

# SASKATCHEWAN VIKINGS

GREG POELZER

With uncanny similarities between their resource blessings and social cohesion, is Canada's rich prairie province poised to be another Norway?

D'étonnantes similitudes rapprochent la Norvège et la riche province des Prairies, qui jouissent tous deux d'abondantes ressources et d'une grande cohésion sociale.

Only four decades ago, Norway was considered a bit of a backwater in Scandinavia. It lagged behind its Scandinavian neighbours in per capita wealth, education attainment and other economic and social indicators. It had a significantly higher rural population and an economy reliant on traditional industries such as fisheries and agriculture.

Today, Norway is viewed as one of the best countries in the world in which to live, ranking at the top of the United Nations 2011 Human Development Index. Norwegians have a high life expectancy (just over 81 years), almost no poverty, low levels of unemployment and high levels of education attainment. The country's vibrant economy, mostly known for its petroleum wealth, is more diversified than most realize. Sweden, the historic economic power of the north, now exports its youth to seek opportunities in Norway.

Some critics suggest that Norway's current success would not be possible without its offshore petroleum riches, and that any modern liberal democracy could do just as well if it were so well endowed. But the Norwegian success story is the combination of those fortunate circumstances and sound policy decisions. A special section of the *Economist* in February examined the Scandinavian success story and determined that the region, and particularly Norway, is benefiting from policies of innovation, social inclusion and sound public management (the Nordic countries are much more fiscally conservative than most North Americans realize). The region thus provides a model of global significance.

It is worth asking, then, whether the Norwegian model might succeed here? Finding direct parallels with a coun-

try as diverse as Canada are difficult. Norway is a relatively homogenous society with a strong work ethic, a broad social consensus on key policy issues and a legacy of strong government involvement in the economy. But those traits actually come close to describing Saskatchewan. These factors, along with the advantage of marketable natural resources, make Saskatchewan perhaps the only province in Canada capable of replicating the Norwegian example.

Saskatchewan enjoys the same fortuitous circumstances that are helping it build a sustainable wealthy society, it is a society that is eliminating unnecessary disparities of socio-economic opportunities and it is at the forefront of global innovation in key sectors. Matching the Norwegian experience will require sage policy decisions. But it appears that the government of Saskatchewan is headed in the right direction.

The parallels between Norway and Saskatchewan are uncanny. Saskatchewan became a province in 1905, the same year Norway gained complete independence from Sweden (though Norway was largely autonomous in its domestic affairs from 1814 to 1905). For most of the 20th century, Norway was a relatively poor country, on the periphery of European political and economic affairs and living under the shadow of its much more powerful neighbour, Sweden. Indeed, one of its main exports was its people, who went looking for greater economic opportunity in places such as western Canada and the United States.

Despite a rapid growth spurt in the early 20th century, Saskatchewan was devastated by the Great Depression, remaining a "have not" province until the 21st century. Like Norway, the province exported many of its people to all regions in Canada, but especially to its much more powerful neighbour, Alberta.

Both Norway and Saskatchewan have had very little in-migration. Most of Norway's historical and recent migrant

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workforce comes from neighbouring Sweden and Finland, providing relative homogeneity that allows for a broad social consensus on policy direction. Similarly, Saskatchewan has had very little immigration over the past 50 years. It is the only province in Canada in which the plurality of the population is of neither British nor French origin, with residents of German ancestry the largest ethnic group, along with a significant population of Ukrainian descent. Even recent immigration, drawing largely from the predominantly Catholic Philippines and from Ukraine, fits well with the social fabric of the province.

To underscore what a demographic difference this represents, consider that more than half of Toronto's population was born outside Canada. In Saskatchewan, the population has remained largely homogenous for most

of the 20th century, creating the possibility of a broad social consensus on key policy issues, a crucial component of establishing a Norwegian-type social contract.

Does this exist in Saskatchewan? Evidence of a broad social consensus is seen in public opinion polls on everything from uranium mining to foreign ownership of potash. Its government received its mandate from an impressive 64 per cent of the electorate in the last election. The Saskatchewan Party is considered a right of centre party, but it shares many of the characteristics of conservative parties in the Nordic world, including Norway. Although more supportive of private enterprise than the New Democratic Party, the Saskatchewan Party is guided by a strong attachment to community and socially responsible development.

