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The Politics of Federal Territories;
The Case of the Yukon

by

John J. Steeves

B.A., University of British Columbia, 1974

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS
in the Department
of
Political Science



John J. Steeves 1978

SIMON FRASER UNIVERSITY

September 1978.

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TERRITORIES: THE CASE OF

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ABSTRACT

This study concerns the Yukon as a Federal Territory within the Canadian federal system. It begins by discussing the general position of Federal Territories in several federal states in Latin America and Australia. It is established that the Central Government of the federal states considered, is a creation of the original or Charter States and, as such, it reflects the interests and ideology of the Charter States. The result is an unequal union with a hegemony of the Charter States especially when new provinces or states are created from a Territory or part of a Territory.

It is argued that the Central Government controls its Territories much as a nineteenth century mercantile colony. The case of the Yukon is used to show the control of the Territory's constitutional evolution and the centralized administration of its resources. The central legislature, where the Yukon had no representatives, created the Territory's constitution while the federal bureaucracy continues to conceive and initiate policy that is on a level normally the prerogative of democratically elected representatives.

It is assumed that the political development of the Yukon is intricately linked to the foundation of its economic development. The distinctive nature of the Yukon's economic development, a series of convulsive booms and busts, is established as a major force in shaping the political culture of the Territory. The study concludes by identifying a retarded self government or autonomy movement as being a result of the unstable economic base.

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CHAPTER 1

INTRODUCTION: THE STATUS OF FEDERAL TERRITORIES
WITHIN FEDERAL STATESA. Federal Territory

A Federal Territory is a level of governmental organization within many federal states; it can be thought of as a third level after the federal or central level and the state or provincial level. The chief distinction of a Federal Territory lies in its difference with the states or provinces of the federation. The latter have certain areas of exclusive jurisdiction, usually circumscribed within the federal constitution. These are areas which the central government cannot intrude upon. By contrast, the Central Government creates the Territory and has the legislative authority to define and alter its jurisdiction.

This chapter - as an introduction to establish the context for the case of the Yukon Territory - will discuss the status of Federal Territories within federal systems of government. Two elements are given particular attention; the relationship between the central government and a Territory and, secondly, the predominance of the interests of the original members of the federation - the Charter States - in creating a

new province from a Territory or part of a Territory. In addition, there is a discussion of the economic development of Federal Territories which has a direct bearing on their status.

As a Federal Territory, Canada's Yukon, along with the Northwest Territories, has distant cousins in other federal systems, all related by either British or Hispanic lineage. Daniel Elazar, in his taxonomy of federalism, allows for seventeen "formal federal states" of which eight contain Federal Territories.¹ Elazar establishes that there are twenty-five Territories within the following federations: Argentina, Brazil, Mexico, Venezuela, Australia, Canada, the United States and India. With the exception of India, all of these federal states are within what is commonly described as the "New World" where there is a resident indigenous culture and a dominant settler culture.

All of the Territories, from Argentina's Tierra Del Fuego, to Brazil's Roraima, to Mexico's Quintana Roo to Venezuela's Amacuro, to Australia's Northern Territory, are on the geographical periphery of their countries and all are considered to be inhospitable; either too hot or too cold, too "savage" or too lonely, with too much jungle, too much ~~desert~~ or too much snow. All of these Territories have been successfully populated by indigenous cultures since "time immemorial" as demonstrated by

indigenous traditions and by European archaeological studies. In Canada's Northwest Territories, Brazil's Roraima and Rondônia, Mexico's Quintana Roo and Venezuela's Amazona, indigenous people are a majority of the population. In recent times and in the past, these cultures have been exposed to various forms of genocide and disease and various acculturation policies in order to exploit the staple resources of the Territories.²

Within federal systems, and especially Latin American federations, Territories have usually been the organizational foundation for discussions of internal dependency or internal imperialism.³ After all, the originally stated purpose for most Territories has been based on the need for organizing the area in the name of national sovereignty. As the area became useful for its resources, a tax base was created which could support its own administration, although it remains a colony within the federation. The prime force on Territorial life becomes external rather than internal, guaranteed by an administrative arrangement which is controlled from the center.

The constitution of a Federal Territory is an act of the central legislature and establishes an appointed Governor or Commissioner who administers all matters in the name of the Central Government. He is,

to varying degrees, obliged to confer with his council which may be itself appointed or elected or a combination. Australia's Northern Territory has an Administrator appointed by the Federal Government who assents to or disallows ordinances passed by a legislative council made up of six appointed and eleven elected members.

In Canada, the Commissioner of the Northwest Territories has never been a northern resident and until 1963 the position was held by the Deputy Minister of the Department of the Interior and its successor departments. The Northwest Territories Council had its first northern resident appointed in 1946 and its first elected members joined the Council in 1951. Until the mid-1970's the Council remained a mixture of elected and appointed members.⁴

Federal Territories and Charter States

A Federal Territory is invariably seen as a hinterland, sparsely populated, to be exploited in the name of a national interest. This national interest is usually expressed by the Central Government who administers the Territory and its resources in order to maintain and possibly expand national development priorities. Development in Federal Territories invariably begins with the Central Government and the priorities conceived by the national executive and legislature. Territorial

populations, at times, have no representation in the central legislature. A common administrative apparatus to Federal Territories is the creation of a Department of the Interior, or Department of Northern Affairs which has exclusive control over the affairs of the Territory. Decisions are made within the department without any participation by elected officials and there is no popularly elected body to which senior public servants must present their programs and decisions.⁵

The control exercised by the Central Government over Federal Territories comes into sharp focus when the federation begins to discuss the admission of a new state or province or, more precisely, the creation of a new state from a Territory or part of a Territory. In fact, the ultimate design conceived for Federal Territories is that one day they will become a state or province. Within certain sectors of the Territorial population, provincial status or statehood takes on all the promise and rhetoric that independence does for Third World nations. But it is important to appreciate that a state or province created from a Federal Territory cannot be a charter state or province in the sense that they can affect the forms of union.

Charter states, be they former colonies or independent nations, existed before the federation. The Charter States used federal organization as a composite

authority, one which would serve common objectives and at the same time respect and perhaps institutionalize individual diversities.⁶ It was the Charter States who proposed the idea of union, it was their compromise which created it and their perseverance which sustained it. Grouped together with this commonality, they form a core within the federation. As a result, a federal state carries over its diversities from the time of union so that, in a sense, what Australian, American and Canadian federalism is today remains a function of the agreements reached in 1910, 1787 and 1867 respectively.

In order for a Territory to become a province or state it must enter a process already determined by the historical background of the federation. Unlike the Charter States, who used federalism as a "means of sharing power in political and social systems",⁷ the Federal Territory must wait for power to be granted to it.

Considering the Commonwealth of Australia in this light we find an explicit distinction made by the federal constitution between "original" and "new" states. "'Original states' shall mean such states as are parts of the Commonwealth at its establishment."⁸ The representation system takes into account the distinction by granting each original or Charter state the exclusive

right of equal representation in the Senate⁹ and providing for a minimum of five members in the House of Representatives for each of the charter states. New states are not accorded this representation within the constitution.

Within the American union there are other examples. After the organization of Territories in the western half of the continent, populated and developing areas began to apply for statehood. Texas was admitted in 1846 after the terms were prescribed by the national Congress without any representation from Texas. These terms included the refusal by the Central Government to assume any debts, the ceding of all defense works to the national government and a stipulation as to the form the state government should take. Obstacles to other new states included the balance between slave and free states (for the admission of Missouri and California), the apportionment of votes in the Senate (Illinois, Florida and Oregon), and, in the case of Hawaii the racial mix of one third Japanese-Americans was "...too varied and too different from that of most citizens in the United States."¹⁰

In the Canadian experience, the ceding of Rupert's Land to the Dominion government by the Hudson's Bay Company created the territorial base for "westward expansion" and the Canadian Pacific Railway carried

thousands of immigrants to various settlements along the route. The North-West Territories was created from this massive land holding as a means to control the administration of the area in the name of the central government, acting and indeed solely responsible to the charter provinces, especially Ontario and Quebec.

Donald Creighton writes,

The occupation and development of Rupert's Land and the North-West Territories were basic to the whole design of continental nation building. The west was conceived as the future homeland of millions, as a vast reservoir of new natural resources, as a market for eastern commerce and industry, ...the west would make Canada a nation. Its settlement must be rapid, in the national interest.... For all these reasons the federal government should keep control of the whole process in its own hands. ¹¹

The control of the "whole process" came to mean the defining of political institutions and the wholesale granting of Territorial lands to the Canadian Pacific Railway. It also meant the responsibility for providing infrastructure and support services (schools, etc.) fell on the Territorial government while its financial affairs were controlled by Ottawa. The Territorial government could not borrow money nor could it tax adequately because the Dominion government held all land.

When provincial status was negotiated with the Laurier government in 1904 Premier Haultain and the delegation from the North-West Territories pressed for

the creation of one province rather than breaking the existing Territory up. However, control from Ottawa meant that the autonomy legislation, when introduced in 1905, was in the form of two bills creating the two provinces of Alberta and Saskatchewan.¹²

As a final touch, the Liberal government in Ottawa ignored the Conservative leadership in the Territorial legislature and appointed a Liberal for each of the positions of Lieutenant-Governor who, in turn, asked the Liberal leaders in each new province to form the first governments. As well, the Autonomy Bills did not transfer ownership of the new provinces' land and resources; this transfer was not completed until 1930. "The indisputable fact," wrote C.Cecil Lingard, "is that the Dominion parliament created two inferior provinces in a federation that connotes equality."¹³

The Economic Base of Federal Territories

The development of the economy of a Federal Territory is best discussed within the context of a staple economy in which certain staple exports "are the leading sector of the economy and set the pace for economic growth" while economic growth "will be a process of diversification around the export base."¹⁴ As the Demand for the export oriented staple increases, income within the economy tends to increase accordingly,

permitting investment in other sectors. The staple economy is, in realistic terms, considered an incipient level of economic development which must begin to diversify in order to avoid external control of prices and incomes. Economic planners look for what W. Rostow calls the "take-off into sustained yield" and, as in the American west, hope for "surges in...development... initiated by long-run favourable movements of the key staple commodities."¹⁵

A further characteristic of economic development in Federal Territories is the frequent occurrence of "booms" or "busts". A boom and bust is typically generated by the occurrence of a single staple (perhaps gold, rubber or oil); a new source of the staple may be found within the Territory and demand for it in the industrial centers of the world may provide the impetus for exploitation. A variety of other events may start a rush or boom, acting in concert or on their own. A dramatic shift in the world price of the staple may make the exploitation of known occurrences economical or a known occurrence may become exploitable because of breakthroughs in technology which lower the cost margin. The latter may be an innovation in transportation systems which allows the staple to be exported out of the Territory at a rate which, combined with the extracting or harvesting cost, makes the staple

competitive on world markets. In its operation the boom or rush is financed by external capital and relies on an external labour market. When the event is over its long term affects are invariably negative. After the exhaustion of the resource or the normalizing of world prices the non-indigenous work force and the suppliers of capital withdraw, leaving in their wake ghost towns, massive amounts of abandoned equipment, and long term ecological disruption which negatively impacts traditional subsistence economies. This has been the nature of economic development in Argentina's Tierra del Fuego with a gold rush in the 1890's, in Brazil's Rondônia with its rubber boom in 1912, in Australia's Northern Territory with its rush for bauxite and lead-zinc mining claims, in Canada's Northwest Territories with its oil and gas exploration boom in the late 1960's and, of course, in the Yukon's Klondike Goldrush in 1898.

The staple economy model explains a good deal of the non-indigenous, incipient capitalism of Territorial economies. But for virtually all Federal Territories another dimension must be considered: the indigenous economy. The importance of this more firmly rooted economic level has to do with the support it provides to a large proportion of indigenous or Indian people, another characteristic of Federal Territories. In some Territories such as Mexico's Quintana Roo and

Canada's Northwest Territories, Indian people are in the majority while in others they make up a significant proportion of the population. In the Yukon, Indian people (status and non-status) make up a third of the population.

