

## Northern Ontario's next boom must come from within

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Ontario's north has experienced slower economic growth than the rest of the province for decades.

Its shrinking economic role within Ontario — rooted as it was in natural resource extraction and processing — is a constant economic and political issue that has vexed politicians and community economic leaders for nearly 50 years.

The crisis in the forestry sector and its more capital-intensive production methods have also led to reduced northern employment. Whereas in 2003 there were 373,000 jobs in northern Ontario, by 2013 the number had decline five per cent to 355,000. Even the favourable unemployment rates in major northern urban centres are illusory, given that they reflect a shrinking labour force.

Compare that to Ontario as a whole, which saw employment grow 11 per cent over the same period despite the manufacturing malaise.

One response from northern Ontario to the employment decline has been to rely more on government. But public administration, health and social assistance, and education together already make up nearly 30 per cent of employment in northern Ontario, compared to 24 per cent in the province as a whole.

Northern Ontario's economic predicament and its response to economic challenges are also shaped by its history — one that generated persistent economic attitudes.

After Confederation, Ontario implemented a northern development scheme of land grants, industrial protectionism and railway building that operated parallel to the federal government's national policy.

Between 1891 and 1911, the previously "barren north" became "New Ontario" and there was a massive economic boom, as private investment, capital and migrants flooded into the north. As a result, ingrained in the northern Ontario psyche is the correlation between government policy and economic development.

That era was the golden age of northern economic development, and its success was replicated again during the resource boom of the 1950s. Boom and bust, unfortunately, became a feature of northern Ontario's economy, which has been eagerly awaiting the next boom as a quick fix to its complicated set of economic problems. Another quick fix has been the desire to find ways to lure factories or other projects that will instantaneously create thousands of jobs.

Rather than acknowledge that global economic market forces and private sector investment capital also play major roles in economic development, northern Ontario expects Queen's Park or Ottawa to drive the forces of economic development; and the lack of such government initiatives fuels regional alienation as a declining population share reduces the region's political voice.

The Ring of Fire is a classic example of how economic development is viewed in the north. There are expectations that the Ring of Fire's mining development will bring about an economic boom and create a cornucopia of jobs. All that is needed is federal and provincial government infrastructure spending to kick-start the process.

The reality is that, in the absence of market demand, government spending alone will not create mining development. Moreover, modern mining is capital intensive and mass job creation prospects are limited. Indeed, more of the benefits from mining are on the supply chain side. Rather than viewing the mining frontier as a coming boom that will quickly fix the northern economic malaise, it would be more realistic for northern Ontario to look at it as a long-term process of relatively modest, but sustained development.

Northern Ontario needs to stop seeing itself as a victim of government neglect, especially given its dependency on provincial and federal government expenditure. Indeed, as a recent report by the Northern Policy Institute has noted, northern Ontarians might be better served by not fixating on the north-south provincial relationship and instead look outward for economic development examples, from northern regions around Canada and the world such as Alaska, Norway, and Iceland, which have leveraged their resource base into greater value added activities.

It is not enough for northern Ontario to wait for Queen's Park or Ottawa to find the answers for them. Northern Ontarians must be more regionally entrepreneurial and invest in themselves and their own institutions to find answers that work for them.

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