brought by these newcomers spread quickly through the Indigenous, Métis, and Inuit population of the North, who had little or no immunity to many European diseases (Fumoleau, 1973/2004, p. 191). At the same time, the settlers were overhunting, which began to erode the local stocks of beaver, fox, and caribou (Fumoleau, 1973/2004, p. 319). Prior to Confederation, The Hudson’s Bay Company had provided some assistance with food, medicine and clothing items for Indigenous people in the area, but after 1870 the company maintained that assistance to Indigenous people was a federal responsibility (Fumoleau,

1973/2004, p. 22). Letters sent between 1870 and 1890 from the bishop of St. Albert, Vital Grandin, to the prime minister of Canada and to the lieutenant governor of the NWT urged the government to “interest itself on behalf of these Indians and not to abandon them because the country they inhabit cannot be made use of” (Fumoleau, 1973/2004, p. 14).

But the federal government would soon discover that much of the country inhabited by Indigenous people could very well be made use of. The Geological and Natural History Survey of Canada began sending surveyors to the Northwest in the 1880s. The presence of oil, tar, gas was noted in the Mackenzie basin by a number of surveyors, and a Senate Select Committee was established to investigate the value of the resources that could be extracted (Fumoleau, 1973/2004, p. 26). A Privy Council report of 1891 makes it clear that the NWT was a rich source of valuable resources (Fumoleau, 1973/2004, p. 27).

The question was how Canada would manage those resources and deal with the region’s original inhabitants. One thing was clear: the government did not want to sign a treaty, which would mean paying money to Indigenous people and assuming other responsibilities, unless it was absolutely necessary. The government’s experiences with treaties in the South and its interest in limiting expenditures on Indigenous people made it wary: “Treaties would be made only when they were necessary to prevent trouble with the Indians over land that was needed for development” (Fumoleau, 1973/2004, p. 39).

Awareness of the potential resources in the North became evident in an exhaustive 1914 report to the federal government entitled *The Unexploited West: A Compilation of all the authentic information available at the present time as to the Natural Resources of the Exploited Regions of Northern Canada* (Chambers, 1914). Listing mineral, timber, game and fish, as well as arable land, the report also mentions the “promising indications of oil” in the Mackenzie Valley, particularly near Fort Good Hope, where “the river is bordered for several miles by

evenly bedded dark shales of Devonian age which are completely saturated with oil” (Chambers, 1914, p. 282).

As settlers arrived to take advantage of these rich resources, some raised concerns about the lack of federal control over the region. The federal government began to respond to concerns raised specifically about declining game as a result of overhunting by the increasing settler population. Unfortunately, this response also limited hunting by Indigenous people of the region. An Act of Parliament in 1917 limited hunting and established closed seasons on moose, caribou, mink, muskrat, ptarmigan, wild geese, wild ducks, and other game animals:

The game therein mentioned may be lawfully hunted, take or killed and the eggs of birds therein mentioned may be lawfully taken, by Indians or Eskimos who are bona fide inhabitants of the Northwest Territories, or by other bona fide inhabitants of the said Territories, and by explorers or surveyors who are engaged in any exploration, survey or other examination of the country, but only when such persons are actually in need of such game or eggs to prevent starvation (quoted in Fumoleau 1973/2004, 151).

The regular hunts of the Dene were not considered as basic subsistence activity, but as just one form of stress among others on wildlife populations. It is unlikely that the more remote parts of the NWT were impacted by a game law that would be unenforceable due to the lack of Indian Agents or game officers in the region, however the imposition of a fur tax would also create conflict (Fumoleau, 1973/2004, p. 152). By 1920 there was a boycott of Treaty 8 members in protest of land ownership issues and game regulations (Fumoleau, 1973/2004, p. 153).

During this period the dramatic decline in Indigenous population in the region was noted. Fumoleau cites census figures from the Department of Indian Affairs: 1913 – 5262, 1914 – 4,928, 1915 – 4,003, 1916 – 3,769, 1919 – 3,764 (cited in Fumoleau 1973/2004, 191). Fumoleau explains, “The expected solution of the Indian problem was gradual disappearance of the Indians themselves” (Fumoleau, 1973/2004, p. 191).

At first, the federal government expressed little interest in encouraging or becoming involved in the mineral exploration in the NWT, nor was it concerned with garnering income

from the exploitation of resources in the North. “When asked if the government provided any assistance to those looking for oil, the Prime Minister replied that such undertakings were supported by “private capital, not the capital of the government,” and that those who “discovered oil would reap their own reward” (cited in Rea, 1968, p. 59).

However, sudden demand for a valuable NWT resource would soon force the federal government to acknowledge the North, Indigenous people and the need for a treaty. While oil was certainly a commodity required for large industrial machines and naval vessels in the early twentieth century, it was the introduction of Henry Ford’s Model T automobile in 1911 that spurred the demand for oil. The requirement for oil resources was becoming clear and the Canadian government was actively seeking sources in the far North.

As we have seen, Mackenzie had noted the existence of oil along the banks of the Mackenzie River as early as 1789. As the interest in oil increased in the late 1800s, the federal government had offered oil leases to the North. The Commissioner H.A. Conroy, however, had consistently raised concerns about the fact that oil leases were being granted in the NWT without a treaty:

I am credibly informed that oil leases have been granted covering lands in the vicinity of Fort Norman and Pointe Aux Esclaves on Great Slave Lake. I would point out that the Indian title has not yet been extinguished with respect to the entire country north of Great Slave Lake and in my opinion, it would be desirable to take a surrender of this territory from the Northern Chiefs as soon as possible in order to avoid complications with respect to the exploitation of this country for oil. This can best be done by taking their adhesion to Treaty number eight. I have in past years recommended this line of action, but as there was no great influx of Whites in the district the matter has been held in abeyance (cited in Fumoleau 1973/2004, 202).

Conroy clearly understood that a formal surrender of Indigenous title was required in order for the government to have clear legal control of the land whose oil resource it was allowing to be exploited.

The Northern Trading Company investigated the area around Norman Wells in 1911 and found a light crude oil (Bone & Mahnic, 1984, p. 53). In 1914 the federal government provided to P.O. Bosworth oil leases for three parcels of land in the same area (Bone & Mahnic, 1984, p. 53). In 1919, a pair of explorers arrived under the auspices of the Standard Oil Company to build a small oil rig near the Mackenzie River (Bone & Mahnic, 1984, p. 53). On unsundered “Indian territory”, the first gusher at Norman Wells came in on August 25, 1920: “At 783 feet a strong flow of oil was struck. For ten minutes a column of oil spouted from the 6-inch casing to a height of 75 feet above the derrick floor, after which the well was capped. The flow on that occasion probably exceeded 600 barrels of oil. On two subsequent occasions the valve was opened, with similar results” (cited in Fumoleau 1973/2004, 194).

This development put pressure on the federal government to address the issue of Indigenous people in the region, leading to the signing of Treaty 11 in 1921. A member of the Dene First Nation recalled that event:

So now government officials were sent to have our chiefs sign Treaty 11, but then a big misunderstanding occurred. We wanted to have the right to hunt and fish on our land forever, for our children to learn to read and write, and to have medical services. Our chiefs couldn't read the agreements they were asked to sign. They understood that the treaty was like a goodwill agreement that these rights would be protected from the outsiders and the industry that was moving in. We didn't realize that, for five dollars annual treaty payments, a few schools, and some medical care, we would be permitted to hunt only where the government said we could. In signing Treaty 11, we didn't realize we were giving up our traditional rights (Blondin 1997, 224).

The Dene did, however, have the advantage of being aware of previous treaties signed in areas further south and of the loss of land and of access to resources that resulted. Therefore, as the federal government began the Treaty 11 negotiations, the Dene voiced their demands. They made clear in each community that the treaty would only be signed if the Dene did not have to cede the land and would remain free to hunt and fish (Fumoleau, 1973/2004, p. 248). “As long as this land shall last, it will be exactly as I have said” Chief Monfwi, during treaty negotiations at

Fort Rae in 1921 (Fumoleau, 1973/2004, p. 250). In his book that takes this phrase as its title (Fumoleau, 1973/2004), Fumoleau notes that federal officials, Commissioner Conroy, and the attending Bishop Breynat all assured each Indigenous community that their freedom and independence would remain intact after the signing of the treaty. The Dene were rightly wary and insisted that these terms be written down and received assurances that they would be. “All the witnesses stress the fact that it was only after complete freedom to hunt, trap, and to fish had been promised to the Indians that they accepted the treaty” (Fumoleau, 1973/2004, p. 249). However, what the Dene did not know at the time was that the officials had no authority to agree to any such terms and that the government did not consider itself bound by their oral promises. In fact as far as Canada was concerned, Fumoleau writes, “most treaties . . . were signed after the Indians had lost control of their territory. Their only choice was to lose their land with a treaty, or to lose it without one” (Fumoleau, 1973/2004, p. 18).

Fumoleau recounts the government representatives’ extensive manipulations of Indigenous people to force them to sign the treaty. Community after community, well aware of breaches of the treaties agreed to by their southern neighbours, demanded that the treaty not extinguish their right to the land and that they be allowed to fish and hunt in perpetuity; the Dene believed they were agreeing only to share the land with the newcomers. Years later, Bishop Breynat recorded the indignation he himself felt upon recognizing the treaty for what it was: “The Royal Commission arrived from Ottawa to negotiate with the [Indians] the terms of the treaty, which terms were prepared in advance to be imposed upon them rather than freely discussed in a spirit of reconciliation and mutual concessions as often happens in the negotiation of treaties” (cited in Fumoleau, 1973/2004, p. 163):

Fort Norman was the first settlement where the Treaty Commission met Indians of Hare Tribe. The discovery of oil just 45 miles north of the trading post affected them very directly. There at Discovery Well was the location of an all-white community, unique in the Mackenzie, which had its origin in the oil industry, rather than the fur trade. It was a

microcosm of the Northwest Territories of the future, which had no place for the Indians (Fumoleau 1973/2004, 178-179).

On July 15, 1921, 258 Indians agreed to Treaty 11, the majority of the population being away hunting that summer. H.A Conroy, Albert Wright, and Saul Blondin signed the agreement (Fumoleau, 1973/2004, p. 220).

The federal government wasted little time in opening the NWT to exploration and drilling contracts with resource companies. Imperial Oil began operations in earnest around what was now known as Norman Wells. As Prime Minister Meighen stated in the House of Commons in 1921:

Now I am quite free to admit that under the regulations that we passed only a few weeks ago there can be actual development in that district only by the investment of large sums of money... These regulations... are different from those that apply to the provinces. The reason is this: in the provinces, there is no proven field as yet on any considerable scale; it is largely a matter of prospect and hope... In this Fort Norman well, the flow is large, undoubtedly, it is a field of very considerable dimensions. The regulations therefore... fix definitely the royalty that can be charged, and they are such as not so much to encourage people to come in and look for oil, but to encourage people to go in who are going to bring oil out. (House of Commons 1921, 898-900) (cited in Rea 1968, 155-156).

Canadian Government in the NWT, 1920-1950

The global economy was reeling in the 1920s and 1930s, after the losses of approximately seventeen million people in World War I and another twenty to forty million in the Spanish Flu epidemic of 1918-19 followed by the Great Depression. During this time, the federal government of Canada continued to regard the North almost exclusively as a source of raw resources, rather than an already inhabited region whose population were joining a Canadian political community. While the law declaring the region a part of Canada (the *Act to Amend and Consolidate the Laws Respecting the Northwest Territories*) had been enacted in 1875, it was not until 1921 that the federal government appointed a Territorial Council, and even that consisted of six unelected public servants in Ottawa. While the fur trade had previously been the government's main source of revenue from the North, it was clear that the government and many

other interested parties in settler society considered mining and oil production to be the way of the future. These decades brought major changes come to the region, accompanied by a growth in population that centred on resource centres in the Mackenzie Valley: “Between 1921 and 1938 the population of the Northwest Territories increased by 37.5 per cent from 8,000 to 11,000, all of which was attributable to white migration into the mining camps of Mackenzie District” (Zaslow, 1971, p. 119).

Mineral exploration began in earnest in the early twentieth century, with countless prospectors heading north. While gold and oil were considered highly desirable finds, these were not the first products to be mined commercially in the NWT. In 1930 at Great Bear Lake, the prospector Gilbert LaBine discovered silver, copper, and pitchblende with a large percentage of high-grade radium (Bothwell, 1984, pp. 22-28). Radium, valued for its use in the treatment of cancer, was to become a central focus of economic activity in the region. Production started on the NWT’s first commercial mine, Eldorado, in 1933 (Bothwell, 1984, p. 47). The mine would later be nationalized in 1942 in order to provide uranium for the atomic bomb (Bothwell, 1984, p. 109).

Oil production, as well as other mining activities, also began in these years. A small oil refinery opened in Norman Wells in 1933; its output increased from 4,605 barrels of fuel oil in 1933 to 22,855 barrels five years later (Fumoleau, 1973/2004, p. 354). In this same period, gold was discovered in Yellowknife Bay, resulting in a staking rush that led to the town of Yellowknife being established in 1937. Con Mine at Yellowknife became the first gold mine in the far north, and others soon followed. After its nationalization during the Second World War, uranium became another valuable resource, one that relied on investments from outside the region, with companies bringing in equipment, supplies, and labour from southern Canada. These linkages to the outside ensured that profits would also flow southward. Indigenous people

were largely excluded from this staples production, except where their knowledge of the topography proved useful or where menial transportation work was involved [e.g., the role of Indigenous people carrying out sacks of yellow cake uranium ore]. “For the most part, Indians were not welcome in the mining camps. They could only retreat further from the centres of white civilization” (Fumoleau, 1973/2004, p. 354).

The influx of settlers engaged in mining and oil production brought a wide variety of illnesses to the North, including a further devastating flu epidemic in 1928 (Fumoleau, 1973/2004, p. 355). The combination of the epidemics along with further restrictions on hunting introduced by the *Northwest Territories Game Act* of 1929 created a perfect storm of hardship for Indigenous people (Fumoleau, 1973/2004, p. 376). Bishop Breynat sent telegrams to federal officials urgently requesting that they reconsider the wildlife regulations. “Received copy of new Game Act ... but failing to understand why so many new hardships are imposed upon Natives.” (Fumoleau, 1973/2004, p. 380).

By the 1930s even the Governor General of Canada was clear about the effect of white settlement in the North on Indigenous people there:

The single greatest threat to the survival of the Indian people was the nearly unregulated activity of white trappers. The Governor General of Canada, Lord Tweedsmuir, visited the Mackenzie District in 1937, and returned with this warning: “It is extremely important both for the sake of the native population and of the future prosperity of Canada that the fur bearing animals should be wisely protected. This means that the white trappers should be strictly limited in number (Fumoleau, 1973/2004, p. 399).

Despite this recognition, further laws on the protection of wildlife continued to affect adversely aboriginal people’s ability to provide for their communities. Bishop Breynat even turned to the public when no help was forthcoming from federal and territorial officials. On May 28, 1938, he published “Canada’s Blackest Blot” in the *Toronto Star Weekly*. The article begins with these words: “The story of the white man’s invasion of the Canadian Northwest may be named by

future historians as one of the blackest blots on the pages of Canadian history. It is an ugly story. A story of greed, ruthlessness and broken promises” (cited in Fumoleau 1973/2004, 494-495).

