

Resource Intensity and Welfare in Alberta: Contrast Between Reserve and Non-Reserve Communities

A resource curse is said to exist when resource intensity is negatively correlated with economic growth. In this paper resource intensity is defined in terms of the percentage of employment in the primary sector, and the area of each census division covered by active coal, mining and oil agreements. Both definitions are used to estimate the impact natural resource endowment and primary sector employment have on growth in median earnings and welfare between 2006 and 2016 for 286 census subdivisions in Alberta, of which 38 are reserves. Welfare is defined as the weighted average of growth in median earnings, high school and university attainment, and housing suitability. All the data are from the 2006 and 2016 Censuses. Based on a simple two-sector macroeconomic growth model, no significant correlation is found between resource presence and growth, but a larger share of persons employed in the primary sector was found to hinder economic growth and welfare. These disparities were amplified for reserve communities. Testing for the source of the disparity within Indigenous communities included controlling for tax jurisdiction amendments and Treaty region.

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