

DEVELOPMENT CORPORATIONS IN THE CANADIAN NORTH – EXAMPLES FOR ECONOMIC GRASSROOTS INITIATIVES AMONG THE INUIT

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With 2 figures, 1 table

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Summary: Starting with the James Bay and Northern Québec Agreement of 1975 until the Nunavik Inuit Land Claim Agreement of 2006, the Inuit in Canada have negotiated some of the most extensive land claim agreements found in the Arctic region, opening up a variety of development opportunities for the beneficiaries of these “regional agreements”. One of the central purposes of these modern land claim agreements is to create an economic base and to promote economic self-reliance for the Inuit beneficiaries. As part of a local grassroots economic development movement that can be witnessed in these regions, development corporations were created starting in the 1970s with the mandate to invest capital into businesses and economic projects to create jobs and income for the local Inuit population. This paper will look at the efforts of two particular development corporations: the *Makivik Corporation* in Nunavik (Northern Québec) and the *Labrador Inuit Development Corporation* (LIDC) in Nunatsiavut (Northern Labrador).

Zusammenfassung: Die Inuit in Kanada haben, beginnend mit dem James Bay and Northern Québec Agreement 1975 bis hin zum Nunavik Inuit Land Claim Agreement 2006, einige der umfassendsten Landrechtsverträge der arktischen Regionen abschließen können. Damit eröffneten sie eine Vielzahl von Entwicklungsmöglichkeiten für die Begünstigten der „regionalen Verträge“. Ein zentrales Ziel dieser modernen Landrechtsverträge ist die Schaffung einer wirtschaftlichen Basis und die Förderung wirtschaftlicher Eigenständigkeit der Inuit. Als Teil einer lokalen wirtschaftlichen „grassroots“ Bewegung, die man in den Inuit Regionen beobachten kann, wurden seit den 1970er Jahren Development Corporations gegründet. Sie sollen in Unternehmen und wirtschaftliche Projekte investieren, um dabei Arbeitsplätze und Einkommen für die Inuit zu schaffen. In diesem Artikel sollen die Bemühungen von zwei Development Corporations untersucht werden: der *Makivik Corporation* in Nunavik (Nord-Québec) und der *Labrador Inuit Development Corporation* (LIDC) in Nunatsiavut (Nord-Labrador).

Keywords: Development corporations, Inuit, Nunavik, Nunatsiavut

1 Introduction

The Canadian North has been the stage for major political and economic changes since the 1970s. These changes, in particular the Federal Government’s Comprehensive Land Claim Policy of 1973, allowing for the negotiation of unsettled land rights with the Aboriginal peoples in Canada, had a major impact on the development of this region (DEWAR 2003, 6). Since then, the Inuit in Nunavut, Nunavik, Nunatsiavut and the Inuvialuit Region were successful in reaching some of the most extensive agreements under that policy, opening up a variety of development chances for their beneficiaries (see Fig. 1): James Bay and Northern Québec Agreement (1975), Inuvialuit Final Agreement (1984), Nunavut Land

Claims Agreement (1993), Labrador Inuit Land Claim Agreement (2005), Nunavik Land Claim Agreement (2006) (INDIAN AND NORTHERN AFFAIRS 2007).

One of the central purposes of these “regional agreements” is to create an economic base and to promote economic self-reliance for the Inuit beneficiaries. Therefore they contain diverse economic benefits, including cash compensation, ownership of land and surface resources, ownership of sub-surface resources, co-management rights, resource royalty shares, traditional hunting and fishing rights, provisions for land-use planning, programmes for economic development, training and job creation as well as policies for Impact and Benefit Agreements that would need to be negotiated for the approval of resource develop-



Fig. 1: Inuit settlements and settlement regions in Canada. (Source: Draft: GERLIS FUGMANN 2008, Cartography: NADINE VORBECK)

ment projects in the Inuit settlement areas (INUIT TAPIRIIT KANATAMI 2004, 3; SAKU and BONE 2000a, 284). The intended outcome is to enable the Inuit to continue their traditional activities and lifestyle while facilitating their integration into the modern Canadian economy as a way to improve living conditions and to reduce high unemployment rates in northern communities (SAKU and BONE 2000a, 294; SAKU and BONE 2000b, 262–263).