A Roughrider-themed *Love's Labour's Lost*, from Saskatoon's Shakespeare on the Saskatchewan 2011 season: opportunity must be seized.

PHOTO: DEBRA MARSHALL



Saskatchewan's broad social consensus survives transitions in government from left to right. Although political parties of the left elsewhere are often aligned with the environmental parties and are skeptical of resource development including uranium resources, it was the social democratic New Democratic Party that launched the uranium industry in Saskatchewan. In fact, some environmentalists refer to the NDP as the "nuclear development party."

Saskatchewan is even more auspiciously endowed in natural resources than Norway. Saskatchewan's mining sector has, for the past few years, been roughly on par with those of British Columbia and Ontario. It is the world's

## Saskatchewan is even more auspiciously endowed in resources than is Norway.

largest producer of potash, a critical ingredient in fertilizer, as well as the second-largest producer of uranium. Saskatchewan is Canada's second-largest oil producer, with untapped oil sands resources near the Alberta border in the north. Saskatchewan is home to significant coal resources, which have become very valuable as newer clean coal technology gives coal-burning plants a more environmentally promising future. Saskatchewan also has important hydro resources, particularly in its north, which will be critical if the province is to move forward with further mining expansion in the region.

But Norway's economic foundations do not rest solely on its petroleum riches. Historically, Norway was based on a rural economy, founded on fisheries and agriculture, both of which remain economically and socially important, although the percentage of its rural population has been declin-

ing. Innovation in the rural economy does not simply mean harvesting fish more efficiently with new technology, but also developing cutting-edge bioresource industries.

Saskatchewan's economy has deep rural roots, too. Agriculture remains important to the provincial and indeed national economy. Saskatchewan produces 50 percent of Canada's wheat and is the world's largest producer of canola. It is already Canada's largest exporter to India as a result of pulse crops, relatively new for agricultural production in the province. Saskatchewan, like Norway, is not simply continuing its rural economic production by adopting new technologies, but also

by developing new products in its dynamic biotech industry.

The rough parallel between Norway and Saskatchewan in demography, resources and political culture is not a perfect match. Saskatchewan's indigenous population is much more disadvantaged than the Sami in Norway, and the challenges in small-town rural life are more pronounced than those in Norway's coastal towns. Norway is, obviously, an ocean-oriented culture, in sharp contrast to Saskatchewan's land-locked reality. What is particularly important in this comparison is that Saskatchewan and Norway have key factors in common: world-class resources, high resource revenues, a broad social consensus and an expectation of a government role economic planning.

Three core elements of the Norwegian model have relevance for

Saskatchewan: the creation of the Norwegian pension fund, its equalization policy and investment in human capital and innovation.

The equalization policy does more than preserve a broad social contract; it also provides the foundations for economic growth across the regions in Norway. Canada once had comparable public investment, most notably in the construction of the national railway system, which was critical to building western Canada. Norway has such an approach today.

*Invest in human capital and innovation.* Norway, not unlike its Nordic neighbours, has long understood the connection between investment in human capital and innovation in the development of a dynamic, diversified economy. With a population of 5 million, Norway has 8 universities, 9 specialized university institutions, 20 university colleges, 2 national academies of the arts, 16 private colleges, and vocational training programs. There are 2 universities, as well as 4 university colleges, in the Norwegian north, including Sami University College, which serves the indigenous Sami population. Not surprisingly, the proportion of the population with university degrees has increased from 8 percent to 20 percent over the last four decades. To ensure that the Norwegian economy is competitive globally and enjoys stability through diversification, the Norwegian government invests heavily in research areas of particular strength in the economy, such as petroleum and marine resources and cutting-edge commercialization of new bio-resources.

So what does Saskatchewan need to do? There is nothing preordained about success. Making Saskatchewan into a Scandinavian model will require getting the public policy right.

*Create a Saskatchewan fund.* Norway had the foresight to invest state revenue from its petroleum resources; Saskatchewan needs to do the same. Saskatchewan has an enormous opportunity to avoid mistakes made by other provinces. It can shift resource-generat-

ed wealth from general revenues into a sovereign (provincial) wealth fund, perhaps called the Saskatchewan fund. The long-term economic benefits of doing so are obvious. Properly managed, the fund would ensure that resource wealth serves the province in perpetuity, moderating the volatile effects of commodity markets on provincial budgets and the economy more generally, and fostering economic diversification.