One attempt to discuss both types of economic structures was made by J.H. Boeke, a Dutch scholar and colonial administrator working in the Netherlands East Indies. Boeke described the existence of the two economies as "Dual Economies" and argued that there is a fundamental clash between an imported economic system (termed "high capitalism") and the indigenous economy. Boeke contrasts the "limited needs" of the indigenous population with the "unlimited wants" of western high capitalism. "...When the price of coconut is high, the chances are that less of the commodities will be offered for sale; when wages are raised the manager of the estate risks that less work will be done."¹⁶ In other words "the eastern economy, in contrast to the western, is characterized by backward sloping supply curves of effort and risk-taking."¹⁷ Boeke further argues that in indigenous societies there is no tradition of profit, no professional trading in village communities, and an "aversion to capital" is identified. He concludes that the gap is unbreachable; "...We shall have to accept dualism as an irretrievable fact."¹⁸

For some, Boeke's dual economy model might appear a way of explaining the Canadian experience with aboriginal economies and its relationship to an industrial economy. However, recent discussions (especially within the Berger Inquiry) have modified the model a good deal. The existence of two economic structures is granted; there is a traditional one based on renewable resources and there is an industrial economy based on non-renewable resources. The differences are measurable firstly by scale: the industrial economy with its "extractive industries located in a harsh environment and far from their markets"¹⁹ can only be economic on a very large scale. The second difference is related to the technological sophistication of the industrial economy compared to the simple elegance of the traditional economy. Hugh Brody stated the contrast well:

...when industry comes to the north, we find the smallest, most isolated societies alongside some of the most costly and technically complex development projects in the world. Hence the paradox: the smallest alongside the largest, the most traditional alongside the most modern, and the most remote becoming involved with national or even international interests.²⁰

But it is overly simplified to assume that the two economies do not interrelate. The traditional economy has adapted a good deal to the industrial economy (probably more than it would have if it had not

been pressured on all fronts by the state and the church). As a result, many trap lines in Canada's North are now serviced by means of a snowmobile and insulation is available for those who can afford it. The traditional life "has absorbed and now even depends upon some elements of the economy of the newcomers."²¹ Indeed, one of the conclusions of the Berger Inquiry was that native people in the Canadian North do not themselves accept the model of a dual economy for "they have willingly adopted new techniques and equipment, and some of the social practices that the white man brought to the North."²²

It should also be emphasized that a crucial factor in the efficient exploitation of non-renewable resources in a Federal Territory is the transportation system that must be in place. There is no domestic market for the staple within the Territory (that is, there is no processing, smelting or refining facility nor is there any demand to speak of, for the staple or its by-products), and they are exported to outside industrial centres. In most Territories there are known areas of rich concentrations of minerals or large reserves of gas and oil and similar finds in more industrialized areas would surely be exploited. But known areas in Federal Territories are not always rich enough to support their own infrastructure and

they often remain untouched because the transportation costs make the enterprise uneconomic.

It has been the practice of many Central Governments to either construct the needed infrastructure (roads, hydro and airports) or else encourage private capital by offering adequate incentives and subsidies. By so doing the central government hopes to establish an industrial base that will be self-sustaining at a later stage. In Brazil, for example, the national government has mobilized major sectors of its bureaucracy to facilitate the building of the Trans-Amazon Highway into Roraima and Rondona. Throughout Canada's history access to the frontier has always been a major task in itself; fish, furs, farm products and now minerals have relied on transportation systems that utilized sophisticated technology and innovative adaptations to local conditions. And the Canadian state has always been involved either through direct ownership of airports and hydro facilities or through subsidization of road construction and tax incentives. Canada has always been, in the words of Harold Innis, a "hard" frontier. "What was called for," wrote S.D. Clark, "were massive accumulations of capital, large scale forms of economic organization, long lines of communication and transportation, and extensive state support."²³

CHAPTER 1

FOOTNOTES

¹Daniel Elazar, Principles and Practices of Federalism (Philadelphia: Temple University Press, 1973), p. 40 and Tables 1 and 2.

²For a comparison of Canada's northern Territories to the Territories of Brazil, see Theo Hill, "A Global View of Aboriginal Land Rights Problems," and Father Tony Clarke et al, "Colonial Patterns of Resource Development: A Case Study of the Native People's Struggle in the Amazon Basin of Brazil and Its Implications for the Northwest Territories," unpublished evidence presented to the Mackenzie Valley Pipeline Inquiry (Berger Inquiry) on behalf of the Indian Brotherhood of the Northwest Territories, April 1976.

³See Special Issue, "Dependency Theory: A Reassessment," Latin American Perspectives 1 (Spring 1974).

⁴Canada, Dept. of Indian and Northern Affairs, Northern Development and Territorial Governments: An Overview (Ottawa: Queen's Printer, 1974), p. 8.

⁵For the extremes to which this can be carried see Edgar Dosman, The National Interest, the Politics of Northern Development 1968-1975 (Toronto: McClelland & Stewart, 1975). Also, W. Macleod, Water Management in the Canadian North (Ottawa: Canadian Arctic Resources Committee, 1977), Chapter 1. Also, J. Sissons, Judge of the Far North (Toronto: McClelland & Stewart, 1968), Chapters 15-35.

⁶L. Livingston, Federalism and Constitutional Change (New York: Oxford University Press, 1956), pp. 2-5.

⁷Elazar, Principles and Practises of Federalism, p. 1.

⁸See R. Peasler, ed., "An Act to Construct the Commonwealth of Australia," Constitutions of Nations, 3d ed. (The Hague: Nijhoff, 1965), Section 6.

⁹Ibid., Section 7, Part II.

¹⁰Robert R. Bowie and Carl J. Friedrich, Studies in Federalism (Boston: Little, Brown & Co., 1954), p. 760.

¹¹Donald Creighton, Canada's First Century (Toronto: Macmillan & Co., 1970), p. 25.

¹²Ernest Watkins, R.B. Bennett (London: Secker & Warburg, 1963), pp. 48-59.

¹³Cecil Lingard, Territorial Government in Canada (Toronto: University of Toronto Press, 1946), p. 251.

¹⁴Melvin Watkins, "A Staple Theory of Economic Growth," Canadian Journal of Economics and Political Science, May 1963, p. 144.

¹⁵D.C. North, "International Capital Flows and the Development of the American West," Journal of Economic History, XVI (December 1956): 493-505.

¹⁶J.H. Boeke, Economics and Economic Policies of Dual Societies (New York: International Secretariat, Institute of Pacific Relations, 1953), p. 40.

¹⁷Benjamin Higgins, Economic Development (New York: W.W. Norton, 1968), p.228.

¹⁸J.H. Boeke, "Three Forms of Disintegration in Dual Societies," Indonesie, VII:4, April 1954, cited in B. Higgins, Economic Development, p. 229.

¹⁹Northern Frontier, Northern Homeland: Report of the Mackenzie Valley Pipeline Inquiry (Ottawa: Queen's Printer, 1977), Vol. 1, p. 121.

²⁰Ibid., evidence of Hugh Brody cited.

²¹Ibid., p. 121.

²²Ibid., p. 121.

²³S.D. Clark, Canadian Society in
Historical Perspective (Toronto: McGraw-Hill,
1976), p. 55

CHAPTER 2

THE ECONOMIC BASE: PRIVATE ENTERPRISE

With the coming of the thousands of miners to the Klondike gold fields in 1898 there began an economic pattern which has carried over to this day. It was the introduction of an industrial economy for the first time and an economy that was oriented, almost exclusively, to markets and trends outside the Territory. Technological innovation played a vital role in the development of the industrial economy as the gold pan gave way to the power dredge which in turn was replaced by the placer operations and open pit mines. Transportation systems developed at the same pace as handmade barges were replaced by paddle-wheelers. Today we have a fully integrated transportation network to facilitate the export of the Territory's minerals.

The traditional sector of the economy (including fishing, trapping and hunting) has remained an important source of income for many people in the Yukon, especially for Indian people. The value of all landed fish in 1973 was \$55,000 with 155 people employed on 54 boats valued at \$89,000 (including

equipment).¹ Total value of all species of harvested furs in 1973-74 was \$499,000 shared among 501 trapping licences, of which over three-quarters were status and non-status Indians.² The value of trapping in the Yukon was fourth in 1975 after mining, construction and forestry.

Quite apart from the monetary value of trapping and fishing many Indian people obtain a significant portion of their food from the land, especially protein from moose, caribou and fish. There are, in addition, certain cultural and spiritual values which are based on hunting and fishing activities. The extent of food harvesting activities is unknown as there is a serious lack of data and interpretation. There is certainly no public material that could compare with the work that has been done in the Mackenzie Valley and which was presented to the Berger Inquiry.³

A traditional but non-indigenous activity is agriculture which was introduced during the Goldrush and which prospered in the bottom lands around Dawson City. Today the industry has been given little support and has generally been de-emphasized. There are three commercial farms in the Yukon and twelve non-commercial farms with hay the main crop. Chickens and hens are the most significant livestock.⁴ Virtually all other food-stuffs are imported from the south.

It is the industrial sector which dominates the Yukon and mining holds the dominant position in the industrial economy. With value of production at \$225 million dollars it is far more significant than the tourist industry (with a value of \$25 million), the construction industry (\$8 million) or the forest products industry (\$1 million).⁵

Of the 1976 total employed labor force of about 7,800 approximately 1,800 are directly employed by the five mining operations in the territory. The industry indirectly creates employment for twice that number in the transportation and other support services. ...The \$200 million output (of the mining industry) provides a per capita mineral production of \$991.⁶

This is the highest in Canada.

Ever since the days of the Goldrush it has been a feature of Yukon mining that the market for the mineral is outside the Territory, usually outside Canada. During the Goldrush much of the gold ended up in the hands of American brokers in Seattle or San Francisco despite the efforts of the Dominion government to direct the gold to markets in Vancouver. Today virtually all of the mineral production of the Territory's five mines is intended for foreign industrial markets. During 1974 Japan accounted for close to half the Yukon's mining revenue from ore concentrates, more than three and one half times the second most important market, the United States. Prior to 1973

Canada's market provided the smallest revenue, ranking fourth with less than one per cent.⁷

The Klondike Goldrush

Prior to the Klondike Goldrush in 1898 the Yukon was little known and only of marginal interest to economic interests. The first economic activity on a scale larger than inter-village trading was that which developed as a result of the Hudson's Bay Company's incursions into the area.⁸ In 1842 Robert Campbell, Factor of the Company's Fort Malkert on the Upper Liard River, crossed into the as yet undefined Territory near Watson Lake. During the same summer John Bell crossed from Fort McPherson, near the Mackenzie River delta, into the northern part of the area by following the Porcupine River to where it drained into the "Greater" or "Yukon" River, as it was called by the Indians. By 1895 when news of the first gold strikes filtered out, the Hudson's Bay Company had a well organized, if unexciting, fur trading organization within the area.

But by the winter of 1897 the Yukon was known throughout the world as the location of one of the richest gold strikes in history. Arriving when it did, the Klondike Goldrush was carried by the momentum of previous gold rushes in California and British

Columbia.⁹ The value of gold, that palpable form of light, was supplemented by the attraction of the frontier. This was particularly welcome to the restless who could see in the vast, unsettled, but incredibly rich forests and rivers of the distant north, monetary and emotional relief from the ravages of a depression.

Gold production in the Klondike was tied to the particular nature of the mineral occurrence. As in California and British Columbia, this was an area of placer gold as opposed to lode gold (usually borne by quartz structures). Placer gold is the result of "erosion in which gold is carried down and distributed by water, coming to rest by virtue of its heavy specific gravity on the bottoms of creeks and rivers. Fine gold or flour gold may be washed down long distances and deposited on river bars."¹⁰ The method of extracting placer gold is by further utilizing its characteristically dense specific gravity in some way so as to separate it from other, lighter metals. The gold pan and sluice box were the typical capital equipment used for this purpose, the techniques having been developed in California and British Columbia. A distinctive Yukon innovation was the practice during the winter's freeze up of building bonfires to thaw the gravel. This gold bearing material was stockpiled until summer

when it could be sluiced. Further refinements added steam pipes for the thawing process.

Such minimal capital requirements as the inexpensive and portable gold pan and easily constructed sluice box obviously created a situation where, if an individual had a mind to, he could work a claim independent of financial risk or reliance on a labor pool. As well, the techniques involved could not in any way be described as sophisticated so that a person with minimal financial resources and crude work experiences could make his fortune in gold.¹¹

Before the coming of the Crown Land Registrar, escorted by the North West Mounted Police, the spirit of individual freedom and responsibility engendered by the environment and system of production was voiced through the spontaneous democracy of the "miners' meetings" (later called mass meetings). Promulgated by written notice of any member or group within the community, these meetings, following the traditions of California in 1849, operated on a one-man-one-vote system which, especially in Alaska, organized and administered the area by electing a claim recorder, fixing recording fees, deciding on the size of claims and settling disputes arising over claims.¹² The Government Land Registry office, aided by survey methods, found it opportune to follow the principles

established by the miner's meetings and thus legalized their practice.¹³

In order to bring the "sourdoughs" to Dawson a quite sophisticated, although highly seasonal, system of transportation quickly evolved. The more reliable and most utilized routes were either traveling up the Yukon River from the Bering Sea through Alaska, or crossing the Coast Mountains at Skagway or Dyea and following the Yukon River down to the gold-fields. As well there were the more strenuous routes (highly publicized by the affiliated Chambers of Commerce) such as from Edmonton by way of the Liard and Mackenzie Rivers, or from Prince Rupert overland through the Cassiar. These latter routes are only significant for the astonishing hardships and consequent high death rates.¹⁴

It was the venerable paddlewheeler which carried the bulk of this traffic along the Yukon River, the remainder being handled by barges constructed by individuals and groups. Arriving from the southern United States and from British Columbia these river boats, complete with crews, were the support echelon of the sourdough onslaught. Many more were constructed in the Yukon, either at Lake Bennett or at White Horse Rapids, the last unnavigatable section of the Yukon River for those coming from Skagway or Dyea.

