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## **Is the Coexistence of Indigenous People with Resource Extraction Companies in the Arctic Zone possible?**

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*We study the history and the current state of relationship between small-numbered indigenous people living in the Arctic Zone and the resource extraction companies with respect to the common land areas. The experience of the USA, Canada, Nordic Countries and the Russian North is considered. Our analysis shows that the large-scale industrial development of the Arctic Zone have drastically affected social, economic and ecological environment of indigenous people. The behavior of local governments towards protection of indigenous peoples' rights differs depending on the lobbying force of resource extraction companies. If the establishment of native indigenous peoples titles doesn't threaten the interests of nature management companies, the governments are trying to strictly maintain a fair institutional framework of interaction with the indigenous communities. Otherwise, the nature managers do what they want and the government follows their needs.*

*Keywords: indigenous people, Arctic Zone, resource extraction companies, traditional livelihood, nature management.*

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### **Introduction**

As natural resources situated in the most advantageous climatic conditions are developed, the civilization has to look for new livelihood for its industry far away from the places where the major part of the Earth population lives. At the end of the 19<sup>th</sup> century Europe has faced the problem of depletion of the main kinds of natural resources. Nowadays the economy of European countries requires much more fuel and energy

resources than it could produce itself. The United States of America import the same amount of the petrol as it produces inside the country. The lack of resources in the locations of major economic activity leads the mankind to look for new resources in the hard-to-reach areas with quite a severe climate conditions. Only small-numbered communities of the indigenous people populated these areas: hunting and fishery. Nowadays the interests of the indigenous people and the

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transnational economic machine are intersected, therefore the modern society should answer the question: how to harmonize the existence of natural resource management and small settlement of the people who hunt and fish since many centuries and don't want to be assimilated into civilized world?

The same issue arises in different countries throughout the world. In the past decades this problem became important in Russia, since the extensive use of its North has been started after discovering of the rich deposits of oil, gas and non-ferrous metals (Kryukov, Tokarev, 2005; Karakin, Buldakova, 2010). However, the literature studying this issue in Russia is not as comprehensive and the local policy-makers usually suffer from lack of understanding of how to manage the interaction between indigenous people and resource extraction companies. We hold that the first step of filling this gap is to give the overview of international best practices in this area. So, we put the main focus of our study on the literature review on managing the relationship between indigenous people and resource extraction companies in the Arctic area. Our main aim is to give an answer to the question stated in the title of the paper: is it possible to establish a good-neighborly relationship between indigenous people living their traditional lifestyle and the big federal companies holding the resource extraction activity on the same territories?

### **1. American Indians and Alaska Natives**

Indigenous peoples reside on all the continents of the Earth. In absolute terms the largest population of indigenous peoples, about 4.1 mln people, live in the United States of America (Cooke et al., 2007).

It is a common knowledge that the first Europeans came to the territory of the modern

United States of America in 1492. Since that time one could start the chronicle of the relationship between indigenous people of the North America (American Indians) and European colonizers. A comprehensive review revealing the history of their relationship has been made by H. R. Isakson and Sproles S. A. (2008).

According to the archeological and anthropological studies, indigenous Americans had private ownership of goods before Columbus, but land was in common use: the density of population was low, therefore land was not a limited resource. Undoubtedly, periodically the land conflicts between different tribes occurred, but this was not sufficient to cover the transactional costs of creating the system of private ownership on land, in contrast to Europe, where all the free land areas were already occupied by that moment (Ibid, p. 66).

First conflicts involving the issues of land distribution between indigenous people and European colonizers were solved amicably. First, the Indians held the negotiations with French, English and Spanish governments through their representatives. The results of such negotiations were mostly oral agreements. After the United States of America have been established, at least 332 written agreements have been concluded. All the contradictions which were beyond the statements of these agreements, solved amicably by concluding extra agreements, because both parties had no exact information about the military power of each other. In such conditions, it was reasonable to maintain good-neighborly relations and trade: the Europeans offered the production of their highly developed civilization, and the Indians could sell their furs and food. As the American continent was colonized, the Europeans have figured out that they excel indigenous people both in number and technological level, so they could win almost all the military battles and get all the resources with the brutal force. Therefore,

the written agreements between indigenous people and colonizers have become useless (Ibid, p. 68).