As settlers arrived and acquired land in a variety of ways, as new laws were imposed and enforced upon Indigenous people, the fur-based economy declined and the shift to new non-renewable staples accelerated. By the end of the 1930s, a new era of staples extraction had begun in the NWT, one that would largely ignore the existence of the territory’s aboriginal people. Not only were Indigenous people left to watch as their land was occupied by white settlers: they would also witness governance in the North shift, for a period, from the Canadian federal government to that of the United States.

The CANOL Road

The outside world intruded dramatically on the NWT in 1939. Germany’s invasion of Poland triggered a world war whose repercussions were felt even in the North American Arctic. The attack on Pearl Harbour in 1941 brought the Americans into the war, and concerns about threats along the Pacific Coast, including the Aleutian Islands, encouraged the development of the Alaska Highway. Rumours of Japanese submarines along the coast halted the movement of ships bringing oil to Alaskan ports. To enable the movement of vehicles and machinery along the new highway, some method had to be found of provisioning them with fuel. The solution was to find a source near the highway. Thus, Norman Wells became a focus of interest for the U.S. government, which invested heavily in the building of a road and a pipeline from the wells in the NWT to a refinery in Whitehorse, Yukon; this project was dubbed the CANOL (Canadian oil) Road (Cohen S. , 1992).

In 1914, the government of Canada had granted Imperial Oil the right to explore for oil in the North. Additional permits to develop the Norman Wells oilfield were granted to the company

in January 1943, under orders-in-council, in support of the CANOL Project (cited in Eglington & Voytilla, 2011, p. 92).

The project required substantial investment, as the route for the road and pipeline crossed the Mackenzie River and the Richardson Mountains. The American company Bechtel-Price hired Canadian Guy Blanchet to survey what was to be the route of the CANOL Road. It needed to be as direct as possible but also navigable by trucks and jeeps travelling singly or in convoys. Blanchet hired Dene guides to lead him through the mountains in search of the most viable option. Numerous streams, which turned into rivers suddenly after a rainfall or spring melt, stood in the party's way, among other substantial physical challenges.

Blanchet experienced cultural challenges as well. He complained frequently in letters to his wife about his Indigenous guides, who would stop to wait for herds of caribou to pass across their route or would deviate from it to reach water sources or places of rest. For Blanchet these were unnecessary delays on a project requiring strict adherence to a timeline. For the Dene, however, the Richardson Mountains were not an obstacle to push through but a place of sustenance—a place that demanded their patience and respect (Gage, 1990, p. 53).

In the end, a route was found through the mountains and Blanchet returned to present his plan to Bechtel-Price and the U.S. army. Throughout the project and the drilling and exploration around the region, however, there was confusion about the number and extent of oil wells and activities. The Canadian government, issued a series of Order-in-Council outlining their requirements, but with limited sources of information and the significant influx of American troops and companies, they found it difficult to manage (Barry, 1992).

Once the initial route had been established, Bechtel-Price and the U.S. Army brought in supplies and materials, along with hundreds of men and a small number of women, the latter working primarily in the administration buildings. The 388th Engineer Battalion (Separate)

regiment from Louisiana, made up of over 1,000 black troops, came up to work on the pipeline (Gage, 1990, p. 81). Few jobs were available for Indigenous people in the region. Some Indigenous women did take in laundry and some men provided fresh meat; however, for the most part, the project brought little benefit to the Indigenous people of the region (Ion, 2010).

This pattern of exclusion of Indigenous people from the sources of income generated by the exploitation of resources on their land was to typify the subsequent development of the NWT. Had such exclusion been the only result of white settlement, the Indigenous people could have likely continued their traditional way of life based on respect for the land and the sustainable harvesting of its animals and other resources. But as the mining and oil industries intruded further into the North, they disrupted traditional practices of trapping, hunting, fishing, and berry-picking, limiting Indigenous peoples' ability to continue their subsistence economy.

Fortunately, the particular intrusion occasioned by the CANOL Road project was short-lived. The U.S. army and contractors were largely gone by 1945. They left behind equipment, trucks, pipeline components, buildings, airfields, and debris which continue to dot the landscape, gradually rusting away. A challenging hiking trail remains embedded in the northern landscape, attempted only by the most adventurous of thru-hikers and during a very narrow window of weather opportunity.

NWT Governance

By the end of World War II in 1945, the United States' need for oil from northern Canada diminished. Settlement in the North, however, continued with mining operations and the federal government began to recognize a need for more political control. While the *Northwest Territories Act* required a territorial commissioner, no other members had been appointed to the territorial council until just after the first oil strike occurred in the Territory in 1921 (Legislative Assembly of the NWT, 1999, p. 3). The four members appointed then had been civil servants

stationed in Ottawa (Legislative Assembly of the NWT, 1999, p. 3). It was not until 1947 that a (white) northern resident, J.G. McNiven from Yellowknife, was appointed to the Council (Legislative Assembly of the NWT, 1999, p. 3). The NWT Act was amended in 1951, expanding the territorial council to eight members, including three northern appointments elected from the NWT's Mackenzie District (Legislative Assembly of the NWT, 1999, p. 3). In 1967, Yellowknife became the capital city of the NWT, but it took another decade for the first elected council to take power (Legislative Assembly of the NWT, 1999, p. 4). All this said, as we shall see later in this chapter, elected representation within the Legislative Assembly was not one of the central goals of the Dene and Metis of the NWT.

Settlement in the 1950s

The Indigenous people of the NWT were able to continue to hunt, trap, fish, and supplement their income with occasional paid work. Another dramatic fall in fur prices in the 1950s coincided with the federal and territorial governments' conviction that Indigenous people should abandon their traditional practice of seasonal migration and move into communities with permanent houses, churches, and schools, where they would be encouraged to find work or receive government welfare. Thus, "modernization" came to the North in the form of resettlement and cash supplementation.

The new NWT Commissioner and deputy minister, Dr. Hugh Keenleyside, was appointed by Prime Minister Mackenzie King to develop health and education programs for the North. His primary concern was with the needs of the Indigenous peoples (Hamilton, 1994, p. 59). While many of these new programs may have been instituted with the intent to assist, the implementation of new housing, medical care and education programs followed a white Euro-centric model. However, much of the assistance became a double-edged sword. The Dene were given welfare and housing but told that these benefits would be denied if their children did not

attend school regularly (Asch, 1977, p. 53) (Usher P. , 1998, p. 374). Their ability to travel to traditional hunting areas was curtailed as families did not want to have to leave their children for months at a time. Then, two residential schools were established in the North: Breyant Hall in Fort Smith in 1955 and Akaitcho Hall in Yellowknife in 1958.

Medical care also came, finally, to the NWT, but not in the form the Dene had been requesting since the late nineteenth century. While many of the surviving Indigenous people had acquired immunity to settler illnesses such as influenza or smallpox, the poverty and cramped conditions they experienced in the new communities, combined with lack of access to country food, created a breeding ground for rampant tuberculosis. The government's response was to remove infected patients from their homes and families, in many cases to send them to facilities in the south. Many never came home, and this forced treatment for tuberculosis enflamed bitterness among the Dene (Hamilton , 1994, p. 111).

Indigenous resistance

The governments of Canada and the NWT focused largely on maintaining and increasing access for foreign companies interested in extracting non-renewable resources in the territory. In so doing, they did not consult with local communities, and thus began to face increasing opposition from the Indigenous people, the Métis and the Inuit. In this, they were far from alone.

In the late 1950s and the 1960s, as we have seen earlier in this thesis, academics in Latin America, as well as political leaders in the newly independent African nations, advocated decolonization movements designed to revive the cultural traditions, languages, and social roles of formerly colonized people, as administrators, private-sector, and charitable staff from the colonial powers lost power and -- typically -- returned to their home countries. While the Indigenous people of Canada and the United States stood little chance of evicting the settlers in

North America, the Dene of the NWT began to agitate for recognition of their rights as the original inhabitants and rulers of the land.

The year 1969 was a pivotal moment for Indigenous people and Inuit of the Northwest Territories. In 1967 the federal government had published the Hawthorn Report, which attempted to review the state of Indigenous people in Canada through a lens that would encourage a recognition of their special status, “at the same time rejecting the notion that special legal status prevented the delivery of provincial services to Indians” (Weaver, 1993, p. 79). Just what the latter implied for the northern territories was unclear. But the report was used in part to support the development of a further federal government White Paper, officially entitled the *Statement of the Government of Canada on Indian Policy* in the summer of 1969. The White Paper attempted to remove treaty rights and assimilate Indigenous people into Canadian citizens without recognition of their Indigenous collective rights (Coulthard G. S., 2014, p. 95). The White Paper had a galvanizing effect on Indigenous opposition throughout Canada. They saw it as evidence that the government intended to abandon its constitutional responsibility to follow through on promises made in its treaties with them. Further, they saw it as an attempt to devolve authority to the provincial and territorial governments, which were not signatories to the treaties and therefore not entitled to represent either Canada or Indigenous people on treaty issues. The National Indian Brotherhood was formed and presented a powerful denunciation of the White Paper in a document commonly known as the Red Paper (Weaver, 1993, p. 91). In the autumn of 1969, the Indian Brotherhood of the Northwest Territories was established (later known as the Dene Nation), thereby initiating a formal response to colonization and the lack of consultation on resource exploration and development in the North.

The Mackenzie Valley Pipeline

In the late 1960s a large natural gas deposit was also discovered in Prudhoe Bay, Alaska. Proposals for Arctic pipelines for natural gas and oil shortly followed. Developments in the global energy market further spurred action in the Arctic. International disagreements regarding the production of oil erupted in the 1950s, with Arab countries protesting the disproportionate buying power of the United States and the control of oil prices by the Seven Sisters conglomerate (a group of major oil companies) (Organization of Petroleum Exporting Countries , 2016). In 1960, five countries—Iran, Iraq, Kuwait, Saudi Arabia and Venezuela—formed the Organization of Petroleum Exporting Countries (OPEC) in an effort to maintain consistent production and a steady, but rising, price for oil. Over the next decade, OPEC would attempt to flex its muscle in an effort to achieve a better return on its resource.

In the early 1970s, the government of Canada was approached by two competing oil and gas pipeline consortiums to begin discussions about developing a pipeline along the Mackenzie River. The Canadian Arctic Gas Pipelines (CAGPL) was a combination of American and Canadian companies wanting to transport natural gas from Prudhoe Bay across Alaska and the Yukon to the Mackenzie Delta, at which point they would pick up Canadian natural gas and transport it all to the US market. The second proposal was solely from Canadian firms, known as the “Maple Leaf” route. Foothills Pipelines wanted to create a pipeline that would start at the Mackenzie Delta with gas and travel along the Mackenzie Valley, developing a second line to pick up oil from the Norman Wells production site along the way. These products were to be delivered to a Canadian distribution site in Zama, Alberta. The federal government began discussions with the companies; however, they would face a significant obstacle, one that they had not anticipated.

The Indian Brotherhood of the NWT found itself at a critical point in its advocacy of aboriginal control of the northwest arctic and its valuable resources. By this time, the region had seen over a century of Canadian government rule, and Indigenous people had seen little of the substantial wealth derived from the extraction of its resources. In addition, the Indigenous people of the region had suffered the consequences of multiple incursions on their land: the European diseases that had decimated their population, the decline of their traditional way of life, and the loss of control to outsiders over their land and their lives. Numerous appeals to the federal and territorial governments had failed to get their concerns addressed (Frances, 1987).

This inability of the territorial government of the Northwest Territories and the Indian Brotherhood of the NWT to work towards a common goal for the region is itself an indication of the profound differences between the two groups. The territorial government, its institutions and its Legislative Assembly was becoming a larger entity in the 1960s as southern residents arrived in Yellowknife to assume government positions. While the Legislative Council of Members of the Legislative Assembly became an elected body in the late 1960s there was an increasing recognition that the territorial government apparatus was essentially a white settler's political system imposed by the federal, and colonialist, government of Canada. The Dene and the Metis of the Northwest Territories and the Inuit had consistently maintained their rights as Indigenous peoples. Their claims for both a land claim and self-government agreement did not include representation on the territorial council. They were, in effect, petitioning for the recognition of their own political system.

This struggle between the role of the territorial government and their representation of Indigenous people in the Northwest Territories has at times been acrimonious and divisive. As Mel Watkins noted,

When I was there in the 1970s, the territorial government was seen as the enemy and James Wah-Shee was impeached as president of the Indian Brotherhood by the Dene

chiefs because he was running for the territorial legislature. That is indeed ancient history; now the Northwest Territories legislature has a Native majority. That may seem like good news for the Dene, and it is except for one big complication; the Dene drive for political power is split between the territorial government and the Dene Nation; the legitimacy of the Nation in representing the Dene politically has been accordingly lessened. That might not be a problem were it not for the possibility, indeed probability, that at some point the Dene will become a minority in their own homeland (Watkins, 1992, pp. 135-136).

The territorial government would become yet another hurdle in the Indian Brotherhood's attempts to attain self-governance and control over the land. Government focus, both federal and territorial, was directed towards increasing staples extraction from the North and increasing economic linkages. In order to do so both governments were directed to obtain the legal requirements to increase production, by ensuring that corporations would be able to gain access to valuable land and resources. Blaming the federal government for this approach, Watkins would describe Ottawa as "an alien institution subservient to corporate needs" (Watkins, 1977, p. 91). What is needed, he continues, "...is a new institutional framework within the North under the control of the Dene to which these entities (corporations) must adapt (Watkins, 1977, p. 91).

In 1973, the Brotherhood in the NWT turned to the courts and filed a caveat declaring the Dene's prior interest in 450,000 square miles of land in the NWT (Dene Nation, n.d.). The federal government agreed to provide funds for research into the aboriginal claim to the land. Justice Morrow of the NWT Supreme Court travelled to NWT communities to hear the testimony of Dene elders about the manner in which Treaties 8 and 11 had been negotiated. The federal government maintained that the treaties had ceded the territory to the federal government, whereas the elders maintained that they were friendship treaties designed to allow white settlers to join them on their land, not to take it over. Citing the elders' testimonies regarding Treaty 11, Justice Morrow stated:

"It is almost unbelievable that the Government party could have ever returned from their efforts with any impression but that they had given an assurance in perpetuity to the

Indian in the territories that their traditional use of the lands was not affected” (quoted in (Asch, 2014, p. 108)).

By 1974, the federal government clearly had no choice but to respond to the Indigenous rights issue in the NWT in a different way. Jean Chretien, then Minister of Indian Affairs, appointed Justice Thomas Berger of the British Columbia Supreme Court to head an inquiry. Berger’s diligence in exploring the issues involved in the Mackenzie Valley pipeline process was a valuable opportunity for Indigenous people to raise important issues about the future of their land and way of life. The Berger inquiry, unlike previous inquiries, organized extensive consultations in the remote arctic communities; they would begin in 1974 and conclude in 1977. Berger’s final report, *Northern Frontier, Northern Homeland*, was published in April of 1977 (Berger, 1988, p. 1).

During this period, there was a powerful determination on the part of the Indigenous population to resist the federal government’s incursions on land held by the Dene in the region now known as the NWT. In 1975, the Indian Brotherhood of the NWT and the Metis Association of the NWT released an extraordinary statement on the rights of the original inhabitants of the land:

Our struggle, like oppressed and colonized people everywhere, is the assertion of the right to recognition and self-determination as people. Our demands are the recognition and protection of those important human rights which have been secured by other peoples. We are a nation of the Fourth World, the world of aboriginal peoples within the framework of independent, nation states. This is not separatism. It means self-reliance and self-determination as people within Canada. It means a reclarification of our rights and a negotiation of our place in confederation in the context of a Dene Government. We know that this is in the spirit of the Canadian constitution and that there is no reason why the tradition of extinguishment has to be followed. We can never agree to the extinguishment of ourselves as a people (cited in Watkins 1977, 3-4).