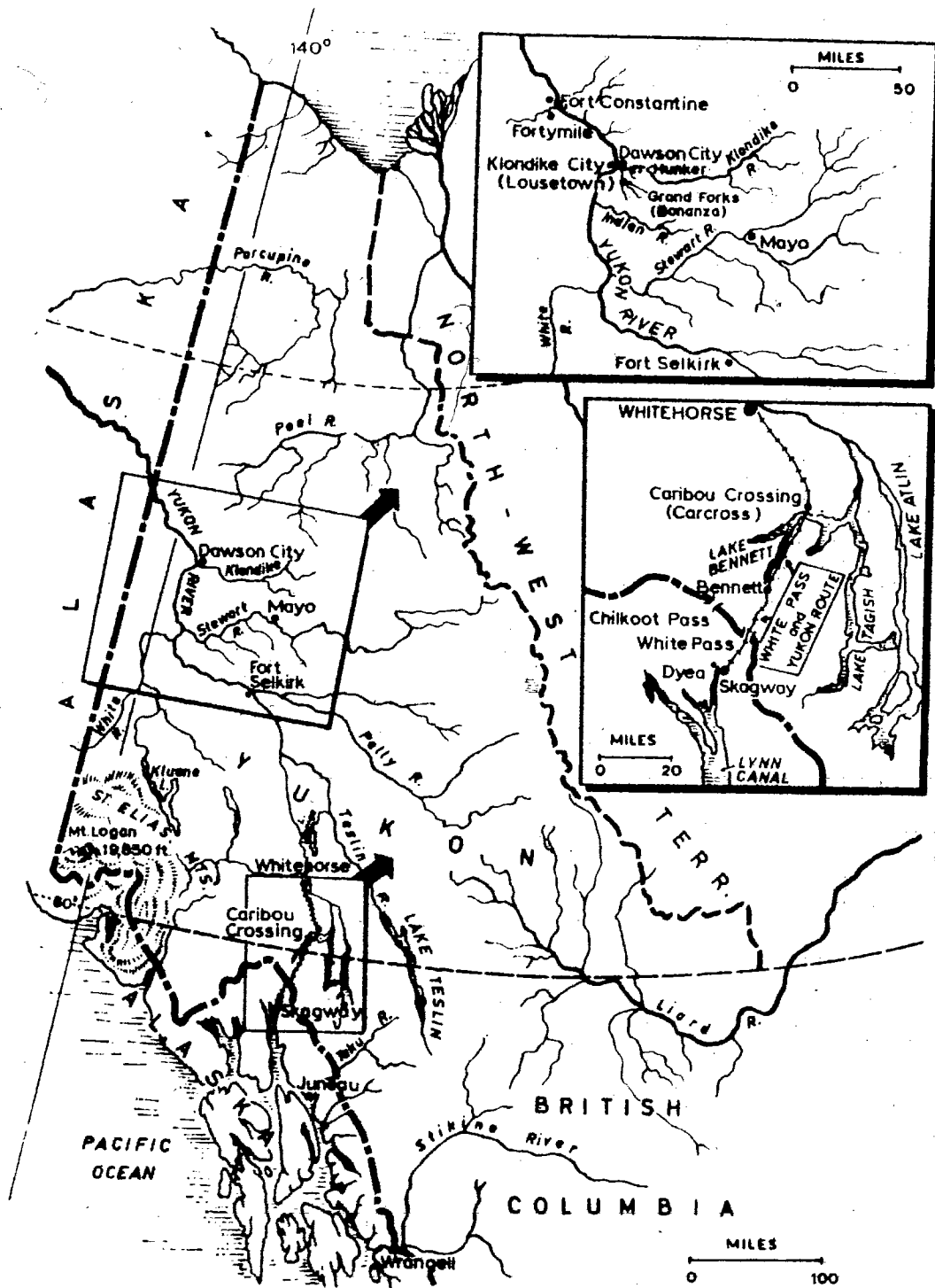
Having the ability to carry thousands of pounds of cargo and hundreds of passengers, while only drawing two to four feet of water, these boats were the ideal river transportation.

After the fur trading organization, the organization of the river transportation offered the second opportunity for the expertise of the limited company. The Northern Commercial Company¹⁵ controlled much of the shipping from St. Michaels on the Bering Sea to Dawson although competing with the North American Transportation and Trading Company. Between Dawson and Whitehorse operated the Bennett Lake and Navigation Company and the Canadian Development Company.

The other major transportation project of the goldrush, one which secured for the Skagway-Whitehorse-Dawson route the reputation of being the most practical, was the construction of the White Pass and Yukon Railway, completed in the spring of 1900.¹⁶ The route followed a one hundred ten mile line from tidewater at Skagway, through the Coast Mountains, along the edge of Lake Bennett and terminated at the down river side of the White Horse Rapids. With all major obstacles (rapids, portages, mountain passes, etc.) circumvented (and done within a year of commencement), passengers and freight needed only to detrain at Whitehorse and embark on a paddlewheeler for Dawson. The consequent

drop in freight rates, from 40¢ to \$1.00 a pound to 4½¢ a pound,¹⁷ was as immediate and sensational as the gold rush itself!

By the closing days of the summer of 1898 it was estimated that more than 30,000 people had entered Canada through the Summit Pass alone, this being the Canadian border port near Skagway. The vast majority of these late arriving "cheechakos" soon realized that rich as the strike was, the amount of land holding the gold was quite small and most of that had been claimed by Hudson Bay Company employees, the vanguard of the rush who arrived between 1893 and 1898, or by others close to the Klondike, such as traders in Alaska. But the new arrivals had the mixed benefit of each having in his possession a ton of supplies as required by Canadian Customs. (This had been the first response of the Canadian government to the waves of gold seekers and the N.W.M.P. were placed at border points to strictly enforce the regulation.) By "break-up" of 1898 when these people and their supplies arrived, the City of Dawson was starved for virtually all consumer goods, necessary and luxury, so that the newcomers immediately stepped into the positions of merchants and tradesmen. (The main shortages were reported to be broom sticks and window glass.)



MAP 1 The Yukon Territory 1900

The two groups balanced each other so that the tremendous prospecting fortunes supported services that in themselves created fortunes. These services included the necessities of an instant town (hotels, restaurants, theatres, various trades), the peculiar needs of the frontier settlement (saloons, brothels, breweries); and a limited reliance on the surrounding environs (for furs, meat and lumber) in which even the Indian population derived some economic benefit. As well, there were private endeavours which, in the later years, provided electric power to those who could afford it and eventually a telegraph link was established with Skagway.

A small but interesting subsidiary industry was that of agriculture. Market gardens apparently flourished in the bottom lands; the short season was offset by the long hours of sunshine. "Greenhouse vegetables were placed on the market as early as Easter," Harold Innis tells us.¹⁸ Potatoes and cabbages did especially well and a small poultry enterprise began production. This minor industry, like other support services, collapsed with the emigration of most of the population.

In all it can be fairly stated that the spirit of the Klondike Goldrush in its early years, 1897 - 1901, was a manifestation of unfettered

individual free enterprise. It was a time when tram ways were constructed across mountain valleys and river rapids as the need arose, unfettered by government regulations. The finished project secured a fortune for its builder. Similarly, a person arriving too late to stake worthwhile land or, at any event not inclined to that work, could acquire his fortune through photographing the prospectors and their claims.

The Shift Away from the "Push"

This paradise of rugged individualism was soon to give way to a more familiar pattern of interacting companies and ultimately of monopoly exploitation. The harbinger of this shift was the power dredge, a massive semi-amphibious machine that scraped the gravel into its front, processed the gold out and spewed the waste gravel out the back in huge piles.

As early as 1900, the first dredge had been introduced by the Lewes River Mining and Dredging Company.

...it handled 700 cubic yards of gravel in 20 hours, representing the labor of 156 men working with a shovel and pick - a material saving with the decline of wages to \$5.00 per day and board.¹⁹

At this time the dredge did not represent a threat to the many individual mines, for they were still producing important quantities of gold and the

government's revenue from royalties remained stable. But as the rich claims became uneconomical to mine they eventually fell into disuse or, as was increasingly the case, they were bought out by larger concerns who looked to the power dredge as a means of re-working the claims. The Federal government, pressured by the slick manoeuvres of A.N.C. Treadgold (a British mining engineer), in April 1902 proposed the notorious "Treadgold Concession" which would have put all abandoned claims in a position to be acquired by Treadgold and other large interests. Only organized outrage (expressed through Federal and Territorial elections) convinced Ottawa of the danger to "individual enterprise". The result was the withdrawal of the proposal. But, by 1902, even those groups objecting to Treadgold represented blocs of claims and no longer was the individual miner able to survive. With the news of the Tanana Valley strike in 1902 many miners recognized the end and rushed to Alaska, as they had come to the Klondike.

By 1900 gold production of all the creeks had reached a peak of \$22,500,000 for the year. By 1906 most of the easily mined claims were worked out and the production figure had dropped to \$3,200,000. By means of amalgamation and more capital investment in dredging operations, production figures increased

to a peak of \$5,900,000 in 1913. The hydraulic operations, in their turn, became uneconomical as the gravel beds and bench claims were processed so that by 1919 production was at \$1,900,000 and thereafter it remained at \$1,000,000 per year until 1932.²⁰

With the dredges literally burying with their waste, the once rich creek claims, the need for

...large scale, integrated operations... (was) obvious. Roads, reservoirs, pumping stations, pipe lines, power plants and electrical distribution systems were indispensable and could not be efficiently constructed or operated by a number of small independent organizations.²¹

For a time the small companies could profitably operate and firms such as the Canadian Klondike Mining Company, the Bonanza Basin Gold Dredging Company, the Yukon Gold Company, the New Northwest Corporation, and Yukon Consolidated Gold Fields survived for two decades. Continuous operations aided by the almost complete absence of night in summer made for profitable, if seasonal, production. In 1906 a power station was constructed on Twelve Mile River, below Dawson, and the same year a railroad was built linking Dawson to Bonanza and Sulphur Creeks. As water supply was the key to economic production, major capital costs included various dams (the most expensive being \$5,000,000) and an eighty-five mile long ditch

costing \$7,000,000.

In 1929 the Yukon Consolidated Gold Company emerged as the dominant corporate figure controlling virtually all the claims in the Dawson area. The main figure behind Yukon Consolidated was the well known and by 1929, well placed, A.N.C. Treadgold who had convinced various outside sources to promote his ever-broadening mining schemes.²² A vigorous exploration program was undertaken by the company revealing, among other finds, a virgin channel extending under the old cabins of the sourdoughs. Aided by this new reserve, and having monopoly control over its exploitation, Yukon Consolidated immediately began to earn back its capital investment when in 1932 the price of gold rose sharply. Consequently annual production increased threefold in 1938 to \$3,000,000 and remained steady until 1943.

The Shift Away From the Klondike

On their way to the Klondike gold fields, the miners of '98 had stumbled on other mineral occurrences or late arrivals had followed up stories the Indians had told. Silver had always been produced as a bonus to the gold operations, occurring roughly in the proportion of one ounce silver to five ounces of crude gold.²³ Sourdoughs travelling to the

Klondike in 1897 reported copper near Whitehorse and in 1898 a claim was staked. Some experimental shipments were made until 1909 and again, more successfully in 1915, in response to a high world price. By 1919 these shipments had ceased as the world price stabilized. A rich occurrence of silver-lead in the Mayo area was staked in 1909 and developed in 1912.

Because of its very high grade and despite development and transportation costs (by land, river and sea to San Francisco for smelting) which were normally prohibitive, production continued at Galena Hill, eventually operated by Keno Hill Ltd. (then a subsidiary of the Yukon Gold Company).²⁴ Coal was early on recognized as an ideal substitute for cord wood as fuel. The latter rapidly became scarce, or at least more inaccessible because of the demands for construction and thawing. The Five Fingers Coal Company in 1905 supplied coal from its Tantalus Mine near Carmacks for the stoves of Dawson, and later for the paddlewheelers and the Klondike Railway.²⁵

The biggest obstacle to the exploitation of these minerals was that of transportation, usually to a waterway. Unlike gold, for which small amounts were valuable and for which there were no smelting costs, copper and lead-zinc were typically expressed as percentages of the rock. Large amounts of ore, most of

it waste, had to be moved somehow to a smelter. The result was the abandonment of known mineral reserves which, had they been further south and close to labor sources, smelters and transportation routes, would immediately have come into production. The development of the Yukon mining industry has been intimately linked to innovations in transportation which either lowered costs or permitted a whole new definition of the exploitation process. As H.A. Innis wrote, "Changes in the Yukon were conspicuously results in changes in technology."²⁶

Following the Klondike Gold Rush and especially after 1920, the Yukon economy can only be described as a shadow of the striking figure it cut in '98. Although Yukon Consolidated had firm control of the still lucrative gold production, due to the nature of production there was no need for a local support base. Labor was seasonally imported from Vancouver and the extensive capital required was arranged in American markets. The population of the Territory from 1921 to 1941 was roughly a tenth of the 1900 figure, about 4,000.

