ECONOMIC PORTRAIT OF NUNAVIK 2003

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Highlights

Nunavik's economy had the following main characteristics in 2003:

Expenditures

- Nunavik's Gross Domestic Product was $290 million, namely $29,000 per inhabitant, 15% less than Québec's GDP per inhabitant.
- Public expenditures occupied a greater place in the composition of the GDP than did personal expenses. The opposite was true for Québec as a whole.
- Public expenditures were greater per inhabitant in Nunavik ($25,000) than in Québec ($8,000).
- Large-scale imports were much greater than exports. In Québec, imports and exports were roughly the same.

Revenue

- Regional revenue was mostly made up of earnings (77% of the regional revenue, as opposed to 54% in Québec).
- The profits of corporations held a much less important place than did earnings in the composition of the region's GDP (9%, as compared to 40% in Québec).
- Globally, the remuneration of the Inuit (55%) was greater than that of non-Aboriginals (45%); but did not correspond to their proportion in the population (± 90%) and even less to their proportion in the active population.
- Personal income ($27,400) and disposable personal income per inhabitant (after income tax, $22,700) were almost identical in comparison with Québec.
- Transfer payments to individuals were less important per inhabitant in Nunavik ($3,063) than in Québec ($4,278).
- Transfers from corporations to individuals were less important per inhabitant in Nunavik ($1,722) than in Québec ($3 619).

Industrial structure

- The primary sector was much more important in Nunavik (20%) than in Québec (2%) and was based on mining exploration and mining activities.
- The secondary sector was much less important in Nunavik (4%) than in Québec (27%) and was based on construction.
- The tertiary sector was just as important in Nunavik (77%) as it was in Québec (73%). However, the public administration played a much greater role in Nunavik (53% of all economic activity, as compared to 20% in Québec).

Public expenditures

- Public administrations spent $325 million.
- 80% of these sums went to day-to-day expenditures for good ands services.
- 11% of these sums went to investments.
- 10% of these sums were allocated for transfer payments to individuals.
- Regional and local administrations were responsible for 45% of these expenditures.
- The provincial administration was responsible for 42% of these sums.
- The federal administration was responsible for 13% of these sums.

Between 1983 and 2003, the main changes in Nunavik's economy were as follows:

Expenditures

- Personal expenses per inhabitant in Nunavik were still below those of Québec, and the gap between the two declined from 20% in 1983 to 11% in 2003.
- Public expenditures per inhabitant in Nunavik continued to be greater than those of Québec, and the gap grew from 63% in 1983 to 69% in 2003.
- Public expenditures fell between 1991 and 1998 in a more marked manner in Nunavik (14%) than in Québec (6%).
- Personal expenses fell between 1991 and1998 in Nunavik by 10%, whereas they increased in Québec by 14%.
- Imports dropped off sharply beginning in 1998 and in 2003; they still had not reached the level of 1991. Imports remained much more stable in Québec.
- Exports fell sharply beginning in 1991 and in 2003, they still had not reached the level of 1983. They remained much more stable in Québec.

Revenue

- The progression of earnings between 1983 and 2003 was greater in Nunavik (170%) than in Québec (128%). This progression slowed significantly in 1998.
- The Inuit began to receive 50% or more of salaries between 1991 and 1998.
- The average remuneration of the Inuit would continue to be less than that of non-Aboriginals.

Industrial structure

- The primary sector underwent major variations between 1983 and 2003, related to the exploitation of mining resources, which declined towards 1991. This sector was much more stable in Québec.
- The secondary sector experienced major variations between 1983 and 2003, linked to construction activities, which dropped off sharply after 1991. This sector was much more stable in Québec.
- The tertiary sector witnessed variations between 1983 and 2003, mainly related to variations in public expenditures and public investments.

Public expenditures

- Real public expenditures rose between 1983 and 2003, but fell in 1998.
- Real public expenditures per inhabitant rose between 1983 and 2003. They declined in 1998 below the level of 1983, which they barely caught up to in 2003.
- Real federal expenditures fell between 1983 and 1998, only to improve in 2003 without, however, reaching the level of 1983. Real federal expenditures per inhabitant were lower in 2003 in comparison with 1983.
- Real provincial expenditures rose between 1983 and 2003, except in 1998. Real provincial expenditures per inhabitant were slightly higher in 2003 as compared to 1983.
- The real expenditures of regional and local public administrations increased between 1983 and 2003. These expenditures per inhabitant witnessed declines in 1998.

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Acronyms used

CIÉRA	Centre interuniversitaire d'études et de recherches autochtones
CPE	Childcare centre
KSB	Kativik School Board
FCNQ	Fédération des coopératives du Nouveau-Québec
ISQ	Institut de la statistique du Québec
KRG	Kativik Regional Government
MAMR	Ministère des Affaires municipales et des Régions
SAM	Social accounting matrix
GDP	Gross Domestic Product
RRSSSN	Nunavik Regional Health and Social Services Board
SAA	Secrétariat aux affaires autochtones

Introduction

The objective of this report is to draw a portrait of Nunavik's economy. This characterization will make it possible to better understand the state and the structure of Nunavik's economy, its evolution over the last twenty years and to identify similarities and differences in relation to Québec's economy.

The availability of regional statistics has grown significantly over the last decade. Indeed, the web site of the Institut de la statistique du Québec[1] presents large amounts of demographic, economic and social information for the Kativik region. Nevertheless, these data do not allow researchers to establish a comprehensive economic portrait of the region. What is more, the methods used to regionalize the official statistics of the province are not always the most appropriate for evaluating the economic activity of a region where a large portion of the workers are non-residents.

Moreover, given the relatively small size of Nunavik's economy in relation to that of Québec as a whole and the confidentiality rules to which statistical institutes are subject, some information is simply not available at the regional level. Consequently, the drawing of a valid economic portrait requires a prior collection of data on the activities of establishments working in the region.

This report adopts a non-technical approach in order to describe the method used and the results obtained making it possible to take stock of the characteristics of Nunavik's economy.

[1] http://www.stat.gouv.qc.ca/

1. Approach for a portrait of the regional economy

1.1 A social accounting matrix[2]

A social accounting matrix (SAM) is a table representing the cash flows between the various economic agents of a region for a given period. The SAM is a table made up of squares, and each agent is represented by a line expressing this agent's revenue and a column presenting his expenditures. The SAM is balanced, namely the total revenue of an agent is equal to his expenditures. Table 1 presents a simplified example of the SAM.

The foundation of a SAM is generally based on receipt-disbursement tables, which show the links between production activities, the goods and services that they produce, and the agents who consume them. In the example of Table 1, this information corresponds to the "Production Activity" line and column. In addition to the information found in the receipt-disbursement tables, a SAM presents the links that exist between the remuneration of the production factors, namely work and capital, and the agents who receive this revenue, namely individuals, enterprises and public administrations, as well as all of the transfers between institutions. In our example, this information is found in the "Work" and "Households" lines and columns.

The usefulness of a SAM is manifold. First of all, this matrix makes it possible to represent in a coherent framework a host of statistical and economic information. This information allows users to trace the size of the economy, the structure of production, of consumption, the sources of revenue of agents, etc. This way of representing a region's economy also permits the comparison with similar tables built for other regions, for Québec and for Canada as a whole. The SAM is thus a comprehensive, coherent and comparable portrait.

[2] For comprehensive documentation on SAMs, see Pyatt, G. & J. I. Round (1977)

Table 1
Simplified Social Accounting Matrix

	Work	**Households**	**Production activities**	**TOTAL**
Work			Remuneration of workers	Total remuneration of workers
Households	Income of households from work			Total income of households
Production activities		Consumption of households	Purchases of goods and services used in production	Total sales of production activities
TOTAL	Total remuneration	Total expenditures of households	Operating expenses of production activities	

1.2 Social Accounting Matrices of Nunavik

The first Social Accounting Matrix (SAM) for Nunavik, created for 1983 (Duhaime 1987), made it possible to characterize the region's economic situation. This portrait helped bring to light certain characteristic traits of the region including: the predominance of government activity in the regional economy, massive imports and the very limited participation of the private sector. Since then, three updates of the SAM have been carried out. The first update dealt with the data of 1991 (Robichaud 1994), the second with those of 1998 (Robichaud et al. 2001); the one presented here is based on the data of 2003, the most comprehensive data available at the time the work was begun. This series of portraits for Nunavik will allow us to trace the evolution of the regional economy over the last twenty years and to identify the trends.

2. Method

The following paragraphs briefly present the data sources that were used and the main stages in the preparation of the economic portrait of Nunavik[3].

2.1 Information sources

The construction of a SAM is based on assumptions and adjustments to ensure coherency between the various data sources. Similarly, and unlike in the case of national SAMs, there are no macroeconomic indicators that would allow us to set guidelines for the totals that should be obtained. The only official information for the region is that of the Institut de la statistique du Québec and, as was mentioned, the concepts behind these data differ from those that we are attempting to represent here. The construction of the SAM of Nunavik therefore entailed collecting data mainly in those establishments active in Nunavik's economy, then harmonizing everything.

2.1.1 Public Administrations

The expenditures and transfers of provincial, regional and municipal public administrations were taken from the publications of various organizations. Each year, the Government of Québec publishes a description of its expenditures (SAA 2004 and 2005), as does the Kativik Regional Government (KRG 2004). The annual reports of the Kativik Regional Government also

[3] More elaborate descriptions of the construction stages are available in Robichaud, Duhaime & Fréchette (2001); Duhaime, Fréchette & Robichaud (1999, 1998); Robichaud (1994); Duhaime (1987). Readers can also get in touch with the authors for additional information at vrob@videotron.ca or Gerard.Duhaime@soc.ulaval.ca.

contain a wealth of data on the government programs offered in the region. These two information sources made it possible to trace almost all of the data concerning public administrations in Nunavik.

Moreover, other regional organizations publish annual reports, from which other information was obtained. The web site of the Nunavik Regional Health and Social Services Board presents the annual reports of the organization whereas the Ministère de l'Éducation, du Loisir et du Sport provided the annual report of the Kativik School Board.

As the federal government no longer publishes documents bringing together all of its expenditures in the region, the data provided by the Secrétariat aux affaires autochtones and the Kativik Regional Government were used to complement the missing information. Similarly, the receipts and expenditures of municipal administrations (Ministère des Affaires municipales et des Régions 2004) were adjusted to reflect the data published by the Secrétariat aux affaires autochtones and the Kativik Regional Government.

2.1.2 Private enterprises

Unfortunately, there is very little public information for private enterprises. The Fédération des coopératives du Nouveau-Québec sent us the annual reports for each of the cooperatives as well as for the federation. We found this information useful for evaluating the commercial sector.

Moreover, Xstrata Nickel was able to share an information sheet for the Raglan Mine (Falconbridge 2006) and the Kativik Regional Government provided us with aggregate information for certain activity sectors. Finally, the annual reports of Makivik Corporation yielded some information on the activities of the corporation and its subsidiaries. Nevertheless, these three information sources did not allow us to trace all the data required to draw the economic portrait, so we made certain estimates based on different complementary sources.