Despite hopes created by these agreements for an improvement of the economic base of the Inuit, current statistics still show significant deficiencies in areas like education, employment, income, housing, health and living standards in the northern Inuit regions (INUIT TAPIRIIT KANATAMI 2008; GIONET 2008). To overcome these deficiencies a variety of local economic initiatives were created in the Canadian North by the Inuit, including private sector initiatives, co-operative movements and development corporations. As an example for a grassroots initiative, this article will focus specifically on Inuit development corporations. The central question to be addressed is how effective

are these Inuit development corporations in improving the economic situation in their respective regions? What kind of economic projects and socio-economic programmes are they investing in and what returns do these investments provide for the Inuit beneficiaries in terms of an improvement of living conditions and local job creation? The article will focus on projects and investments of two development corporations: Makivik Corporation in Nunavik and the Labrador Inuit Development Corporation in Nunatsiavut (see Fig. 1). Data is derived in part from a study on economic development perspectives in Nunavik and Nunatsiavut conducted by the author in summer of 2008 with semi-structured expert interviews with Inuit and non-Inuit representatives of the Inuit Tapiriit Kanatami, the Makivik Corporation, the Northern Village of Kuujuaq, the Nunatsiavut Government, the Inuit Community Government of Nain (Nunatsiavut) and the Labrador Inuit Development Corporation as well as standardized interviews with local businesses in Kuujuaq (Nunavik), Kangirsuk (Nunavik) and Nain (Nunatsiavut).

2 Development corporations

Development corporations have been created in the Inuit regions since the 1970s by all political Inuit organizations. Today, there are seven Inuit development corporation in Canada (see Tab. 1): one in every Inuit land claim settlement area (Makivik Corporation in Nunavik, Labrador Inuit Development Corporation in Nunatsiavut, Inuvialuit Development Corporation in the Inuvialuit Region and Nunasi Corporation in Nunavut), as well as one in every subregion in Nunavut (Sakku Investments Corporation in the Kivalliq Region, Kitikmeot Corporation in the Kitikmeot Region and Qikiqtaaluk Corporation in the Baffin Region).

They are, by definition, a “particular form of corporation and thus all the characteristics of the corporate form of business organization apply” (ANDERSON 1999, 150). The function of a development corporation is to separate daily business decision-making processes from politics. “Subject to broad objectives and policy guidelines determined by the political leaders, a development corporation and its businesses are expected to concentrate on profitability, growth, long-term survival and employment creation” (ANDERSON 1999, 150). Shareholders are the members of the Inuit organizations. They control the corporation by electing a board of directors (ANDERSON 1999, 147).

The mandate of Inuit development corporations is to invest capital, which they derived in part from the “regional agreements”, into companies to create economic and business opportunities and through that jobs and income for the Inuit. The initial investment capital for Makivik Corporation and the Inuvialuit Development Corporations came directly from their respective land claim agreement. The Inuvialuit Development Corporation (Tab. 1), as part of the Inuvialuit Regional Corporation, for example was created by the Inuvialuit Final Agreement in 1984, but received a portion of the land claim funds already in 1977 with the directive to maximize returns for the Inuvialuit by promoting business development (INUVIALUIT DEVELOPMENT CORPORATION 2007a). The other development corporations in Nunavut and Nunatsiavut were established as the economic arms of their regional Inuit organizations well before their land claim agreements were signed and therefore received their initial investment capital through that organization as well as outside sources.

Since their incorporation, the development corporations, with different degrees of success, have established wholly Inuit-owned subsidiary corporations or invested in various joint ventures and other types of business partnerships to provide revenue streams for the corporation and create jobs for the Inuit of their region. Investments have been made in essential service industries of the North (e.g. airlines, marine shipping companies), but also in companies that provide services to the mining industry, tourism companies, as well as traditional resource-based industries like the commercialization of country foods and the fishing industry (INUIT TAPIIRIT KANATAMI 2004, 4).

In an initiative to cooperate in the analysis of potential business opportunities, the establishment of pan-Arctic Inuit-owned businesses and the undertaking of joint-ventures with non-Inuit private sector companies, all four Inuit regions in Canada created the Canadian Inuit Business Development Council in 1994. It played an important role in the foundation of Pan Arctic Inuit Logistics (PAIL), the very first pan-Arctic Inuit business enterprise, in 1994 (MAKIVIK CORPORATION 1995, 73).