It was clear that the Mayo area would offer the next opportunity for any further developments. The Keno Hill and Galena Hill Mines (especially the Silver King property) managed to stay in production

except for the years 1919 and 1920. This was more a result of the exceedingly rich grade of silver; "Tonnages of ore containing 200 to 300 ounces to the ton and many pockets containing 1,000 or more ounces to the ton have been mined."²⁷ In 1924 the Treadwell Yukon Company of San Francisco constructed a concentrator in the area for the mining of lower grade ore. The same year, Treadwell Yukon bought out the assets of the United Keno Hill Company (a subsidiary of Yukon Gold Company) which gave the former virtual control of production in the Mayo area and included a waterfront lease on the Stewart River and a small thermal electric plant.²⁸ Subsequent high world prices for silver and lead gave the company a tremendous financial impetus. In 1929 Treadwell Yukon's position had become even more secure when it survived a world price decrease which decimated its competition. Production of silver was reaching a high point not to be achieved again until World War II, and lead production was at a record level of 8,395,603 pounds.²⁹ Having overcome a major transportation problem with the use of tractor trains to haul ore in the winter to Mayo Landing in order to provide access to the Yukon River, it seemed certain that Treadwell Yukon would remain a strong force in the Territory's mineral

production. Mayo, by this time, was beginning to match the Dawson area's production value.

After a brief faltering during a price slump in the depression, Treadwell Yukon undertook a major redevelopment of the Galena Hill properties resulting, eventually, in expanded production. By 1940 the Company estimated its reserves were exhausted and, after a short period of mill production, closed down in 1942. The following year the Company was liquidated. Treadwell Yukon had been operating for twenty-one years, had produced more than \$21,000,000 worth of metals and had "returned a very handsome profit".³⁰

In 1945 a new company, Keno Hill Mining Company, gained control of the former Treadwell properties; again they were redeveloped to yield 1,000,000 pounds of lead concentrate. To satisfy a need for more capital, Keno Hill Mining Company itself was reorganized in 1947 to form the United Keno Hill Mines Company.

The prime obstacle to economic growth since the goldrush has been the cost of transportation. The main route available was by water, ultimately the Yukon River, to Whitehorse and from there by rail to Skagway on the Pacific. As in mining, this sector of

the economy was highly centralized since White Pass Yukon, after completion of the railway in 1900, had created two subsidiaries to ply the American and Canadian sections of the Yukon River: the British Yukon Navigation Company and the Alaska Yukon Navigation Company respectively. Before the construction of the Alaska Highway and other road links (opened to the public after World War II), this river-rail system was the sole means of getting supplies and capital equipment in and ore concentrates out. The mining companies themselves had to overcome the first obstacle, that of getting their product to the nearest river landing. The Tantalus Coal Mine at Carmacks made use of a gravity system to the river while Treadwell Yukon, some time later, cut its associated costs by three-quarters with the use of tractor-trains in the winter.

Prior to World War II little was known of the geology of much of the Yukon. This was primarily because of the expense involved in exploration and development especially compared with comparatively more secure investments elsewhere. Most early developments were the result of accidental discoveries of obvious outcroppings. Exploration was limited to looking for these obvious indicators while the subsurface remained unexplored. For some members of the mining industry there was a general indifference to

the wealth of the Yukon and indeed, their properties in the Territory were used to promote their stock and for little else.³¹

Following the end of World War II the mining industry inherited the use of government constructed highways, airports and pipelines. Not only were direct highway links within the Territory established, but various construction roads (such as the Canol Road to service a pipeline between Norman Wells in the Northwest Territories and Whitehorse) opened up vast areas for exploration. White Pass Yukon Railway obtained, for a nominal amount, a four inch pipeline between Whitehorse and Skagway thus securing the supply of fuel oil for the Yukon. The network of airports originally built for the security of the area enabled aerial photography and exploration by plane. United Keno immediately benefited from this boom by the construction of the Mayo-Whitehorse Highway which provided an all-season and more secure transportation route, although per ton it was more expensive. The reliance on the British Yukon Navigation Company had, for example, held back shipments to the outside in 1937 when the loss of one boat restricted shipments to 10,000 tons in the season.³²

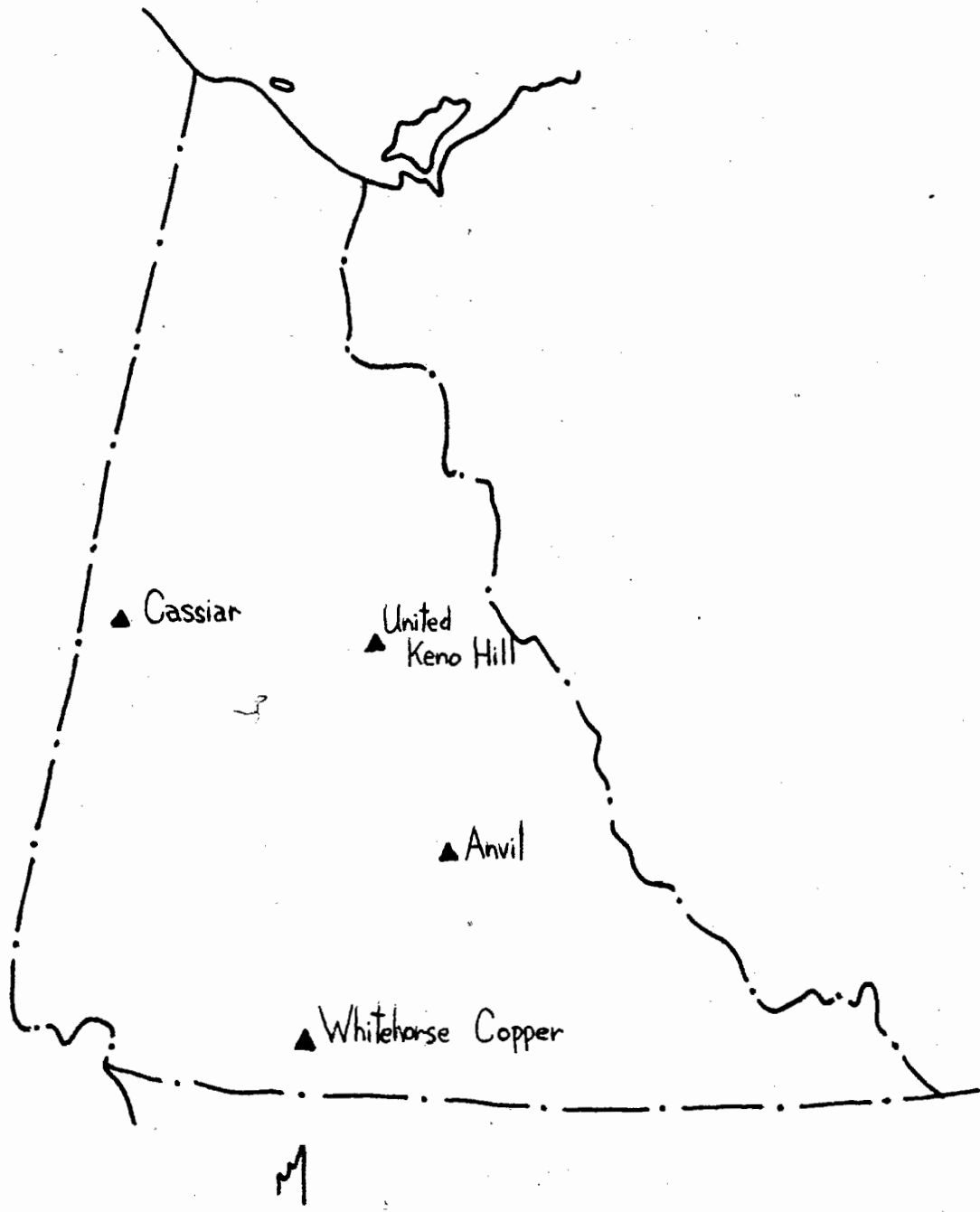
The most important discovery after the opening of the Territory to exploration was the large

lead-zinc-silver occurrence near Vangorda Creek (now the townsite of Faro) in 1953. The Anvil Mining Corporation began production in this area in 1969 after a more efficient road link to connect Whitehorse (230 miles away) was constructed by the Federal Government. The ore is transported, either as bulk or in a more concentrated form (from the mill on the site), by gondola containers on trucks to Whitehorse where it is transferred to the White Pass Yukon Railway for shipment to Skagway. It ultimately reaches Japan, if it is milled concentrate, or Germany if it is bulk concentrate. Anvil Mine is a major production center in the Yukon, producing 8,000 tons a day and directly employing approximately 500³³ people. Its production value makes up 60 per cent of the Yukon's mineral production and accounts for 40 per cent of the economy as a whole.³⁴ In 1973 an agreement between Anvil Corporation and Cyprus Mining Corporation resulted in, among other things, a name change to Cyprus Anvil. Cyprus Anvil, which is 64 per cent owned by Cyprus Mines of Los Angeles,³⁵ now owns outright the Tantalus Coal Mine at Carmacks which produces 60 to 70 tons a day and employs about 20 people. The coal is used to dry concentrates at the mill site.

Two years before the commencement of production at the Anvil mine, the Cassiar Asbestos

Corporation opened its Clinton Creek operation, near Dawson, in 1967 to supplement its operation at Cassiar, British Columbia. Both mines produce 100,000 tons annually of fibre and transport it in bundles by truck to Whitehorse from where it is transported by rail to the outside. Cassiar Asbestos Corporation which is 61 per cent foreign owned by English, American and Australian interests,³⁶ has recently announced that the end of the ore reserves at Clinton Creek are in sight and that production will cease before the end of 1978. For now, the mine employs 200 people in the mine and connected plant.

In 1971 Whitehorse Copper Ltd. took over production of the New Imperial Mines copper properties within the City of Whitehorse. Whitehorse Copper was, in fact, merely the reorganization of New Imperial, the latter having developed and milled that area identified by Klondike miners in 1897. Sporadic production and milling were undertaken between 1967 and 1971 but with low world prices, New Imperial ceased production in June 1971.³⁷ Whitehorse Copper has been in production since September 1971 and employs approximately 127 people. (According to a report by Price Waterhouse, the company is 26 per cent foreign owned.)³⁸ Although no announcement has been made, it seems clear that, depending on world prices for copper, the mine's



MAP 1: Location of Major Yukon Territorial Mines 1974

reserves will be exhausted before the end of the decade.³⁹ However, there are the twin variables of technology and exploration which could alter the situation or even, in combination, expand production.

As suggested earlier, the absolutely essential ingredient in this rather unstable mixture of exploration, technology and world prices has been the need for economical transportation. The White Pass Yukon Corporation Ltd. has gone a long way to providing this ingredient in the Yukon economy. Beginning with the construction of the railway in 1900, the White Pass has shared a professional comradeship with the mining companies in their search for technological innovation, while holding a benevolent, and at times not so benevolent, dictatorship over the rest of the economy. It is a Canadian multinational company with terminals in North Vancouver, Skagway, Whitehorse and Dawson Creek. It utilizes its coastal tankers, its railway system, and far ranging truck fleet to service the Territory. White Pass handles the ore shipments for Cyprus Anvil Mines, a contract for which the system underwent a major upgrading in 1965 to provide "a completely integrated transportation system to haul the lead-zinc concentrates" from Faro to Skagway. The Faro-Whitehorse Highway route carries an average of 55 truck loads a day. The railway system is

capable of handling 2,000,000 tons a year.⁴⁰ As well, the Company contracts to Whitehorse Copper and Cassiar Asbestos (Clinton Creek and Cassiar, British Columbia) for its products although Cassiar handles a percentage of its own highway hauling. White Pass reaches out horizontally as well by catering to package tours who advertise "The Trail of '98" in the tourist industry.⁴¹

Within the mining industry there is also the exploration activity of the private companies. There are two factors that combine to explain exploration activity in the Yukon: the Territory's tax rate and the investment climate elsewhere, especially in British Columbia. The Yukon offers the lowest tax and royalty rate for mining companies in Canada, a full 20 per cent lower than most provinces.⁴² In such a high risk industry as mining, this sort of incentive is well received, especially coupled with the Federal Government's investment and subsidies in roads and other infrastructure.