2.1.3 Other data sources

The 2005 *Job Survey* of the Kativik Regional Government (KRG 2006) was useful both for estimating the missing data by activity sector and for breaking down earnings between Aboriginal and non-Aboriginal workers. Since this report deals with jobs in 2005, we used the labour force survey (Statistics Canada 2006) to evaluate the number of sectorial jobs in 2003. Finally, the receipt and disbursement table for Québec (Martin and Nguyen 2004) was used to distribute the total operating expenditures of certain sectors of the SAM; the components of personal income (Institut de la statistique du Québec 2006) were used to estimate the contribution to social insurance plans.

2.2 Harmonization of data

As different data sources are used and as they occasionally present contradictory data, we chose the information sources that would be favoured. We gave priority to more comprehensive information sources over those presenting fragmentary data, and preferred those dealing with 2003 over those whose financial year does not correspond to the calendar year. Moreover, for those organizations whose financial year differs from the calendar year, we evaluated the value of 2003 in proportion to the number of months of 2003 in the financial year in

the case where information was available for several financial years.

2.3 Validity of data

The disaggregated SAM of Nunavik is presented in Appendix 3. We used a colour code for the data to indicate their validity. Data in black, which generally are taken directly from official documents, have the greatest validity. Data in blue are the result of estimates made from previous data and may be considered valid. Finally, data in red were calculated residually to balance the SAM while taking into account the distribution of previous years. It should be noted that generally speaking while the results obtained by activity sector may be hard to qualify from a validity standpoint, the totals remain valid. We have included in an appendix the aggregate SAM (Appendix 2), which is accompanied with a commented version (Appendix 1) to allow readers to grasp the meaning of the data.

3. Nunavik's economy in 2003

3.1 Expenditures

The domestic product may be calculated according to several different methods, which we will present here one after another. Calculated according to the expenditure method, the domestic product of Nunavik totaled some $290 million in 2003 (Table 2). It represents $29,000 per inhabitant, which is $5,000 or 15% below the GDP of Québec for that same year (Table 2).

The breakdown of the expenditures reveals two remarkable characteristics of Nunavik's economy. First, public expenditures for goods and services largely exceed personal expenditures. This situation is very different from that of Québec where public expenditures are three times less than personal expenditures. Public expenditures reach over $25,000 per inhabitant in Nunavik, in comparison with less than $8,000 in Québec.

Nunavik is characterized by the preponderant place that the public administration holds in the economy; this has been observed several times in the past and will be confirmed in the analyses that follow.

Next, there is a major imbalance between exports and imports. In Québec, exports and imports are practically at an equivalent level. But in Nunavik, exports are four times less important than imports.

The main component of exports from Nunavik is made up of the ore extracted from the Raglan Mine. This ore is shipped to the Port of Québec where it is transshipped and then sent to Europe where it is processed. As for the considerable imports to Nunavik, they are mainly made up of two components. They involve common consumption goods in the form of imported products, as well as the goods and services

required for the production of enterprises such as building materials, fuels, and so on. These goods are imported into Nunavik on a massive scale, since the region does not produce them itself (see Appendix 3).

Thus, Nunavik's economy is characterized by massive imports creating a net imbalance in relation to its exports.

Table 2
Gross Domestic Product (GDP) according to the expenditure method, Nunavik and Québec, 2003
(Current dollars, per capita current dollars and %)

	Nunavik			Québec		
	Thousands of current $	per capita	%	Millions of current $	per capita	%
Personal expenditures for consumption goods and services	183 631,4	18 120	63,2	149 722	20 049	59,7
Public expenditures for goods and services	257 092,0	25 369	88,5	57 257	7 667	22,8
Gross formation of fixed capital and variation of stocks	32 847,5	3 241	11,3	45 929	6 150	18,3
Exports	61 340,2	6 053	21,1	134 737	18 043	53,8
Imports	-244 322,5	-24 109	-84,1	-136 940	-18 338	-54,6
Statistical discrepancy				-79		
GDP at market price	**290 588,6**	**28 675**	**100,0**	**250 626**	**33 572**	**100,0**

Chart 1
Gross Domestic Product (GDP) according to the expenditure method, Nunavik 2003
(Per capita dollars)

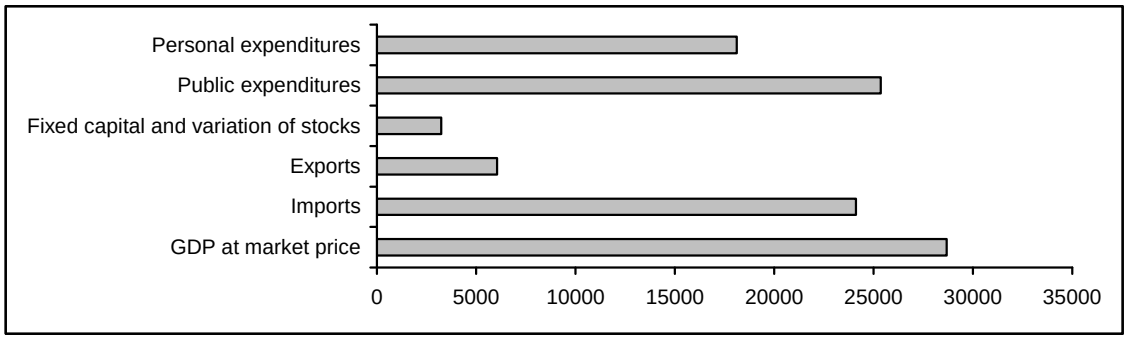
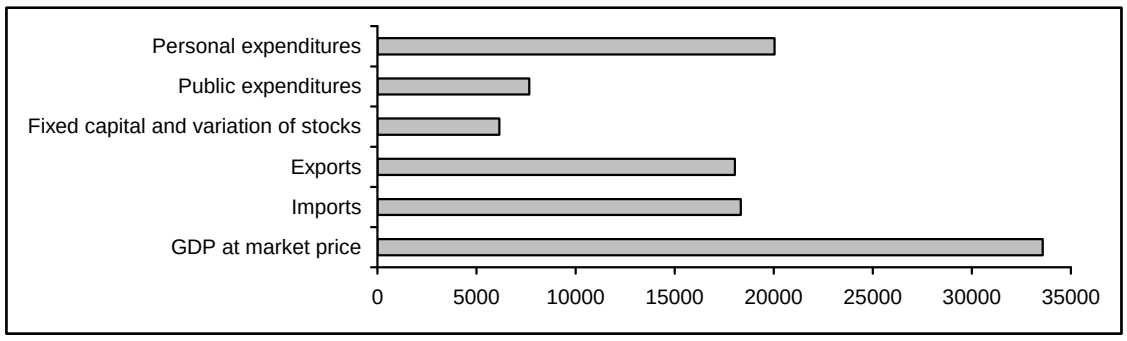


Chart 2
Gross Domestic Product (GDP) according to the expenditure method, Québec 2003
(Per capita dollars)



3.2 Revenue

The breakdown of revenue also reveals some remarkable characteristics of Nunavik's economy (Table 3).

First, there is a regional imbalance between the remuneration of employees and the profits of corporations. In Nunavik, the remuneration of employees is by far the most important component of revenue, for it represents 77% thereof. In Québec, it represents 54%.

Conversely, in Nunavik, the profits of corporations represent a much less important fraction of revenue, reaching a mere 9%. In Québec, this fraction totals 40%.

It is hard to explain the result obtained by the corporations of Nunavik without making an in-depth examination, something we are unable to do here. However, the level of remuneration may be explained by the progression of salaried work in recent decades, following the growth of the various branches of economic activity. We will examine this question in section 4.

Moreover, the breakdown of revenue reveals that Aboriginal employees collectively receive a slightly higher remuneration than that of non-Aboriginals. Indeed, Aboriginal employees obtain approximately 54% of the remuneration. This proportion is surprising, since Aboriginals continue to represent some 90% of the population as a whole, and a large majority of the labour force, likely about 80%. This result would thus indicate that the relative position of non-Aboriginals in Nunavik's labour market continues to be advantageous: they have a slightly higher average remuneration, associated with the professional qualifications required for the positions which they hold and with the benefits granted by employers in the form of isolated post allowances and transportation allowances.

The analysis of Nunavik's economy by revenue reveals three new characteristics: the importance of remuneration in the composition of revenue (in comparison with that of the profits of corporations); the importance of the remuneration earned by Aboriginals; the relatively advantageous position of non-Aboriginals from a remuneration standpoint in relation to their weight in the labour force.

Table 3
Gross Domestic Product (GDP) according to the revenue method, Nunavik and Québec, 2003

(Current dollars, per capita current dollars and %)

	Nunavik			Québec		
	Thousands of $	per capita $	%	Millions of $	per capita $	%
Remuneration of employees	224 156,4	22 119	77,1	134 372,0	17 994	53,6
Profits of corporations and rents	26 696,8	2 634	9,2	98 279,0	13 161	39,2
Net domestic revenue at the cost of factors	**250 853,2**	**24 754**	**86,3**	**232 651,0**	**31 154**	**92,8**
Net indirect taxes	39 735,4	3 921	13,7	17 895,0	2 396	7,1
Statistical discrepancy				80,0		
GDP at market price	**290 588,6**	**28 675**	**100,0**	**250 626,0**	**33 551**	**100,0**

Chart 3
Gross Domestic Product (GDP) according to the revenue method, Nunavik, 2003
(Per capita dollars and %)

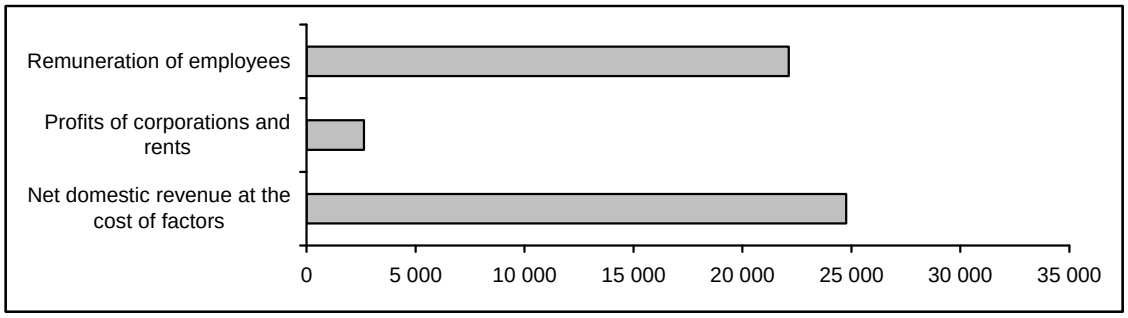
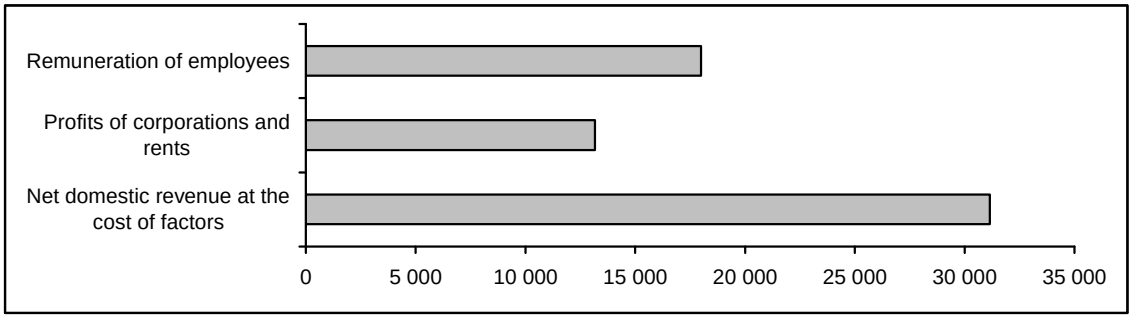


Chart 4
Gross Domestic Product (GDP) according to the revenue method, Québec, 2003
(Per capita dollars and %)



3.3 Personal income

Personal income is slightly lower in Nunavik than in Québec. Moreover, its components are also lower in relation to the same components in Québec (Table 4).