PAIL in cooperation with the southern-based company ATCO Frontec, bid successfully for a five-year operations and maintenance contract for the North Warning System (NWS) radar sites in Canada, including 47 radar sites and five logistics support centers as well as support facilities in Ottawa and North Bay, Ontario (ALLARD 2008). In 2001, the contract was renewed after both companies established the jointly-owned Nasittuq Corporation for its implementation (MAKIVIK CORPORATION 2002, 44; ALLARD 2008; VINCENT 2008). In 2007 Nasittuq Corporation was employing 258 permanent employees, of which 28 (18.6%) were Inuit beneficiaries from the four land claim regions (MAKIVIK CORPORATION 2007, 47). Including short-term contracts and summer work positions, the company employed in 2007 a total of 355 employees, of which 196 or 55.2% were Inuit (MAKIVIK CORPORATION 2007, 47).

3 Challenges for economic development in the Inuit settlement areas

Inuit development corporations face a number of significant challenges similar to those faced by other economic and private sector business development projects in the Inuit settlement areas:

Table 1: Inuit Development Corporations in Canada

Name	Information on the Corporation
Nunasi Corporation (Nunavut)	<ul style="list-style-type: none"> • birthright development corporation wholly-owned by Inuit beneficiaries of the Nunavut Land Claim Agreement • formed in 1976 by ITC • Subsidiaries / Joint Ventures: e.g. Nuna Logistics, Pan Arctic Inuit Logistics, Nunasi Environmental Corporation, NorTerra Inc.
Sakku Investments Corporation (Nunavut)	<ul style="list-style-type: none"> • ‘economic arm’ of the Kivalliq Inuit Association • formed in 1989 • Subsidiaries / Joint Ventures: e.g. Sakku Arctic Technologies, Nunavut Eastern Arctic Shipping, Pan Arctic Inuit Logistics, Larga Kivalliq Ltd.
Qikiqtaaluk Corporation (Nunavut)	<ul style="list-style-type: none"> • ‘economic arm’ of Qikiqtani Inuit Association • formed in 1983 • Subsidiaries / Joint Ventures: e.g. Qikiqtaaluk Properties Inc., Qikiqtaaluk Environmental, Pan Arctic Inuit Logistics, Nunavut Eastern Arctic Shipping, Unaaq Fisheries,
Kitikmeot Corporation (Nunavut)	<ul style="list-style-type: none"> • ‘economic arm’ of the Kitikmeot Inuit Association • Subsidiaries / Joint Ventures: e.g. Kitikmeot Caterers, Inuksugait Inc., Kitnuna Corporation, Pan Arctic Inuit Logistics,
Makivik Corporation (Nunavik)	<ul style="list-style-type: none"> • development corporation mandated to manage the heritage funds of the Inuit of Nunavik provided by the James Bay and Northern Quebec Agreement • formed in 1978 • Subsidiaries / Joint Ventures: e.g. Air Inuit, Nunavut Eastern Arctic Shipping, Nunavik Creations, Unaaq Fisheries, Cruise North Expeditions
Labrador Inuit Development Corporation (Nunatsiavut)	<ul style="list-style-type: none"> • formed as the ‘economic development’ arm of the Labrador Inuit Association • formed in 1982 • Subsidiaries / Joint Ventures: e.g. Torngait Ujaganniavingit Corporation, Pikalujuk Fisheries, Pan Arctic Inuit Logistics,
Inuvialuit Development Corporation (Inuvialuit Region)	<ul style="list-style-type: none"> • Business investment arm of the Inuvialuit Regional Corporation • formed in 1977 • Subsidiaries / Joint Ventures: e.g. Inukshuk Geomatics, Inuvialuit Oilfield Services, Canadian North Airlines, NTCL, Aklak Air

(Source: SAKKU INVESTMENTS CORPORATION o.J.; QIKIQTAALUK CORPORATION 2006; MAKIVIK CORPORATION 2007; NUNASI CORPORATION o.J.a; NUNASI CORPORATION o.J.b; INUVIALUIT DEVELOPMENT CORPORATION 2007a; INUVIALUIT DEVELOPMENT CORPORATION 2007b; KITIKMEOT CORPORATION o.J.; KITIKMEOT CORPORATION 2007; ANDERSON, R. B. 1999, 151; LABRADOR INUIT ASSOCIATION 2005, 11)

a) Location

The Inuit communities in the Canadian North have an economic disadvantage regarding their location. They are situated in very remote areas far away from major metropolitan centres of the South. As a consequence transportation costs for people and goods are extremely high. In addition, the harsh Arctic climate has major impacts on the construction of, as well as the costs of operating any kind of facilities in this region (INUIT TAPIRIIT KANATAMI 2004, 6-7; FUGMANN 2008, 62-63).