The process of shifting resource rents from general revenues to a Saskatchewan fund may take 20 years. But the impact of such a transition over such a period of time would be moderate, especially given the strong provincial economy.

There would likely be a strong social consensus to move in this direction. The depression of the 1930s, strong rural roots and the history of provincial poverty for most of its history underlie a prudent pragmatism. Deferred gratification is politically sellable in Saskatchewan. There is no pent-up demand to duplicate the “Ralph bucks” (in 2005 the Alberta government paid out \$400 to every resident taxpayer from the budget surplus) in Saskatchewan.

*Implement a made-in-Saskatchewan approach to equalization.* Saskatchewan is a tale of two provinces: north and south. Norway took a deliberate strategy of equalizing transportation, communication, education and social infrastructure. Most Canadian visitors to northern Norway are surprised by its relative prosperity and the high levels of infrastructure and government services, especially hospitals, sporting facilities, and schools and universities.

Saskatchewan stands in stark contrast. Northern Saskatchewan competes with northern Manitoba for the unwelcome designation as the poorest region in Canada. Although there is an excellent paved road to La Ronge, the improved highway extends only as far as the midpoint in the province. The rough road between Points North and Stony Rapids, just under 200 km, can take 10 hours to travel by vehicle. In the Athabasca Basin, in the northern extremity of

the province, there is no training centre for either trades or university courses.

Premier Brad Wall enjoys the highest popularity ratings of any provincial leader in Canada and has the power and credibility needed to launch a path-breaking approach to long-term province building. Other provincial leaders, particularly centre-right premiers such as W.A.C. Bennett in British Columbia and Peter Lougheed in Alberta, were province builders and attempted to bring their respective northern regions into the provincial family through infrastructure development, service delivery and other major investments.

Premier Wall is also one of the most progressive premiers in Canada on Aboriginal issues, and he has introduced numerous initiatives to strengthen First Nations opportunities in the new Saskatchewan economy. The Wall government has the opportunity to focus on completing province building, especially in the northern half of the province, through investments in infrastructure, education, sports and youth centres.

This approach is consistent with the government’s position on revenue sharing. It would also open up the northern half of the province to much greater economic growth, benefiting not only the north, but the province as a whole. The pattern of development would likely be prudent and staged, fitting Saskatchewan sensibilities and in sharp contrast to the rapid, poorly planned experience in Alberta.

Completing province building would also build a social consensus with the northern half of the province on a long-term resource revenue use. The fastest population growth is among Aboriginal people and in the north. Within 20 years, Aboriginal peoples will represent a fifth of Saskatchewan’s residents. This Aboriginal demographic, along with greater legal empowerment through such court-defined rights as duty to consult and accommodate, meshes nicely with the need to maintain and strengthen a Saskatchewan social

consensus. Without bringing Aboriginal people into greater equality of opportunity, and without extending provincial standards to the north, Saskatchewan will remain out of balance, unable to replicate the success of Norway.

*Invest in education, research, and innovation.* “The Stone Age did not end for lack of stone, and the Oil Age will end long before the world runs out of oil,” warned Sheikh Ahmed Zaki Yamani, Saudi Arabia’s long-time minister to the Organisation of Petroleum Exporting Countries (OPEC) in the 1970s and 1980s. If Saskatchewan is to be the next Norway, it needs to heed this warning. Along with creating a Saskatchewan fund and completing province building, Saskatchewan needs to make smart investments in human capacity and innovation through education and research. Norway has been very strategic in research investments with an eye to the present and the future. The extensive investments in post-secondary education and research by the Wall government, as well as strategic investments in areas such as nuclear research, mining and food security, bode well for Saskatchewan’s chances of remaining among the leading provinces in the country.

**S**askatchewan has the core elements and opportunities needed to become the next Norway, with a high standard of living, equality of opportunity, carefully planned resource development and long-term economic stability. Achieving these goals will not be easy. A century’s legacy of provincial poverty and marginalization will not be overturned in a decade.

But Norway shows what is possible through smart policy decisions and the strategic use and investment of natural resource revenue. The challenge for Saskatchewan is to complete province building and thereby ensure that the north and Aboriginal peoples benefit from and contribute to the economic development of the New Saskatchewan. Saskatchewan people can move mountains, that’s why we do not have any. ■