In Nunavik, personal income per inhabitant is 2% lower than personal income in Québec. Transfer payments from public administrations to individuals, per inhabitant, are close to 30% lower in Nunavik. Transfers from corporations to individuals, per inhabitant, are 50% lower in Nunavik.

However, disposable personal income is slightly higher in Nunavik in relation to Québec, for it exceeds the latter by some 5%. This situation is attributable to the fact that the direct personal income tax per inhabitant of Nunavik is lower than that of Québec.

All these differences suggest that overall, the compared personal incomes of Nunavik and Québec present several similarities. Indeed, the differences are small, and when they are greater, they could be attributable to the inaccuracies associated with calculations per inhabitant rather than actual differences in situation.

Indeed, the population structure of Nunavik and that of Québec are very different. For example, Nunavik has a high proportion of young people who are not yet part of the labour force, an aspect that is not taken into account in the calculations by inhabitant. This type of nuance prevents us from evaluating here if the differences identified using this calculation indicate actual differences in situation. Only a more in-depth analysis of personal income would allow us to evaluate the situation more accurately.

Table 4

Net domestic revenue at the cost of factors, personal income, disposable personal income and personal savings, Nunavik and Québec, 2003

(Current dollars)

		Nunavik		Québec	
		Thousands of $	per capita $	Millions of $	per capita $
	Net domestic revenue at the cost of factors	**250 853,2**	**24 753,6**	**200 556,0**	**26 856,4**
+	Transfers from public administrations to individuals, equipment subsidies and current transfers from non-residents to individuals:	31 040,1	3 063,0	31 944,0	4 278,0
+	Transfers from corporations to individuals:	17 446,0	1 722,0	27 026,0	3 619,0
-	Profits and other investment income including adjustment to the value of stocks:	21 883,2		51 242,0	
	Personal income	**277 456,1**	**27 378,7**	**208 284,0**	**27 891,3**
-	Direct personal income tax:	47 868,4	4 723,5	49 031,0	6 565,7
	Disposable personal income	**229 587,7**	**22 655,2**	**159 253,0**	**21 325,6**
-	Personal expenditures for consumption goods and services:	183 631,4		149 722,0	
-	Current transfers to non-residents	37 310,8		2 845,0	
	Personal savings	8 645,5	853,1	6 686,0	895,3

Chart 5
Net domestic revenue at the cost of factors, personal income, direct personal income tax and disposable personal income, Nunavik, 2003
(Per capita dollars)

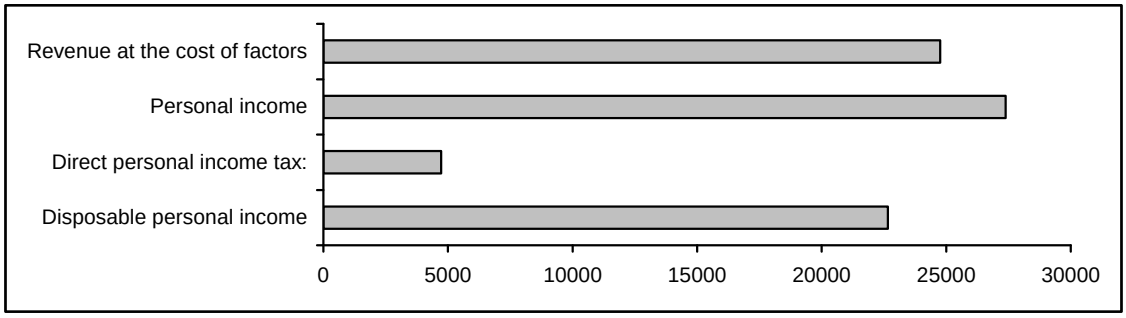
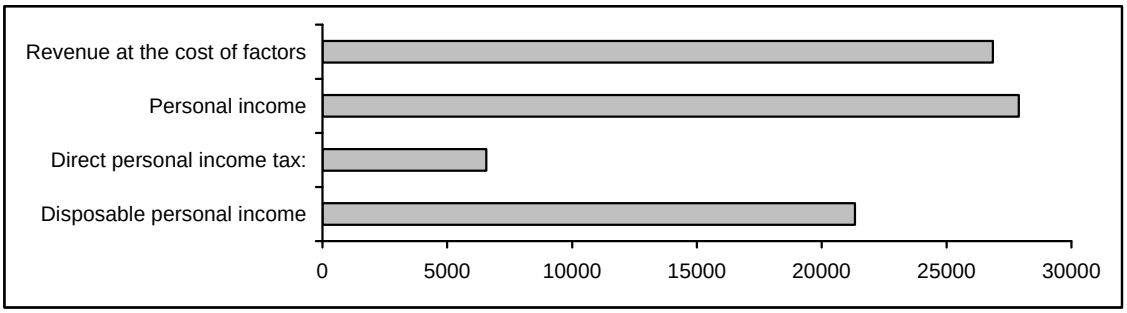


Chart 6
Net domestic revenue at the cost of factors, personal income, direct personal income tax and disposable personal income, Québec, 2003
(Per capita dollars)



3.4 Industrial distribution of the economy

Finally, the domestic product can be calculated according to the branches of economic activity. These calculations allow researchers to assess the value of production in Nunavik by taking into account the diversity of activities rather than the revenue and expenditures of economic agents (Table 5).

According to this method, the breakdown of the domestic product reveals major differences in the structure of Nunavik's economy in comparison with that of Québec.

In Nunavik, the primary sector represents 20% of all economic activity, whereas it represents only 2% of all economic activity of Québec. This situation may be explained by the fact that the industrial exploitation of mineral resources of Nunavik takes place at a scale that is out of proportion to the rest of Nunavik's economy. Indeed, mining exploitation and exploration activities alone represent 19% of the entire regional economy, which makes them a major industry, after the public administration.

The situation is the opposite in the case of the secondary sector. Indeed, it represents a mere 4% of Nunavik's economy, whereas it accounts for more than 27% of Québec's economy. This situation may be explained by the fact that the manufacturing industry, although it exists in Nunavik, does not have a large number of establishments or big establishments. Hence, it is a sector that has not developed much and that is not very diversified. That does not mean to say that there is no manufacturing production in Nunavik; however, it is limited in size in comparison with that of Québec.

Finally, the tertiary sector represents more than 7% of all economic activity in Nunavik as is the case in Québec. This strong tertiarization common to both economies does, however, conceal major structural differences. The tertiary sector is diversified in Québec. Whereas the public administration is the most important tertiary industry in Québec, representing 19.5% of all economic activity, other industries, such as services and finance, are of fairly comparable size.

In Nunavik, the tertiary sector is highly structured by the public administration which alone represents 53% of all regional economic activity. It exceeds by far all other industrial branches. Only the transportation, commerce and services branches have proportions that are somewhat similar to the proportions of Québec's economy.

Why do these structural differences exist? They reveal economies that are not at the same stage of development or whose development is not centered on similar industries or agents. We will come back to these interpretations in the following section where we will examine the trends noted in these economies over the last twenty years.

Table 5
Gross Domestic Product (GDP) at the cost of factors by activity, Nunavik and Québec, 2003
(Current dollars, and %)

	Nunavik		Québec	
	Thousands of $	%	Millions of $	%
Agriculture		0,0	2 814,9	1,2
Forests		0,0	1 398,2	0,6
Hunting and fishing	1 981,1	0,8	96,5	0,0
Mines	46 950,5	18,7	1 383,8	0,6
Manufacturing industry	868,1	0,3	46 455,0	20,0
Construction	9 011,6	3,6	11 884,6	5,1
Transportation	18 313,7	7,3	9 802,7	4,2
Communication	1 388,6	0,6	11 560,2	5,0
Electricity, gas and water	2 249,6	0,9	9 997,1	4,3
Commerce	17 983,4	7,2	26 186,5	11,3
Finance and real estate	1 331,1	0,5	38 300,5	16,5
Public administration	134 036,5	53,4	45 463,7	19,5
Services	16 739,0	6,7	27 385,7	11,8
GDP at the cost of factors	**250 853,2**	**100,0**	**232 729,4**	**100,0**

Chart 7
Gross Domestic Product (GDP) at the cost of factors by activity, Nunavik, 2003
(%)

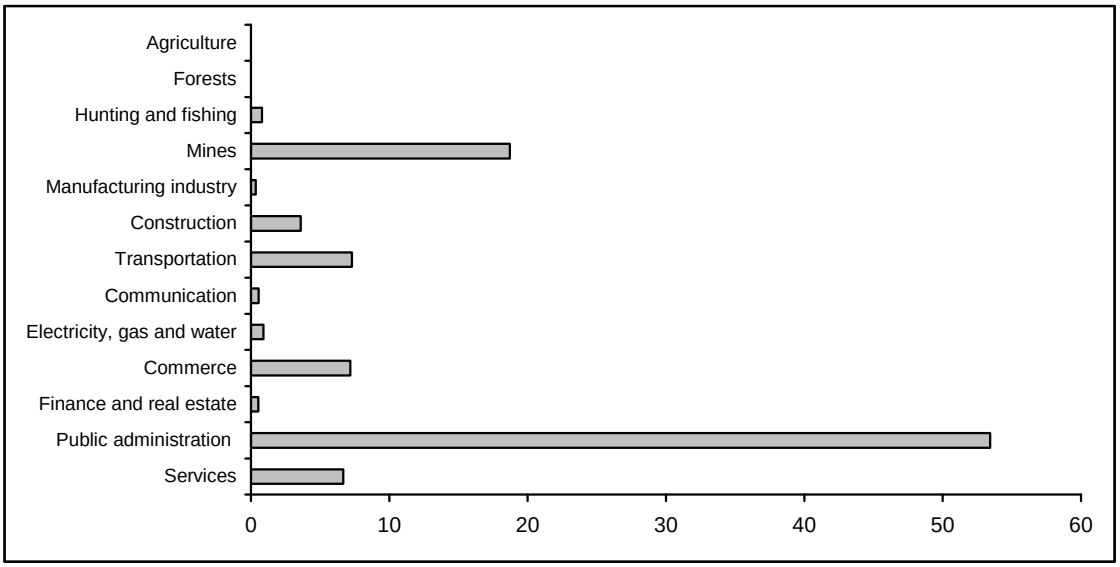
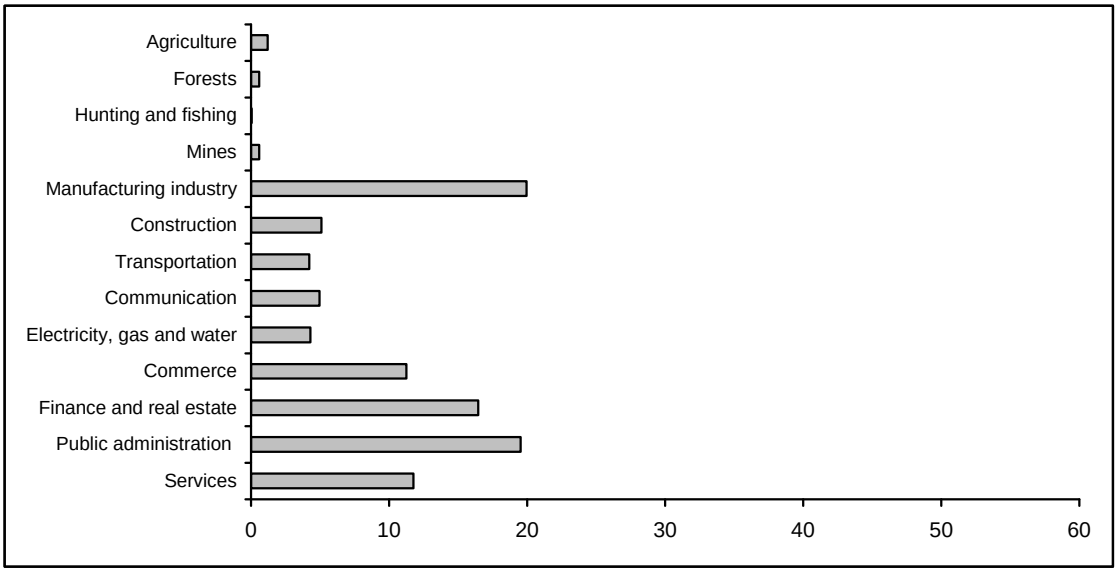