This declaration clearly placed the Dene in a relationship analogous in some ways to those of southern countries seeking independence after colonial occupation. But it also posited a unique relationship between the Dene and the Canadian state that differed from the Québec

movement for independence. That in turn put Indigenous people and their relationship with Canada on a new trajectory. In August 1978, the Indian Brotherhood of the NWT changed their title to the Dene Nation (Dene Nation, n.d.).

In a collection of essays and speeches published under the title *The Dene Nation: The Colony Within* (Watkins, ed., 1977), scholars and Berger Inquiry presenters set forth arguments against the continued colonization of the North and in favour of Indigenous peoples' right to their land. This included testimony of Indigenous witnesses to the Berger Inquiry, such as this statement by Phillip Blake at Fort McPherson on July 9th, 1975:

We are being destroyed. Your nation is destroying our nation. What we are saying today, here and now, is exactly what Louis Riel was saying roughly one hundred years ago.

We are a nation. We have our own land, our own ways, and our own civilization. We do not want to destroy you or your land. Please do not destroy us. . . .

I strongly believe that we do have something to offer your nation, something other than our minerals. I believe it is in the self-interest of your own nation to allow the Indian nation to survive and develop in our own way, on our own land. For thousands of years, we have lived with the land, we have taken care of the land, and the land has taken care of us. We did not believe that our society has to grow and expand and conquer new areas in order that we could fulfill our destiny as Indian people. We have lived with the land, not tried to conquer or control it or rob it of its riches. We have not tried to get more and more riches and power, we have not tried to conquer new frontiers or outdo our parents or make sure that every year we are richer than the year before.

We have been satisfied to see our wealth as ourselves and the land we live with. It is our greatest wish to be able to pass on this land to succeeding generations in the same condition that our fathers have given it to us. We did not try to improve the land and we did not try to destroy it. That is not our way. . . .

I believe that your nation might wish to see us, not as a relic from the past, but as a way of life, a system of values by which you may survive in the future. This we are willing to share (Blake 1977, 8).

Presenters to the Berger Inquiry (Berger, 1988) (Watkins, 1977) focused largely on the value of the Indigenous political economy that existed prior to the establishment of the capitalist system in the NWT. They cited examples of community living that worked with the land rather than against it, that created value from the land sustainably rather than pulling value out in the

form of non-renewable resources. Indigenous presenters expressed their concerns about colonization; the loss of land; the effects of capitalism in their communities; the devastation caused by dramatic societal change over the preceding fifty years; and the loss of family members to residential schools, tuberculosis-suppression programs, suicide, drug addiction, and depression.

Indigenous presenters did not just offer a litany of problems to the Inquiry. They offered solutions for the future—solutions that would not only enhance well-being in northern communities but also benefit the white settlers, who, it appeared to them, had profoundly lost their way in pursuit of financial wealth. By proposing an alternative “system of values,” as Blake referred to it, the Dene presenters suggested a new way forward for the white man, one that would work with the land instead of against it.

The Dene elders’ testimony to the Berger inquiry, recalling the treaty negotiations and the numerous regulations and rulings that demonstrated the federal government’s interference in the Indigenous way of life, did not help Canada’s efforts to increase resource development in the arctic. Berger’s conclusions, published in the inquiry’s report in 1977, were for the most part, favourable to the Dene. While the report did not explicitly state that the pipeline process should halt, it recommended that resource companies delay any development until adequate protections were put in place for the Indigenous peoples of the region. These protections included the settlement of land claims in the region. In the meantime, Berger called for a ten-year moratorium on pipeline development to enable the Indigenous people of the region to develop the capacity to participate fully in any resource project (Berger, 1988).

The Berger Inquiry and its Final Report brought forward a number of fundamental issues related to Indigenous people in Canada. First, the Berger report expressly rejected the dual economy thesis that the modern industrialized economy would eventually overtake the

“backwardness” of the traditional or subsistence economy. Berger supported the views of the Indigenous presenters to the Inquiry stating that their traditional native economy was vital not only for their physical sustenance but also for their spiritual being as well.

The real economic problems in the North will be solved only when we accept the view that native people themselves expressed so often to the Inquiry: that is, the strengthening of the native economy. We must look at forms of economic development that really do accord with native values and preferences. If the kinds of things that native people now want are taken seriously, we must cease to regard large-scale industrial development as a panacea for the economic ills of the North (Berger, 1988, pp. 24-25).

Berger suggested that the native economy needed to be strengthened in the North and could be a vital part of a mixed Northern economy that would contribute greatly to the improved well-being of Indigenous people and other residents. Berger made a number of recommendations that outlined the possibilities of strengthening the native economy in order that it could “compete” with the industrial development that would clearly continue in some measure in the North.

Berger’s suggestions included the infusion of capital into the region by the government to build up the necessary infrastructure for the native economy in the North. Once the native economy was strengthened, the two industries would help to create the mixed economy for the North.

An economy based on modernization of hunting, fishing and trapping, on efficient game and fisheries management, on small-scale enterprise, and on the orderly development of gas and oil resources over a period of years... is a rational program for northern development based on the ideals and aspirations of northern native peoples (Berger, 1988, p. 28).

As I will recount later in this essay, Michael Asch would strongly disagree with this assessment and the concept of a mixed economy in the NWT as well as the roots of this recommendation on a staples approach to economic improvement and on staples theory.

During the Berger Inquiry, the Dene Nation was working towards a comprehensive land-claim agreement for the entire region. The Dene presented an Agreement in Principle to Warren Allmand, then-Minister of the Department of Indian Affairs and Northern Development, in 1977. The AIP outlined a broad proposal based on principles that included the need for the federal government to recognize the Dene's right to self-determination. The AIP further outlined the Dene rights to ownership of their traditional land, political rights to govern the land, rights to Dene language, culture, customs and traditions, and critically, the right to develop "political and economic institutions" (Coulthard G. S., 2014, p. 67). The style and content of these new institutions that the Dene suggested during this period appears to include aspects of traditional culture such as consensus decision-making, making it radically different from the existing white-settler political institutions. This dedication to the development of Dene-centered policies went so far as to have the Dene Nation boycott the territorial government between 1976 and 1979 stating that it was not representative of the people of the territory or its cultural heritage (Coulthard G. S., 2014, p. 68).

The AIP also outlined a radical new approach to the economy of the North that would allow the Dene to develop their communities based on self-sufficiency and their own "way of life". This included traditional resource activities such as hunting, fishing and trapping but also examined other economic initiatives that were more community-oriented. As Coulthard outlines the Dene reached out as far as newly-independent Tanzania to find co-operatives and business opportunities that were more in keeping with the traditional Indigenous values of community sharing and cooperation (Coulthard G. S., 2014, p. 68). "True Dene development," the IB-NWT argued, "(must) entail political control, an adequate resource base, (and would not) permit a few to gain at the expense of the whole community" (cited in G. S. Coulthard 2014, 69).

The most contentious part of the AIP was naturally the most critical. How would the Dene manage the redistribution of land amongst its members and the non-aboriginal population that had now made the NWT their home? The Dene clarified that it would uphold all previous political rights and rights to land held by non-aboriginals up to 1975. However, after that point remaining land would become common land held by the Dene.

The response to the AIP was, not surprisingly, critical and patronizing. Southern politicians claimed that the Dene Nation had been overrun with leftist organizations, eager to impose a new form of socialism in Canada utilizing the unsuspecting Indigenous people. These politicians cited the Nation's relationship with researchers like Watkins and Asch, and downplayed the role of the Nation's own leaders in forming its political positions.

The Legislative Assembly of the NWT produced a paper rejecting the AIP on the grounds that it would not accept a new "race-based territory" (Coulthard G. S., 2014, pp. 69-70). The federal government likewise cloaked its response in the language of equality, insisting that it would not condone the allocation of a new government on the basis of race and would only consider the development of reserves under the Indian Act (Asch, 2014, p. 20).

The irony of this decision was, and still is, striking. The Dene were advocating for their rights, as the original inhabitants of their land, while the colonial government who had usurped their rights was accusing the Dene of racism:

As a result, to reach a successful conclusion, an Indigenous party must agree to exchange whatever rights derive from their pre-existence as societies for financial compensation and state recognition of specified rights, on the understanding that governments in Canada...has final legislative authority with respect to the exercise of these rights (Asch, 2014)

The Dene Nation attempted a second proposal that sought to acknowledge the rights of all people of the North and develop an economy that "would not be dictated by the reign of capital" (Coulthard G. S., 2014, p. 71). Both the federal government and the territorial

government rejected this proposal as well and focused the discussion on the protection of ‘cultural’ traditions in future. Any political and economic reforms would have to come through participation in the colonial structures already established. “In short, for both the GNWT and the Government of Canada, cultural rights, not political rights, constituted the core issue to be resolved in the settlement of a Dene land claim” (Coulthard G. S., 2014, p. 72). Any hope that negotiations would address the fundamental political and economic inequalities of the North were effectively dashed when the federal government stated that they wished to “maintain some momentum in the exploration and development of northern non-renewable resource” (cited in G. S. Coulthard 2014, 73). “Land claims, according to the Crown, would better enable the Dene to “play a part” in this process, but in no way would they provide the economic and political infrastructure necessary to block or effectively cultivate a non-exploitative alternative to it” (Coulthard G. S., 2014, p. 73).

The 1980s Pipeline

Meanwhile, the McKenzie Valley Pipeline had been halted while other energy options were examined. During land-claim negotiations in the early 1980s, Esso Resources Canada and Interprovincial Pipeline Ltd. asked the federal government for permission to expand the oilfield at Norman Wells and to build an 866-kilometre pipeline through Denendeh to Zama, Alberta (Bone & Mahnic, 1984, p. 55). In August 1981, the federal government approved the \$1.4 billion project (Bone & Mahnic, 1984, p. 55). The territorial government expressed concern regarding the minimal royalties flowing back to the Territories, at approximately \$6 million per year. While this sum appeared to be a major sum for the small territorial government, the government pointed out that this was only 3 per cent of the resource royalty claimed by the federal government (Bone & Mahnic, 1984, p. 56). Both the territorial government and the Dene Nation

worked to have the benefits of the proposed pipeline returned to the local communities affected by the development.

A Project Coordination office was established in Yellowknife to monitor the implementation of numerous conditions that were built into the approval of the new pipeline. This attempt to impose conditions on large multinational corporations to ensure that economic linkages would be built back into local communities largely failed. In a rare moment of complete agreement, the NWT government and the Dene Nation acknowledged this in the last newsletter from the Project Coordination Office in Yellowknife in September 1985 (Project Coordination Office , 1985, p. 6). The Dene Nation stated that they had given conditional approval to the project in order to test whether resource development could benefit the Dene without a land claim settlement. The Dene Nation outlined a number of conditions including protection and improvement of the environment, creation of a monitoring agency, impact funding and establishment of a management committee with equal representation from government and the Dene. Of these conditions the Dene Nation noted: “Only one condition – funding of the Shehtah Drilling joint venture – fully lived up to” (Project Coordination Office , 1985). After enumerating numerous examples of negative environmental and socio-economic impacts, the Dene Nation stated, “The Norman Wells Project shows that the Dene will have difficulty participating effectively in non-renewable resource development without the guarantees provided by an aboriginal rights settlement” (Project Coordination Office , 1985, p. 6). The Government of the Northwest Territories agreed. “The GNWT saw Norman Wells as a pilot project from which it could learn lessons for the future. As a government, the GNWT was essentially a minor player in managing and coordinating the project” (Project Coordination Office , 1985, p. 6). Even with substantial effort made on the part of the Dene Nation and the Government of the

Northwest Territories to encourage economic linkages, the non-renewable resource industry seemed to be impenetrable to local participation.

This project and its review of socio-economic effects in the communities provided evidence that the traditional economy was operating alongside the 'modern' economy in the region. A review of food consumption conducted during the Norman Wells Project noted that country food consumption did not diminish during the resource activity in the four communities surrounding Norman Wells (Bone, 1989). As this thesis notes at a later point, this is certainly an affirmation that the traditional economy can continue to thrive despite the intrusion of the modern economy; it also proves that very few Indigenous members were able to obtain full-time employment from resource extraction and associated activities during the initiative. In his review of the Norman Wells Project, Bone observes, "Virtually no natives from the 3 native communities were employed full-time for the duration of the project..." (Bone, 1989, p. 235).

Land-Claim Agreements

Despite the clear warning from the federal government in earlier AIP negotiations, the Dene Nation would continue to fight for their rights, albeit within a government-recommended structure that was more similar to the Canadian system. A joint claim with the Metis Association of the NWT was submitted in 1981 that outlined a province-like future jurisdiction known as Denendeh. The proposal would contain a consensus style of political governance and a requirement that "natural resource use would be determined "on the basis of a 'conservative society'" with a "firm commitment to renewables" (cited in G. S. Coulthard 2014, 74). Despite this significant nod towards the political institutions of settler Canada and commitments to respect the rights of non-aboriginals in the region, the federal government remained opposed to the initiative. In order to gain a final agreement on a new AIP, the Dene Nation was required to eliminate two fundamental elements: the recognition of Indigenous political rights; and the

requirement that the Dene/Metis agree to “cede, release and surrender” any residual Aboriginal rights and title to the remaining lands of the Northwest Territories” (cited in G. S. Coulthard 2014, 74). These requirements were beyond what could be acceptable by the Dene Nation. In July of 1990 at a General Assembly held in Dettah, members voted against the AIP by passing a motion that insisted to “have aboriginal and treaty rights affirmed, not extinguished, in the comprehensive claim agreement” (cited in G. S. Coulthard 2014, 74). Further negotiations with the federal government would continue albeit on separate land claims with the Gwich’in and the Sahtu.

The Sahtu Dene and Metis Land Claim Settlement Act came into effect on June 23, 1994. It gave the Sahtu Dene and Metis title to 41,437 square kilometres of land in the NWT, an area slightly larger than Vancouver Island. Subsurface rights are included on 1,813 square kilometres of this land. In addition, the Sahtu Dene and Metis were to receive, over a fifteen-year period, financial payments of \$75 million (in 1990 dollars) and share the resource royalties paid to governments each year in the Mackenzie Valley. The agreement confirms rights of the Sahtu Dene and Metis to hunt and fish as well as their trapping rights. The land claim guarantees participation in government activities regarding renewable resources, management and land and water use as well as environmental protection activities in the Mackenzie Valley (Canada, 1993).

It has now been more than twenty years since the Sahtu Land Claim agreement went into effect. The Government of the Northwest Territories continues to govern the region on authority from the federal government. While the form of the territorial government is ostensibly influenced by Indigenous principles, notably in maintaining a consensus system of parliamentary governance rather than a party system, few would argue that this constitutes Indigenous rule in the form that the Dene originally sought. The system of government is, at its essence, a colonial system based on Westminster law with a Legislative Assembly, a Speaker, a Mace, Standing

Committees and a Cabinet. Indigenous MLAs and Premiers have been numerous over the recent years. However, as the Dene Nation made clear with their boycott of the territorial government system in the early 1970s, this form of governance depends upon a colonial system of white settler rule.