b) Workforce

The population in the Inuit regions is very small with a high percentage of Aboriginal people (Inuit). Nunavut for example has a population of only 24,635 spread over an area of almost two million square kilometers with an Inuit percentage of 85 percent (BONE 2002, 7; STATISTICS CANADA 2008, 20). Due to high birth rates, the Inuit population is very young. In 2006, 56% of all Inuit were 24 years of age or younger (STATISTICS CANADA 2008, 19). This leads to a large number of young people pressing into the local workforce. As not enough jobs are being created this causes high unemployment rates in Inuit communities. Another factor that has to be considered is the lack of a qualified workforce. Especially the recruiting of specialized manpower within the Inuit regions is a problem for any kind of business initiative (own survey of businesses in Kuujjuaq, Kangirsuk and Nain 2008). Additionally, the strong influence of traditional Inuit culture and language is an element that has consequences for economic development. Business projects in the North have to be prepared for example to provide service in several languages as well as to deal with a different work mentality of the local workforce. (INUIT TAPIRIIT KANATAMI 2004, 6-7; own survey of businesses in Kuujjuaq, Kangirsuk and Nain 2008)

c) Infrastructure

The lack of important basic infrastructure has a strong impact on the economic development in the Inuit regions (AATAMI 2008; GORDON 2008; DORAIS 2008; ALLARD 2008). Especially the limited transportation infrastructure is causing increased costs for business operations. There is no road system to and within the Inuit regions. Transportation relies solely on air transportation or marine shipping in the summer months. As most food and consumer products, building materials etc. have to be imported from the south, this leads to very high cost of living (AATAMI 2008; GORDON 2008; DORAIS 2008). Business ini-

tiatives also have to cope with the only very limited presence of banks and financial institutions as well as the limited development of the telecommunications infrastructure (VAIL and CLINTON 2002, 15; CLINTON and VAIL 2008, 33; INUIT TAPIRIIT KANATAMI 2004, 6-7; FUGMANN 2008, 62-63).

d) Markets

Due to the small population in the Inuit regions, local markets are very limited, making it hard for businesses to achieve enough sales volume for their operations to remain profitable. This problem is increased by the low purchasing power and the lack of savings of the local population that is caused by the high costs of living and limited work opportunities. Businesses, despite their remote location and resulting high production and transportation costs, therefore are trying to sell products as well on the Canadian domestic or on international markets (VINCENT 2008; GORDON 2008). International trade laws and regulations (e.g. the ban for seal products by the European Union) often act as an additional barrier when trying to market local Inuit produced products (e.g. seal products, products from other marine mammals, caribou meat, products from muskoxen) (INUIT TAPIRIIT KANATAMI 2004, 6-7).

4 Case studies: Nunavik (Northern Québec) and Nunatsiavut (Northern Labrador)

4.1 Nunavik

When the James Bay and Northern Québec Agreement was signed as the first modern land claim agreement in Canada in 1975, a new land and administrative regime was created for the Inuit of Northern Québec (Nunavik). Three categories of land were established, on which the Inuit population received certain rights of usage, with Category III lands making up almost 85% of the territory:

- Category I lands: Inuit villages and their peripheries which are reserved for the exclusive use and benefit of the Inuit;
- Category II lands: public land adjoining category I lands with exclusive hunting, fishing and trapping rights for the Inuit;
- Category III lands: public lands where Inuit retain certain harvesting rights. (PETERS 1999, 414; DESBIENS 2004, 354)

Several administrative institutions were created for the Nunavik region, establishing a certain degree of control over regional affairs for the inhabitants of

the area, who are composed of 90% Inuit population (PETERS 1999, 414; SECRÉTARIAT AUX AFFAIRES AUTOCHTONE 1999; DUHAIME 2008, 28). Public institutions, like the Kativik Regional Government, the Kativik School Board, the Kativik Regional Development Council and the Nunavik Regional Board of Health and Social Services serve all residents of Nunavik (SECRÉTARIAT AUX AFFAIRES AUTOCHTONE 1999).

As a representative of all Inuit beneficiaries of the James Bay and Northern Québec Agreement, Makivik Corporation was established in 1978 to administer the implementation of the agreement and to engage in the economic and social development of the Inuit of Nunavik (SECRÉTARIAT AUX AFFAIRES AUTOCHTONE 1999). On an economic level, Makivik Corporation was set up as a development corporation to fulfil three purposes: “a) to receive the Compensation and to administer and invest the Compensation and the revenues therefrom; b) the relief of poverty, the welfare and the advancement of education of the Inuit; c) the development and the improvement of the Inuit communities” (INDIAN AND NORTHERN AFFAIRS CANADA, 1998, 410).