Chart 8
Gross Domestic Product (GDP) at the cost of factors by activity, Québec, 2003
(%)



3.5 Expenditures of public administrations

The key role played by the public administration is such that we propose a more in-depth examination of this administration, made possible by the SAM (Appendix 3).

Globally, public administrations spend $325 million for Nunavik, this without counting the transfers between the various levels of government (Table 6). Close to 80% of these sums are used for day-to-day expenditures to obtain goods and services, and the latter exceed total personal expenditures for goods and services, as we saw in Table 2. This injection of public funds in Nunavik's economy plays a central role, because it alone represents the equivalent of the domestic revenue.

Investment accounts for some 11% of public expenditures. Finally, transfer payments to individuals represent 10% of all public expenditures and consist of various benefits (employment insurance, old age pensions, etc.). Grants paid to enterprises of Nunavik represent less than 1% of public expenditures.

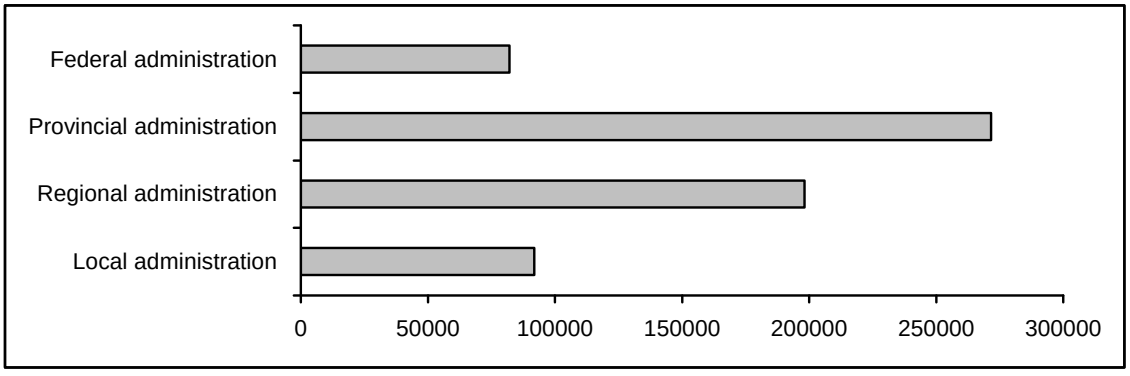
In other words, the public administration plays a major role in the regional economy, mainly because it participates in the general economy of Nunavik by paying salaries and purchasing goods and services, in addition to supporting their consumption.

The provincial administration alone accounts for 42% of public expenditures. Taken together, regional and local administrations assume 45% of expenditures. Finally, the federal administration contributes close to 13% of all expenditures. This situation reflects the importance that the provincial level and the regional level have taken on since the signing of the James Bay and Northern Québec Agreement, which we will see later.

Table 6
Breakdown of the expenditures of public administrations, Nunavik, 2003
(Current dollars)

	Thousands $
Public administrations (net of transfers between levels)	**325 264,1**
public expenditures for goods and services	257 092,0
gross formation of fixed capital	36 803,3
transfers to individuals	31 040,1
transfers to businesses	328,7
Federal administration	**82 051,7**
public expenditures for goods and services	0,0
gross formation of fixed capital	0,0
transfers to individuals	12 781,7
transfers to businesses	0,0
transfers to public administrations	69 270,0
Provincial administration	**271 623,4**
public expenditures for goods and services	8 489,5
gross formation of fixed capital	15 657,6
transfers to individuals	16 770,5
transfers to businesses	48,8
transfers to public administrations	230 657,0
Regional administration	**198 218,7**
public expenditures for goods and services	180 068,5
gross formation of fixed capital	9 692,5
transfers to individuals	1 487,9
transfers to businesses	279,9
transfers to public administrations	6 689,9
Local administration	**91 853,3**
public expenditures for goods and services	68 534,0
gross formation of fixed capital	11 453,2
transfers to individuals	0,0
transfers to businesses	0,0
transfers to public administrations	11 866,1

Chart 9
Breakdown of the expenditures of public administrations, Nunavik, 2003
(Current dollars)



4. Economic trends from 1983 to 2003

The current state of Nunavik's economy is the result of a series of transformations. Thanks to our work, we have been able to follow the changes that have occurred in the region over the last twenty years. It is this examination which is the subject of this section. We will review all of the indicators examined in the previous section, but by going back to 1983.

In the tables and charts that we have produced here, whenever possible and relevant, the data are presented in 2003 constant dollars per inhabitant. This presentation makes it possible to neutralize the influence of inflation and demographic growth. It provides a means of identifying real economic trends, like the real growth of expenditures. Moreover, the data are presented by continuous curves, even though the values that we actually have deal with the years 1983 (in most cases), 1991, 1998 and 2003. Consequently, variations may have occurred between these years, without us being able to detect them here.

4.1 Expenditures

In Québec, two major characteristics are revealed by the chronological data (Table 7). First, according to these observations, personal expenditures grew in a fairly linear manner during the period from 1983 to 2003. Public expenditures fell between 1991 and 1998, only to rebound in 2003 reaching a level slightly above that of 1991.

In Nunavik, these two characteristics are not present in an identical manner. First, public expenditures fell between 1991 and 1998 in a much more pronounced manner in Nunavik than in Québec as a whole. Whereas the decline in Québec was on the order of 6%, it reached 14% in Nunavik. Next, personal expenditures fell during the same period in Nunavik by close to 10%, whereas they continued to increase by 14% in Québec.

It is plausible to think that these two results, namely the reduction of the expenditures of the State and the decline of personal expenditures in Nunavik, are linked. They confirm that the central role played by the public administration in Nunavik's economy makes the latter more vulnerable to variations in political decisions. The orientations seeking to obtain a zero deficit in government operations, adopted in the mid-1990s, had effects that were felt more in Nunavik than in the general economy of Québec.

In order for this interpretation to be valid, it is not enough to observe concomitant declines in both series of indicators. Indeed, personal expenditures stem only indirectly from public expenditures; it is also necessary to observe concomitant trends between the decline in public expenditures and the decline in personal income. This is what we will examine in Section 4.

These results also show that personal expenditures per inhabitant are always lower in Nunavik in comparison with Québec as a whole. In 1998, personal expenditures in Nunavik were 46% less than those of Québec; as we have just seen, the period around 1998 seems to have been marked by an exceptionally difficult situation. But globally, the gap shrunk between 1983 and 2003, dropping from some 20% in 1983 to 15% in 1998, then to 11% in 2003. This would indicate that the level of consumption in Nunavik is gradually

moving towards that of Québec as a whole.

Finally, the results indicate that the expenditures per inhabitant remain higher in Nunavik than in Québec as a whole. The difference even tended to increase during the period, rising from 63% in 1983 to 69% in 2003. We will come back to the interpretation that we make of this result further on, when we specifically examine public expenditures.

The calculations of Table 7 also reveal a major variation in interregional cash flows. Imports fell in 1998 and they still had not reached the level of 1991 in 2003, which corresponds to the variations observed in personal expenditures, a good portion of which is made up of imports. Exports also fell beginning in 1991 and still had not reached the level of 1983 in 2003. This situation corresponds closely to the variations in the industrial exploitation of mineral resources in Nunavik. Indeed, 1983 marked the end of asbestos mining, whereas 1998 saw the commencement of nickel mining.

These variations tend to show the sensitivity of Nunavik's economy to the external economy, since the industrial exploitation of mineral resources is interrupted or initiated according to global trends. This sensitivity was all the more striking when one considers that in Québec, imports and exports experienced real gains during the same period from 1983 to 2003.

Table 7
Gross Domestic Product (GDP) according to the expenditure method, Nunavik and Québec, 1983 to 2003
(2003 per capita constant dollars)

	Nunavik				Québec			
	1983	1991	1998	2003	1983	1991	1998	2003
Personal expenditures for consumption goods and services	11 046	13 350	12 077	18 120	13 276	15 405	17 675	20 049
Public expenditures for goods and services	17 522	24 507	21 069	25 369	6 413	7 248	6 774	7 667
Gross formation of fixed capital and variation of stocks	8 942	9 299	1 764	3 241	3 065	4 417	4 997	6 150
Exports	7 210	2 571	2 190	6 053	9 401	10 983	15 593	18 043
Imports	-21 051	-25 165	-13 501	-24 109	-7 766	-11 750	-14 998	-18 338
GDP at market price	**23 669**	**24 562**	**23 600**	**28 675**	**24 389**	**26 302**	**30 041**	**33 572**

Chart 10
Gross Domestic Product (GDP) according to the expenditure method, Nunavik, 1983 to 2003
(2003 per capita constant dollars)