Over the past decade, economic development activity in the Northwest Territories has once again returned to the Mackenzie Valley Pipeline. Now known as the Mackenzie Gas Project, the plan involves the construction of a 1,196km natural gas pipeline from the Mackenzie Delta to Alberta. The pipeline would gather gas from three current natural gas projects in the Delta owned by Imperial Oil, ConocoPhillips, ExxonMobil and Shell Oil. The pipeline would extend to the existing Norman Wells gas pipeline, which would carry the natural gas to Alberta. The project also includes a gas processing facility near Inuvik. With an estimated total project cost of \$16 billion, both the federal government and the territorial government have enthusiastically supported the project. Proponents of the project cite this as an excellent opportunity for Indigenous people of the NWT to receive a significant portion of the proceeds from this major resource-extraction initiative, albeit from forward- and backward linkages, rather than from fiscal ones. Most recently, in an effort to fulfill this promise, the Aboriginal Pipeline Group (APG), a First-Nations-owned oil company, formed a consortium with Imperial Oil, Conoco Canada Phillips North, Shell Canada and Exxon-Mobil Canada, in which the APG holds a one-third share. In press releases and news articles, this project has been touted as a giant step forward in cooperation between Indigenous groups and non-renewable resource extraction interests. Carmichael sees the partnership as an opportunity for northern communities to regain some of the independence they lost when the decline of hunting and trapping necessitated government assistance: “The only way to get out from under [government dependence] is to

build an economic base. The APG shows all Aboriginal people across the country the benefits in becoming partners with non-Aboriginal businesses in large projects such as the Mackenzie Valley Pipeline. This is a step toward our own self-sufficiency, regaining our pride, and building our own industry, and that is the only way to create a better society” (Canadian Business Journal, 2011).

Other groups in the Northwest Territories have expressed their concern with the project, even with the APG involvement and the promise of new jobs. The Deh Cho First Nation has been in negotiation for a land claim settlement for more than two decades, and their opposition to the pipeline has been a major point of contention. Alternatives North is a social justice organization based in Yellowknife. In 2007, the organization submitted an exhaustive report on the adverse impacts it anticipated from the Mackenzie Gas Project, citing it as an example of a classic type of ‘economic development’ that the territory should no longer support. The standards invoked strongly reflect the staples-inflected criticisms of Watkins and others in the 1970s:

...the externally owned, capital-intensive, resource-export mega-project, or export-dependent resource development, for short. The key economic characteristics of this type of development are:

- overwhelming external ownership and control,
 - a rapid rate of extraction of the non-renewable resource,
 - a near exclusive orientation to export of the resource in a primary form,
 - no substantial upstream or downstream manufacturing linkages or research in the host region, and
 - a low labour/capital ratio for the investment in the host region”
- (Alternatives North, 2007, p. 4).

Alternatives North outlines the significant impacts that may result from this large, disruptive project including key environmental effects and the lack of traditional staples approach fiscal linkages back into the communities of the North. For example, the projections for long-term jobs for the communities surrounding the pipeline are minimal; approximately 200

full-time job equivalents (Alternatives North, 2007, p. 14). Nor is there a guarantee that Indigenous people from the Northwest Territories would fill these jobs.

Alternatives North also points to a lack of planning for value-added activity based on the extraction of natural gas. Alternatives North found no significant research studies or planning activities to help the Northwest Territories develop natural gas into a product that the territory or its residents could use. The project does not address local energy use issues. For example, the report notes that Norman Wells used, in 2005, significantly more diesel (14,255,399 Gigajoules) than natural gas (972,856 Gigajoules). Finally, the question of adequate resource rent return to the Northwest Territories and the Indigenous people remains.

Alternatives North also commissioned the development of a study on the Mackenzie Gas Project and its financial returns:

The Pacific Analytics study found, for the original AnchorFields-only case over the 25 years, that the Norwegian royalty/tax system would collect \$14.2 billion compared to \$7.5 billion under the current Canadian system--88.6 percent higher resource revenue or a possible loss of \$6.7 billion (over a quarter billion dollars per year) (cited in Alternatives North 2007, 26).

Even granting the importance of these findings, this analysis of the state of the economy in the Northwest Territories as a whole, rather than Indigenous people specifically, follows a traditional staples trap framework. It outlines the lack of linkages for the community as well as a focus on the staple as the source of the economic woe. This analysis, based as it is on a staples theory model does not address a climate in which an Indigenous mode of production could lead the way into a viable future for the NWT.

The financial downturn in 2008, coupled with substantially lower energy prices on the world market, has drastically reduced the likelihood that the Mackenzie Gas Project will proceed in the near future. The National Energy Board gave approvals to Imperial Oil in 2010 with the

condition of work beginning by 2015. In 2015 Imperial Oil requested a 7-year extension due to low gas prices, which was also granted. The most recent official Mackenzie Valley Gas Project newsletter is from April 2011 (Mackenzie Valley Gas Project, 2011), and the Aboriginal Pipeline Group's last news release, issued in 2012, was a strongly worded denunciation of rumours that the main office was about to close (Aboriginal Pipeline Group Inc., 2012).

This chapter's historical review of the colonization of the Northwest Territories and results of over one hundred years of white-settler rule provides the background for a discussion of how staples theory can, or cannot, be applied in northern Canada. Within a capitalist mode of production staples theory can easily be used to demonstrate the economic difficulties of a singular focus on staples as the basis for a 'frontier' economy. Fiscal linkages such as jobs, value-adding processing of the staples being extracted, or royalties from the use of the land are lacking in the North. The resulting staples trap is duplicated at the national level in the inability of the federal government to ensure adequate returns to federal coffers from staples production.

However, a staples approach fails in its fundamentals not only to address but even to identify the fact that a previous mode of production, an Indigenous mode, existed in the past or would continue into the future. This lack of acknowledgement of the original and continuing political economy of the Indigenous people leads to a number of key criticisms of the use of staples theory in the Northwest Territories as I will demonstrate in proceeding chapters.

Chapter 4

Staples Theory in the NWT

In this chapter I will review the use, and critique of the use of, staples theory in the Northwest Territories by key researchers and writers. I will begin with a review of Innis's work from his travels in the region during the early 1920s and a discussion regarding his consideration, or lack thereof, of the original political economy of the Indigenous people of the North. Following Innis, I will provide a review of the critical disagreement between the Berger Report and Michael Asch on the need to consider the effect of 'development' on the Indigenous mode of production in the region. Finally, I will close this chapter with a consideration of Mel Watkins' important work in the region and his addition of internal colonialism issues and dependency theory as well as the critical need to consider environmental issues in the midst of discussions regarding economic linkages.

Innis's staples approach

Innis's travels in the NWT and painstaking attention to historical detail in his exploration of the fur trade in the region led him to both recognize and acknowledge the substantial work and participation of Indigenous people in the fur trade. He notes Indigenous peoples' interest in trade items and their travels back and forth to various posts to trade furs, accurately describing their vital role in the capitalist commercial system that had only recently been introduced to the region.

Critically, the disdain for Indigenous people found in other authors of the era is notably absent from Innis's writing, though he does seem to agree with the sentiment of the European's superiority over Indigenous people. He describes the dependence of the early settlers on

Indigenous people for supplementary food to reduce their overhead and to utilize Indigenous peoples' knowledge of the land. As settlers succumbed to illness and death, "The borrowing of Indian cultural traits was important to the elimination of these particular difficulties and to the success of the Company" (Innis H. A., 1930, p. 134). In addition, he acknowledges that the adaptation of the Indigenous birch-bark canoe was critical for the transportation of furs (Innis H. A., 1930, p. 389). At one point, Innis acknowledges "We have not yet realized that the Indian and his culture were fundamental to the growth of Canadian institutions" (Innis H. A., 1930, p. 392).

The staples analysis developed by Innis, however, addresses the topic of Indigenous people in the only framework that interests him: that of the European capitalist trading system. Focused as he was on the market system, Innis analyzed society based on trade goods and trade relationships between Indigenous people (mostly men) and white traders. While recognizing that Indigenous people had thrived in the region for years, he did not appear to consider that the Indigenous system of living on the land and harvesting sustainably from it was, in itself, a viable political and economic mode of production that was an alternative from the capitalist one. Innis focused substantially on Indigenous people as consumers of European goods:

"The history of the fur trade is the history of contact between two civilizations, the European and the North American, with especial reference to the northern portion of the continent. The limited cultural background of the North American hunting peoples provided an insatiable demand for the products of the more elaborate cultural development of the Europeans" (Innis H. A., 1930/1964, p. 388).

In fact, Innis suggests that it was a difficult and time-consuming job to continually ensure the supply of goods to the Indigenous people:

"No monopoly or organization could withstand the demands of the Indian civilization of North America for European goods. The task of continuously supplying goods to the Indian tribes of North America, of maintaining the depreciation of those goods, and of replacing the goods destroyed was overwhelming" (Innis H. A., 1930/1964, p. 16).

By seeing the local population only in terms of their value as producers and as a growing market for items imported from Europe, Innis overlooks a valuable source of local and traditional knowledge and culture, but also the core non-commercial and non-capitalist economic activities, together with the wider values and norms under which they operate, whose fate deeply concerns many residents of the North.

Given the history of colonialism and white supremacy, this underlying attitude is not surprising. The arrival of white settlers in the region assumed that the land and resources were available for the taking and the federal government continued this assumption with the absorption of the region into a new country without consideration of the Indigenous role in the North. While Innis did acknowledge the work done by Indigenous people, much of the research Innis conducted into the fur trade focused on the white European traders, such as Peter Pond, rather than the Indigenous hunters, trappers and guides (Innis H. A., 1930/1964) (Innis H. A., 1927).

Though Innis famously called for an economic theory specific to “new countries” like Canada’s, rather than a reliance in such countries on metropolitan theories, Innis’s training in university still focused on a white, Anglo-Saxon, Euro-centric view of both politics and the economy. (Indeed, it is only from such a perspective that the country could be called “new”.) As McNally described earlier in this thesis, Innis’ staples theory is based on Veblen’s approach that says that capitalism is not necessarily at fault but simply the price system. During his travels in the North he applied this capitalist and colonialist lens to his work. He described Indigenous people only in terms that outlined their contribution to the fur trade and did not examine the community-based economy of the Indigenous people. In fact, throughout Innis’ travels in the North and his subsequent writings, Indigenous people are largely missing. Mathew Evenden suggests that “The view from Harold Innis’s canoe was not neutral” (Evenden, 2013, p. 78). In a

review of Innis' notes, letters and writings of Innis' time spent traveling through the North in the early 1920s, Evenden notes that Innis paid scant attention to the Indigenous people in the communities that he visited. Evenden suggests that Indigenous people were seen across the room or on the banks of the Mackenzie River, but not distinguished by their cultural group or interviewed by Innis to the same extent that the northern white people were engaged in discussion (Evenden, 2013, p. 79). This, however, is not to say that Innis failed to acknowledge the contributions of Indigenous people; in fact, Innis was more appreciate of the importance of Indigenous people in the Canadian political economy than were most of his era. However, the Indigenous role in Innis' vision of northern society was that of a vital worker in northern development, development that was based on a capitalist model.

Matt Dyce suggests that Innis saw himself as a promoter of the North albeit through a view of economic development that was brought from the south. "Here we also see Innis carefully crafting a career for himself as a public intellectual and booster for northern development, showing scant concern for the 'marginal' peoples and First Nations indigenous to the north" (Dyce, 2014). In so doing, he failed to recognize or investigate the presence of the Indigenous political economy in the region that was adapting to, but not adopting, the capitalist mode of production brought by the fur trade.

Innis' narrow perspective of the era leads to an analysis that focuses on the staple itself rather than the social systems surrounding that staple and its creation and extraction within a capitalist mode of production. Without taking account of the exploitation of Indigenous labour in the production of goods or the federal government's colonialist and racist treatment of the Indigenous people, an analysis of the history of Canada's economy is biased in favour of the thesis that our country originated as a colony of white settlers in a capitalist economy.

In the next section I will review how a seemingly minor disagreement between two central theorists in the NWT demonstrates a profound ideological difference between those who would both purport to be furthering the Indigenous ‘cause’ in the NWT.

Berger and Asch

As noted previously in this thesis, Michael Asch disagreed with a central point in the Berger Inquiry recommendations regarding the native economy and how it can be a part of “parallel economic sectors... co-existing with continuing development of the native economy and the renewable resource sector” (Berger, 1988). Berger’s focus on strengthening the native economy promotes a ‘mixed economy’ where the two industries of non-renewable resource extraction and the native economy based on renewable resources could equally participate in the capitalist economy. As Asch states:

At heart my critique is that Berger’s plan is founded upon an improper assessment of the native economy, and that this results in his recommending a plan which will have an effect opposite to that which he intends. Thus, if faithfully followed, his plan will lead to the destruction of the native economy, and its replacement by a renewable resource sector based on the capitalist mode of production (Asch, 1987, p. 232).

This difference lies fundamentally in an alternative theory of the political economic history of the North. Asch suggests that Berger move away from a ‘staples analysis’ and more towards one which looks at the ‘mode of production’. It is here, Asch maintains, that the true differences between the two economies can be seen. The ‘bush subsistence mode of production’ in the native economy had important basic characteristics:

From it the Dene provided for themselves, through locally produced and finished goods, many of their subsistence needs. This is done within a framework in which co-operative labour, collective economic responsibility, communal land tenure, and the mutual sharing of surpluses are valued and institutionalized. It is a mode, it must be emphasized, which is not used to produce cash (Asch, 1987, p. 235).

The other mode of production is capitalist, and sets the terms of wider-ranging markets. In order to obtain cash or goods, the Dene developed into 'small-scale commodity producers', who sell into capitalist markets, providing fur and other products and services to the white settlers. While this role brought the Dene into contact with capitalism, they maintained their native economy or subsistence mode of production as the main basis for their economy. "In the fur trade era, the economy operated in such a manner that the capitalist institutional framework remained subordinate in the daily life of the Dene..." (Asch, 1987, p. 235). The regional economy may have changed from an economy where all goods were obtained from the land to one in which the Indigenous economy was subsidized by the trade of goods for fur, however "this shift appears to have created no major changes in the internal dynamics of production and circulation within the native economy" (Asch, 1977, p. 52). While Indigenous people contributed to the capitalist economy, they were not then required to participate in the capitalist ideals of "private ownership of property, individual accumulation of goods and individual economic responsibility" (Asch, 1987, p. 235). Any proposed method of contributing to the economic development for the Dene, should then, according to Asch, be along the same lines, providing a means by which capital can be contributed to the region but remain subordinate to local self-provisioning (Asch, 1979, p. 347).

It is this self-provisioning factor that is important to note. The Dene mode of production has, in fact, continued into present day, despite the considerable hurdles faced by Indigenous people in its maintenance. Most research into this particular economy focusses on the use of 'country food' by Indigenous people in the NWT. Country food has been defined by researchers such as Peter Usher (Usher P. , 1976), Michael Asch (Asch, 1977) and Scott Rushforth (Rushforth, 1977), among others, as food that has been obtained by Indigenous peoples from the

land through hunting, trapping, fishing and gathering. This use of traditional food by Indigenous peoples, particularly in the North, has frequently been curtailed by the imposition of legal authority by the federal and territorial governments. However, as a 2015 NWT government report documents, despite obstacles, country food has remained a substantial portion of northerners' diet even to present day, though declining in recent years.

About 40-50% of NWT residents living in small communities in every ecozone rely on country food for most (at least 75%) of their meat and fish. (Ministry of Environment and Natural Resources, Government of Northwest Territories, 2015).