Initially, 25% of the compensation could be used as risk capital and was invested by Makivik Corporation in the creation of wholly-owned subsidiary companies or in joint-venture partnerships with other Inuit-owned or non-Inuit owned businesses (DE LA BARRE 1988, 96). Over 30 years, the achievements of Makivik Corporation are considerable. The value of the compensation received from the James Bay and Northern Québec Agreement rose from originally \$90-million to \$243 million in 2007 (MAKIVIK CORPORATION 2007, 23). Investments by Makivik Corporation can be categorized into businesses that: a) provide essential services to the Inuit communities and therefore help the living situation of the local population (e.g. First Air, Air Inuit, Nunavut Eastern Arctic Shipping, Halutik Enterprises); b) exploit the renewable resources existing in Nunavik (e.g. Fisheries Division, Unaaq Fisheries); c) use and commercialize traditional lifestyle, knowledge and skills (e.g. Nunavik Arctic Food, Nunavik Furs, Nunavik Creations); d) are “new areas of investments” only made in recent years (e.g. Nunavik Biosciences, Cruise North Expedition); e) are major joint ventures with other Inuit development corporations (e.g. Pan Arctic Inuit Logistics).

Some of the companies that Makivik Corporation invested in since 1978 include:

- **Air Inuit:** The oldest Makivik subsidiary which was created in 1978. Today it serves all 14 communities in the Nunavik region with passenger and charter

service. As there are field agents and workers needed in every community, Air Inuit is the Makivik subsidiary company creating most jobs in the region (AATAMI 2008). In 2003 it employed in its Nunavik division more than 360 employees, 39 percent of whom were beneficiaries of the James Bay and Northern Québec Agreement (MAKIVIK CORPORATION 2003, 26).

- **Nunavut Eastern Arctic Shipping:** A joint venture between Transport Nanuk Inc. and Nunavut Umiak Corporation (a joint venture of three Inuit development corporations established in 1999: Makivik Corporation, Sakku Investments Corporation and Qikiqtaaluk Corporation). It initially started out with one container ship that was owned by Transport Nanuk but since the establishment of the joint venture with Nunavut Umiak Corporation, the company was able to purchase three more ships on a 50-50 cost-sharing basis, serving the eastern Arctic communities in Nunavik and Nunavut in the summer months with cargo (ALLARD 2008). Originally the company had a commitment to having a 50% Inuit workforce within the first five years of operation, which was not achieved (MAKIVIK CORPORATION 2000, 67). Currently there are six Inuit employed serving ship-board in deckhand positions. A training program for Inuit is also offered to ensure that in the foreseeable future at least all entry-level positions in the company can be filled with Inuit beneficiaries (ALLARD 2008).

- **Nunavik Creations:** A business producing Inuit-designed clothing and fashion (e.g. parkas, jewelry, kamiks, mitts). It was created in 2002 and is composed of a clothing division and a fur tanning division (MAKIVIK CORPORATION 2007, 40). Products are sold in a little store in Kuujuaq as well as on a website. Projects like Nunavik Creations have a social value for Nunavik by creating a few part-time jobs for seamstresses and local artists in smaller communities but are not economically profitable. Makivik Corporation is able to invest into initiatives like these because other subsidiary companies, especially the airlines, are making enough profits for the corporation (GORDON 2008; DORAIS 2008).

- **Cruise North Expeditions:** An investment in the tourism sector offering cruise ship tours in the eastern Canadian Arctic, currently in its fourth season. As a relatively new company, Cruise North Expedition is not financially successful yet, but the company is improving every year (GORDON 2008). Especially in the light of current debates on climate change, travels into the Arctic regions seem to become an increasing attraction to tourists. In 2008,

more than 800 bookings were made for the different tours offered by Cruise North Expeditions with the most popular destinations being areas “where there’s books written on, like the Franklin expedition” (GORDON 2008). Last year, the company employed 14 Inuit as guides, cultural presenters etc. (MAKIVIK CORPORATION 2007, 52). To further extent their range of products Makivik Corporation is currently discussing the possibility of partnerships with neighbouring Inuit regions, primarily Nunatsiavut and the Baffin Region in Nunavut (GORDON 2008; LYALL 2008).