Following the election of the New Democratic Party government in British Columbia in 1972, there was a noticeable increase in mining investment and exploration in the Yukon (see following chart). As a consequence many new mineralized areas were discovered during the period the New Democratic Party

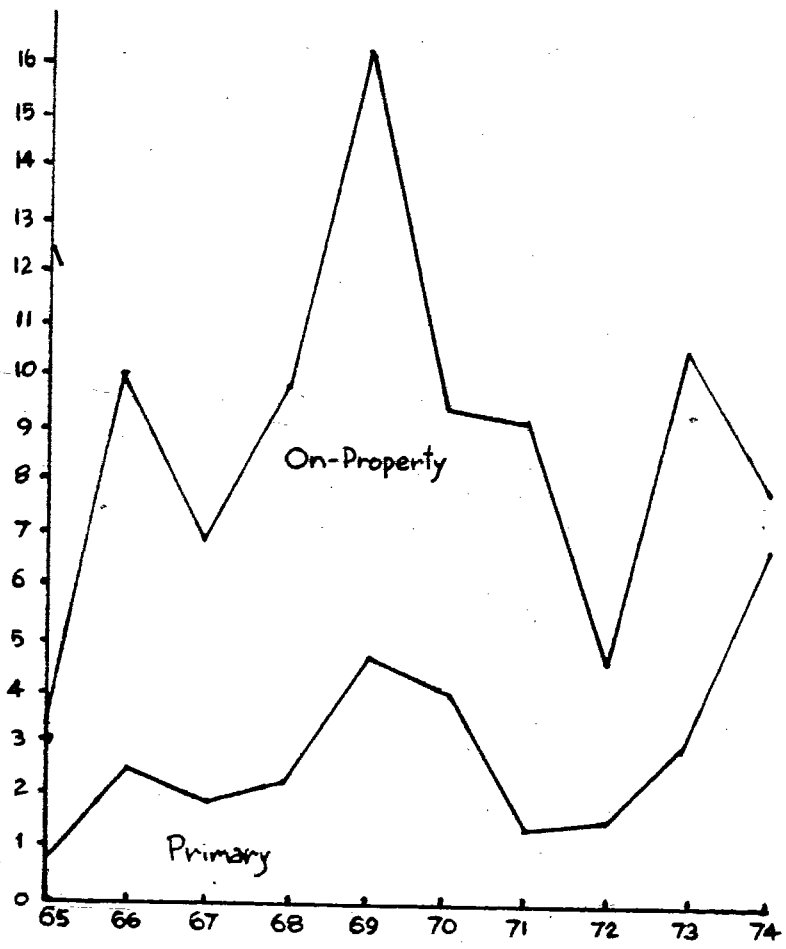


TABLE 1: Exploration and Development Expenses
1965-1974

held power in B.C.. It is also generally accepted that, because of the Yukon's Territorial status, the mining industry finds "federal mining policy and taxes easier to live with than is often the case where jurisdiction is shared by both Ottawa and a provincial administration."⁴³

Exploration within the Yukon has drawn significant attention to at least six mineralized areas of note. Near the Bonnett Plume River and Bonnett Plume Lake are the Goz Creek⁴⁴ and Tom properties⁴⁵ which show promise for zinc and lead-zinc respectively. Northwest of Whitehorse is the Minto Copper property which may also have significant amounts of gold and silver.⁴⁶ Of major interest are the McMillan Pass tungsten property (the largest known tungsten showing in the western world⁴⁷), the Grum lead-zinc property (which could "repay capital costs in three (or) four years"⁴⁸), and the Snake River iron ore property (with about 30 billion tons of reserves assayed at about 50 per cent metal⁴⁹). All of these potentially rich areas await an economical transportation system,⁵⁰ an upward shift in world metal prices or some technological innovation which will lower the cost factors. The Snake River property, for example, has been known since 1962 but being in the north-eastern section of the

Territory, high transportation costs obviate the high grade of ore.

Oil and Gas Prospects

During the early 1970's, it was hoped that a second industry, oil and gas, might become a major part of the Territorial economy. Surveys indicated four areas with geological potential; the Eagle Plain, the Peel Plateau, the Old Crow Basin and Whitehorse Basin. Exploration of the Peel Plateau was motivated by "excellent" prospects,⁵¹ although it was unknown if the area contained one large pool or several smaller ones. The Eagle Plains were considered a "good" prospect,⁵² and the Old Crow Basin was, at best, extremely speculative. Estimates of the latter were made on the basis of probable thicknesses of the sediment only.⁵³ Exploration of the Peel and Eagle Plains areas subsequently verified the geological surveys but since 1972 virtually all major oil and gas activity has ceased leaving the wells capped. Most of the permits and leases have been allowed to mature and in fact, applications for land use permits and the acreage under lease has decreased since 1972.⁵⁴

Notwithstanding the reluctance of the Department of Indian Affairs and Northern Development and the oil companies to discuss the extent of reserves

and the status of individual wells, it is clear that oil and gas activity will have virtually no direct impact on the Yukon economy. As is the case with lead, zinc, copper and gold deposits, economic exploitation of the oil and gas is prevented by the general remoteness of the fields. Had there been a distribution system close by the wells would have come on stream immediately for their production rates are not insignificant - although nowhere near the rate of Alaska's Prudhoe Bay or the Northwest Territories' Mackenzie Delta. What's more, there are geological characteristics of the area which mitigate against consistent production estimates. These include the lack of prominent features and seepage between shelves because of the variable porosity of the shelves. Finally, there is the vigorously argued matter of environmental protection which increases costs at the well head and throughout the distribution facilities.

Although there is proven oil and gas potential in the Peel and Eagle Plains area it has been shown to the satisfaction of the oil and gas companies who provide the capital and to the Federal Government who provide the incentives, that the amounts are not sufficient to warrant a major economic program. The nature of the source and the all powerful world price

of fossil fuels also are determining factors.

However, in the south-east corner of the Territory is the Beaver River Gas Field which extends into British Columbia. In 1972 there was only one production well (shut down in 1973) within the Yukon.⁵⁵ Its production was sporadic and served the British Columbia market through the Clarke Lake Gas Plant. Under a royalty sharing, unitized pool agreement between the governments of British Columbia and Canada (for the Territorial Government does not have jurisdiction over mineral rights), "seven per cent of the total field production or 3,4020 Bcf. was assigned to the Yukon portion."⁵⁶

But even if the Yukon cannot cash in on its petroleum resources there is no doubt that the Territory, because of its location, will be an integral part of the various pipeline projects in the North. The immediate need for a pipeline is manifested by the energy-starved American Mid-West, which can be relieved by the massive gas finds on Alaska's North Slope. Of slightly less significance are the strong showings of Canadian gas in the Mackenzie Delta and in the Beaufort Sea, which will have to be piped to Eastern Canada.

The most sophisticated proposal yet put forward is that of Foothills Pipe Lines Ltd. to construct

the Fairbanks Corridor-Alaska Highway Pipeline. This would be 42 inches in diameter, run 1,600 miles in length and cost 20 to 30 billion dollars. It would take the gas from Alaska's North Slope, bring it south through Fairbanks and then follow the Alaska Highway to North-Eastern British Columbia. There it would enter the network of Westcoast Transmission Ltd. who would supply the United States. As about five hundred miles of this project pass through the most populated areas of the Territory, its significance is considerable. Foothills Ltd. expects to employ a maximum of 1,500 workers during construction and roughly 300 jobs will be involved in the operation of the pipeline after completion.⁵⁷ The Yukon Conservation Society, for whom such things are important, estimates that (based on the Alaska experience with the Alyeska Pipeline) 1500 workers would likely increase the Territory's population by 12,000.⁵⁸ Presumably the long range impact would be an increase of 2,400 people (based on 300 full time jobs). There is a further benefit to Yukoners with the availability of natural gas to the various communities along the route, including Whitehorse and Watson Lake.

Typically the initiative behind these pipeline projects comes from outside the Territory; it is an initiative designed to serve the needs of outside

interests. Just as the exploitation of the Yukon's gold, lead, zinc, silver and copper resources has been decided outside, so too does the decision to build the Foothills project (or not build it) lie with Federal regulatory bodies, corporate board rooms and government decision makers.

CHAPTER 2

FOOTNOTES

¹Yukon, Yukon Statistical Review 1970-1974, J16-18.

²Ibid., J12-15. Also Trade and Commerce, April 1976, pp. 44-46.

³See evidence presented to the Mackenzie Valley Pipeline Inquiry by Peter Usher and Hugh Brody on behalf of the Indian Brotherhood of the Northwest Territories. See also Melvin Watkins, Dene Nation; The Colony Within (Toronto: University of Toronto Press, 1977).

⁴Yukon, Yukon Statistical Review 1970-1974, J44. Although there are only 17 frost free days in the growing year there have been successful experiments with cattle, oats, barley and berries at the Haines Junction Experimental Farm. The farm was operated for 25 years until 1970 when it was closed down for unknown reasons by the Department of Agriculture. (Yukon News, April 28, 1976.) In December 1975 the Yukon Territorial Government began the first stages of an agricultural policy by commencing an inventory of all land in the Territory. See Yukon News, December 17, 1975. Also Kenneth Rea, The Political Economy of the Canadian North (Toronto: University of Toronto Press, 1968), Chapter 5.

⁵Trade and Commerce, April 1976, p. 47.

⁶Ibid.

⁷The Mining Association of British Columbia, The Yukon Mining Industry in 1974 (Vancouver: Price Waterhouse & Co., 1974).

⁸The only competition in the area was from the Russian-American Company. Such serious

disputes arose between the two companies that in 1825 a treaty was agreed upon which delineated the western boundary of the Yukon. Subsequent disputes were settled when the Russians leased to the Hudson Bay Company monopoly rights. These leases were periodically reviewed until the United States purchased Alaska in 1867.

⁹ Morrison claims that "W.R. Hearst, dismayed that his San Francisco Examiner had been scooped (by an unenthusiastic story in the rival Call) authorized that paper and the New York Journal to enliven the already exaggerated story of the glittering gold.... The highly spiced accounts were circulated by Associated Press which...made the name Klondike famous throughout North America within a matter of days." See David Morrison, The Politics of the Yukon Territory 1898-1909 (Toronto: University of Toronto Press, 1968), p. 3.

¹⁰ Harold Innis, "Settlement and the Mining Frontier," Canadian Frontiers of Settlement, Vol. IX edited by W.A. Mackintosh and W.L.G. Joerg (Toronto: Macmillan & Co., 1936), p. 178.

¹¹ "The gold was everywhere. Hundred dollar pans were the rule here; five hundred dollar pans were not unusual. The wages Berry paid totaled one hundred and fifty dollars a day, which he washed out himself each evening. When Mrs. Berry needed pocket money she merely walked to the dump and with a sharp stick smashed apart the frozen clump and pulled out the nuggets. One day she went down to call her husband for supper and, while she was waiting for him to come up the shaft, picked up fifty dollars worth of coarse gold." Pierre Berton, Klondike Fever (New York: Alfred Knopf, 1958), p. 82.

¹² William Ogilvie, Early Days on the Yukon (Ottawa: Thorburn & Abbott, 1913), p. 245.

¹³ Innis, "Settlement and the Mining Frontier", p. 197.

¹⁴ Berton, Klondike Fever, Chapters 5 and 6.

¹⁵The Northern Commercial Company grew out of an amalgamation in 1902 of the Alaska Commercial Co. and the Alaska Exploration Co.. The Alaska Commercial Co. was originally the Hutchinson, Kohl and Co. of San Francisco who had acquired the interests of the Russian American Co. after 1867. See Innis, "Settlement and the Mining Frontier," p. 181 Footnote.

¹⁶The White Pass and Yukon Railway Company, "a combination of English capital and American Enterprise," resulted from an agreement among the Pacific and Arctic Railroad and Navigation Co., the British Columbia-Yukon Railroad Co. and the British Yukon Mining, Trading and Transportation Co.. "These Companies were practically unified by an agreement...by which Assets Development Co. constructed and operated the through line." Assets Development was succeeded in 1898 by Pacific Contracting Company and in 1902 by White Pass and Yukon Railroad Co.. See Innis, "Settlement and the Mining Frontier," p. 263.

¹⁷Canada, Parliament, Sessional Papers 1901, No. 28a, cited in Innis, "Settlement and the Mining Frontier," p. 214.

¹⁸Innis, "Settlement and the Mining Frontier," p. 264.

¹⁹Canada, Parliament, Sessional Papers 1904, No. 26, cited in Innis, "Settlement and the Mining Frontier," p. 224.

²⁰Innis, "Settlement and the Mining Frontier," p. 219.

²¹Kenneth Rea, The Political Economy of the Canadian North, p. 110. See also Innis, "Settlement and the Mining Frontier," Chapter 3.

²²The Guggenheim family supplied most of the capital and the now-abandoned town of "Guggieville" is in recognition of this patron. Treadgold, for his attempts at misrepresenting \$5,000,000 of shares, was removed from the list of shareholders by the courts.

²³Rea, The Political Economy of the Canadian North, p. 103.