During the 1970s a number of studies were conducted examining the use of country food in the NWT. In a report submitted for use by the Berger Inquiry, Rushforth examined the use of country food by the Bear Lake people (Rushforth, 1977). He outlined that the primary period for trapping was in November and December and was conducted by two men, outfitted with a number of necessary items. This would include the traps, guns, tent and a stove, as well the snowmobile or dogs required for transportation. Food items were also required and the initial total cost for his provisions could be as much as \$1,800. Items, however, could be used repeatedly from year to year which helped to alleviate the cost. However, as Rushforth acknowledges, the requirement for cash in order to obtain many of these accoutrements was necessary. Some trappers would have traplines near their homes which would allow them to maintain their traplines over the weekend rather than spending extensive time away from home. In addition, the men would fish while trapping as well as hunt for moose and caribou. Rushforth notes that during the 1974-75 trapping season, "at least ten woodland caribou and four moose (in addition to those caribou killed by part-time trappers) were taken by the Bear Lake people" (Rushforth, 1977, p. 33). In the early 1970s, despite the fact that the Bear Lake people utilized Western housing, food and tools, the country food was a critical food source as well as a source of clothing material. In Rushforth's examination of the participation in traditional land-use by

adult men over a period of five years between 1970 and 1975, he saw an increase in participation and concluded that, “Based upon the information I collected, Bear Lake people are simply not abandoning their traditional means of making a living” (Rushforth, 1977, p. 39). In a recent book, Carly Dokis notes this work of Rushforth, stating that “Some thirty years later, this remains largely true, as a Sahtu Dene person stated during an interview with me: “This will be the last place; we are happy with one another because we can go out and get fish, we can go out and get everything from the land. We do not need money. We cannot eat money.”” (Dokis, 2015, p. 16).

Asch would add that during this same time period, despite the significant pressures placed on their native economy, Indigenous people were reluctant to abandon it. In fact, citing Berger, Asch notes that approximately half of all Dene income in 1973 came from what was termed bush resource collection activities (Asch, 1979, p. 346). It was not only the resource collection activities that continued but also the social production activities associated with the Dene mode of production. Collective labour was used to acquire resources and to prepare them for use by the community and surpluses in food continued to be distributed amongst community members in need (Asch, 1979, p. 346). Most importantly, Asch would suggest, the land continued to be held as a community entity for the benefit of the group (Asch, 1979, p. 346). In reading testimonies from those participating in the Berger Inquiry and also from Asch’s own conversations with young men in Wrigley, NWT, he found that the majority of people saw the land claim settlement as a vital method by which they could continue their traditional life style (Asch, 1977, p. 57).

In an examination of country food, Peter Usher attempted to ascertain the monetary value of the country food obtained by a family of four in the Western Arctic. The cash value of the meat, which largely sustains the family, was approximately \$6,200 for the year. (Usher P. , 1976,

p. 115). As Usher makes clear, the traditional food must be substantially subsidizing the cash income being received as the average per capita income at the time in Tuktoyaktuk was approximately \$775 per year (cited in Usher P. , 1976, p. 116). Without the country food, an Indigenous person would have been starving on less than \$2 per day, particularly in a region with exorbitant costs for imported food. Usher points out that with country food, the average person in Tuktoyaktuk was in fact able to live substantially better than one could on the same amount of cash in Toronto or Edmonton (Usher P. , 1976, p. 116). “The North may well be the only place where a poor man’s table is laden with meat as a matter of course” (Usher P. , 1976, p. 119). Usher concludes by saying that the attempt to value the monetary cost of country food to the economy fails to adequately acknowledge the nutritional and cultural value of the traditional food. He urges that the federal government would be foolish to allow any kind of development that would hinder the ability of Indigenous people to continue with their provision of country food (Usher P. , 1976, p. 119).

Later studies of country food use were conducted in the Sahtu Dene region as a result of the development of the gas pipeline from Norman Wells to Zama, Alberta in the early 1980s (as discussed earlier in this essay). Robert Bone undertook an examination of the use of country food in Norman Wells, NWT during the period of expansion in the small community (Bone, 1989). The impact of industrial work in a remote, Arctic community was expected to be substantial, particularly with the development of four new artificial islands in the Mackenzie River for increased gas extraction. Assuming an increase in local jobs, there was an additional assumption that local residents would decrease their country food consumption supplemented with store-brought produce imported from the south. Two household surveys were conducted, one held in 1982 before industrial expansion took place and the other, near the end of 1985, after work was completed. Both surveys asked local residents how much of their regular diet consisted of

country food collected from the land. The results demonstrated that in fact, there was little change in the consumption of country food despite the increase in industrial activity in the region. Approximately 49% of those responding in 1982 stated that they used country food for 40% of their diet. In 1985, a similar group made up 50% of those responding. When the groups were arranged into low, medium and high users of country food, the medium users actually increased from 42.1% to 46.2% (Bone, 1989, p. 237).

Why then would there be not only a continuation of the use of country food but an actual increase during a period of intensified resource extraction in a small community in the Arctic? Bone attributed the results to three factors. The first was that the geographic zone in which the Sahtu Dene were hunting and trapping was far more extensive than the industrial activity centred in or near Norman Wells, so the two activities remained separate from one another. The second, and most importantly for the purposes of this thesis, was a recognition that the Indigenous people were, and continue to be, deeply wedded to their cultural tradition of the acquisition and provision of country food to their community: “the commitment of native peoples to the harvesting and consumption of native food is deeply ingrained in their culture, perhaps far more so than non-natives realize” (Bone, 1989, p. 238). Finally, Bone noted that very few local men were hired during the construction process.

The continued use of country food in a region such as the Sahtu that has seen extensive industrial work over the past century demonstrates a commitment, as Bone described it, to the traditional culture and the original Dene mode of production by the Indigenous people of the region. It is clear that this form of political economy has been able to continue despite the significant hardships faced by the Indigenous people. However, in order to continue, researchers such as Asch and Watkins argued, this economy would require an infusion of funds.

In Asch's opinion, Berger's recommendation that the Dene obtain the capital needed to develop their native economy by obtaining Federal government grants, would actually provide the 'modernizing' environment that would further erode the values of the Indigenous subsistence mode of production. "Such funding carries with it a set of capitalist institutional appendages which will inexorably lead the native economy away from a traditional institutional and value framework" (Asch, 1987, p. 239).

Asch acknowledged the need for the investment in the North that would provide for the capital required to build on the bush subsistence mode of production. The Dene Nation suggested that resource royalties from the non-renewable resource industry could be the basis of this investment; however, the Dene Nation stated that these royalties would best be supplied if the Dene had full control over the region through a land claim process. Berger rejected this concept on the basis that Indigenous people would then become more dependent on non-renewable resource development in order to supply the capital as opposed to the renewable resources.

At the base of this disagreement between Asch and Berger lies an important theoretical difference. While Berger recognizes the value of the Indigenous economy and the need for its expansion and development, he views it through a capitalist mode of production based upon staples theory. Berger suggests that the renewable resource economy can be further developed in a capitalist economy, strengthened by increasing economic linkages into the Indigenous communities and using those linkages to develop businesses and jobs and profits back into the region. This economic approach, Berger maintained, would allow the Indigenous economy to develop to the point where it could successfully operate alongside the non-renewable resource-based sector.

Asch does not disagree that the native economy in the North requires substantial investment in order to thrive at the outskirts of the non-renewable resource industry. However,

Asch makes clear that the basis of Berger's assumptions about the 'native economy' (as Berger termed it in his Final Report) fails to acknowledge that the economy of the Dene is not the capitalist mode of production but a unique Dene mode of production that is profoundly different. By examining the native economy through a capitalist mode of production, specifically through a staples theory lens, Asch maintains that Berger's recommendations for the future will result in the destruction of the native economy rather than strengthening it. Asch's central concern is that Berger's recommendations to strengthen capital investment and the creation of jobs in the native economy are focused on the specifics of economic development within a capitalist mode of production. "The problem and the solution to Berger is attributable to technical factors alone" (Asch, 1987, p. 235).

For Asch, the problem is more than the technical factors; it is the social and political issues that are attached to those technical problems (Asch, 1987, p. 235). In order to see beyond this technical viewpoint it is necessary to look away from a staples perspective and more deeply into the Dene mode of production. Asch outlines that in fact there are two modes of production operating simultaneously in the native economy. The first is the Dene subsistence economy in which goods are obtained and produced from the land in a communal-sharing economy which does not require cash. The other mode of production is the capitalist one. Asch suggests that the fur trade was an ideal enterprise through which Indigenous people could participate in the raising of cash for luxury items that they were unable to produce themselves. The production of fur by the Dene required no additional infrastructure or interruption of their subsistence economy apart from more frequent travel to barter, trade or sell their staple. The Dene were not required to participate in the wage labour economy nor did they have to substantially alter their community's structure or social environment in order to achieve the items they required. Once, however, the world fur prices began to fall, the native economy started to feel the effects of the capitalist mode

of production on their own subsistence economy (Asch, 1987, p. 236). The federal and territorial government solution to the problem of a lack of cash for Indigenous communities was the creation of cash transfers in the form of welfare cheques. This type of 'investment' in the community however, came fraught with inherent changes to the society. As Asch outlines, welfare created a division in the previously egalitarian community between rich and poor families and has adversely affected the subsistence economy's requirement for interdependence and social responsibility for each other (Asch, 1987, p. 237).

In order to ensure that the subsistence economy continues in Indigenous communities it is necessary to find a method of infusing capital into the region in a way that does not diminish the traditional culture and values of the community itself. Berger's recommendations for large government transfer of funds are problematic, largely because government transfers are fraught with requirements for agreements that the infusion will create a profit or be invested in a business enterprise that does not reflect the subsistence mode of production. The concern, as Asch states, is that "Native people will be forced to develop their renewable resources within a capitalist institutional framework" (Asch, 1987, p. 237).

The only way to ensure that any investment into the Indigenous community remains such that it supports the Indigenous mode of production, is to ensure that the Dene are in control of their own land, politics and economy. If so, then the Dene are able to create a mechanism that will enable them to be self-sufficient without having to become more incorporated within the capitalist mode of production. It is here where Asch, albeit reluctantly, agrees with Watkins that the best means available would be through the ability of the Dene to receive the resource rents from the non-renewable resource industry operating in the NWT. This option, Asch argues, would provide the capital necessary to assist Indigenous communities with the continuation of their subsistence economy without the interference of the capitalist economy. In order to ensure

that the investment does not disrupt the Dene mode of production, Asch argues receiving rents and royalties seems to be the only possible method that would ensure funds are provided in such a way that they can be used collectively by the community, do not require labour input and are provided on a continuing basis (Asch, 1987, p. 240). This proposal by the Dene is, Asch argues, the only way that the inflow of capital will not require that Indigenous people have to “orient any of their economic activities to capitalist institutions...” (Asch, 1987, p. 237). Most importantly, this option would be “controlled by the Native community as a whole, and thus would remain consistent with their traditional framework which emphasized communal ownership of resources” (Asch, 1987, p. 237). At the time, the hope was that resource revenues would flow through the Dene Nation’s suggested comprehensive land claim agreement for the entire territory, allowing Indigenous people to decide the best mode of production for their communities along with the institutional structures to support that economy.

Asch acknowledged that the solution was far from ideal, however, in order to ensure that funds would flow into the Dene mode of production, it appeared that it was the only viable option. As we will see further into this chapter, staples theorist Mel Watkins would fully agree, however for an entirely different reason.

Berger’s use of staples theory as the basis for his analysis is not surprising, given the long history of this approach for the NWT, starting with Innis in the 1920s to present day use by economists and political scientists. The value of this approach, however, must be judged by its ability to adequately address the issues in the NWT and more specifically, for the Indigenous population of the region.

Watkins

As noted earlier in this essay, Watkins would arrive in the NWT approximately 50 years after Innis and develop a new form of staples theory. Watkins would adapt his 1963 staples theory framework in a unique way to assist the Dene Nation in their work to develop a new political and economic model that incorporates both capitalism and Indigenous subsistence culture. Watkins' work would provide critical historical background in Indigenous economy relating it to dependency theory and internal colonialism in a staples theory framework.

Watkins' historical review of governance and economy in the North incorporated a dependency theory approach that allowed for an analysis that acknowledged the original Indigenous culture, political organization, community sharing and sustainable form of economy and resource extraction. Watkins and his team recognized the Indigenous subsistence model as a valid form of economy. He outlined how that economy was disrupted by the capitalist economy introduced by white settlers. Watkins suggested that Indigenous people adapted to the capitalist system by participating in the fur trade but without abandoning their traditional community economy or culture. Further, Watkins outlined forcefully, utilizing dependency theory, the Indigenous economy was not undeveloped, but under-developed by the colonial and capitalist economy.

Watkins maintains in his 1977 article, "From Underdevelopment to Development", that the history of Indigenous people in the North is fundamentally the same as the history of Canada. That economically, the history of Canada is simply a "succession of staples exports from successive geographic frontiers to serve the needs of more advanced industrial areas" (Watkins, 1977, p. 85). That may, in fact, be the history of white settler Canada (though some scholars disagree) but it is not the history of the Indigenous peoples of Canada, including those of the North. For Indigenous people, the history of Canada has been racism, internal colonialism, the

forced relocations of people off of their traditional land, the imposition of political, legal and institutional boundaries and countless stories of starvation, disease, poverty and death (Daschuk, 2013).

An assumption that the North's history began with the extraction of staples echoes the limits to Innis' interest in Indigenous economy in the North. Innis, as we have described earlier, spoke of Indigenous people only in terms of their trade in furs and their interest in obtaining items made in the south. To begin with a staples approach for the Northwest Territories in analyzing the economic and political history of the region means that historians will overlook the rich Indigenous political and economic history that existed for thousands of years prior to the arrival of white settlers, and whose ongoing concerns far exceed the limits of staples production and even the wider capitalist economy.

However, Watkins then continued in his article to look at the impacts of the staples for the North, specifically fur and minerals.

“The methodology of the ‘staples approach’ is directly helpful to us in considering the matter of ‘impact’. The impact of the proposed pipeline is simply the ‘stamp’ of the oil and gas industry on Canada in general and the North in particular. The North is experiencing ‘the shift to a new staple’; the result is a ‘period of crisis’ and of ‘painful adjustment’” (Watkins, 1977, p. 85)

The Indigenous people of the North suffered substantially from this stamp of a transition from fur to minerals. As noted earlier in this essay, the arrival of settlers in the region started a process that impeded the ability of the Indigenous people to continue their way of life. The establishment of restrictive hunting and fishing laws, the arrival of settlers that disrupted trapping lines, the creation of the need for cash to buy – rather than trade – new materials, and the development of a new political regime over long-held Indigenous lands were all elements of the implementation of the capitalist mode of production that began a process of supplanting the Dene mode of production. By focusing on the staples themselves and their ‘painful stamp’, Watkins

continues in what McNally referred to as the ‘vulgar materialism’ of Innis. McNally suggests that Innis focused far too much on the geography, the technology and the staple, and the interaction of things, rather than the social relations that would create the change. It is only by directing our attention to the people creating the items for exchange that we can avoid this form of what McNally entitled ‘commodity fetishism’.

