

Go north, to find Ontario's next economic boom

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While it is simplistic to believe that history repeats itself, economic history is shaped by cyclical demographic and economic factors. Ontario's economy, despite its current lethargy, is poised for a boom reminiscent of what shaped the province at the dawn of the 20th century.

During the late 19th century, Ontario's economy was laid low by a global economic slump. Between 1891 and 1901, Ontario's population growth crawled to a virtual halt and out-migration of its young people to the United States became a chronic lament.

Ontario's economy was saved during the early 20th century by two booms that fuelled its manufacturing sector's growth and ensured that Toronto became the financial centre of Canada. The first, the prairie settlement boom, saw hundreds of thousands of European settlers flock to the Prairies and form a market for consumer goods produced by central Canadian industry. The second was the forestry and mining resource boom of Ontario's northern frontier, which generated inputs into southern Ontario industry, created Toronto's role as a financial centre and created a lucrative source of provincial government revenue via enormous resource rents and royalties.

Between 1891 and 1911, northern Ontario's population went from 4 per cent to almost 11 per cent of Ontario's population. Meanwhile, cash from northern forests and mines came to account for nearly 25 per cent of Ontario's provincial government revenue. Indeed, the forests and mines of Ontario's north for the provincial government during the early 20th century were like Alberta oil.

The patterns of economic history may be about to repeat themselves in Ontario's north providing an economic boost for the entire province. Ontario's north is still a vast storehouse of forest and mineral wealth, and continued growth in the economies of China, India and Brazil will eventually generate an upturn in resource prices, which will spark a boom in resource commodities.

In the James Bay Lowlands, in Ontario's so-called "Ring of Fire," there are more than 100 mining companies with holdings. The entire area north of 50 is an untapped region of forest, mineral and hydroelectric power wealth whose development will require the building of roads, communications infrastructure and power transmission lines. The export of the resources will rejuvenate Ontario's transportation system, including the ports of the Great Lakes-St. Lawrence Seaway.

Moreover, the north's population is changing and will provide a new and growing labour force. Between 2001 and 2006, northern Ontario's population, according to the census, declined from 790,000 to 786,000, but this overall decline masks the population boom that is occurring in the north's aboriginal population.

While the non-aboriginal population fell from 707,000 to 686,000 – a 3 per cent decline – the aboriginal population grew from 81,000 to 98,000, a 21 per cent increase. Put another way, the average annual rate of increase of the aboriginal population between 2001 and 2006 was just over 4 per cent; over the next decade, the population of northern Ontario will stabilize and then grow. This young and growing population will create demand for the services of a young population – especially education – at the same time as the non-aboriginal component requires the services of an older one, namely health.

Ontario's government recognizes that the north's economy is poised to undergo dramatic changes in the near future and to that effect has commissioned a Northern Growth Plan. However, the plan is not a panacea because governments cannot ultimately plan economic growth, which is largely the outcome of market forces, though they can help facilitate and accommodate it.

The best thing Ontario's government can do is continue working with First Nations and build the groundwork to develop institutions for the cooperative development of the area north of 50. Ontario's First Nations need investment in human capital – health and education – so they can take full advantage of the economic opportunities that will be generated in the area. Such an investment will ultimately help Ontario take full advantage of a boom that will fuel prosperity and opportunity for all Ontarians.

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