Under pressure of necessity to seize the lands of indigenous people, the United States have introduced *The General Allotment Act of 1887* also known as *The Dawes Act*. This law gave to the President the right to allot the lands owned by Indians in exchange for other smaller plots of land and the citizenship of the USA. Actually, this policy has created well-known reservations for Indians. The consequences of passing the Dawes Act were that the overall area of the Indians' land has decreased from 147 million acres in 1887 to 55 million acres in 1934. This was the most considerable change of the state of indigenous Americans on their native land, because although the laws passed in 20<sup>th</sup> century formally stopped the process of land allotment, they did not concern the already reallocated areas (Ibid, p. 70–72).

The result of the policy described above was that the Indians were resettled into *reservations*, remote territories far away from the civilization, which are not appropriate for the traditional economics of the indigenous people. As one or another land area became the point of interest for some resource extraction company, or the casino investor, this area was seized from indigenous people and they were resettled to another area. Despite this practice has been cancelled, nowadays most of the Indians live poorly and can't maintain their traditional lifestyle. In fact, the indigenous people of the USA are deprived of their rights on the land that historically was their ownership according to the first settler's rule.

By some assessment, the Native people live on Alaska since 10,000 years (Kraus, Buffler, 1979). Their history of contact with non-Native people differs from that of American Indians. Alaska Natives have never been lived

on reservations, but instead have continued to occupy their traditional lands. However, they did not manage to keep their traditional lifestyle: in the last 100 years the Natives have moved from a full-time subsistence hunting and fishing mode of life to part-time participation in the wage economy (Ibid, pp. 112–113).

The active phase of interaction between Alaska Natives and the United States of America has started in 1960s when the plan of creating a harbor between Kivalina and Point Hope by exploding an atomic bomb has been developed (O'Neill, 1994). This plan had not been implemented, but the menace of survival forced indigenous people to express their public claim for protection of their rights. Then some oil deposits have been discovered on Alaska, and the oil companies started the construction of Trans-Alaska Pipeline that caused a disturbance to the traditional livelihood of the indigenous people living nearby (Flanders, 1998). The indigenous people claims movement led the U. S. Congress to pass the Alaska Native Claims Settlement Act (Public Law 93-203 or ANCSA).

The land under the Act were allotted to the for-profit corporations of which Alaska Natives would be shareholders (Arnold et al., 1978). The shares could be sold to anyone after 1991. According to the Act, 44 million acres of the indigenous peoples' land were passed to the corporations in exchange for 962.5 million U. S. dollars. Actually, this was a unique experience of creating a kind of a joint-stock company involving the land and subsoil resources as a capital. Thus, the indigenous people became the owners of a very attractive investment. However, it is obvious that all these efforts and compromises cannot change the main idea of the process expressed by Don Foote, a demographer: "no industrial development could replace hunting and fishing as the basic

component of the village economies” (Flanders, 1998).

## 2. First Nations of Canada

The Constitution of Canada officially recognizes and guarantees the special rights for the representatives of the three ethnos of indigenous people: Indians, Inuits and Métis. The group of Indians tribes is usually called First Nations. According to the Constitution, different groups of small-numbered indigenous people of Canada have different kinds of rights (Booth, Skelton, 2010).

The rights of the Canadian indigenous people are being extensively violated. Despite the accumulated court practice including the suits of indigenous people representative against Canada, its province British Columbia and industrial companies, the maintenance of indigenous people rights still remains formal: the court recognize the rights of indigenous communities on their land and traditional economic activity, but doesn't hinder from intensive industrial development of the involved area. The business profits by “reticence” of the indigenous people and, of course, their low level of social and economic development that doesn't allow them to efficiently right themselves (Ibid).

Section 35 of the Canadian Constitution guarantees the right on hunting, fishing and gathering on their areas of traditional livelihood (Booth, Skelton, 2011). There is also a more important document that regulates the relationship between the government and indigenous people, the so-called Treaty 8, made on June 21 1899 between the British Crown and the representatives of some First Nations. Under this treaty, the Crown provided the maintenance of the rights to hold the same mode of life, as it would be if they never accepted this agreement to the West Moberly First Nations and the Halfway First Nations. The results of a survey showed that the

representatives of the indigenous people are very worried about observance of their rights. They think that Treaty 8 is not being accomplished by the government (Booth, Skelton, 2011, p. 691). Moreover, the representatives mention that the federal authorities are keeping from solving of their problems passing this function on the regional level (Ibid).