For the Indigenous people of the NWT, this focus on their own mode of production and the society’s development of products to trade and creation of new ways of production is critical. The staple itself is irrelevant, regardless of whether it is fur, gold, minerals, oil or gas. The Indigenous people have a distinct and unique model of politics and economy that can explain much of the early form of development in the region. It was, and continues to be, the introduction of the capitalist mode of production that has altered the social relations in the NWT that had bound Indigenous communities together from time immemorial. Indigenous people in the NWT were able to utilize capitalism when it was distant from their own mode of production. The production of fur required little in alteration to the traditional community life and trade at remote sites provided the ‘extras’ that the community could use to provide more effectively for the community. However, the capitalist mode of production began to encroach into the Dene mode of life with the imposition of new hunting and fishing laws, the imposition of non-renewable resource extraction infrastructure in critical environmental landscapes, and the creation of new political requirements such as treaties in the late 1800s and early 1900s. Indigenous people have accommodated various forms of political and economic pressure as well as forcefully protested against others, such as the initial Mackenzie Valley pipeline proposal. The history of the NWT, as demonstrated earlier, has not been a history of varying staples collection activities and their impacts. It has been the constant and deliberate attempt by the federal government, with corporate institutional backing, to impose a new capitalist mode of production

onto the Indigenous territory of the north, through the promotion of repeated cycles of resource extraction activities. Without this fundamental recognition, the use of staples theory in the north, even with addition of dependency theory and a recognition of internal colonialism, fails to recognize the need for an analysis that fully incorporates an Indigenous analysis of the issues addressing the North.

Watkins' work did attempt to address this gap between the two modes of production by utilizing both internal colonialism as well as an acknowledgement of the 'underdevelopment' that occurred within the Northwest Territories. However, it underplays the effects of both by focusing on staples. Watkins states, citing Innis:

"The history of Canada, as written by the greatest of our historians, is a succession of staple exports from successive geographic frontiers..." and further, that "The methodology of this 'staples approach' is directly helpful to us in considering the matter of 'impact' (Watkins, 1977, p. 85). The North, Watkins goes on to explain is experiencing the 'painful stamp' of the shift from one staples to another (Watkins, 1977, p. 85).

By framing the entire issue as a situation indistinguishable from the southern regions' experiences of economic booms and busts due to changes in staple prices, Watkins attempts to demonstrate that people of the North are simply the latest of Canadians to suffer from the boom and bust of the Canadian economy. In order to more specifically address the concerns of the North and its Indigenous people, Watkins adds elements of internal colonialism and the Neo-Innisian dependency theory approach to the fundamental staples theory. He states that in Canadian history "there is, then, an awful truth about the manner in which this country was 'born,' and has since been successively rejuvenated" (Watkins, 1977, p. 86). Watkins suggests that while the Northern fur trade did not substantially affect Indigenous society, the change to mineral and oil production created the requirement for the need for Dene land by corporations.

Therefore, it is the staple that is creating the environment in which Indigenous people are being subjected to a process that is dispossessing them of their land.

The problem with this analysis however is that it does not acknowledge the profoundly different experience of the land between the early settlers and the Indigenous people. In fact, a staples theory approach does not even recognize the profound racism that lays beneath this quest for land by the settlers. Watkins' recognition of internal colonialism and the underdevelopment that has occurred as a result in the North barely scratches the surface of significant injustice faced by the Indigenous people of the North. Utilizing a theory developed in the context of European capitalism will not enable the analysis required to fully examine both the historical process that has taken place, nor will it point to a future that recognizes an alternative vision.

Abele and Stasiulis

Abele and Stasiulis suggest that political economy studies in Canada have failed to recognize the element of racism in Canada and have therefore ignored two critical factors in the analyses of Canada's history (Abele & Stasiulis, 1989, p. 242). The first is the fact that both land and the valuable resources were taken and continue to be taken from Indigenous societies. I would note that the word 'taken' is a necessary element of that statement in so much as Canadians must be continually reminded that we did not acquire land from Indigenous people in the same way that one purchases a piece of property from an individual or corporation. As I have noted earlier in this essay, specifically in relation to the development of Treaty 11, Canadians took land from Indigenous people through the improper use of 'legal' documents that were imposed upon the people of the North. The second critical recognition according to Abele and Stasiulis, is that the state has been systematically attempting to encourage and in some cases,

force, Indigenous people further into capitalist development. These two statements provide the basis for future analyses of political economy in Canada.

Watkins does provide critical research on the Indigenous protests and struggle in the North and is acknowledged by Abele and Stasiulis of contributing to the necessary Indigenous research that must be done. They are critical, though, that Watkins (and another writer, Bourgeault) did not closely analyse the role of the state in the Indigenous struggle (Abele & Stasiulis, 1989, p. 255). In their view, the state was the key player in enabling the acquisition of land from Indigenous people in a way that was deceitful and caused significant harm.

However, the central concern raised by Abele and Stasiulis is that Canadian political economists failed to acknowledge the existence of Indigenous people and developed materials that assumed that an analysis could only begin at the start of Canada as a nation in the 1860s, rather than a recognition of the earlier Indigenous forms of economy and society. Nor does the analysis allow for an understanding of the taking of native lands.

The mainstream political economy tradition has absorbed the force of these analyses only incompletely. Where political economists rely on the ideological construct “white settler colony,” they deny centuries of human experience and the aggression against native societies by European economic and political interests. They also limit our capacity to understand Canadian development. (Abele & Stasiulis, 1989, p. 256)

Watkins’ staples theory brings in elements of internal colonialism and dependency theory as part of its analysis. However, Watkins’ staples approach remains centred in an examination of staples in a capitalist mode of production. Watkins’ suggestions focus on finding a way to assist the Dene in their attempt to create the political and economic space in which to develop their own form of economy, an alternative economy that is based on traditional and cultural values of the Dene.

Watkins’ suggestions, firmly based in a capitalist mode of production, utilizes dependency theory to demonstrate the underdevelopment that has occurred as a result of unfair

economic circumstances as they related to staples extraction from the region. Watkins outlines an approach that would have the non-renewable resource industry provide the necessary funds for the promotion and development of a renewable resource industry, owned and operated by Indigenous people in the region. Watkins describes this solution as being a two-sector approach where both the non-renewable resource sector and the renewable resource sector would “co-exist harmoniously” (Watkins, 1977, p. 94). This would be made possible by the development of a comprehensive land claim that would clearly establish the rights of the Dene to manage, maintain, control and tax activities conducted on the land. The return of resource rents from non-renewable resource extraction companies to the Dene would enable the development of an ‘alternative economy’ and ensure that the Dene have the necessary funds to develop their own corporations. This alternative economy is largely undefined, however the basis of it appears to be the Dene mode of production that has sustained the Indigenous population for thousands of years.

This approach suggests that the both the historical and current situation facing Indigenous development in the North is that the region is stuck in both an underdevelopment trap and a staples trap. This analysis, however, suggests that economic problems facing the Indigenous people of the North are as a result of the lack of economic linkages into the small communities. With increased linkages and opportunities, it is presumed, the Indigenous communities of the North would be able to establish their own alternative economy. This theoretical approach ignores a fundamental reality of the North where racism and colonial activities have played a dramatic role in hindering Indigenous economies of their own making. The survival of the Dene mode of life, as evidenced by the continuation of the use of country food, over the past 200 years has not been the result of increased linkages into the communities but despite those intrusions into their communities.

The appropriation of the resource rent fiscal linkage for Indigenous communities in the North was dependent, however, on the ability of the Dene Nation to re-establish their ownership of the land and control over the activities taken on the land. At the time of the 1970s during which the Dene, Watkins, and Asch, among others, were working to establish a new Indigenous political and economic role in the region, future control over the land and resources may have seemed possible. However, as this review of the history of the NWT makes clear, neither the federal government nor the multinational companies involved in the region over the past two centuries have proved their interest in the well-being of the Dene through the protection of the interest in the land.

Watkins' incorporation of dependency theory, underdevelopment and colonialism in his staples analysis of the NWT adds a critical element to his staples theory. However, taken in consideration with the criticism of staples theory by Abele and Stasiulis, it is necessary to ask whether Watkins' staples analysis goes far enough. While addressing the impacts of colonialism and the implications of treaty negotiations, and resource extraction activities on Indigenous communities, Watkins' analysis remains firmly in the staples view. His analysis suggests that the problem is not necessarily with the resource capitalism but with the way in which the economic linkages are, or are not, created. For Watkins, the fault lies not with the system of capitalism but with the staple itself. The staple and its corollary benefits or lack thereof are solely the effect of a poor staple and its lack of linkages. For the NWT, oil and minerals are simply the type of staple that provides little in the way of economic linkages into the community. The renewable resource industry however, provides substantial linkages back to the Indigenous community and incorporates elements of the traditional Indigenous economy. The solution therefore is to create a mechanism to generate wealth from the non-renewable resource industry that would help to support the renewable resource industry. For Watkins, this is the resource rent. The alternative

economy then would have the infusion of capital that it requires to create wealth for the community through increased fiscal linkages. Utilizing a staples framework in an entirely capitalist mode of production for the NWT, this approach may have been useful. However, as we have seen in this chapter, the Dene mode of production continues to play a critical role in the NWT economy to the present day. With its developmental basis in a non-Indigenous economic environment, staples theory, even with its inclusion of dependency theory and neo-colonialism, fails to create a base upon which an Indigenous region can build. Staples theory and economic linkages also build on a mode of production, a capitalist one, that is profoundly undermining the Dene mode of production through its environmental damage to the land and the vital renewable resources upon which Indigenous communities can build. As I will demonstrate in the next chapter, this critical factor is crucial for the consideration of a new way forward, not only for Indigenous communities but for Canada as a whole.

Chapter 5

Capitalism, staples theory and the environment

As noted earlier in this thesis, Brendan Haley suggested that staples theory can be used not only to outline a staples trap but also to suggest a process by which the Canadian economy can be stuck in a carbon trap. Other long-standing staples theorists acknowledge the need to incorporate an environmental analysis into the staples framework. In honour of the fiftieth anniversary of Watkins's original essay on staple theory (1963), the Canadian Centre for Policy Alternatives produced a collection of short essays entitled *The Staple Theory @ 50* (Stanford, 2014). The essays address many of the criticisms of staples theory over the past several decades and largely defend its use as the predominant framework of Canadian political economy. The essays in the book demonstrate the current concentration on raw staples extraction and sales and our government's inability to adequately capture the linkages or benefits of staples production are as relevant now as they have been historically. One author, Gordon Laxer, offered a salient criticism of staples theory that suggests a need to re-examine the fiscal linkages aspect of the theory and its relative importance to the local economy.

Gordon Laxer (Laxer, 2013) has long been a solid supporter of staples theory and its incorporation of Marxist and dependency theory to explain the current Canadian economy. However, in the *Staples @ 50* publication he used the current environmental lens of Canada's increasing carbon emissions from Alberta's tar sands development to make a critical point. The point was not so much that Alberta's economy would be irrevocably tied to the price in oil and completely dependent on one commodity for its continued growth, though that point was made and proved to be particularly prescient. Laxer's most important criticism was of the continued reliance of staples theory on the development of fiscal linkages on an increasingly unfeasible

non-renewable resource that would, in the very near future, contribute to catastrophic climate change.

Laxer notes that Watkins' 1963 article was based on a Keynesian model. "It is a capitalist developmental model around a resource base, a variant of a more general growth model built around exports as the leading sector. External demand for resource drives the staples variant" (Laxer, 2013, p. 55). In this model, the linkages will provide the necessary diversification into a robust manufacturing economy for Canada. However, as Laxer demonstrates the majority of backward and forward linkages from the tar sands provide little in the way of benefits for the Alberta economy, as most industrial technology is imported and few secondary processed goods (petrochemicals) are exported (Laxer, 2013, p. 56). The final demand linkage then becomes the focus with the hope that consumer spending will create the demand necessary to propel the domestic economy. Laxer points out that while the larger communities in Alberta have the opportunity to invest funds in industries outside the oil and gas economies, they see little reason to do so. "When the best money can be had in oil and natural gas, why bother with other pursuits?" (Laxer, 2013, p. 56).

The problem identified by Laxer is that further entrenchment in the development and strengthening of linkages in the non-renewable resource industry in Alberta will only encourage the industry to continue. The dependence on this industry would create dependence on an economic model that at best, is likely to crash with the depletion of the resource or the price, and at worst, will create an environmental disaster.

As Laxer points out, staples theory as propounded by Mackintosh and Hirschman rested on the premises of the Keynesian post-war bargain:

...that bargain went like this. If workers and their political allies agreed to forget their long-held dream of replacing capitalism with a more just system and accept annual pay raises instead, they would stay in alienated jobs with long work hours, but reap the rewards of middle-class, consumer lifestyles as compensation. The grand bargain led to a

mass society fixated on over-consumption. It will bury us in carbon and climate change chaos (Laxer, 2013, p. 57).

This suggestion that economic linkages and diversification from a core of resource extraction may not be viable in a new world of climate change resonated with Watkins as well. In his summation in *Staples @ 50*, Watkins (2013) praised Haley's article on his innovative use of staples theory to address concerns about climate change and obliquely acknowledged Laxer's concerns:

My 1963 article has perhaps encouraged some readers to think too much about linkages and how to enhance them, to focus on incremental change when it is transformative change that is necessary. . . . Fifty years on I have grandchildren, and know that the world must move ASAP from dependence on fossil fuels to reliance on green technologies. This will involve a wrenching change for Canada because bitumen is now the superstaple driving our economy and our polity. . . . These may not be the best of times, and they may well get worse, but there is room for hope if we will but face up to our situation. In Canada, that means escaping both the staple trap and the carbon trap by weaning ourselves from the export of bitumen (Watkins 2013, 131).

Watkins argues for a thorough re-examination of staples theory in this vein and has in recent years championed the cause of addressing climate change and challenging those that would continue to base the Canadian economy in a reckless surge for fossil-fuel consumption:

All of this is a compelling economic case against the tar sands and its pipelines without my having appealed to that ultimate game changer and species killer, climate change. Whatever the consequences in the past of staple specialization, there has never been a staple as deadly as oil is today. Not to act on that, to pretend that this is just business as usual, is literally to commit a crime against humanity. Even if all the economic arguments I've just made are wrong, climate change would still be the trump card to stop the exploitation of the tar sands (Watkins, 2015).

As we have seen, it is problematic to apply a political economic framework based on a white settlers' view to the history of the NWT—or, more specifically, to the history of oil production and development of pipelines in the Sahtu region. A staples approach and its corollary, staples theory, make a number of fundamental assumptions regarding Indigenous

people, the nature of development and the availability of resources and land that ignore critical issues affecting the North. The consequences of this approach can be catastrophic:

The current government seems to have one idea about how to build an economy. Dig lots of holes, lay lots of pipe. Stick the stuff from the pipes onto ships – or trucks, or railway cars – and take it to places where it will be refined and burned. Repeat, but more and faster. It's an approach to the world based on taking and taking without giving back. Taking as if there are no limits to what can be taken – no limits to what bodies can take, no limits to what a functioning society can take, no limits to what the earth can take (Klein, 2015).

The ability of Indigenous people to continue to maintain and build their subsistence culture and economy in the NWT is dependent upon an increasingly delicate balance of resource extraction and the environment. The increasing emissions of greenhouse gasses and the development of climate change as a result is profoundly re-shaping the land and affecting its renewable resources as well. In addition, non-renewable resource extraction activities are damaging the land and complicating Indigenous ongoing use of country food collection.