- Profits made through the various Makivik subsidiary companies and joint ventures have been reinvested heavily in infrastructure and community projects, including the Nunavik Marine Infrastructure Project and a Social Housing Project for which a Construction Division was created in 2000 (AATAMI 2003, 227; MAKIVIK CORPORATION 2007, 49; DORAIS 2008; GORDON 2008; AATAMI 2008). In addition, Makivik Corporation was successful in negotiating new economic development agreements with the provincial and federal governments (e.g. the Sanarrutik Partnership Agreement in 2000 with the Québec Government and the Kativik Regional Government) as well as Impact and Benefit Agreements (IBAs) with major mining projects in the region like the Raglan Nickel Copper Mine (GORDON 2008). The latter for example provided profit shares for Makivik Corporation of more than \$32 million in 2008, which were paid out in part directly to Nunavimmiut (GORDON 2008, GEORGE 2008).

- Despite the overall success of the corporation, Makivik Corporation’s investment choices over the last 30 years were not always successful. A number

of business initiatives had to be terminated due to bad profits, e.g. Nunavik Arctic Foods, a project that was designed to process and sell country food products (e.g. caribou meat) mainly to markets in Nunavik but also to southern and foreign markets (MAKIVIK CORPORATION 1995, 41). Due to a crisis in the shrimp fishing industry with low prices and overproduction on the world market, the Makivik Fishery Division also went through troublesome times in the last few years. Unaaq Fisheries, a joint venture with Qikiqtaaluk Corporation in Nunavut, recently had to renegotiate its partnership with Clearwater Fine Foods from Nova Scotia (MAKIVIK CORPORATION 2007, 42). The partnership with another Nova Scotia company (Farocan) even had to be ended in 2006 and the licence is now fished by Newfoundland Resources Inc. from Newfoundland (MAKIVIK CORPORATION 2007, 40; MAKIVIK CORPORATION 2006).

4.2 Nunatsiavut

Nunatsiavut is the Inuktitut name for the Inuit region in Labrador (Canada). Today, the 2,410 inhabitants live in five communities along the coast: Nain, Hopedale, Postville, Makkovik and Rigolet (STATISTICS CANADA 2006). 91% of the population defines themselves as Aboriginal: Inuit and Kablunângajuit (STATISTICS CANADA 2006). Kablunângajuit (Settler) “means an individual who is given that designation according to Inuit customs and traditions and who has: (a) Inuit ancestry (b) no Inuit ancestry but who settled permanently in the Labrador Inuit Land Claims Area before 1940; or (c)

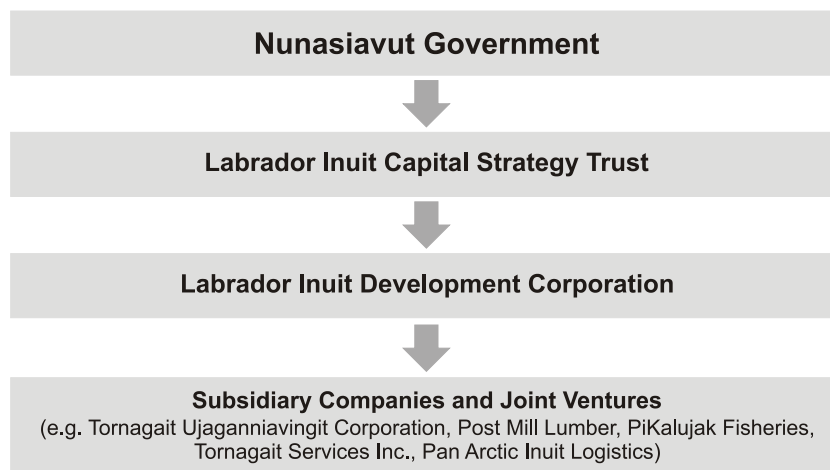


Fig. 2: Organization Chart of the Nunatsiavut Government related to the Labrador Inuit Development Corporation
(Source: VINCENT 2008)

no Inuit ancestry, but: (i) is a lineal descendant of an individual referred to in clause (b); and (ii) was born on or before November 30th, 1990” (INDIAN AND NORTHERN AFFAIRS CANADA 2005a, 30-31).

In 1973, the Labrador Inuit Association was formed as a political organization representing the Inuit and Kabloonângajuit in Labrador. Just four years later it published a land use and occupancy study with the title “Our Footprints Are Everywhere” and started a long negotiation process with the Governments of Canada as well as Newfoundland and Labrador that ended in 2005 with the signing of the Labrador Inuit Land Claim Agreement (HAYSOM 1992, 181-182; ALCANTARA 2007, 186-188).