- ²⁴ Ibid., pp. 97-105.
- ²⁵ Innis, "Settlement and the Mining Frontier," p. 262.
- ²⁶ Ibid., p. 264.
- ²⁷ Canada, Department of Mines and Resources, The Yukon Territory (Ottawa: King's Printer, 1949), p. 16.
- ²⁸ Rea, The Political Economy of the Canadian North, p. 108.
- ²⁹ Ibid., p. 108 and Table 4.2.
- ³⁰ A.E. Pike, Brochure on the Yukon Territory, cited in Rea, The Political Economy of the Canadian North, p. 120.
- ³¹ Vancouver Sun, October 30, 1975.
- ³² Rea, The Political Economy of the Canadian North, p. 115.
- ³³ Yukon, Information Services, Tourguide, p. 32.
- ³⁴ Ibid. and Trade and Commerce Magazine, April 1976, p. 47. Cyprus Anvil has reserves of 59,940,000 tons (1972) of 11.7 per cent zinc and one ounce silver per ton.
- ³⁵ Financial Post Survey of Mines (Toronto: Maclean Hunter, 1974).
- ³⁶ Ibid.
- ³⁷ Canada, Geological Survey of Canada, Yukon Mineral Industry Report 1975, Open File Edition, Whitehorse, p. 52.
- ³⁸ The Mining Association of British Columbia.
- ³⁹ Tour Guide.
- ⁴⁰ J.D. Gillis, "Future Plans of the White Pass-Yukon Route," Proceedings of the Fifth Northern Resources Conference 1975, p. 48. Also "Communities We Serve," published by the White Pass and Yukon Railway.

⁴¹See Yukon Tourism Summary 1975, Exhibit 1.

⁴²Vancouver Sun, October 30, 1975.

⁴³Trade and Commerce, April 1976, p. 45.

⁴⁴Drilling in 1974 outlined roughly one and one-half million tons of ten per cent zinc sulphide with assay results as high as 32 per cent. Canada, Department of Indian and Northern Affairs, Mineral Industry Report 1974: Yukon Territory (Ottawa: Queen's Printer, 1974), D.B. Craig, p. 24.

⁴⁵Preliminary exploration indicates a showing of twenty-five per cent lead-zinc combined. Canada, Department of Indian and Northern Affairs, Yukon Mining Industry Report (Ottawa: Queen's Printer, 1973), p. 3.

⁴⁶Drilling in 1971 indicates two million tons of 1.8 per cent copper and an additional 0.1 to 0.7 ounces per ton silver and 0.0005 to 0.02 ounces per ton of gold. Mining Industry Report 1974, p. 100.

⁴⁷Ibid., p. 20.

⁴⁸Northern Miner, August 26, 1976.

⁴⁹Canada, Geological Survey of Canada, Mining Industry of Yukon Territory 1962, L.H. Green and C.I. Godwin, p. 18.

⁵⁰The White Pass Yukon Railway, for its part, has been standing ready since 1974 with a model of an expanded transportation network. White Pass has considered a rail extension to the Peel Valley, roughly 195 miles, as a capital investment of \$26 million (1974 dollars). This plan includes upgrading of rail facilities and port facilities at Skagway to handle a projected through-put of ten million tons of concentrates. Proceedings of the Fifth Northern Resources Conference, pp. 48-50. See also Yukon News, March 17, 1976.

⁵¹ Estimates of 1200 million barrels of oil and F.O. trillion cubic feet of gas have been made. See H. Kurst, "The Peel Plateau," The Future Petroleum Provinces of Canada, ed. R. McCorossan (Calgary: Uplands, 1973).

⁵² See H.C. Martin, "Eagle Plains Basin," in McCorossan, The Future Petroleum Provinces of Canada.

⁵³ See J.R. Lawrence, "Old Crow Basin."

⁵⁴ Canada, Department of Indian Affairs and Northern Development, Oil and Gas Activities 1973, Yukon and Northwest Territories, Edition 10, p. 13. Also Yukon Statistical Review, J43, p. 9.

⁵⁵ Pan Am Beaver River, Yukon Territories, G-01-60-10-124-15.

⁵⁶ Oil and Gas Activities 1973, p. 29.

⁵⁷ Yukon News, August 16, 1976.

⁵⁸ "The Society bases its calculations on figures published by the Alaska Department of Revenue in the July Revenue Journal which indicates that 4,000 workers employed in direct pipeline construction in Alaska would cause a total population impact of approximately 32,000; a ratio of 1 to 8." Yukon News, September 15, 1976.

CHAPTER 3

THE ECONOMIC BASE: THE PUBLIC SECTOR

The role of the public sector in the Canadian North (as it was in the development of the West in the mid-nineteenth century) has been to support a strategy that promotes monopoly enterprises and builds and maintains a centralized government authority. The Canadian political community, according to S.D. Clark,

...was the creation of certain business, political, religious and cultural interests, seeking the establishment of a monopolistic system of control. Geography, which favored individual enterprise and limited political interference in the conduct of economic, social and religious affairs over a large part of the continent, favored on this part of the continent large scale bureaucratic forms of organization, and widespread intervention by the state.¹

Others have suggested that the Canadian state has played a major role in the economic development of Canada, the West and North in particular.² While American governments have let competitive enterprise and decentralized control take its course, the Canadian tradition has been to intervene in the economy to supply infrastructure (roads, railways, hydro) that would overcome

otherwise prohibitive transportation costs. It is argued, by private capital, that public as well as private responsibility is involved in the first stages of economic development and the benefits are spread socially as well as economically. Hence the name "social overhead capital" which would support the "capital infrastructure associated with modern industrial society."³

This chapter will look at the role of the public sector in the Yukon Territory with a necessary concentration on the policies and practises of the Federal Government. It begins with a discussion of the Canadian state's role in the Goldrush, describes the substantial public investment in infrastructure and concludes with a critique of infrastructure creation as a vehicle of economic development.

The Goldrush

It can be seen from the foregoing sketch of the private sector, that for the period of the Goldrush, Government participation in the Yukon economy was a matter of token administration for the purpose of asserting Canadian sovereignty. Given the proximity to Alaska and the predominance of Americans in the population, the assertion of a

national presence was particularly important. But there is also the distinct suggestion that the Government was satisfied with watching from distant Ottawa, and guided by a desire to keep the atmosphere as conducive as possible to individual enterprise.

The Government presence should not be dismissed as entirely insignificant however. Indirectly through its stipulation that all those crossing the Canadian frontier carry with them a year's supplies (usually a ton), the relief of Dawson in the spring of 1898 was effected and the transformation from aspiring sourdoughs to shrewd merchants was facilitated. The Government's presence was also felt in the organization of surveys and claims for which it levied a significant royalty. Law enforcement as well came under the Government sector, and was manifest in the uniform of the North West Mounted Police. While the theme of the Nome, Alaska rush in 1900 was "a murder a day", the Klondike Rush had but two murders throughout the whole event.

With the gradual exhaustion of the creek beds and the resultant Treadgold Concession in 1902, the Dominion Government began to see the larger companies as the most efficient means of guaranteeing a steady revenue from the Territory. The Treadgold

Concession and other concessions were agreements between developers (utilizing hydraulic techniques) and the Government, in order that the former could gain the mining rights of the creeks and benches. The creeks were abandoned soon after they were deemed unworkable by gold pans and sluice boxes, while the benches required comparatively large capital investment and depended on dumping their waste on the creek beds below. But the scheme of A.N.C. Treadgold was at best inopportune; political pressure within the Yukon, crying out for individual enterprise, caused its withdrawal. At worst there were serious questions raised as to the propriety of the arrangement. Clifford Sifton, the Minister of the Interior, was subsequently implicated upon release of correspondence to the Minister from Treadgold:

Keep me free and strong and the enterprise is a gainer. That is why I want the concession made out to mere nominees of my own; the enterprise is still at the stage at which orders must come only from you.

Successive concessions were to fare much better and the acquiescence of the Dominion Government in large scale, capital intensive operations, was carried through to support Yukon Consolidated's monopoly position.

In all, the Federal Government retrieved \$4,878,000 in royalties on production of \$133,522,000 from 1885 to 1925.⁵ The Royalty Tax in 1898 was established at ten per cent (the first \$2,500 being exempt),⁶ although a figure as low as two and one half per cent has also been reported.⁷ This latter figure likely reflects concessions to the sourdoughs as the richer claims were worked out.

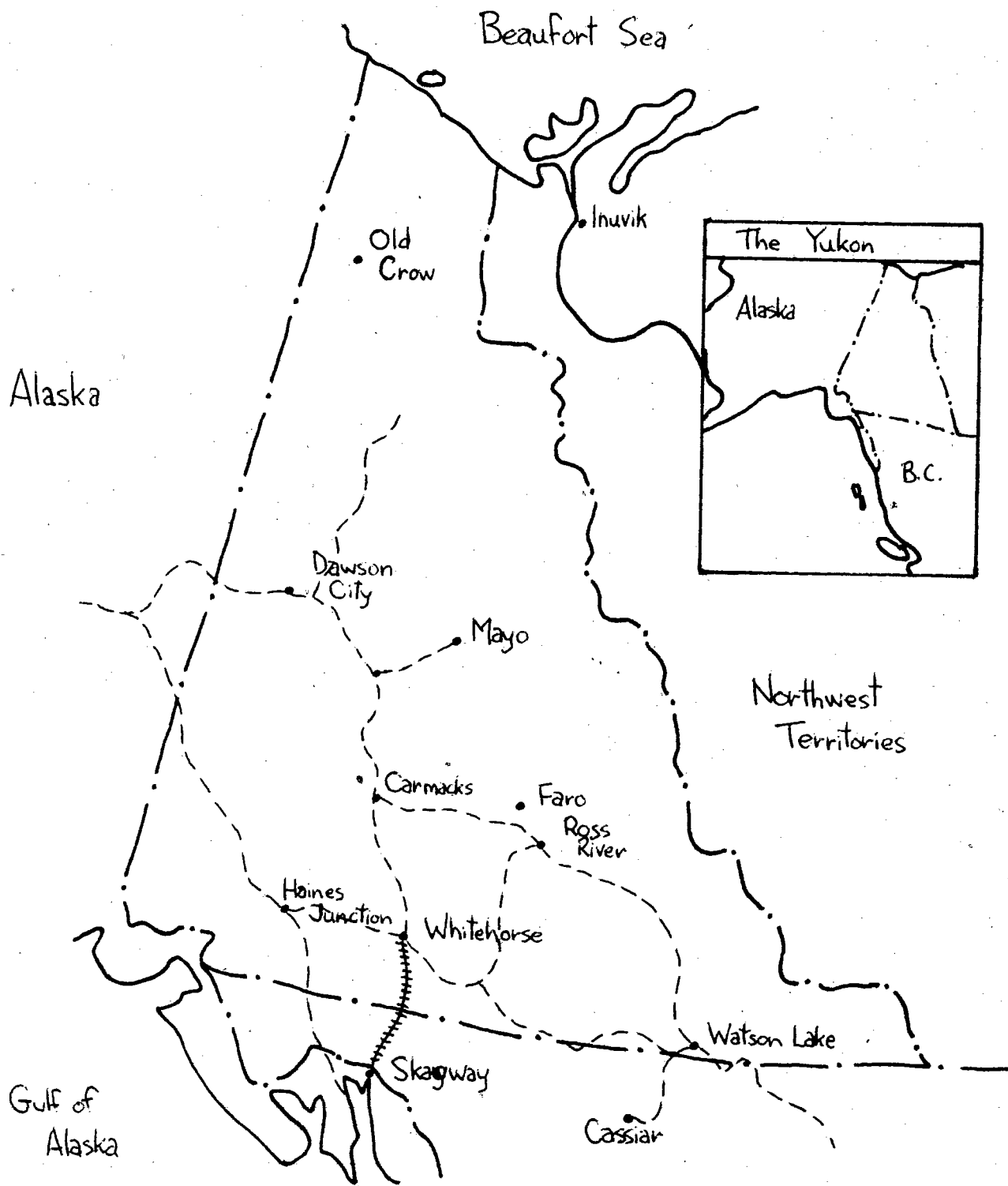
The Alaska Highway

Subsequent to the paradise of rugged individualism created by the Goldrush, Government activity in the Yukon lapsed into royalty collecting and was not even marginally concerned with advertising the area to immigrants and other economic interests besides Yukon Consolidated.

Its first significant presence in the North came after World War II, when it became the owner and operator for various wartime projects given over by the United States. The single most important project, of course, was the Alaska Highway, completed for military traffic in November 1943. It was completed by roughly 40,000 men mobilized in a highly mechanized assault on the wilderness in the amazingly short period of one year. As part of the Northwest Staging Route, the Highway was the core of a transportation system which included airports

and town sites to house the maintenance workers. Of the 1,523 mile total length from Fairbanks, Alaska to Dawson Creek, British Columbia, about 1,220 miles are in Canada, 544 of those miles being in the Yukon. After the war, the Highway was maintained by Canadian Army Engineers until 1964 when the Federal Department of Public Works took over the responsibility. The other major project of the war was the Canol Pipeline and adjacent service road. It was built in the same aggressive spirit as the Alaska Highway and was intended to bring oil from Norman Wells, Northwest Territories, to Whitehorse to support the Northwest Staging Route, and also to supply the Pacific campaign (in a small way) through a small pipeline to Skagway. Both the Canol Pipeline and road were abandoned at the end of the war, although exploration companies from time to time still use the road.