A CBC story from 2013 reported that the pipeline from Norman Wells had recorded the highest number of environmental infractions in the entire country between 2006 and 2012. (The National Energy Board is Canada's regulator of pipelines and legally all such incidents must be reported.) More than 70 incidents were reported during that time with the majority occurring at or near the site of Imperial Oil's operations in Norman Wells. Some of the documented instances involved the release of contaminated water into the McKenzie River. Others, however, were incidents such as the May 2011 oil spill near Wrigley, NWT. That pipeline leak was estimated as a pinhole by Enbridge at the time of discovery and the company stated that the leak was approximately 4 barrels worth of oil. The company later had to revise their estimate to between 700 and 1,500 barrels (CBC News, 2011). Indigenous hunters discovered the leak on May 9, 2011 while hunting duck in the area raising concerns about whether Enbridge's current methods for spotting oil leaks were sufficient (Thompson, 2011). Enbridge stated that during

cold weather the company relies on aerial observation to spot potential problems along the route of the pipeline.

More worrisome is the lack of notification for the Sahtu Land and Water Resource Board established under the Sahtu Land Claim Agreement. Ethel Blondin-Andrew is both a former Member of Parliament and the long-time chair of the Sahtu Secretariat Board, established to manage the land claim agreement funds. In a CBC interview about the incident, she states that she was never informed of the numerous infractions in the region, including the order from NEB for Imperial Oil to address issues with approximately 77 buried pipelines in and around the oil refinery (CBC News, 2013). The NEB ordered Imperial Oil to fix a critical flaw in the pipelines after one pipeline's leakage was spotted on Bear Island just off Norman Wells in the McKenzie River (CBC News, 2013).

The environmental risk to the land and wildlife in the area from buried pipelines is substantial. However, the additional risk from the next form of proposed resource extraction in the region is even more concerning. The most recent addition to the forms of non-renewable resource extraction in the region is hydraulic fracturing or fracking, an environmentally devastating process by which tons of water is pumped into rock deep below the surface in order to force up natural gas deposits (Hoffman, 2012). In 2013 the National Energy Board gave the rights to ConocoPhillips Co. to conduct fracking in the NWT (Tait, 2013). The Government of the NWT developed regulations in support of fracking despite a number of protests from environmental groups and Indigenous groups (Wohlberg M. , 2015). Despite petitions to the territorial government and requests for a plebiscite, the approvals process in the NWT continued.

In addition to these environmental issues is the international concern regarding the ever-increasing greenhouse gas emissions from oil and gas and the resultant climate change and its long-term effect on the planet. In the past 60 years there has been an average increase of 2C in

the north, most notably a more than 3C increase during the winter months (cited in DeBeer, et al., 2015). The detrimental effects of climate change for the north is daunting. In the NWT, the risk of forest fires has always been high, frequently caused by lightning storms during the summer months. Fire is a natural process in the north; however, the Arctic has seen increased temperatures of up to 2C over the past fifty years which is enough to dramatically increase the number and size of storms. “The longer, warmer, and drier seasons projected to result from climate change are expected to increase the frequency and intensity of forest fires by the end of the 21st century. Their considerable consequences for forests and wildlife make these changes a concern for northern communities, forest managers, and wildlife biologists” (Kochtubajda, et al., 2006, p. 211). Other concerns regarding climate change in the north include the risks of upheaval and landslides caused by melting permafrost and lower river and lake levels (Cohen S. , 1997).

The continued focus on fossil fuels and the substantial subsidies to companies that persist in this non-renewable resource extraction activity is driving Canada further into an economy that is completely dependent on products that could devastate the northern and planetary environment. This carbon trap, as Haley described it, must be addressed and quickly in order to avoid disaster (Haley, 2011). Yet the solutions offered by capitalism -- and the staples approach in particular -- simply provide more of the same resource extraction going forward, with little to motivate society to move towards a more sustainable and innovative future.

Staples theory, whose methodology relies on capitalist assumptions both in examining the history of the North and in suggesting avenues for its future economic development, has been applied to policy in ways that have not drastically re-invested in Indigenous communities. In fact, it would appear that one of the most successful and sustainable economic strategies for the Dene in the region has been the continued use of country food. Despite more than a century of colonialism in the NWT including restrictive laws against hunting and fishing, the Indigenous

people have maintained a subsistence economy based on Indigenous values and traditions. A significant concern is that further disruption of the delicate eco-system in the North could drastically impact this Indigenous economy going forward. This could result in the violent dispossession of the land which has been rigorously fought by Indigenous people in the North since the first Mackenzie Valley pipeline proposal in the 1970s.

Accumulation by dispossession

In a 2003 book entitled *The New Imperialism*, David Harvey points to the similarities between the activities that enabled primitive accumulation to take place and the present-day process of solving the problem of over-accumulation of capital through neo-liberalism. Primitive accumulation was necessary in order that capitalism may always have a store of assets to feed itself. The facilitation of primitive accumulation took place, according to Marx, through the processes of:

the commodification and privatization of land and the forceful expulsion of peasant populations; the conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; the suppression of rights to the commons; the commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neo-colonial, and imperial processes of appropriation of assets (including natural resources); the monetization of exchange and taxation, particularly of land (Harvey D. , 2003, p. 145).

Facilitating this accumulation process was the state, “with its monopoly on violence and definitions of legality” (Harvey D. , 2003, p. 145). Harvey maintains that the state plays a critical role in the establishment and maintenance of capitalism in regions (Harvey D. , 2003, p. 145).

For the NWT, the process of primitive accumulation began in the region when the mode of capitalist exchange was introduced by the fur trade. Initially, the trade for fur allowed Indigenous people to participate without interruption on the land. As noted earlier, the

Indigenous mode of production continued alongside the introduction of the capitalist mode of production. However, with the introduction of money, the requirement for cash and most importantly the imposition of land acquisition by the settlers through treaties, Indigenous people began to face the alienation from their land. By the mid-1800s white settlers began to assert themselves as land owners and by Confederation, and the sale of the fur companies to the Canadian government, the beginning of primitive accumulation started. As the previous chapter on the history of the NWT indicates, the period after which the government began to impose legal restrictions regulating the ability of Indigenous people to trap and hunt would severely affect the health and welfare of the communities. Once oil was discovered in the Sahtu, the federal government quickly developed a treaty that attempted to acquire the land from Indigenous people. Further legal machinations would attempt to limit the Indigenous ability to counter the incursions onto their land and future negotiations would require substantial conciliations on the part of the Indigenous people in order to ensure that communities would survive.

While Marx considered primitive accumulation as a process that had already occurred, David Harvey would maintain that is a process that continues to occur, albeit through alternative methods, in what he calls 'accumulation by dispossession'. Harvey notes that the process of accumulation by dispossession became critical in the 1970s as the problem of capitalist over accumulation accelerated. Capitalist over accumulation, according to Marx, is the problem of increased capital and a lack of places to invest it for growth. The solution for this situation is a new spatial fix, a flight of capital to other geographical regions for investment (Harvey D. , 2003, p. 87). Where other regions are not available capitalism will also attempt to expand into resources that were not previously based in the price market, such as water. Lands and resources that were previously used through other modes of production, such as Dene lands through the

Dene mode of production, is an obvious example. The process by which this takes place is known as accumulation by dispossession and the state is part of the superstructure (as Marx would term it) that enables the dispossession to take place.

The state, with its hegemonic licence to define what is legal and what is not, is not only an accomplice in the process of accumulation by dispossession, but also plays an active role in coordinating new forms of dispossession, in providing normative frameworks that legally support it and in socially validating the process of creating dispossessed social sectors in the eyes of society at large” citing Harvey in (Cáceres, 2015).

The history of Dene territory in what is now the NWT as outlined in this thesis has been an ongoing process through which the accumulation by dispossession has occurred.

Although primitive accumulation no longer appears to require the openly violent dispossession of Indigenous communities and their entire land and resource base, it does demand that both remain open for exploitation and capitalist development (Coulthard G. S., 2014, p. 77)

The introduction of trade, the arrival of white settlers, the imposition of government rule, the duplicitous negotiation of Treaty 11 after oil was discovered are part of this process that has led to the current modern dispossession which continues to take place.

The attempted development of the Mackenzie Valley pipeline in the early 1970s serves as an excellent example of this process of accumulation by dispossession. As noted earlier in this essay, the 1970s were a time of oil crisis during which the flow of oil to North America from the Middle East was being hindered by cooperation between oil-producing countries in the region in order to increase the price. Oil and pipeline companies were eager to cash in on a significant oil discovery in Prudhoe Bay, Alaska with a proposed oil pipeline route was to travel largely through the U.S. state and then into the NWT near the southern border with BC. The Canadian government saw the opportunity to work with the Canadian proposal and without consultation with Indigenous people, began the process by which the land would be traversed by a pipeline. From the issue of the possible interruption of caribou migration routes to the likelihood of oil

spillages, the environmental concerns with the pipeline were significant. It was only when faced with substantial protest by Indigenous people from the region, that the Federal Government was forced to appoint the Berger Inquiry and then abide by its recommendations.

The Dene Nation fought to maintain their land rights through numerous methods including court appeals, cooperation with the development of a pipeline in the 1980s and work to establish a comprehensive land claim agreement in the 1990s. Despite these efforts, the Canadian Government provided the necessary licencing requirements and agreements with multinational companies to allow them to access the resources within the NWT.

Finally, in 1992 the Sahtu Land Claim was established with clauses that assured the Dene of their rights to the land and some measure of consultation for resource development. The Sahtu Dene are provided a proportion of the resource royalties from the Norman Wells site.

On April 1, 2014, the Government of the Northwest Territories gained full responsibility for the regulation of onshore oil and gas rights in the territory under the newly negotiated *Northwest Territories Devolution Act* (2014). A number of areas are excluded from this transfer, including the Norman Wells Proven Area and as a result the National Energy Board still regulates the oil production area as well as the Norman Wells pipeline.

With Devolution, the Sahtu are accorded a percentage of the 50% of the resource royalties given to the GNWT by the Federal Government each year. These measures, though hard-won, will not however, be enough to reclaim the land once the multinational companies have destroyed the environment in their quest for oil, minerals and, most importantly, gas obtained by fracking.

Horizontal hydraulic fractionation, or fracking, is the process by which oil and gas companies force oil and gas out of deep layers of underground rock. Massive amounts of fresh water and chemicals are driven into the ground, breaking up the rock in which the oil and gas are

embedded, and pushing the resources to the surface. Fracking started in the NWT in the Sahtu region in December of 2013. The environmental dangers of fracking have been well-documented by organizations through-out North America. Issues such as increased earthquakes, the substantial use of fresh water which is then filled with chemicals and pumped into the ground, and the interruption of the land by access roads and infrastructure. Various petitions by environmental groups were presented to the GNWT in 2015, however, the territorial government revised the oil and gas regulations after Devolution took place and allowed companies to frack in the territory.

Environmental damage to the land in the NWT is a significant concern for Indigenous groups who are continuing their vital collection of country food as part of the Indigenous mode of life. The disruption of this critical local food production will eventually lead to the dispossession of Indigenous people of their land and importantly, the way of life. This process can only be described in what Harvey calls the violent process of accumulation by dispossession. The removal of peasants from the land in primitive accumulation by the means of force is similar to the current process of removing Indigenous people from the land by poisoning the land and water through non-renewable resource activities. Some researchers would suggest that new staples provide resources in more sustainable manner that allows for continued use of the land by Indigenous people. However, other researchers would disagree.

In an examination of what Patricia Fitzpatrick (2007) has described as the “clean diamond” industry in the NWT, Rebecca Hall (Hall, 2013) dismisses Fitzpatrick’s suggestion that the new industry differs in any fundamental way from the exploitative resource industries of the past. Hall draws upon David Harvey’s exploration of Marx’s “primitive accumulation” thesis in order to demonstrate that this new staple is simply more of the same, with Indigenous people suffering once again from a new form of resource exploitation. Because staples expansion

necessarily involves a loss of ecological functions on which important non-monetary economic activity rests, fiscal and other linkages that do bind staples to Indigenous communities rarely yield net gains for communities. Whereas Fitzgerald points to impact-benefit agreements as evidence of a fundamental change in relations between government and Indigenous communities affected by the industry, in Hall's view "the development of the diamond industry can best be understood as a collusion between the Canadian state, Canadian capitalist interests and international capitalist interests in a colonial pursuit (with the state as an active player, rather than arbitrator)" (Hall, 2013, p. 381). The same has been true of oil and gas.

Hall argues that the collaboration between the federal government and the territorial government with the diamond extraction corporations is not equal and that the Indigenous communities also provided their consent only because they could see that they had no opportunity to veto the projects. Capitalist exploitation and internal colonialism are necessary to one another's existence and capitalism must extinguish the institutions of non-capital societies in order to impose its own institutions, thereby depriving indigenous people of the ability to say no to resource-extraction activities (Hall, 2013, p. 386). Without this critical acknowledgement of the state's role in depriving local communities of their ability to develop their own economic and political regimes outside of the mode of capitalism, staples theory and dependency theory diminish the key role of state. Nor does it recognize the issue of imperialism and the development of a ruling class that controls a country's economic environment.

The governments of Canada and the NWT have placed Indigenous people in the position of facing encroaching resource development on their land and presented them with the choice of accepting funds from the corporations, along with vague promises of employment, or of not accepting the funds. As Irlbacher-Fox (2009) points out, considering the lack of government funding provided to small, isolated communities in the North, the choice is hardly a choice at all:

Indigenous peoples are forced to exploit their resources and lands according to the interests of multinational resources developers in an attempt to provide their people with basic needs, opportunities for a comfortable life, and support for those who still wish to live a land-based lifestyle within [the] ever-encroaching economic and social interests of the dominant capitalist society. That is the fundamental problem with land claim and self-government agreements. They embed colonialism as the structure regulating Indigenous state relations. They do not undo ongoing injustices (Irlbacher-Fox 2009, 168-169).

This process of cooption is likely not what Mel Watkins had envisioned when he spoke of the need for 'alternative development' for the Dene of the Northwest Territories. However, in order to continue to collect resource rents to support the alternative development, the non-renewable resource industry will need to be allowed to continue their activities. The diamond industry was developed in a recent era with an understanding of issues related to Indigenous rights and activities. However, that industry which purportedly did a great deal to incorporate Indigenous requirements, was not able to develop in a manner that adequately addressed those issues. It would appear unlikely that the oil and gas industry would be able to reform their activities in such a way that would be sufficient as well. Environmental degradation of the land and the continued promotion of capitalist activities related to non-renewable resources extraction would appear to be the necessary evil of allowing the non-renewable resource industry to continue in the NWT. The consequence of this continuation is the likelihood that the Dene mode of production will be eventually diminished to such an extent that Harvey's accumulation by dispossession will occur.

Dene mode of life

As a member of the Yellowknives Dene First Nation and an associate professor in the First Nations and Indigenous Studies Program and the Department of Political Science at University of British Columbia, Glen Coulthard has written extensively on the topic of political theory and Indigenous politics in the NWT. His book *Red Skin White Masks: Rejecting the Colonial Politics of Recognition* (Coulthard G. S., 2014) outlines a distinct argument that utilizing Marxism and its

critical modes of production allows for an analysis that more accurately reflects not only the historical experience of Indigenous people in Canada but also, more importantly, the current experience.

Coulthard states that the NWT has experienced a process of primitive accumulation that has been created and furthered by the introduction of the mode of capitalism but also the politics of recognition that has developed in Canada in an attempt to appease Indigenous land holder through land settlements.