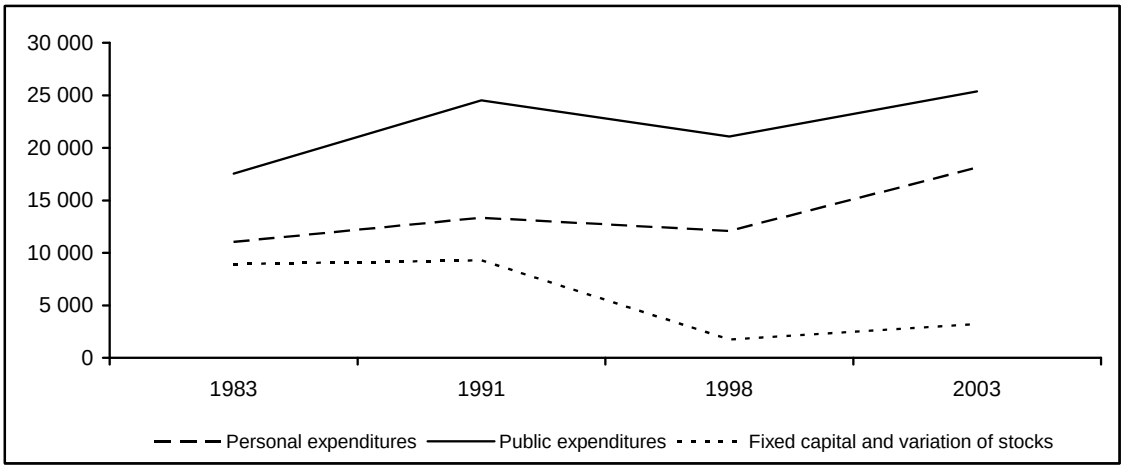
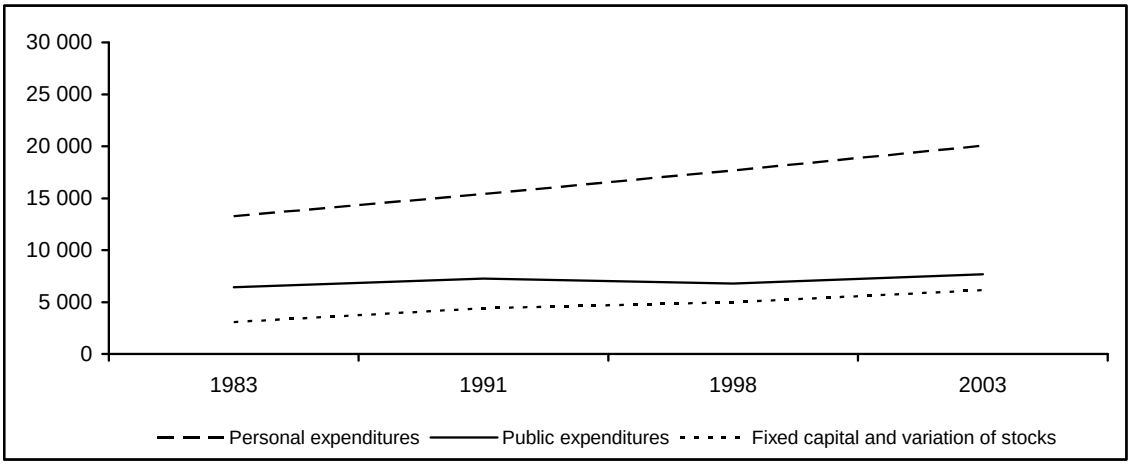


Chart 11
Gross Domestic Product (GDP) according to the expenditure method, Québec, 1983 to 2003
(2003 per capita constant dollars)



4.2 Revenue

The imbalance between the remuneration of employees and the profits of corporations, which we underscored earlier for 2003, has been evident since 1983 (Table 8). It has even tended to increase in Nunavik, since the profits of corporations have only risen modestly in comparison with the remuneration of employees, which has tended to increase more significantly. The performance of Nunavik's corporations is in sharp contrast with those of Québec as a whole, where the increase has been much more robust.

The progression of wage-earning has been obvious in Nunavik. Indeed, it is stronger in Nunavik than in Québec as a whole. Whereas the difference was some 4% between Nunavik and Québec in 1983 in favour of Nunavik, it reached 18% in 2003. Between these two years, the remuneration of Nunavik's employees rose by 170%, whereas that of employees of Québec as a whole rose by 128%.

The additional data in our possession indicate that the higher average remuneration in Nunavik could be attributable to the higher average remuneration earned by non-Aboriginals, as we previously pointed out. Aboriginals succeeded in obtaining more than 50% of remuneration between 1991 and 1998. However, the share of the remuneration that they obtain varies significantly from their weight in the labour force. Consequently, this result must be interpreted with caution. While it clearly indicates that the average remuneration is higher in Nunavik, it does not mean that the average remuneration received by the Inuit is greater, and it is very likely that this is not the case.

The results make it possible to confirm what we suspected in the previous paragraphs, namely that the rate of increase of the remuneration of Nunavik employees slowed down significantly in 1998, only to resume thereafter. If the data were presented in constant dollars, it is plausible that the remuneration of employees in 1998 would even have been below that of 1991.

Thus, these results appear to be attributable to the variations in government expenditures, as we mentioned. Indeed, the progression, between 1983 and 2003, of public expenditures corresponds here to a similar trend in remuneration; likewise, in 1998, the slowdown in personal expenditures for goods and services corresponds to a similar movement on the part of remuneration.

In short, the previous analyses are confirmed when they are considered in light of past data: remuneration is a major and growing component of the revenue of Nunavik inhabitants in relation to the profits of corporations; overall, Aboriginals obtain a high remuneration; non-Aboriginals continue to receive a significant portion of the regional remuneration, one that exceeds their demographic weight, even though the progression of the remuneration of non-Aboriginals is not as fast as that of Aboriginals.

Table 8
Gross Domestic Product (GDP) according to the revenue method, Nunavik and Québec, 1983 to 2003
(Per capita current dollars)

	Nunavik				Québec			
	1983	1991	1998	2003	1983	1991	1998	2003
Remuneration of employees	8 184	14 793	15 184	22 119	7 884	12 269	14 054	17 994
Profits of corporations and rents	2 230	2 508	1 497	2 634	5 092	8 091	10 970	13 161
Net domestic revenue at the cost of factors	**10 414**	**17 301**	**16 681**	**24 754**	**12 976**	**20 360**	**25 024**	**31 154**
Net indirect taxes	333	2 736	2 447	3 921	912	1 729	1 922	2 396
GDP at market price	**10 747**	**20 038**	**19 128**	**28 675**	**13 888**	**22 089**	**26 946**	**33 551**

Chart 12
Gross Domestic Product (GDP) according to the revenue method, Nunavik, 1983 to 2003
(Per capita current dollars)

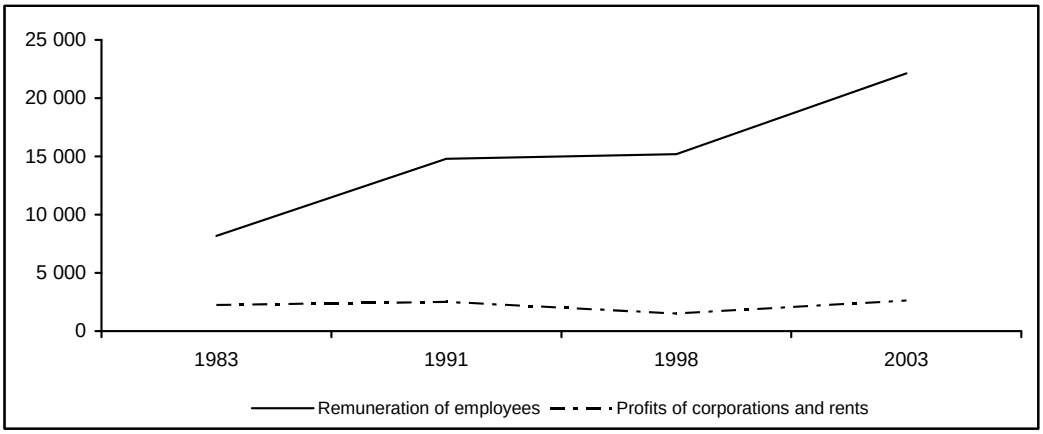
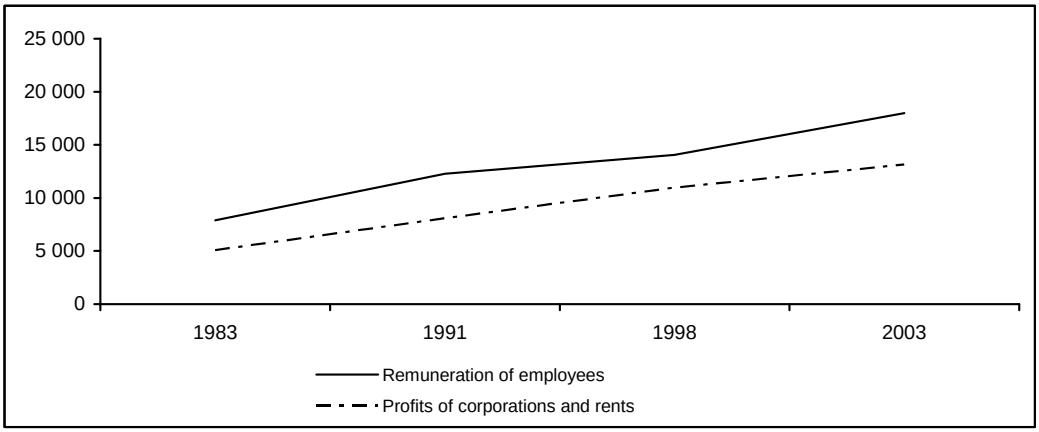


Chart 13
Gross Domestic Product (GDP) according to the revenue method, Québec, 1983 to 2003
(Per capita current dollars)



4.3 Personal income

The slight differences observed previously between personal income in Nunavik and in Québec are confirmed by the analysis of historical data (Table 9). The only exception appears for 1998, when personal income and disposable personal income in Nunavik lagged behind the same data for Québec.

This once again tends to confirm an economic slowdown in Nunavik in the period around 1998. We will now examine the situation by analyzing the industrial distribution of economic activity, followed by the evolution of public expenditures.

Table 9
Net domestic revenue at the cost of factors , personal income, personal disposable income and personal savings, per capita, Nunavik and Québec, 1983 to 2003
(Dollars constants de 2003)

	Nunavik				Québec			
	1983	1991	1998	2003	1983	1991	1998	2003
Net domestic revenue at the cost of factors	17 154	20 283	18 164	24 754	n.a.	20 953	23 568	26 856
Personal income	17 045	21 162	19 813	27 379	n.a.	23 388	25 024	27 891
Disposable personal income	14 450	17 215	16 386	22 655	n.a.	18 097	18 754	21 326
Personal savings	-154	498	1 311	853	n.a.	2 295	781	895

Chart 14
Net domestic revenue at the cost of factors, personal income and disposable personal income, per capita, Nunavik, 1983 to 2003
(2003 constant dollars)