All of these projects (including the radar stations built after the war) shared common characteristics; they were built without much regard for economic or other cost; the financial costs were borne largely by the United States; they had nothing to do with the needs or wishes of the residents of the areas they affected; and, they created in the regions most immediately affected, a short term economic boom, providing new sources of wage employment, overstraining existing transportation and other facilities, and leaving in their wake, a degree of social, environmental and economic change unlike anything seen in the North, since the Klondike Goldrush.



MAP 3: The Yukon 1974

Roots of Infrastructure

As early as 1955 it became clear that the Federal Government perceived its role in the North as reducing the costs of mining exploration and development by creating a transportation infrastructure. At the end of 1955 the two Territorial Commissioners (of the Yukon and the Northwest Territories) presented briefs to the Gordon Commission on Canada's Economic Prospects, speaking as they were, for the newly formed Department of Northern Affairs and Natural Resources which had designed a long-term strategy for the North covering the next 25 years.⁹ Commissioner Collins of the Yukon proposed an elaborate road network to divide the Territory into accessible portions. The result was an experimental program of road construction in the Yukon, initially utilizing Territorial plant and personnel but funded by the Federal Government. Three types of roads were recognized:

1. Trunk Roads. These roads connected major settlements and were built and maintained by the Territorial Government with funds from a Federal grant.
2. Secondary Roads. These were roads within settlements and were the sole responsibility of the Territorial Government.

3. Resource Roads. These were roads used for mining exploration and were paid for by the Federal Government, including maintenance.

Some private participation was solicited.¹⁰

Examples of roads built within this framework are the Whitehorse-Keno Hill Road with a subsequent extension to Dawson, and the McKenzie Highway from Peace River, Alberta to Hay River, Northwest Territories. A total of 470 miles of road was built during 1945-1955 in the two Territories.¹¹

By 1957 it had become obvious that the Territorial Government could not provide the financial and logistic resources for the development program of the Federal Government. As Federal grants for the road policy had made up a third of the Territorial budget, with unsatisfactory results, it was decided to bring the Department of Northern Affairs and Natural Resources directly into Northern development. In 1957 the "Interdepartmental Committee on Federal Territorial Financial Relations Report" recommended the addition of one more category of roads, development roads, which would be built entirely with Federal funds. Maintenance costs would be shared with the Territorial Government, 85 per cent and 15 per cent respectively. The precedent for the development was the rather

successful road programs in the three important mining provinces: British Columbia, Ontario and Quebec. These Provincial roads were a more liberal incentive to the mining industry it was thought; and, as long as there was "sufficient exploration to indicate good prospects"¹² then Government would step in with appropriate support. The Interdepartmental Report's recommendation was accepted and, urged on by the goal of "rapid resource development", was put into effect April 1, 1957.

"Roads to Resources"

Due to the ready facilities provided by the Alaska Highway and related airports, much of the foregoing was conceived with the Yukon in mind. The Northwest Territories, except for water transportation on Great Slave Lake and the McKenzie River, was considered inaccessible and development there likely depended on precedents set in the Yukon. But in 1958 with the new Conservative Federal Government came Canada's Manifest Destiny, "The Northern Vision".¹³ An immediate manifestation of this new interest in the North was the "Roads to Resources Programme" which provided for Federal cost sharing in northern parts of the Provinces and in both Territories. Federal assistance was to be made

available up to \$7,500,000 for the Provinces; and, as part of a Development Road Programme, "about 900 miles of road were to be built in the Yukon at an estimated cost of \$36,000,000 and 1,300 miles in the Northwest Territories at a cost of \$64,000,000."¹⁴

In the spring of 1962, Government support of mining exploration and development was further increased. Access roads for the transport of supplies used in developing the area could receive Federal assistance up to two-thirds the cost of such roads. "Tote Trails" could be financed up to 50 per cent by the Territorial Governments using a Federal grant of \$50,000 to each Territory. Finally, the total cost of a road to a mineralized area being developed by two or more companies could be paid from Federal grants.¹⁵ As a result of these incentives to road construction over 1,500 miles of highway was constructed or rebuilt.¹⁶

Three years later it was suggested within the Federal Government that, despite an investment of over \$44,000,000 between 1958 and 1961¹⁷ on roads alone, the

...failure to encourage the investment of the capital needed for exploration and exploitation will inevitably result in the North continuing to be a deficit area, depending on a high level of subsidy from the

remainder of Canada. Although it is accepted that the actual exploration and development should be undertaken by private enterprise, the Federal Government must provide both incentives and certain facilities, such as a roads network, before investments will be made on the scale required.¹⁸

It was further suggested that the scale required could not be keyed to Canadian per capita investment on roads. In the Yukon road construction represented a \$264 per capita investment in 1957 (compared with a Canadian figure of \$40 per capita in 1956) and went as high as \$627 in 1959 (compared with the Canadian figure of \$56 in 1962).¹⁹ As to precedents and comparative scales, it was concluded that "there is no economic yardstick that can be brought to bear at this time - none was available when the C.P.R. was built, none was used when the Alaska Highway system was built, and none is available now."²⁰

The above strategy was contained in the "Territorial Roads' Policy for the Future" report which was announced as the Federal Government's "1965 Roads Policy". The support of mining exploration and development was further extended to provide financing of a Roads Grid that would bring any resource project, on average, no more than 200 miles from a permanent road. A "road expenditure rate for the Territories of not less than one per

cent of (the) national expenditure on roads was advocated"²¹ with a minimum annual expenditure of \$10,000,000 promised. The initial stage of this policy was to be a first ten year plan which committed the Government to the construction of 3,378 miles of road.²² Finally, another category of Federal cost sharing was accepted with the Government agreeing to subsidize up to one third of access road construction costs.²³

As of 1975, Government participation in the roads infrastructure of the Yukon was classified by whether they were communication roads or resource roads. Each of these categories was in turn divided into five sub-categories. During the ten year period 1965-1975, road expenditures by the Federal Government equalled \$47,744,000 in the Yukon, while in both Territories the amount was \$148,246,000²⁴ for capital road construction.²⁵

The maintenance of roads within the Territory is shared by both Governments, although the Federal Government accepts 85 per cent of maintenance costs leaving 15 per cent to the Territorial Government. The 15 per cent figure is thought to represent the use by Territorial business. The one exception is the Alaska Highway for which the Yukon Territorial Government recovers all of the

maintenance costs from the Federal Department of Public Works.²⁶ Maintenance costs for the period 1970-1976 amount to approximately 17.7 million dollars.²⁷

Hydro Investment

In sharp contrast to the massive and, seemingly aimless direction of road expenditures is the cautious and finely defined attitude to electric power generation. Rea points out that the first initiative in this sector was undertaken after Giant Yellowknife Gold Mines in 1946 proposed the construction of a hydro project at Snare River in the Northwest Territories.²⁸ In response, the Government surprised most people by announcing that "if any hydro-electric power plant was to be built in that Territory, the Dominion Government should do it."²⁹ During the construction of the Snare River Project, the Northwest Territories Power Commission (N.W.T.P.C.) was created to supply the power needs of the Territories, although more especially "the objective is to supply ample power at a low cost and thus assist substantially in the development of the mineral industries in the Territories."³⁰

In order to preclude any direct subsidization of power costs, the Act setting up the

Commission stipulated that "rates...shall not be less than the estimated cost to the Commission... of supplying the public utility in the Rate Zone."³¹ In line with the legislative structure that required expenditures to equal revenues were the subsequent practices of the Commission which scheduled short amortization periods on projects, ensured there was a guaranteed market before consideration and approval of projects, and generally adopted cautious policies in the evaluation of a project's feasibility.³² While these stipulations and guidelines did guarantee a forthright business presence in the Territories, it also went a long way to guaranteeing high consumer rates; Rea suggests twice the southern rate for mining companies, and more than three times for the public. In some areas it was profitable for private companies to supply power, as did the Yukon Electrical Company at Porter Creek.

The first power project undertaken by the N.W.T.P.C. in the Yukon was at Mayo River after United Keno Hill contracted a long term guarantee to buy most of the power. Upon completion in 1952, at an unexpectedly high cost of \$4,306,218 the project served the power needs of Galena and Keno Hills as well as the town of Mayo Landing.

United Keno Hill Mines benefited immediately by reducing its cost of power from 3.5 cents per kilowatt hour to 2.8 cents.³³ Power was also sold to the Mayo Light and Power Company which supplied Mayo Landing at a retail cost of five cents per kilowatt hour.

By the mid 1950's it was apparent that despite generation plants at Mayo and Whitehorse (and Fort Smith and Yellowknife in the Northwest Territories), increased power generation at existing sites plus new sources were urgently required. In order to broaden the Commission's terms of reference so that it could properly operate outside the Northwest Territories, the N.W.T.P.C. Act was revised in 1956 to create the Northern Canada Power Commission (N.C.P.C.). The new Commission was empowered to operate in any Province or Territory. The N.C.P.C. subsequently expanded the Mayo Generation Plant, and initiated a new project at Whitehorse Rapids. Satisfied that the growing population of Whitehorse (including a new Federal hospital) would pay for the project, N.C.P.C. authorized construction to begin in 1956. It was completed in 1958 at a cost of \$7,200,000. The other project of note was a power generation plant near Faro in 1969, as part of an agreement between

the Federal Government and Anvil Mining Corporation.³⁴

As of 1975 the N.C.P.C.'s stated responsibility was to "provide public utilities in the Yukon and Northwest Territories as authorized by the Governor-in-Council. To operate plants from consumer revenue on a self-sustaining basis including repayment of capital expenditures."³⁵

Its latest project has been the Aishihik River Hydro Project, which has an installed capacity of 30 megawatts to supply Whitehorse and Cyprus Anvil at Faro. Due to costs which have escalated from an estimate (done in March 1973) of \$16,745,000 to an actual completed cost of \$39,292,587 in January 1976,³⁶ a storm of protest gathered to oppose the consequent rate increases. Because the Commission must be "self-sustaining" the increased costs of the construction must be passed on to the consumers. This represented an increase of 47 per cent, from 1.75 cents per kilowatt hour to 2.5 cents.³⁷

Aishihik is the first move in a strategy to develop the colossal power potential of the Yukon River Basin. The overall plan is to exploit an estimated potential of 35 billion kilowatt hours annually from the river system by means of eight power sites on the Yukon River and nine plants on

tributary rivers. Such massive amounts of electricity would enable the export of power, probably at two cents per kilowatt hour, thus providing the Territorial economy with billions of dollars a year.³⁸ Such imaginative plans are, as of 1976, first of all suffering from the dispute over the cost over-run at Aishihik. More important are Indian land claims which have frozen all major developments pending a settlement which in itself may affect economic development.

Infrastructure Applied: Cyprus Anvil

We have seen how the Federal Government has committed itself to the creation of an industrial infrastructure and has been convinced that conditions could be created that would encourage the activity of private mining companies. Federal road policy has evolved from a vague commitment to mineral exploration at the end of World War II, to the immense subsidies of today in support of a comprehensively designed road strategy. Power utilities, on the other hand, have been characterized by a more conservative fiscal attitude reflected in short amortization periods and the reluctance to commence construction until a guaranteed market has been proven. Within the Yukon, the Cyprus Anvil

Lead-Zinc Mine near the Pelly River, is considered the showpiece of these structures and policies.

The actual precedent for Cyprus Anvil and other mines in the North was established in 1964 when the Pine Point Mine, near Hay River, Northwest Territories, started production. Like the Cyprus Anvil Mine, Pine Point (owned 78 per cent by Cominco Ltd.) was and is incredibly rich; initial raw ore shipments made late in 1964 assayed at 50 per cent metal - 25.8 per cent zinc and 18.6 per cent lead. By 1974 this sensational beginning had been reduced to grades of 2.2 per cent lead and 5.7 per cent zinc, although the reserves in that year exceeded 39,000,000 tons.³⁹ Shipments were originally intended to reach Cominco's Trail, British Columbia, smelter, but a surplus of supply soon accumulated. This surplus was directed to Cominco's American operations and, in 1966, to subsidiaries in Japan and India.⁴⁰ In fact, Pine Point was so successful that a 1964 long-term debt of \$22,100,000 had been reduced to \$7,600,000 by 1965. Consideration of a dividend was given as early as 1966.⁴¹

However, as we might suspect, a good deal of the success of Pine Point Mines was due to Federal participation, using public revenues in the project.

From the early exploration in 1948, when the concession granted to Cominco and two other partners was given rent-free, until the project caught the eye of Northern Visionaries in 1957 (especially Gordon Robertson, Deputy Minister of Northern Affairs), the site remained promising although speculative. But in 1958 Cominco's requests for an extension of the Canadian National Railway, from Peace River to Pine Point, resulted in an announcement to support the extension. An agreement was reached between Cominco, Pine Point Mines, Canadian National Railway and the Federal Government in 1961-1962 which permitted the construction of the \$86,000,000 extension. Cominco agreed to pay normal freight rates, plus a surcharge per ton over a ten year period (in order to supplement the Federal Government's commitment to build the line) for a total of \$20,000,000.⁴² The Federal Government's expenditure on the line therefore represented the total cost minus the surcharge and normal freight rates. Canadian National Railways also assumed the operating costs and maintenance costs. Similarly, Federal capital expenditures paid for a 57 mile road from Hay River to the mine site.

