LABOR MARKET PERSPECTIVES ON RESOURCE DEVELOPMENT

The labor market consequences of large scale resource development in the Arctic

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Abstract  Economic activities based on non-renewable resources have been an integral part of the involvement of northern communities in the global economy. But the outcome for the North has been very different, depending mainly on the extent to which the communities in reality have been involved in the activity. Three types of relations between the resource exploitation activity and the local communities have been identified. They are connected to the different phases of the resource development with a methodological focus on the labor market development, stressing how local communities may - or may not - be involved in the process, and with the possibility of tracing the degree of involvement by means of the concept of labor market multiplicator. The paper has an offset in the situation in Greenland, but makes comparative references to similar activities in other parts of the circumpolar North.

Keywords: Social impact assessment, labor market consequences, community involvement, development policies,

1. INTRODUCTION

Large scale energy and resource development projects have become crucial elements in the North. Not only due to their direct contribution to the economy of the communities, but also indirectly because they are profoundly imposing changes on the demographic structure, the settlement pattern and infrastructure, and putting stress on other resource activities [1,19, 28,37]. Especially since
WWII the Northern regions have become an integral part of the North American and European economy, imposing marked changes on the living conditions of the population in the North [3, 7, 13].

An important element in this dynamic is the influence of the development on the local labor market, because the involvement of people, either directly through workplaces in the industries, or indirectly through jobs created in adjacent activities, constitutes one of the most important links between the industry and the local communities [16, 20, 27]. As resource development projects are usually going through characteristic phases, the character of the local involvement may differ. But the creation of jobs in related industries may often be the starting point of more enduring activities after activities in the primary production has stopped [11, 12]. When missing, however, more enduring results of resource development may not appear, and the community only go through the characteristics of a boom-and-bust cycle, often leaving the community in a worse situation than before the activity started, due to a depriving of the traditional economic and social structures, without options for alternatives [4, 22].

2. CASES FROM GREENLAND

The exploitation of the mineral resources in Greenland started in the latter part of the 19th century. Several of the activities have been small scale extractions with limited influence on either the economy or the local communities, simply because it only involved a handful of people during a limited number of years [26, 33]. The map on figure 1 shows the situation of the activities which have had some impact on the development in Greenland [2, 26, 36], and a short outline on each of the sites will be given, with emphasis on the work force involved and the relations to the local and national labor market.

2.1 Amitsoq

The existing of graphite has been recognized in several places in Western Greenland, and the largest body of ore was found in 1911 on the Island of Amitsoq close to Nanortalik in South Greenland. The Danish company "Grønlands Minedrift A/S" conducted the geological surveys which eventually was leading to the establishing of a small mine and processing plant in 1915.