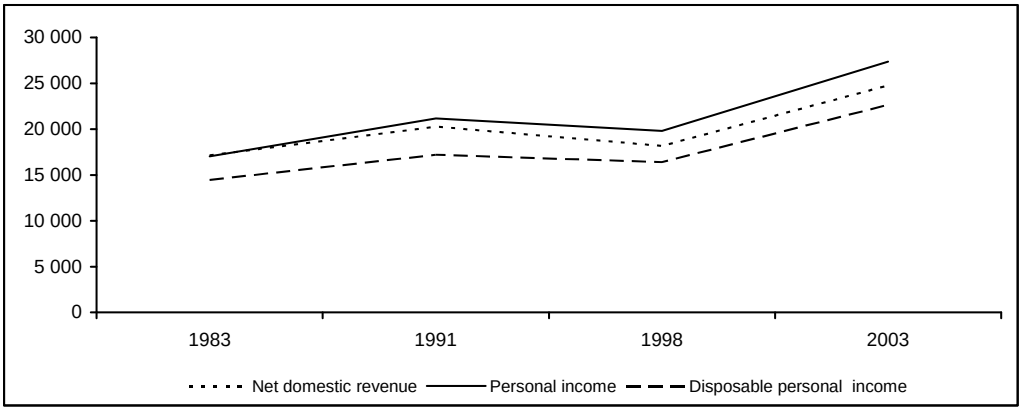
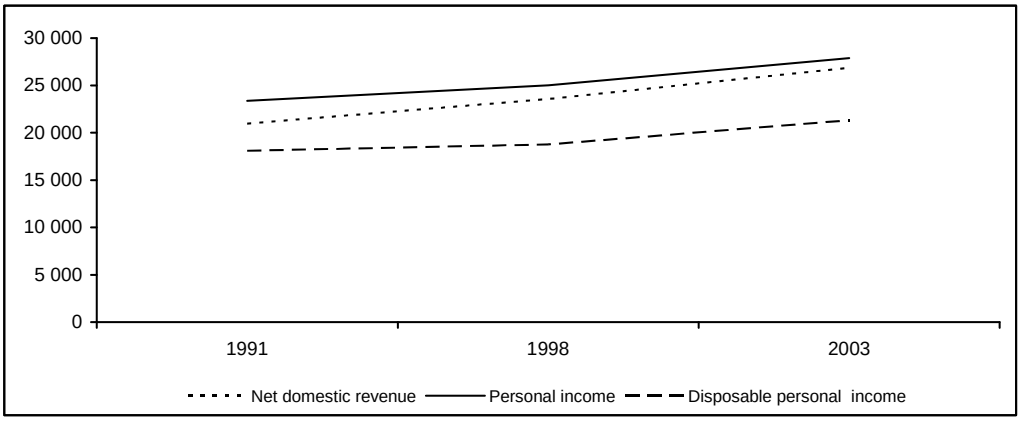


Chart 15
Net domestic revenue at the cost of factors, personal income and disposable personal income, per capita, Québec, 1991 to 2003
(2003 constant dollars)



4.4 Industrial distribution of the economy

Whereas in Québec, the industrial distribution of economic activity was relatively stable between 1983 and 2003, three major variations occurred in Nunavik (Table 10).

In 2003, the primary sector still represented some 20% of all economic activity of Nunavik, as was the case in 1983. In both cases, these results were mainly obtained through the industrial exploitation of mineral resources, asbestos in 1983, which was coming to an end, and nickel beginning in 1998, and by mining exploration over the entire period. The sector nevertheless witnessed major variations. In 1991, it represented only 5% of the economy, a proportion maintained at this level by the exploration campaigns carried out on the territory. During the same period, in Québec, the primary sector tended to decline, as did mining activity, but the variations were much less pronounced than those in Nunavik. These variations indicate the close relationship between the performance of the regional economy and of the primary sector, a large part of whose control does not lie with public authorities or with the enterprises of Nunavik.

The secondary sector also witnessed a major variation during this period. Whereas it represented 12% of all economic activity before 1991, it stood at less than 4% beginning in 1998. This major decline is attributable to the slowdown in construction activities. It was linked to the end of public infrastructure programs, such as the construction of social housing and airports; but it also could be linked to the budgetary policies of central governments which, as we already pointed out, had begun to make deep cuts in spending in 1998. Moreover, the decline of the secondary sector once again highlights the very limited economic importance of manufacturing activities in Nunavik. During the same period in Québec, the secondary sector continued to represent approximately one quarter of all economic activity and was based in large part on numerous and diversified manufacturing activities, and on overall stable construction activities. The variations observed in Nunavik, which were based on essentially political decisions, show the vulnerability of Nunavik's economy to changes in the orientations of central public administrations, the control of which is also beyond regional decision-makers.

Finally, the tertiary sector saw its relative weight vary: increase in 1991 followed by a decline beginning in 1998. These changes are only relative, as the proportions are strongly influenced here by the variations of other sectors, the primary sector in particular.

According to these results, public administrations increased their economic importance in two stages: significant jumps in 1991, followed by a stabilization at above 53%. We will examine these results at greater length shortly to qualify this portrait which could be misleading. For the time being, suffice it to reiterate that there is no comparison between the central role played by the public administration in Nunavik and that played in Québec: while the latter increased from 7% to 19% during the period, these results are still a far cry from those posted in Nunavik.

Table 10
Gross Domestic Product (GDP) at the cost of factors by activity, Nunavik and Québec, 2003
(%)

	Nunavik				Québec			
	1983	1991	1998	2003	1983	1991	1998	2003
Primary	**19,2**	**5,5**	**20,1**	**19,5**	**3,7**	**3,3**	**2,8**	**2,4**
Agriculture	0,0	0,0	0,0	0,0	1,7	1,6	1,3	1,2
Forests	0,0	0,0	0,0	0,0	0,5	0,6	0,7	0,6
Hunting and fishing	1,3	1,3	1,1	0,8	0,1	0,0	0,0	0,0
Mines	17,9	4,2	19,0	18,7	1,3	1,0	0,8	0,6
Secondary	**12,3**	**12,1**	**3,5**	**3,9**	**26,4**	**24,9**	**26,5**	**25,1**
Manufacturing industry	1,9	0,3	0,4	0,3	21,6	19,9	21,7	20,0
Construction	10,5	11,8	3,1	3,6	4,8	5,0	4,8	5,1
Tertiary	**68,5**	**82,4**	**76,4**	**76,6**	**69,9**	**71,8**	**70,6**	**72,5**
Transportation	7,8	10,8	5,5	7,3	5,2	4,7	4,6	4,2
Communication	0,9	0,8	0,7	0,6	3,6	2,8	6,0	5,0
Electricity, gas and water	1,7	1,4	1,6	0,9	5,0	4,5	4,3	4,3
Commerce	10,3	11,8	9,6	7,2	11,0	11,9	10,6	11,3
Finance and real estate	0,2	0,6	0,5	0,5	12,6	13,8	17,2	16,5
Public administration	41,3	51,1	53,7	53,4	7,8	7,1	18,7	19,5
Services	6,2	5,8	4,8	6,7	24,7	27,0	9,2	11,8
GDP at the cost of factors	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**

Chart 16
Gross Domestic Product (GDP) at the cost of factors by activity, Nunavik, 2003
(%)

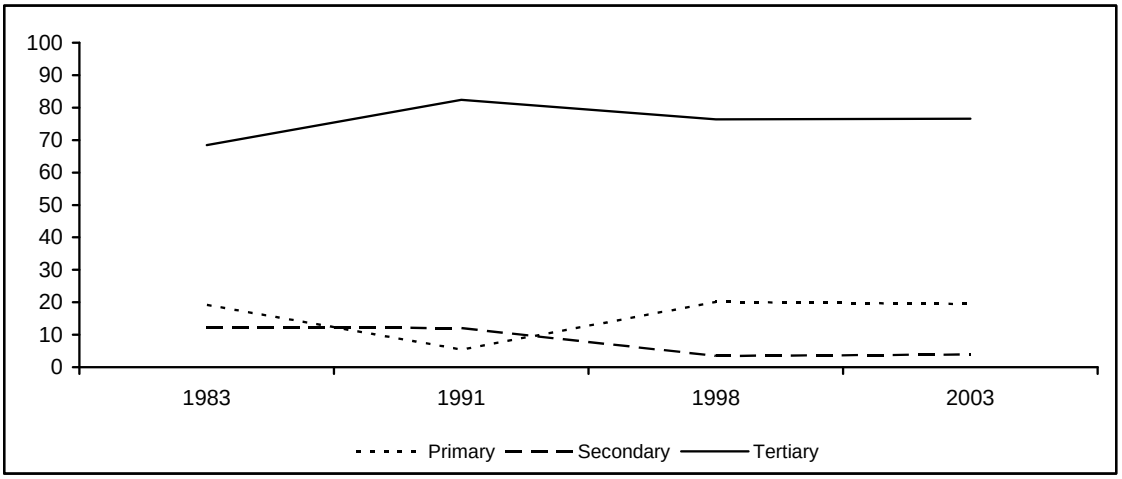
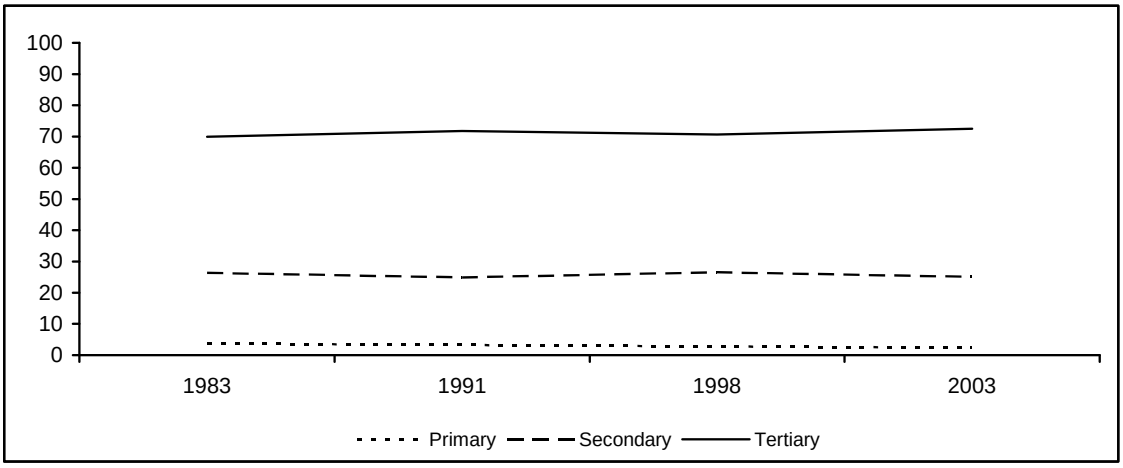


Chart 17
Gross Domestic Product (GDP) at the cost of factors by activity, Québec, 2003
(%)



4.5 Expenditures of public administrations

In real terms, namely in constant dollars, total public expenditures increased during the period, based on the data of the four years to which we can refer (Table 11). There is only one exception, 1998, when they declined. It is quite plausible that the decline also occurred during a few years preceding and following 1998.

The greatest increases were those of the regional and local administrations. The real expenditures of regional administrations rose by close to 160% between 1983 and 2003, and those of local administrations by 200%.

These results are much more subtle when the real expenditures per inhabitant are considered. Indeed, the total real expenditures conceal the fact that public services must cope with an unusual demographic situation in Nunavik, where the population structure and movements are very different from those of Québec as a whole. Indeed, the population of Nunavik is younger and its growth is faster than that of Québec. The analysis of the so measured expenditures makes it possible to see if the sums granted by governments accompany demographic changes.

The total expenditures per inhabitant reveal an almost identical evolution to the one that we identified previously: the decline of 1998 is found at all levels and at each of the levels considered individually. But the recovery of expenditures in 2003 is not of the same scope when measured by inhabitant as that recorded in total real dollars. The expenditures per inhabitant stood at some $32,000 in 2003, a level barely higher than that of 1983. The decline of 1998 and of the neighbouring years is observed at all government levels, but is particularly severe in the federal (-38 %) and provincial administrations (-27 %).

