

Circumpolar Socio-Economic Comparisons - A Tool for Better Governance

G rard Duhaime¹

Numbers are interesting: without a word, they speak a lot. Describing economic realities, they can be used to analyse strengths and weaknesses of a regional situation. When considered over time, when the same measures are replicated over time, they can be used to analyse trends and changes. What do we do with such knowledge? The answer depends on the position of each actor in the socio-political system. An enterprise may offer new services or products to fulfill needs they identify from weaknesses. An association of citizens, for instance an aboriginal group, may put pressure on the government to change weaknesses or negative trends that affect them, taking their own interests into account. A regional government or authority may decide to use public resources to change weaknesses or negative trends, trying to reach the general public interest.

During the past 15 years, we have launched and animated a research program to create such a tool in Northern Canada. We started by trying to put together all available valid data into a single databank at the regional level. Then, we expanded the coverage of the databank through Northern Canada. Now, we are able to provide international comparisons that may be of significant interest to those who are involved in economic development, management, and regulation, and who are interested in making progress.

Mutual Interests

We can now, for instance, compare different figures concerning Northern Alaska, Northern Canada, Greenland and the four regions of Northwest Russian part of the Barents Euro-Arctic Region. A first comparison deals with the economic structure, that is, the distribution of wealth creation between various types of economic activities. This kind of comparison shows that, whatever the specificities of each country's regime regarding economic regulation, the overall distribution of economic activities in the Arctic is very similar from one region to another, with a clear dominance of the tertiary sector. The only structural difference is that in the Russian part of the Barents region, the primary sector is much more important than in the rest of the Arctic. There are, however, other differences. They can be documented when going into the numbers in depth. When looking at the primary sector alone, we can clearly see that, with the exception of Greenland where fisheries are by far much more important than mining which is the most important primary activity elsewhere, all the Arctic regions are very similar. In spite of these differences, however, many other similarities can be observed. Across the Arctic, public administration is the most important tertiary activity, whatever the regime.

These kinds of results may illustrate common struc-

tures and interests between circumpolar countries, regions, governments, enterprises and citizens. The commonalities indicate that development in the Arctic has led to similar situations, which in turn may mean that local solutions and initiatives could have relevance in other locations. All over the Arctic, at least according to the figures we have compiled to date, it seems that development has led to somewhat surprising similarities.

But common sense tells us that there are huge differences from one region to another, in spite of the previous results. If they were not apparent through those numbers, they should become visible when comparing other economic indicators. Personal Income is one of them.

It is rather complex to realize such international comparisons. First, each country uses its own currency; consequently, when comparing situations in different countries, the values must be translated into a single common currency. Here we use USD and the exchange rate in USD for each individual currency. The reason for that choice is that the tools used to convert and, later on, to analyse the data that are created by international organizations such as the OECD and UN, are based on USD. Second, one cannot, with an equivalent sum of money, buy the exact same items in every country, whatever the exchange rate is. One will have to pay more in one country and less in another in buying the same food basket, the same clothing, the same fuel, and so on. Consequently, when comparing situations in different countries, equivalences need to be drawn between situations. A tool does exist for that purpose, namely, one called Purchasing Power Parity. In order to make valid comparisons of Personal Incomes from one country to another, it is necessary to convert the data. When correctly done, the following results are obtained: In Northern Alaska, the standard of living is the highest in the Arctic world, at least according to what we can measure. Detailed results show that this level is obtained mainly in the North Slope Borough, due to the oil revenues from the Prudhoe Bay development. Does this mean that Inupiat are the Northern Emirs? Not exactly. When analyzing the data in greater depth, we can see that, in spite of this

result, a large percentage of the total Personal Incomes is actually cashed-in by non-permanent residents of the Arctic, not to mention that the companies themselves are owned by transnational corporations rather than by Inupiat individuals. The Canadian Arctic takes second place, in standard of living, with an economic basis built on government activities and, to a lesser extent, on mining exploitation. Greenland comes third. As was mentioned earlier, Greenland's resource sector is dependent mainly on fisheries exploitation, where wages paid are lower than in the mining and oil and gas sectors. But the biggest difference can be seen between all of these regions and the Russian Barents. The standard of living, as measured by Personal Income, has nothing in common there.

When analysing such figures in depth, one can gain a better understanding of these results, for instance by identifying the economic sectors responsible for differences. Comparing the trends of one region with those of other regions, one can not only gain a better understanding of what the structural differences are, but also understand what is happening, what the factors are that increase differences, deepen gaps, and so forth. In other words, one can pinpoint sectors where public policy should be created, applied or improved in order to encourage those sectors and to increase trends that are compatible with the general interest as seen by regional governments; or alternatively, to discourage those sectors, and to prevent trends that are incompatible with these interests.

Half-Circumpolar Comparisons

So far, it has been possible to put together basic valid demographic and economic statistics concerning half of the Circumpolar World. From Alaska to the Barents Euro-Arctic Region, though a difficult and delicate task, it has been possible to retrieve and compare this data, due, in large part, to the statistics produced and published by public agencies. In all of these regions, national and regional governments and authorities understood the fundamental necessity for collecting statistical material, and for structuring it in such a way that it can be used for comparisons.