To improve employment and business opportunities as well as to improve education and training for its beneficiaries, the Labrador Inuit Association created a development corporation in 1982 with three Inuit shareholders (ANDERSON 1999, 151). The Labrador Inuit Development Corporation (LIDC) initially had a resource-based investment strategy. By using resources from the region, employment opportunities were supposed to be created for the local population (VINCENT 2008). Unlike Makivik Corporation, who received its capital through the James Bay and Northern Québec Agreement, the initial capital came from the Labrador Inuit Association and third parties including bank financing. As the LIDC grew, it had an increasing need for working capital, which began to dry out due to bad investment choices, leading to a financial crisis in 2006 (VINCENT 2008).

In 2005, the Labrador Inuit Land Claim Agreement was finally completed. It established a Labrador Inuit Settlement Area comprising of 72,520 square kilometres of terrestrial area, of which 15,799 square kilometres were defined as Labrador Inuit Lands which are owned by the Inuit in fee simple and administered, controlled and managed by the Nunatsiavut Government (INDIAN AND NORTHERN AFFAIRS CANADA 2005b). Subsurface rights were not included in the Labrador Inuit Lands but the Nunatsiavut Government receives a share in revenues from subsurface resources on these lands. In addition, a cash compensation of almost \$140 million will be paid out over a period of 14 years. The agreement also provided for the establishment of the Torngat Mountain National Park at the northern tip of Labrador as part of the Labrador Inuit Settlement Area (INDIAN AND NORTHERN AFFAIRS CANADA 2005b).

Two levels of self-government institutions were created in Nunatsiavut by the Labrador Inuit Land Claim Agreement:

- **Regional Level:** Nunatsiavut Government (regional administration; jurisdiction over Inuit culture and language; governance of Labrador Inuit Lands)
- **Community Level:** Inuit Community Governments in all Nunatsiavut communities (Nain, Hopedale, Postville, Makkovik, Rigolet) as well as two Inuit Community Corporations for beneficiaries living outside the Labrador Inuit Settlement Area (Sivunivut Inuit Community Corporation for beneficiaries in North West River and Sheshatshiu; NunaKatiget Inuit Community Corporation for beneficiaries in the Happy Valley-Goose Bay Area). While the jurisdiction and structure of the Inuit Community Governments is similar to the former municipal structure, the most significant change is that Inuit Community Governments received freehold title to all Provincial Crown Lands within the boundaries of the Inuit community when they were created (ERICSON 2008).

As a result of the political changes in Nunatsiavut, the dissolution of the Labrador Inuit Association and its replacement by the Nunatsiavut Government, the Labrador Inuit Development Corporation (LIDC) had to redefine its relationship with the new institutions. For financial reasons, the three original shares were transferred to a new trust, the Labrador Inuit Capital Strategy Trust (LICST), which the Nunatsiavut Government established (see Fig. 2). The Trust now owns these shares and the LIDC pays a management fee to the Trust. Money is then transferred back to the LIDC to reinvest into new projects. The LIDC is also able to look at alternative funding options through bank loans, for which the Trust works as a guarantee. (VINCENT 2008)

At approximately the same time the Nunatsiavut Government was formed, the Labrador Inuit Development Corporation was in a financial crisis. A number of bad business decisions, including the funding of projects that had no hope of being profitable, had a serious impact on operations. A change in management to turn around the organisation was followed by a new mandate to create a new environment for economic development by identifying profitable projects that the Nunatsiavut Government could invest in, regardless of whether they were within or outside their territory, has dominated the corporation since then (VINCENT 2008).

Unlike Makivik Corporation in Nunavik, the Labrador Inuit Development Corporation did not get the compensation money from the Labrador Inuit Land Claim Agreement to invest into economic opportunities, but it can apply for funding support from the Nunatsiavut Government for business or

investment projects. Although the LIDC had to deal with the aftermath of the financial crisis in the last two years, it did get a lot of unexpected extra funding that helped the corporation. Revenue from the Impact and Benefit Agreement with the Voisey's Bay Nickel Mine as well as favourable stock market returns were transferred to LIDC by the Nunatsiavut Government to help fund projects that would make money and expand LIDC. These funds are likely to dry up sometime in 2009 or 2010 due to the world economic crisis and a decline in nickel prices (VINCENT 2008).

Prior to 2006 the Labrador Inuit Development Corporation employed 350 beneficiaries from Labrador throughout their subsidiary companies. Today this number has dropped to 175, with the majority being seasonal (May to October) positions. There are currently only 20 permanent full-time positions in the corporation. By further expanding some of the projects, the LIDC hopes to increase the number of employees in 2009 by at least 50 (VINCENT 2008).