Despite the problem of their rights' maintenance on traditional livelihood, the indigenous people are also worried about the increasing impact of industrial development on the surrounding environment. It is important to mention that this issue has different aspects: ecological, economic and social. From the ecological point-of-view, extermination of the specific species of plants and animals causes damage to the sustainable development of the whole ecosystem: disturbance of food chains, reduction of the biodiversity etc. Economic damage lies in deprivation of the natural source of trade with non-aboriginal population. Social damage includes the devastation of the traditional culture of indigenous people.

The representatives of indigenous people point fish, caribou, bear as the most influenced species. Despite in 2010 the West Moberly First Nations were successful in action against the government of British Columbia concerning the protection of a Burnt Pine caribou herd being destroyed by a coal-mining company, this decision was almost ignored in practice. If the caribou is depopulated, the indigenous people are forced to eat the meat of a moose that is much less valuable food. By the assessment of indigenous people, such a substitution will lead to the decreasing of their life span.

However, despite such a large list of problems, the representatives of the Canadian First Nations consider the land under Treaty 8 to be not fully deteriorated by the industrial development. If the government will listen to

the attitude of the indigenous people and will start the optimization of their interaction, than it would be possible to achieve the maintenance of interests of all the participants of this process. Meanwhile, since 1970s, when the problem of Treaty 8 became the important part of current agenda, the representatives of indigenous people don't see any significant changes in the behavior of the government and business towards the maintenance of the indigenous people rights (Ibid, p. 697). According to the indigenous people, their oppressed state is caused by the economic disability and the fact that the non-aboriginal population of Canada practicing traditional values of the post-industrial Western society doesn't understand and accept the culture and lifestyle of the small-numbered indigenous people (Ibid).

So, by the example of Canada we see that the formal establishment of a legislation regulating the issues of protecting the rights of indigenous people did not guaranteed its maintenance in practice.

### 3. Nordic countries

The indigenous people of Nordic countries (Norway, Sweden and Finland) are presented by the *Sami*. Their total population is estimated as 60,000 people, 2,000 of them live in Russia. Historically, thenomadic Sami lived on their native territory called the *Sampi*, which is located within the modern borders of Norway, Sweden and Finland. These borders were simply ignored by the Sami until 1852, when the legislation of the Scandinavian countries have prohibited free migration of the people and reindeer through the legally established borders. The settled Sami have being assimilated into the continental culture through the system of mandatory school and religious education and the program of support for their agriculture (Sandberg, 2006).

In contrast to other Arctic countries, the indigenous people of Scandinavia have their own parliaments that are the integrated part of national parliaments (Niemczak, Jutras, 2008). The rules of their functioning differ from one country to another, but this fact underlines that the indigenous people of Nordic countries are well acknowledged by the government.

In 1997 the government of Norway has passed the Finnmark Act stating that the land of historical livelihood of indigenous people should belong to them. According to the Act, the Sami became the owners of 45,000 sq. meters in Finnmark region (Riseth, 2007).The Sami have exclusive title to deer farming, but the rights for hunting and fishing are shared with any person who pays a fee (Sandberg, 2006). In our opinion, such a generous behavior of the government may be explained with a fact that the presence of the Sami on the Norwegian North doesn't pose a threat to some resource extraction companies. In such cases, the governments usually prefer to maintain social interests of the communities.

The Sweden Act on deer farming states that a title to hold deer farming exclusively belongs to the Sami indigenous people (Josefsen, 2003). However, the land right is owned by the government, as determined by the Supreme court of Sweden in 1981. The Sami rights on their native land are restricted to the usage only (Ibid).

Finland is the less advanced Scandinavian countrywith respect to indigenous people rights. Due to the powerful lobbying of forest sector companies, three major tryouts to pass the laws protecting the rights of indigenous people on their land in 1952, 1973, 1990 have failed (Lawrence and Raitio, 2006). Since that the Sami of Finland still have no either special rights on deer farming, or a title to their native land. The experience of Finland shows that when indigenous people constitute a real menace to

some nature management company, they usually lose.