Most of Northern Russia does not fit into that picture. I would like to explain why, in my view, this situation has persisted over the last decade. Moreover, I would like to invite regional governments and authorities to work toward a change for the better in that direction.

My reading of the situation is the following: Before the 1990's, statistics describing Northern Russia were either non-existent, not available, or centrally held and controlled. During the last decade, however, crucial changes have been witnessed. Restructuring the distribution of powers gave the so-called regional governments much more effective responsibilities than before. Republics, Autonomous Okrugs and Oblasts together represent political forces that would not have had any equivalent during Soviet times.

These new levels of government have to face huge challenges. To answer them, they have to set up statistical monitoring systems which would put them in a position to learn about demographic and socio-economic structures, to follow trends, and then, ultimately, to better react.

At the same time, we can see a clear coalescence in the kind of information that is necessary for the exercise of political power, due to the overall convergence of the economic and political systems themselves. The kind of data needed to manage a system based on strict central planning and collective properties is not the same as what is needed when the system to be managed includes free markets and private ownership of the means of production. In fact, any system of government that must react to situations, must follow situations. Today, basic demographic and socio-economic information of common interest can easily be defined as a result of international cooperation in this domain. This information is very close to what is needed for all regional governments throughout the Circumpolar Arctic. And this is a totally new situation, largely due to the changes which have taken place in Russia over the last decade.

In other words, there exists an historic opportunity for creating a tool that would better serve regional needs and, at the same time, would allow us to increase our knowledge and understanding of Arctic realities.

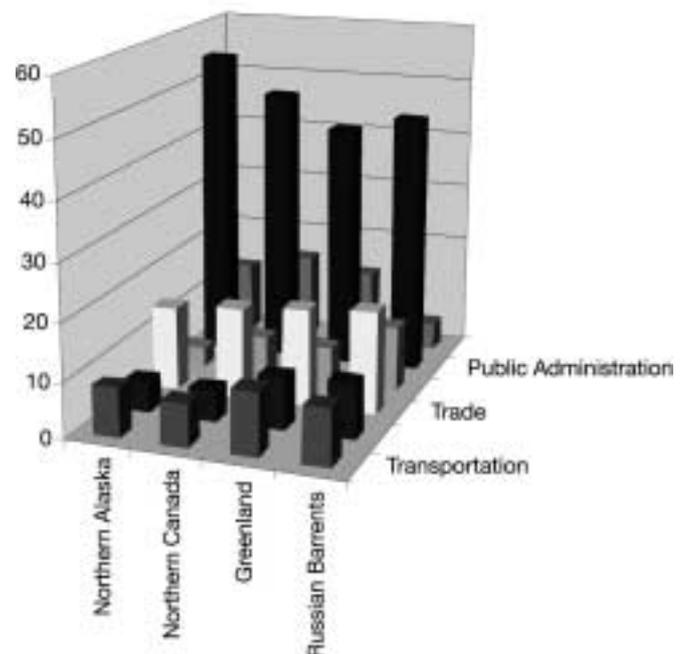
Invitation

We have been able so far to compare the economic situation for one half of the Circumpolar Arctic. I am of the opinion that the Northern Research Forum, and its members, have the opportunity and the power to change this, and to make possible, in the near future, a truly circumpolar economic portrait.

I would like to strongly urge regional leaders from all of Northern Russia, as well as other leaders representing Arctic regions, to cooperate in this effort. Ways and means for relevant cooperation are numerous. We can share our knowledge about the best data to be collected and the best ways for collecting it. When it already exists, we can share the data itself. By exchanging our respective databanks, we can aim at fruitful comparisons, we can answer specific questions, etc.

Whatever your position is, I would like to offer you the collaboration of our research program, and the resources that could and should be mobilized to support cooperation. We all have some expertise, some know-how, and some resources; the benefits of these could be multiplied by sharing our mutual assets.

Tertiary Activities by Branch



In the open world in which we are all living these days, no group benefits from ignoring its situation, or ignoring the situation of its neighbours. Everyone benefits from comparisons. It is from comparisons that better ideas, better solutions, and better practices can be described, understood and then shared. Through such processes, they can eventually be exported, or, in other words, they can be applied in regions to which they are relevant, in order to improve the living conditions of Arctic peoples.

Notes

- ¹ Gérard Duhaime was the president of the International Arctic Social Sciences Association (IASSA) between 1998 and 2001, and the Head of the Inuit and Circumpolar Studies Group (GETIC) at Laval University, Canada. He now holds the Chaire Louis-Edmond-Hamelin, where he leads major circumpolar research initiatives. Address: Gérard Duhaime, a/s GÉTIC, Pavillon Charles-de-Koninck, local 0450, Université Laval, Québec. G1K 7P4 Canada.
Gerard.Duhaime@fss.ulaval.ca