Coulthard suggests that due to its northern remoteness, the primitive accumulation process had not fully taken place in the NWT as late as the 1950s and 60s. Despite the significant challenges facing Indigenous people and their way of life, the Indigenous people were able to create a 'delicate balance' between the cash-based economy and the traditional hunting and gathering activities. However, with the increasing imposition of the government of the NWT and then the proposed Mackenzie Valley pipeline, the Indigenous people of the NWT recognized the substantial risk to their traditional way of life and the powerful protests began.

The protests made clear that Indigenous people in the NWT were not advocating for increased inclusion in the capitalist activities that were encroaching on their land. The Indigenous protest was to fight the intrusion of a new capitalist mode of production that would directly impact and, the fear was, eventually supplant the Dene way of life. It is in the words of the presenters to the Berger Inquiry that one hears this fear most plainly with continual references to the need for Indigenous people to carry on with their own traditional hunting and gathering roles as well as their communal sharing and cultural traditions.

As Coulthard explains, it became clear that the Indigenous presenters were not just describing a differing mode of production but in fact, a different mode of life. Radically different from the mode of capitalism, this Dene mode of life began with a profoundly alternative

understanding of the land and a human being's relationship with that land. Citing Vine Deloria Jr, Coulthard explains that land cannot be understood by thinking of it as a material object to be owned, possessed, traded or captured. It must be understood as a field of "relationships of things to each other" (Coulthard G. S., 2014, p. 61).

This relationship, Coulthard explains, requires that humans have "certain obligations to the land, animals, plants, and lakes in much the same way that we hold obligations to other people" (Coulthard G. S., 2014, p. 61) . Coulthard demonstrates this relationship in the words of Philip Blake, a presenter to the Berger Inquiry, where Blake states, "We have lived with the land, not tried to conquer of (sic) control it or rob it of its riches" (Coulthard G. S., 2014, p. 63).

As part of this relationship, the Indigenous people have a way of life that includes "sharing, egalitarianism, respecting the freedom and autonomy of both individuals and groups, and recognizing the obligations that one has not only to other people, but also to the natural world as a whole" (Coulthard G. S., 2014, pp. 63-64).

It is this recognition of these elements of a profoundly different mode of production from capitalism, the Dene mode of production as Michael Asch referred to it, that brings Coulthard to his conclusion that this is more than a mode of production difference, this is in fact a definitive mode of life difference. Coulthard refers to it as the Dene mode of life (Coulthard G. S., 2014, p. 65). In order to establish a just relationship with the Canadian and territorial forms of government, it would be necessary to force a recognition of this profound difference by fundamentally reassessing the colonial relationship with Canada.

The need to reassess the rights of Indigenous people in relation to the political entity of Canada is not new and has frequently been in a state of flux over the past century. While much of the past 50 years has been spent in extensive, and expensive, negotiations and the development of land claim agreements, recent Indigenous literature has begun to question the role of these

legal agreements and modern treaties and whether the need for them has been surpassed by a larger understanding of Indigenous rights within Canada (Alfred, 2009) (Simpson A. , 2014). Increasingly, expanding on key themes in the Dene Declaration, independence, self-determination, or autonomy has become central to this discussion.

Glen Coulthard argues that the current economic situation of Indigenous people in the NWT—specifically, the Yellowknives Dene—must be understood in terms of the colonial relationship in which Indigenous people find themselves in Canada. Being “recognized” within the Canadian constitutional structure is a colonialist gesture that excludes the possibility of Indigenous independence. Coulthard argues further that attempts by well-meaning outsiders to fix colonial structures through white-settler legal constructs are futile:

By ignoring or downplaying the injustice of colonial dispossession, critical theory and left political strategy not only [risk] becoming complicit in the very structures and processes of domination that [they] ought to oppose, but [they] also [risk] overlooking what could prove to be invaluable glimpses into the ethical practices and preconditions required for the construction of a more just and sustainable world order (Coulthard 2007, 12).

As Asch (2014) remarks, many if not all Indigenous people thought of the treaties they made with white settlers in the North as peace-and-friendship agreements, not documents designed to cede territory to the settlers. However, despite the objections of the Indigenous people, the federal government to the present day controls the process by which much of the land and resources are developed in the NWT.

Citing Frantz Fanon’s critique of Hegel’s master-slave argument, Coulthard demonstrates that the continued attempts of Indigenous people to be recognized as the owners of the land serve only to lock them more securely into the trap of colonial relations in Canada. Coulthard argues that the Dene Declaration was radical for its time and that the Berger Inquiry provided a powerful moment for the Dene Nation to voice their opposition to colonialism. In articulating this opposition, the Dene Nation reached out to the then recently independent nations of Africa

that were struggling to overcome the legacy of colonialism and seeking forms of economic development that would incorporate indigenous culture and values, including respect for the land and its resources (Coulthard 2007). Control over the land was and is critical: “Real community development can never take place without economic development, but economic development without full local control is only another form of imperial conquest” (cited in Coulthard 2007) (Manuel and Posluns, *The Fourth World* 85).

This new approach rejects the concept that Indigenous people must claim or in some manner, earn, their land back. Indigenous politicians, community leaders, and academics today are adopting a new approach in demanding their rights, one that is as radical as the Dene Nation’s claim to nationhood was in the 1970s. The Idle No More movement and some indigenous scholars such as Joyce Green, Glen Coulthard, Taiaiake Alfred, Leanne Simpson, and Stephanie Irlbacher-Fox are suggesting that the entire land-claims approach must be abandoned in favour of a politics of reparation, contending that tinkering with the current colonial system has accomplished little for Indigenous people.

As an academic and political researcher who has worked on a wide range of self-government and community development initiatives in the Northwest Territories for more than a decade, Irlbacher-Fox argues the current Aboriginal policy of the federal government of Canada

requires that Indigenous peoples themselves must change – that is, from being Indigenous to being Indigenous in a way that reconciles Indigenous rights, interests, and being with what conforms to the norms of the Canadian Constitution, democracy, and dominant culture. Self-government (not self-determination) is designed to achieve this (Irlbacher-Fox, 2009, p. 3).

By not acknowledging the continuation of the social suffering faced by Indigenous people in Canada, the federal government limits its Indigenous policy to statements addressing historical injustices, rather than current ones.

self-government negotiations marginalize and exclude Indigenous peoples' experiences and aspirations, to the point where the agreements reached do not represent a form of self-determination but rather another iteration of colonization and forced dependence (Irlbacher-Fox, 2009, p. 5).

The solution, she argues, is in the Indigenous resurgence movement, where scholars such as herself (Irlbacher-Fox, 2009), Coulthard (2007), and Taiaiake Alfred (2009), have pointed out the failures of the indigenization/assimilation process through self-government and land claims.

Alfred argues that there are currently two approaches for Indigenous leaders in Canada: one of assimilation based on colonial powers and institutions and the other of indigenous nationhood (Alfred, 2009, p. 122). Alfred is critical not only of the federal government but also of the participation by "native elites" in these efforts as a form of cooption of Indigenous leaders rather than a sign of progress towards Indigenous independence. Alfred is sympathetic to the difficult choices facing native leaders in communities, but he maintains that immediate gratification through jobs or resource royalties must be forgone in order to move forward on an Indigenous path (Alfred, 2009, p. 121).

Within this framework of indigenous resurgence, land claims are seen as a tool of compromise that fails to address Indigenous sovereignty:

To argue on behalf of indigenous nationhood within the dominant Western paradigm is self-defeating. To frame the struggle to achieve justice in terms of indigenous "claims" against the state is implicitly to accept the fiction of state sovereignty. Indigenous peoples are by definition the original inhabitants of the land. They had complex societies and systems of government. And they never gave consent to European ownership of territory or the establishment of European sovereignty over them... (Alfred, 2009, p. 82)

While it is certainly beyond the scope of this paper, there does need to be some recognition that if Indigenous people in the NWT should not be bound by continual resource development there must be some other source of funding provided. Staples theory and its related applications have attempted to source funding through a variety of linkages, including jobs,

small-scale manufacturing and resource royalties. However, the myopic use of the staples theory approach to source most support for Indigenous peoples from resource extraction activities on their own territories has distanced Canada and the NWT from alternative methods of providing funds to Indigenous people in compensation for the harms done by internal colonialism for centuries.

In Alfred's view, reconciliation is a start towards the acknowledgement of the injustices dealt by the white settler community. However, it does not go far enough. "The complete ignorance of Canadian society about the facts of their relationship with Indigenous peoples and the wilful denial of historical reality by Canadians detracts from the possibility of any meaningful discussion on true reconciliation" (Alfred, 2012, p. 165). Alfred states that reconciliation is "...an emasculating concept, weak-kneed and easily accepting of half-hearted measures..." (Alfred, 2012, p. 165). In order to truly acknowledge the past, to accept what was done in the name of the white settler country and the harm that was inflicted on Indigenous people in Canada, any attempt to "reconcile with colonialism" must be abandoned. In its place, what is needed now is restitution:

Without massive restitution made to Indigenous peoples, collectively and as individuals, including land, transfers of federal and provincial funds, and other forms of compensation for past harms and continuing injustices committed against the land and Indigenous peoples, reconciliation will permanently absolve colonial injustices and is itself a further injustice (Alfred, 2012, p. 165).

As Alfred states, restitution is not an effort to develop white settler guilt, nor is it an attempt to force white settlers to 'give it back'. It is however an attempt to shift the discussion from fitting into the colonial system towards a more radical concept of restoring Indigenous people to their legacy in this country. "When I speak of restitution, I am speaking of restoring ourselves as peoples, our spiritual power, dignity, and the economic bases for our autonomy"

(Alfred, 2012, p. 166). This concept moves beyond the current realm of seeking justice through the white settler framework of politics and economy.

Audra Simpson has outlined an approach that steps outside the current models of First Nations relations with the government. Rather than continuing with ‘politics of reconciliation’ or ‘politics of recognition’, which she suggests, merely “salve the wounds of settler colonialism”, Simpson suggests that a ‘politics of refusal’ is required in order to fundamentally re-address the establishment of colonial capitalist culture in Canada (Simpson A. , 2014, p. 20). This politics of refusal is demonstrated in Simpson’s book by the Kahnawa’kehro:non Mohawks who are rejecting the concept of being recognized and instead insist on seeing themselves as sovereign, with or without the formal recognition of another state, such as Canada or the United States:

Contorting oneself in a fundamental space of misrecognition is not just about subject formation; it is about historical formation. And by refusing to agree to these terms and to be eliminated Mohawks are asserting *actual* histories and thus legislating interpretive possibilities in contestation- interpretations of treaty, possibilities of movement, electoral practices – not only individual *selves*. These are contesting systems of legitimacy and acknowledgement. The events of refusal we have seen in this introduction enunciate, in Pierre Bourdieu’s sense, several processes. Most evident among these processes and accounts is their ability to signal Indigeneity and couple it with sovereignty (Simpson A. , 2014, pp. 22-23).

This politics of refusal may or may not be a new methodology that provides a differing choice from the current colonial recognition realm in Canada. Whether Indigenous people in the NWT consider it a viable option is unknown. It may be past time for a new political paradigm that echoes back to the original Dene call to action issued in the 1970s. For it would appear, based on the political and economic history to date, that only a new system with complete control over the land vested to the Dene would allow Indigenous people to develop in a manner more in keeping with the original Indigenous political economy, the Dene mode of life.

Chapter 6

Conclusion

A review of economic development in the Northwest Territories based on staples theory may be able to identify the colonial policies that have created a “staples trap” economy in the region. This theory can be used to review the central focus of the federal and territorial government on natural resource extraction and the lack of permanent and appropriate fiscal linkages to help build a domestic economy. Staples theory can also be used in conjunction with dependency theory to examine the colonialist role in ‘underdeveloping’ the North and its Indigenous communities. Finally, it has more recently been used to identify linkages or “structural rigidities” that have caused not only a staples trap but an environmental “carbon trap”. Staples theory has been extraordinarily useful in outlining the past development of a western-based capitalist economy and its economic linkages in the Northwest Territories.

However, its application to Indigenous economic development indicates the deficiencies of this model. Based as it is on a colonial model of white settler rule and land property, staples theory must be abandoned as a methodology for the analysis of the current political and economic situation in the North, particularly for Indigenous people. The methods proposed for altering a staples trap involve either the option of more-of-the-same resource extraction activities albeit with better economic linkages into the domestic economy or in the use of fiscal linkages, such as resource royalties, to build up colonial institutions of political control and land claims and a western economy based on non-renewable and renewable resources.

A better approach for an analysis of the political economy of the North would start with the focus on the original Indigenous mode of production. This approach would acknowledge the substantial benefits of an economy that sustained generations of Indigenous people, in a model

that emphasized harvesting from the land sustainably, and community sharing of tools and resources within a traditional Indigenous cultural environment. The analysis follows the approach of settlers and their mode of production, capitalism, and the significant effects and impacts this would have on the Indigenous way of life. The establishment of colonialism, new wildlife and fishing laws, treaties and land claims are all examined as part of the accumulation by dispossession process. The substantial resistance to this process is recognized as a critical fight to counter the imposition of the mode of capitalism onto an Indigenous region and to develop a new form of economy that will allow for the continuance of the original Indigenous economy.

This thesis has examined numerous ways in which this staples approach has not worked for the benefit of Indigenous people in the NWT. Further examination in the face of environmental disaster from climate change provides another example of the requirement to rethink the economy. The linkage approach and the practical imperative this places on utilizing ever-increasing sources of raw materials from the land is fundamentally unsustainable. Non-renewable resources such as oil and gas cannot continue to be the main source of revenue for the NWT as it contributes to climate change and the consequences which are felt keenly in the North.

It is necessary to re-think the potential of economic development through a traditional staples theory approach of analyzing an economy through a lens of economic linkages or the lack thereof. This approach simply encourages the continued resource extraction model that would lead to further damage to the current environment and the release of greenhouse gasses that threatens us all. Even Watkins himself, in the context of climate change, questions the role of linkages in staples theory and asks whether there has been too much emphasis on this aspect of growth in the country's economy, at the expense of the environment (Watkins, 2014).

As we have seen above, Gordon Laxer, a stalwart defender of staples theory also now questions this theory of development:

It's hard to beat its explanatory power regarding how Alberta Sands oil got to be Canada's latest staple, impeding broader development. But with its Keynesian, consumptionist premises, the staples theory (in that original incarnation) can also be an intellectual trap, that hinders our transition to a low carbon future (Laxer, 2013, p. 57).

It is now clear that new options are needed to lead the way forward. Those new options are going to need to be fundamentally different from current paradigms. In the words of climate change activist, Naomi Klein:

Fundamentally, the task is to articulate not just an alternative set of policy proposals but an alternative worldview to rival the one at the heart of the ecological crisis-embedded in interdependence rather than hyper-individualism, reciprocity rather than dominance, and cooperation rather than hierarchy (Klein, 2014, p. 462).

In order to move beyond a staples approach it will be necessary to not only view the history of the NWT through an alternative lens that recognizes the accumulation by dispossession but also by a new relationship developed by Indigenous people. This lens would use a Marxist analysis to examine the process by which the capitalist mode of production has been imposed on regions of Canada and the profound ability of the Indigenous people to radically oppose this imposition and continue, against all obstacles, to maintain and grow the Dene mode of life.

This will require the development of a new Canadian grown form of political economy. One that is grounded in a fundamentally different understanding of the land, the relationships between it and Indigenous people, and the need for all Canadians to accept a new framework that can address not only the injustices faced by the original people of the land but also the critical need for environmental solutions. It would appear that these two elements could be combined

into an approach that would significantly benefit both Indigenous people and white settlers as well.

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