Federal expenditures fell between 1983 and 1998, and the recovery in 2003 was much more modest, when measured by inhabitant: these expenditures were close to 40% less than the level of 1983, and were even below the level of 1991. Provincial expenditures increased between 1983 and 2003, but the level that they achieved in 2003 exceeded that of 1983 by less than 3%.

The regional and local levels present the greatest relative differences. Regional expenditures were 61% greater in 2003 than in 1983, whereas local expenditures were 90% greater.

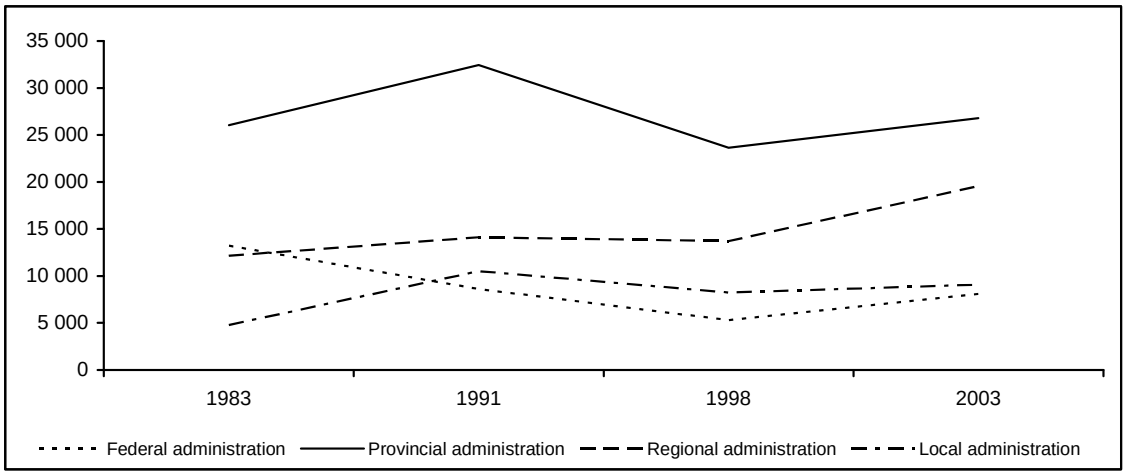
All these results suggest the following conclusions. First, the reduction in expenditures during the years around 1998 was quite marked in Nunavik and was felt at all levels of the public administration. This decline was likely caused by policies seeking to put an end to the budget deficits of central governments. But it also had other causes, such as the end of the compensatory payments under the James Bay and Northern Québec Agreement, and the end of shared-cost infrastructure construction programs, in particular public housing and airports. These combined causes led to a net decline in federal expenditures per inhabitant between the beginning and the end of the period under study, namely 1983 and 2003, and, by way of compensation, to the relative growth of provincial expenditures.

Another remarkable trend is the growth of the expenditures of regional and local administrations, which reflect the increase of their responsibilities, namely through the attribution of new responsibilities and the creation of new programs or by devolution.

Table 11
Breakdown of the expenditures of public administrations, Nunavik, 1983 to 2003
2003 constant dollars

	Thousands of $				per capita $			
	1983	1991	1998	2003	1983	1991	1998	2003
Public administrations (net of transfers between different levels)	**198 952,1**	**284 081,1**	**245 214,3**	**325 264,1**	**31 585**	**36 927**	**26 103**	**32 096**
Public expenditures for goods and services	110 373,0	188 534,8	197 920,5	257 092,0	17 522	24 507	21 069	25 369
Gross formation of fixed capital	56 049,7	75 043,8	17 527,1	36 803,3	8 898	9 755	1 866	3 632
Transfers to individuals	30 129,3	20 094,5	29 352,8	31 040,1	4 783	2 612	3 125	3 063
Transfers to businesses	2 400,1	408,0	413,9	328,7	381	53	44	32
Federal administration	**83 358,8**	**66 151,7**	**49 784,1**	**82 051,7**	**13 234**	**8 599**	**5 300**	**8 097**
Public expenditures for goods and services	4 477,3	3 181,4	0,0	0,0	711	414	0	0
Gross formation of fixed capital	3 422,7	9 798,2	0,0	0,0	543	1 274	0	0
Transfers to individuals	12 011,5	12 822,8	10 214,1	12 781,7	1 907	1 667	1 087	1 261
Transfers to businesses	2 298,7	311,9	388,8	0,0	365	41	41	0
Transfers to public administrations	61 148,6	40 037,4	39 181,2	69 270,0	9 708	5 204	4 171	6 835
Provincial administration	**163 998,1**	**249 577,7**	**222 225,1**	**271 623,4**	**26 036**	**32 442**	**23 656**	**26 803**
Public expenditures for goods and services	25 057,5	6 855,3	1 454,4	8 489,5	3 978	891	155	838
Gross formation of fixed capital	30 758,9	60 544,3	11 870,1	15 657,6	4 883	7 870	1 264	1 545
Transfers to individuals	8 564,3	5 646,5	18 547,6	16 770,5	1 360	734	1 974	1 655
Transfers to businesses	94,4	96,1	25,1	48,8	15	12	3	5
Transfers to public administrations	99 523,1	176 435,4	190 327,9	230 657,0	15 800	22 935	20 261	22 761
Regional administration	**76 607,0**	**108 526,3**	**128 891,6**	**198 218,7**	**12 162**	**14 107**	**13 721**	**19 560**
Public expenditures for goods and services	54 749,3	99 121,3	119 273,4	180 068,5	8 692	12 885	12 697	17 769
Gross formation of fixed capital	18 000,1	4 701,2	5 657,1	9 692,5	2 858	611	602	956
Transfers to individuals	11,6	222,4	267,6	1 487,9	2	29	28	147
Transfers to businesses	7,0	0,0	0,0	279,9	1	0	0	28
Transfers to public administrations	3 839,0	4 481,4	3 693,5	6 689,9	609	583	393	660
Local administration	**30 097,3**	**80 779,6**	**77 516,2**	**91 853,3**	**4 778**	**10 500**	**8 252**	**9 064**
Public expenditures for goods and services	26 089,0	79 376,8	77 192,6	68 534,0	4 142	10 318	8 217	6 763
Gross formation of fixed capital	3 867,9	0,0	0,0	11 453,2	614	0	0	1 130
Transfers to individuals	106,1	1 402,8	323,5	0,0	17	182	34	0
Transfers to businesses	0,0	0,0	0,0	0,0	0	0	0	0
Transfers to public administrations	34,3	0,0	0,0	11 866,1	5	0	0	1 171

Chart 18
Breakdown of the expenditures of public administrations, Nunavik, 1983 to 2003
2003 per capita constant dollars



5. Discussion

5.1 A polarized economy

The results presented here indicate that there are certain major differences between Nunavik's economy and that of Québec as a whole.

The data of 2003 show a polarized economy. The public administration is the most important economic agent. Indeed, the public administration is the source of day-to-day expenditures which are greater in volume than personal expenditures, a fact that clearly sets Nunavik's economy apart. The public administration, through its role of collective consumer of goods and services, forms a veritable pole around which several other industries revolve; for example, a large share of transportation is generated by government operations. In addition, the public administration directly supports personal income through wages and transfer payments which it provides to individuals who in turn support consumption. Finally, it plays a preponderant role in investments.

These characteristics are well documented and have been reaffirmed since we began monitoring this situation. They took shape even before the adoption of a sedentary lifestyle, when universal social benefit programs began to support market consumption in Canada's Far North. They became more deeply rooted when the construction of permanent villages and the implementation of related public services (school, infirmaries, municipal services) increased the importance of wage-earning and more generally, the recourse to market transactions and imported goods and services. The administrative organization of the territory in the wake of the James Bay and Northern Québec Agreement has given these phenomena a scope which today has become characteristic.

5.2 Crisis of the 1990s

What is new here is that the comparison of data over a long period of time allows us to measure, at least broadly, the impact of political movements on the economic situation of Nunavik. We found several widely acknowledged economic variations in this respect.

With the data that we now possess, it is possible to ascertain the scope of the economic slowdown that occurred towards 1998, which observations suggested at the time. During the period before 1991, the progression of earnings had slowed significantly, personal expenditures had fallen by 10% in 1998, and public expenditures had dropped by 14%. The recovery observed in 2003 brought public expenditures to a level that was only slightly higher than that posted twenty years earlier, in 1983.

All of these tendencies were more pronounced in Nunavik than in Québec as a whole. Why then did demographic growth alone – which did not decline like government expenditures and investments – continue to inflate the demand for public services? The explanation that we consider most plausible is the following.

The preponderant role played by the public administration in Nunavik's economy has been well documented since 1983, and this characteristic continued to hold a central place in 2003. The importance of this role was such that it was possible to talk about an abnormally large sector when its size is compared with that of the public administration of Québec as a whole and, for that matter, with that of most of its regions. But Nunavik's economy is small in size, of limited diversity, and having a small capacity for autonomous growth, given the many obstacles to the replacement of imports, such as manufacturing input transportation costs, the capital available for

investment, manpower training, and so on. When an industry of this importance declines, an industry the size of whose day-to-day expenditures represents more than the regional domestic product, an industry that provides the majority of jobs and consequently supports consumption, it is the entire regional economy that reels from the effects.

The sharp decline in public budgets had two major causes: first, the more or less simultaneous end of vast infrastructure programs such as the construction of social housing and airport infrastructures; secondly, the budget reorientations both in Ottawa and in Québec intended to lead, through generalized cuts, to the eradication of annual operating deficits. These phenomena were felt throughout Québec, as we have seen; but upon comparing the data of Québec and those of Nunavik, we have also seen very conclusively that these phenomena were felt with much greater intensity in Nunavik.

5.3 Catching up

The historical data that we have presented also lead to another major finding: that of a gradual "catching up" of Nunavik's economy with that of Québec as a whole.

Indeed, we found that in 2003 personal income in Nunavik was roughly equivalent to that of Québec, that the progression of earnings, between 1983 and 2003, was greater in Nunavik than in Québec, and that the gap in personal expenditures shrank from 20% to 11% during the same period.

While these data reveal a catching up trend, they conceal certain factors that limit the effects thereof. First, with an equivalent income per inhabitant, the Nunavimiut have a lesser buying power because consumption prices are significantly higher in the region than everywhere else where we were able to make observations.[4]

Next, this income is not equally distributed in the population of Nunavik. The overall remuneration of the Inuit is greater in absolute value than the remuneration of non-Aboriginals, but it does not correspond to their respective demographic weight. In short, the average remuneration of the Inuit is lower than that of non-Aboriginals. With a lower remuneration, the Inuit must cope with higher prices for their day-to-day consumption. Furthermore, the SAM reveals that a share of the

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[4] See : Bernard, N. (under the dir. of G. Duhaime), (2006), *Indices comparatifs des prix du Nunavik 2006*, Québec, Chaire de recherche du Canada sur la condition autochtone comparée, Université Laval, 18p. + appendices.