The subsidiary companies that the Labrador Inuit Development Corporation currently is involved in include:

Torngait Ujaganniavingit Corporation: A company founded in 1990 involved in the production of dimension stone. It has two quarries for anorthosite near Nain (Ten Mile Bay and Iggiak Bay). The quarry at Iggiak Bay had to be closed down in 2006 due to high operating costs and lack of working capital to operate it. At Ten Mile Bay new parts of the quarry are being developed right now because the old quarry is exhausted with regards to good stone. During the 2008 season the quarry employed 20–30 people which is supposed to be doubled in 2009 due to an extension of operations (VINCENT 2008). Torngait Ujaganniavingit Corporation also owns two stone processing plants in Nain and Hopedale. The Ten Mile Bay North Stone Processing Plant (currently not in service) produces unpolished stone strips for the tile market; whereas the Hopedale Stone Processing Plant produces slabs for the furniture, counter top and monument market in for example Italy and the United States (LABRADOR INUIT ASSOCIATION 2005, 12).

Post Mill Lumber: The company owns a sawmill operation in Postville. Originally lumber was produced there for the Torngat Regional Housing Corporation or sent to Corner Brook for pulpwood (LABRADOR INUIT ASSOCIATION 2005, 12). This operation became unprofitable during the softwood lumber dispute between Canada and the

United States. An additional source of income was the production of core boxes for mining exploration companies around Postville. This operation ran into problems after the Nunatsiavut Government announced a moratorium on mining development in 2007 for Nunatsiavut. During the summer of 2006, there were ten people employed (VINCENT 2008).

PiKalujak Fisheries: It is a shrimp fishing operation, 50% owned by the Labrador Inuit Development Corporation (LABRADOR INUIT ASSOCIATION 2004, 11). Due to the current crisis in the shrimp fishing sector, it is currently the only active fishing operation of LIDC.

Major changes are expected especially in the fishing sector in the near future. There are currently two major agents in the Northern Labrador fishing industry: the Labrador Inuit Development Corporation and the Torngat Fish Producers Cooperative Society, who also runs two fish processing plants in Nain and Makkovik. With the economic problems in the fishing industry, plans are being discussed right now to take the fishing licences from both companies, pool the resources and establish a new fishing entity that would ideally start operating in spring 2009 (VINCENT 2008).

5 Conclusion

As part of a grassroots economic development movement, including for example private sector business initiatives and cooperatives that can be witnessed in Canadian Inuit regions, development corporation were created starting in the 1970s with the mandate to invest money (in part from the regional agreements) into sub-companies and create jobs and income for the local Inuit population. When comparing the different investment strategies and businesses done by Makivik Corporation in Nunavik and the Labrador Inuit Development Corporation (LIDC) in Nunatsiavut, one question remains: how effective are the development corporations in improving the economic situation of their region?

To get an answer to this question, several issues have to be taken into consideration. Makivik Corporation had a financial advantage over the LIDC by receiving funds from the James Bay and Northern Québec Agreement as investment capital. It created various businesses and joint ventures, it has been able to invest heavily in infrastructure and community projects, to successfully negotiate new economic development agreements with the provincial and federal governments as well as Impact and

Benefit Agreements with major mining projects. With its strategy it was able to almost triple the value of the heritage fund from the James Bay and Northern Québec Agreement.

The Labrador Inuit Development Corporation did not have as many financial resources as Makivik Corporation since it had to rely on funding from the Labrador Inuit Association and otherwise funding. Over the years it was nevertheless successful in developing business opportunities in northern Labrador that created a number of jobs for the residents of that region. As a lot of the businesses of LIDC are resource-based (e.g. stone quarries, lumber production, fisheries), they are heavily influenced by the quality and quantity of the resources themselves and outside markets. These and other factors like bad investment decisions contributed to the financial crisis that LIDC is currently trying to overcome.

The efforts done by both development corporations contribute to a large degree to the economy of their respective regions resulting in many positive impacts for the local Inuit population. Despite these attempts, current statistics still show high unemployment rates for Nunavik and Nunatsiavut and a level of education that is below the Canadian average, suggesting that efforts still have to be improved. The subsidiaries invested in by Makivik Corporation and the Labrador Inuit Development Corporation will ultimately only benefit the Inuit beneficiaries if apart from financial benefits, they will create more training and job opportunities for the regions. Further investments in the training and education are necessary to create a qualified workforce so that positions, not only at the entry-level can be filled with local Inuit.

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