#### **4. The Russian North**

The indigenous people of Russia are officially titled as the Indigenous small-numbered peoples of the North, Siberia and Far East. This community counts around 50,000 members and comprises 45 indigenous peoples according to the official register (Kryukov, Tokarev, 2005). The biological and physical features of the Russian North and Arctic Alaska are quite similar, but the history and the current state of relationship between resource extraction companies and indigenous people are different.

The rights of indigenous people are formally protected by the Constitution of the Russian Federation (Art. 69, 72). Unfortunately, the practical implementation of these statements is embarrassed due to many reasons.

The chronology of large-scale intervention of the oil and gas industry to the North of Russia is the same as it was in the USA: it started in 1970s, when the large stocks of hydrocarbon resources have been discovered mostly in Western Siberia. In contrast to the USA and Canada, there are no examples of the written agreements between resource extraction companies and indigenous community concerning a common land use and keeping the traditional livelihood. Since the economy of Russia is highly depending on the oil and gas incomes (Gaddy, Ickes, 2005), the ignoring of the indigenous peoples' interests may be treated as a reverse side of the country's economic policy.

It is also important to mention that the management of such issues is the responsibility of political decision-makers and corporate industrial chiefs residing in distant lands, so they are not interested in social and economic development of the native population (Chance, Andreeva,

1995). They only need to extract as more natural resource from these lands as they could get and pay the minimal costs for that.

The consequences of this policy may be illustrated with the results of a survey of living conditions in the Arctic (SLiCA) held in 2009 both in Chukotka Autonomous Okrug of Russia and three sub-regions of Alaska pointing out that livelihood systems in Chukotka have a substantially lower level of sustainability than in Northwest Alaska due to high prevalence of vulnerable households (West, 2010). Due to financial difficulties, the authors of the cited paper haven't managed to hold the survey on other Northern territories of Russia, but it is possible to suppose that the situation would be similar in Siberia.

As a result, we could say that the state of the small-numbered indigenous peoples in Russia is much poorer than in neighbor Alaska and other countries of the Arctic Zone.

#### **Conclusion**

We considered various experience of solving the contradictions between the industrial resource extraction and keeping the traditional livelihood of the native indigenous people in the northern territories of Arctic Zone countries.

We found that the most harmonic relationship between the aboriginal and non-aboriginal population could be found in Nordic countries. The governments of Norway, Sweden and Finland have established the local indigenous parliaments (so-called Sami parliaments). However, the rights of the indigenous people are also restricted to the common usage of hunting and fishing resources.

Both in the USA and Canada the government formally acknowledges the rights of indigenous people, but in practice roughly ignores their interests, when there is a need to build just another oil pipeline.

The most suppressed indigenous people could be found on the Russian North. The indigenous people rights legislation is still in embryo state due to the lobbying of the oil and gas companies, which produces 50 % of Russian budget's incomes.

Our analysis shows that the behavior of local governments towards protection of indigenous peoples' rights differs depending on the lobbying force of resource extraction companies. If the establishment of native indigenous peoples titles doesn't threaten the interests of nature

management companies, the governments are trying to strictly maintain a fair institutional framework of interaction with the indigenous communities. Otherwise, the businessmen do what they want and the government follows their needs.

Finally, we point out that even though the business and the government design effective mechanisms of compensation of the damage they produce to the indigenous people, it cannot help keeping their traditional lifestyle, culture and economic activities.

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## **Возможно ли сосуществование коренных малочисленных народов и компаний-недропользователей в Арктике?**

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*Мы изучаем историю и текущее состояние отношений по поводу использования общих территорий между коренными малочисленными народами Арктики и компаниями, осуществляющими недропользование. Рассматривается опыт США, Канады, Скандинавских стран и Российского Севера. Анализ показывает, что масштабное освоение Арктики радикально изменило социальное, экономическое и экологическое окружение коренных народов. Поведение правительств по отношению к защите прав коренных народов различается в зависимости от лоббистской силы компаний-недропользователей. Если установление естественных прав коренных народов на их земли и традиционное природопользование не угрожает интересам компаний, то правительства стремятся утвердить законодательство, справедливое в отношении коренных народов. В противном случае бизнес осуществляет свои проекты, а государство встает на их сторону.*

*Ключевые слова: коренные народы, Арктика, компания-недропользователь, традиционное природопользование.*

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