Similarly : Bernard, N. (under the dir. of G. Duhaime) *Indices comparatifs des prix du Nunavik 2006.Complément d'étude – Iles-de-la-Madeine, Jamésie, Basse-Côte-Nord,* Québec, Chaire de recherche du Canada sur la condition autochtone comparée, Université Laval, 11p. + appendices.

remuneration is transferred to individuals who do not reside in Nunavik, via employees temporarily working in the region, basically in public services, construction and the mining sector. According to our results, these transfers represented over $37 million in 2003, namely more than one third of the remuneration of non-Aboriginals (Appendix 3). A more in-depth examination of the remuneration would make it possible to identify trends in this respect and to check if the relative position of these two groups of the labour force has subsisted over time or has changed.

Finally, this catching up is fragile. Over the last twenty years, the industrial structure has not changed much despite the multiple start-ups of local and regional businesses, benefiting almost without exception from government assistance programs. The dynamism of local entrepreneurs is not called into question in relation to this fragility. But these efforts will not succeed in bringing about an in-depth change in the structure of the regional economy, and above all in its vulnerability to the vagaries of public policies. That an economy of this size benefits from government support is not unusual within the Canadian context, where one of the State's roles is to redistribute collective wealth in order to mitigate the greatest disparities. Moreover, we found that the gap between public expenditures in Nunavik and in Québec was not only maintained, between 1983 and 2003, but also grew slightly, despite the relative drop in federal expenditures, and the decline of 1998 and neighhouring years. It is alarming to note that the political orientations inspired by neo-liberalism tend to produce more severe impacts in a region like that of Nunavik in comparison with the major provincial entities, for example.

This context sheds light on the regional claims. The increase in responsibilities shouldered by the local and regional levels has been substantial all throughout the period under study: they assumed 54% of net public expenditures of intergovernmental transfers in 1983, 65% in 1991, 83% in 1998, and finally 84% in 2003. But these responsibilities were exercised by these levels by virtue of massive transfers of funds from central governments. In constant dollars, federal transfers to the other levels of government for regional public administration purposes varied from $61 million in 1983, to $39 million in 1998, and to $69 million in 2003. As for provincial transfers, they went from some $100 million in 1983 to $231 million in 2003 (Table 11). Most of these transfers have strings attached, since they are granted for precise programs and must be spent according to specific criteria and standards. As a result, not only has the regional administration become complex, through the administration of multiple separate budgets, the decision-making power of authorities is limited. It is therefore understandable that political leaders have long sought to increase their decision-making leeway, while maintaining the financial support of central governments.

5.4 Other economic pole

This vulnerability of the regional economy to a central pole would undoubtedly be less acute if the region had sufficient own-source tax revenues to ensure the perennial nature of public services. But such is not the case. At best, the personal income tax (the only tax for which we can have an estimate) levied by the central governments totaled some $48 million in 2003, a far cry from the $325 million in costs that the region's administration represents (Tables 4 and 6).

The royalties from the industrial exploitation of mineral resources, which are not collected by regional administrations, are often cited as a potential huge source of funding. While this remains a possibility, it would not likely change the vulnerability of the regional economic base. Indeed, aside from the structural variations caused by budgetary policies, the regional economy shows other variations caused by the vagaries of mining operations. This sector represented 18% of the region's economic activity in 1983, 4% in 1991, and 19% in 1998 and 2003. Moreover, the outlook is favourable from the standpoint of an increase in activities in the years to come. Not only did the closure of only one establishment modify the portrait of the economy in 1991, the start-up of another mine in 1998 did not manage to make up for the decline in personal income and expenditures. The impact of mining exploitation in the regional economy was modified during the 1990s through the agreements reached between the parties, which, for example, reserved a portion of the contracts and jobs for regional economic agents. While this sector represents another important development pole alongside the public administration, it is far from being of the same scope. Moreover, it offers much less possibility for increasing the regional decision-making power. Indeed, the orientations adopted by the industry are governed by variations in world markets.

This examination allows us to infer the influence of major contemporary forces, neo-liberal policies and world markets on the regional economy, far above the regional agencies trying to increase their mastery of this economy.

While decision-making autonomy can be increased by the project to establish a new form of regional government, these forces will nevertheless continue to influence the regional economy, which is closely linked to that of Québec as a whole and that of the world.

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Appendices

Appendix 1 Descriptive Social Accounting Matrix

			FACTORS		AGENTS			ACC.	PRODUCTION ACTIVITIES			EXT.	TOTAL
			1	2	3	5	6	7	8	9	10	11	
FACTORS	Work	1							Payroll				Total remuneration of workers
	Capital	2							Operating surplus, depreciation				Total remuneration of capital
AGENTS	Private enterprises	3		Profits of enterprises		Public transfers to firms	Transfers from NPOs to firms						Total revenue of enterprises
	Public Adm.	5	Contributions to social insurance plans			Transfers between administrations	Personal income tax		Municipal taxes, indirect taxes, production taxes			Net financing of government activities	Total revenue of governments
	Individuals	6	Income of workers	Profits of NPOs	Dividends and transfers to NPOs	Public transfers to households							Total income of households
ACCUMULATION		7			Savings/ investment	Savings/ investment	Savings/ investment					External balance	Total savings = total investment
PRODUCTION ACTIVITIES	Primary sector	8				Consumption of households	Financing of public administrations	Investment	Purchase of inputs			Exports	Receipts from operations
	Secondary sector	9											
	Tertiary sector	10											
EXT. (OUTSIDE-NUNAVIK)		11	Income of non-resident workers		Dividends and transfers to non-residents	Consumption of households in imported goods	Transfers outside-Nunavik		Importing of inputs				Receipts of non-residents
TOTAL			Total remuneration of workers	Total profits	Total expenditures	Total expenditures	Total expenditures	Total investment	Total operating expenditures			Expenditures by non residents in the region	

Appendix 2 Aggregate Accounting Matrix of Nunavik in 2003 (in thousands of current dollars)

			FACTORS		AGENTS			ACC.	PROD. ACT.			EXT.	TOTAL
			1	2	3	5	6	7	8	9	10	11	
FACTORS	Work	1							45 720,70	7 633,40	170 802,30		224 156,40
	Capital	2							3 210,90	2 246,30	21 239,60		26 696,80
AGENTS	Private Enterprises	3		21 883,20		328,7	3 261,80						25 473,70
	Public Adm.	5	19 635,40			318 483,00	28 233,00		253,4	304,6	39 177,40	255 695,50	661 782,30
	Individuals	6	167 210,20	4 813,60	17 446,00	31 040,10							220 509,90
ACCUMULATION		7			6 650,50	36 803,30	5 383,70					-15 990,00	32 847,50
PRODUCTION ACTIVITIES	Primary sector	8						18 000,00				42 903,00	60 903,00
	Secondary sector	9						14 847,50			965,7		15 813,20
	Tertiary sector	10				257 092,00	106 392,70		5 226,40	1 009,00	76 224,50	18 437,20	464 381,80
OUTSIDE-NUNAVIK		11	37 310,80		1 377,20	18 035,20	77 238,70		6 491,60	4 619,90	155 972,30		301 045,70
TOTAL			224 156,40	26 696,80	25 473,70	661 782,30	220 509,90	32 847,50	60 903,00	15 813,20	464 381,80	301 045,70	

Appendix 3 Social Accounting Matrix of Nunavik for 2003 (in thousands of current dollars)

				FACTORS			AGENTS							ACC.	PRODUCTION ACTIVITIES										EXT.	TOTAL
				Work		Capital	Pri. Ent.	Public Administrations			Individuals		NPOs		Hunting and fishing	Mines	Manuf.	Constr.	Transp.	Communi	Energy	Commer.	Fin.	Pub.Adm.	Services		
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
FACTORS	Work	Aboriginal	1												1416,3	4399,2	868,1	1897,9	5504,8	1189,4	1569,5	9190,3	6,0	93124,2	3795,4		122961,1
		non-Aboriginal	2												517,1	39388,1		4867,4	9390,0	199,2	680,1	1830,8	4,2	40912,3	3406,1		101195,3
	Capital		3												47,7	3163,2		2246,3	3418,9			6962,3	1320,9		9537,5		26696,8
AGENTS	Private Enterprises		4			21883,2			279,9	48,8				3261,8													25473,7
	Public administrations	local	5						6689,9	63232,1									35,9	32,9		2569,4	89,3	17755,9	1447,9		91853,3
		regional	6					11866,1		167424,9	18927,7																198218,7
		provincial	7	8948,6	4649,2						50342,3	10233,8	4461,2			147,7		177,5	4147,4	390,8	632,8	3708,7			562,2	201256,4	289658,6
		federal	8	3973,3	2064,3							9428,1	4109,9			105,7		127,1	3568,9	454,6	517,6	2654,6			608,5	54439,1	82051,7
	Individuals	Aboriginal households	9	110039,2					1487,9	6839,5	12781,7																131148,3
		non-Aboriginal households	10		57171,0																						57171,0
		NPOs	11			4813,6	17446,0			9931,0																	32190,6
ACCUMULATION			12				6650,5	11453,2	9692,5	15657,6			5383,7													-15990,0	32847,5
PRODUCTION ACTIVITIES	Hunting and fishing		13																							7244,9	7244,9
	Mines		14											18000,0												35658,1	53658,1
	Manufacturing industries		15																			963,5		2,2			965,7
	Construction		16											14847,5													14847,5
	Transportation		17									3881,4	16855,0		333,4	55,7		766,1	1349,9	5061,5	530,1	967,9	27,8	12015,2	1295,6	18437,2	61577,0
	Communication		18									4553,4	1457,3					12,4	83,9	0,5		279,0	105,1	2076,4	189,7		8757,7
	Energy		19															11,6	74,0	2,8		274,2	1,0	4156,0	158,8		4678,4
	Commerce		20									37700,5	12217,6				97,6	31,1	7917,4	723,0	14579,5	580,7		11799,5	1484,7		87131,6
	Finance and real estate		21									145,1	47,1					2,1	60,3		8,6	1710,8		526,9	4,0		2504,9
	Public administration		22					68534,0	180068,5	8489,5																	257092,0
	Services		23									503,4	103,1	28928,8		4837,3		88,1	349,5	144,1	316,1	786,3	10,3	5562,5	1010,7		42640,2
Ext. (OUTSIDE-NUNAVIK)			24		37310,8		1377,2			18035,2		64702,6	12536,1			4930,4	1561,2		4619,9	25676,1	558,9	-14155,9	54653,1	940,3	69160,9	19138,9		301045,7
TOTAL				122961,1	101195,3	26696,8	25473,7	91853,3	198218,7	289658,6	82051,7	131148,3	57171,0	32190,6	32847,5	7244,9	53658,1	965,7	14847,5	61577,0	8757,7	4678,4	87131,6	2504,9	257092,0	42640,2	301045,7	

Appendix 4 Population and implicit price indices, Nunavik and Québec, 1983 to 2003

	Nunavik				Québec			
	1983	1991	1998	2003	1983	1991	1998	2003
Population	6 299	7 693	9 394	10 134	6 587 120	7 033 013	7 286 036	7 467 705
Implicit price indices (1997 = 100)								
Personal expenditures for consumption goods and services					66,9	94	101,2	110,2
Public expenditures for goods and services					67,5	92,9	100,3	118,6
Gross formation of fixed capital and variation of stocks					79,9	92,7	101	104,3
Exports					71,5	85,5	101,5	103,6
Imports					85,7	84,5	102,6	101,6
GDP at market price					65	93,3	100,9	110,5

Source: Institut de la statistique du Québec