The need for electric power was met by the N.C.P.C. with studies done on the Taltson River,

northeast of Fort Smith, and resulted in the expenditure of \$9,000,000 by the Federal Government for a generation plant and transmission line.

Pine Point Mines agreed to underwrite the cost of the power on an annual basis over an indefinite time period. Fort Smith also benefited from the generation plant.

Agreement over the establishment of a town site was reached between Pine Point, the Territorial Government and the Central Mortgage and Housing Corporation. The Town of Pine Point was developed by the company, who "would act for the Territorial Government in the installation of various municipal services and be reimbursed for them. In turn the Territorial Government would receive monies through the sale of residential and commercial lots to private and company purchases."⁴³

As Pine Point developed and its extensive reserves became calculable, the Federal Government responded to Cominco's applications for export permits by requesting that the company undertake a feasibility study of a smelter near Pine Point. Cominco seems to have backed away from this task for in 1966 the Federal Government paid \$160,000 for its own report. Within the Government, in 1968, it was stated that the reserves at Pine Point were

not enough to support operations at Trail, in India and Japan and a new smelter near the mine site. "A new source, either at Pine Point or elsewhere, as at Anvil, must be found before even a subsidized smelter could be built."⁴⁴

The final positive incentive to mining companies in general, and in the North and at Pine Point in particular, is that provided by certain Tax exemptions. Cominco immediately benefited by the standard three year tax relief provided under the Income Tax Act and the Canadian Mining Regulations. Expansion in 1968 gave the company a further three year tax exempt period on its new operations so that, at least part of the project was tax free from 1965 until 1971. Pine Point further benefited by a settlement of a dispute between it and the Government which permits the tax deduction of its surcharge payments to the Canadian National Railway.⁴⁵ The original agreement, it will be remembered, set total surcharges at \$20,000,000.

The Agreement between the Federal Government and Anvil Mining Corporation in August of 1967, for the most part accepted the Pine Point-Cominco agreement as a model of Northern mining projects. With the existing rail link between Whitehorse and Skagway providing an outlet for the mine's

production, transportation cost sharing was applied to road links between Ross River and Whitehorse through Carmacks. Initial development subsidies for a Development Road and Tote Road, as defined within the 1965 Roads Policy, totalled approximately \$9,300,000 for the Carmacks-Ross River link.⁴⁶ The Whitehorse-Carmacks Highway was upgraded to handle the increased traffic bearing large ore tonnages. The Federal Government accepted the cost of this upgrading to the amount of \$2,810,000.⁴⁷ The two-thirds subsidy of the Pelly River Bridge to provide access to the mine site and townsite (total cost \$1,500,000)⁴⁸ amounted to \$1,000,000 for a total Government investment in road transportation of \$13,110,000.

As in Pine Point, the provision for electric power was a major concern for Anvil and represented a large investment for the N.C.P.C.. To supply Anvil, the Whitehorse Rapids Generating Station was expanded to include a third generation wheel. In order to deliver the power (9,300 kilowatts) a 230 mile transmission line was constructed. These facilities were constructed at a cost of \$9,000,000.⁴⁹ According to the Agreement, "the cost of power (to Anvil) was not to exceed

\$985,000 per annum."⁵⁰ At present the Whitehorse plant is supplemented by power from the Aishihik Hydro Project.

In summary then, the major investment of Federal money in "social overhead capital" connected with roads and electric power for the Anvil Mine is as follows:

Roads:

Development and tote roads		
(Ross River-Carmacks)	\$9,300,000	
Upgrading (Whitehorse-		
Carmacks Highway)	2,810,000	
Bridge - Pelly River		
(Two thirds subsidy)	<u>1,000,000</u>	\$13,110,000

Hydro:

Generation facilities		
(Whitehorse Rapids)	\$4,000,000	
Transmission line		
(230 miles)	<u>5,000,000</u>	<u>\$ 9,000,000</u>
		<u>\$22,110,000</u>

Total:

In addition, we can fairly state that the Government investment in the Anvil Mines represented a much larger figure. C.N. Telecommunications, a Crown Corporation, constructed a Microwave System

according to the Agreement (Section 11), and a VHF Long Distance Communication connection was also built.

Similarly, Section 4 of the Agreement explicitly defines the tax incentives available to Anvil within specific sections of the Income Tax Act and Income Tax Regulations, stating

...and should the said tax incentives or any of them no longer be available at that time, Anvil may, at its option, void any portion of this Agreement then not yet carried out.

The establishment of a townsite was undertaken by Anvil acting as the prime contractor for the Territorial Government, as was the case at Pine Point.⁵¹

Consistent with the Government's attempts to encourage the mining industry's consideration of a smelter North of 60, the Anvil Agreement explicitly defined an elaborate proposal to bring a smelter into the Yukon (Sections 14, 15, 18, 19, 22, and 23). Anvil agreed to continue its engineering and economic feasibility studies of a smelter. Within five years after commencement of production (1969) these studies were to be complete and within eight years "Anvil will construct and commence operating a smelter" (Section 15.1). The Government, for its part, agreed on three conditions to

this stipulation: (1) that the Company could not be expected to earn less than 15 per cent rate of return on capital invested on a smelter, (2) that the Government would provide the necessary transportation routes for a smelter, and (3) that the Government would supply the necessary electric power. A penalty of sorts was written into the Agreement if Anvil did not meet the above conditions. A one dollar per ton surcharge would be made and held in trust by the Government for ten years, after which it would be forfeited to the Crown. But this penalty could be waived by the Minister if he decides that "every effort to finance the smelter has been unsuccessful."

(Section 22.4) And finally, the whole project could be set aside by means of Section 23 which states that "if Anvil and Her Majesty agree that the construction of a smelter is not economically feasible, Anvil will continue to operate in the same manner as during the first stage."

As of September 1978 there have been no announcements as to a major smelter project in the Yukon.

Infrastructure Creation: A Critique

Cyprus Anvil, Cassiar Asbestos, United Keno Hill and Whitehorse Copper are the beneficiaries of the Federal Government's investment in infrastructure. That investment is made with the intention of creating a complete infrastructure base, one that might provide the impetus to transgress the stage of incipient capitalism and produce an immediate "take-off into self-sustained growth" as W. Rostow might put it. With an unwavering faith in the value of private investment, the Government set about to provide the appropriate structures and incentives which would facilitate the development of external economies. For example, the construction of a lead-zinc smelter would be the next step for industry and Government to join forces in. An evaluation of this model uncovers several shortcomings.

Firstly, the public expenditure on infrastructure has been immense. This has been explained in some detail in the previous section of this chapter but some points bear repeating here. In the ten year period following the start of the "Roads to Resources" program in 1965, 47,744,000 was spent on roads in the Yukon and in both Territories a total of \$148,246,000 was

spent.⁵² The start of Cominco's Pine Point mine in the Northwest Territories was practically paid for by the Federal Government when an \$86,000,000 extension of the CNR was built from the mine site into Alberta. (The company agreed to a \$20,000,000 surcharge but it was to be paid off over a ten year period.) Further, the N.C.P.C. constructed a \$9,000,000 hydro plant at Taltson River, and the standard tax reliefs under the Income Tax Act were sweetened by allowing the company to deduct their surcharge payments for the CNR extension.⁵³

The approach to negotiations with Cyprus Anvil followed the Pine Point model and provided the company with \$15,110,000 in road subsidies and \$9,000,000 for hydro generation facilities, to be constructed by the Department of Public Works and N.C.P.C. respectively. For the operators, the projects have been startingly successful. Pine Point's initial ore shipments assayed out at 50 per cent metal allowing the ore to be profitably transported to subsidiary operations of Cominco in the United States, Japan and India for smelting. By 1965 the mine's long term debt of \$22,100,000 in 1964 had been reduced to \$7,600,000 so that Cominco's Mine Division Manager could boast, "We have an example of a mine and mill plant that paid off

the capital investment while the mill was still in the tune-up stage."⁵⁴ This "long term debt" was one-quarter of the direct public investment in infrastructure.

There are, furthermore, a number of expectations created by this model which remain unachieved. The employment of local people and, in particular, the employment of Indian people in these projects was a well publicized agreement between the Government and the company. Under Section 2 of the Agreement between Cyprus Anvil and the Government the company agreed to undertake the employment of Indian and Inuit people to the extent of "at least 5 per cent within the first year rising to 10 per cent in the second year and 25 per cent in the fifth year after the mine comes into production." As of writing, it is nine years since the mine commenced production and although the figures are unavailable, it is common knowledge that Cyprus Anvil does not employ Indian people to any noticeable extent. In fact, the number of local people (native and non-native) working at the mine is negligible. The unavoidable outcome of this situation is that the work force is recruited outside the Territory and transported into the workplace and company towns. Worker and

family are isolated in a geographical and social ghetto.

Another expectation that has not been achieved is the promise of a smelter North of 60. It was thought that Pine Point alone might have sufficient reserves to make a smelter feasible but, if not, then the addition of Cyrus Anvil's reserves surely would. However, the Federal Government has accepted that a smelter could not be economical now despite the fact that Cominco, through the network of a fully integrated multinational corporation, can export its ore to its international subsidiaries in Japan and India for smelting and apparently make a profit. More serious is the fact that Cominco uses the CNR extension constructed from the public treasury to complement its trans-national operations.

More generally this model of development has not shown itself to be compatible with the distinctive physical constraints on work and social activities North of 60. For those who are committed residents of the North, the short and cold winter days and the long and sometimes hot summer days create the mythology of the "Land of the Midnight Sun". For Indian people whose roots in the area reach back at least 25,000 years, the climate

is certainly less disturbing than projects such as the Alaska Highway.

But for those who come into the Yukon to work, make a "grubstake" and return to the "outside", the long cold periods of dark can be oppressive and debilitating. As this is the environment in which company towns must exist, the effect on workers and their families is exasperated. Those who come to work in this environment do not see the Yukon as a permanent place to settle. One economic consequence is that the savings or "stake" which the transient workers are intent on accumulating does not get spent in the local economy for local goods and so the direct impact of the mining labor force on the local Territorial economy is less than it could be.

Further, because this model of development does not attract local participation by committed residents, the expectation of bringing them into the mining labour force of the Territory is a false one. The first question to be asked of these people is surely whether they want to work at a mine and live in a company town. The Indian people have consistently shown their desire not to work under such conditions and within such a routinized lifestyle. There is also a growing segment of the non-native

population which does not choose this lifestyle. In order to expand the mining industry by opening new mines and in order to construct and operate a smelter, even more labor must therefore be brought in from the outside. The result is an increase of population of course, but it is in the main an increase of the transient work force who have little commitment to the Yukon. These people do not spend their earnings locally and thus support the Territorial economy, but save them to spend when they return to the outside.

All of these points converge on the central issue of whether financing and constructing a massive infrastructure in order to induce private capital to build on an established base, diversify into other areas, create a stable employment base and so on does, in fact, produce what it promises. All of the foregoing suggests that the policy does not achieve these goals.

Writers who have commented on the history of economic development have stressed that in order to bring about a "take-off into self-sustained growth" or a "transition to industrial capitalism" certain investment and social preconditions must prevail. There must, for example, be an indigenous source of capital and labor such as was provided

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by agriculture in areas such as the American West where "the quality of land and resources was unmatched and therefore the fundamental problem was one of overcoming distance."⁵⁵ And there must be incentives to invest that capital back into the area from which it was appropriated. For the Yukon any indigenous capital has either been appropriated by foreign interests or, as in the case of the Goldrush, has been appropriated by the workers who owned their own means of production and had no intention of remaining in the Territory.

More particularly, one should look at the actual result of the present development policy. If the result was to provide auxiliary services for the transition into a more diversified economy then it might be granted to be a process of bona fide development. The danger in not creating the right auxiliary services is in sustaining the interests that have every reason to indefinitely support a foreign-owned, export oriented economy. In the Yukon, spin-off economies such as transportation attract and benefit corporations which are not only external to the Territorial economy but are also the architects of sophisticated systems to facilitate the export of resources. The result is that the industries that grow are the

ones tied to the production of materials for export.

In the same way that it is profoundly misleading to expect people to uproot their lives and move to an area simply because they might find a job there, so too it is incorrect to expect that roads and hydro development will necessarily create the incentives for economic development. In actual fact, the priorities implicit in such statements are backwards: people have the right to expect work where they have chosen to live and "it is not railways, roads and power stations that give rise to industrial capitalism: it is the emergence of industrial capitalism that leads to the building of railways, to the construction of roads, and to the establishment of power stations."⁵⁶

CHAPTER 3

FOOTNOTES

¹Kenneth Rea, The Political Economy of Northern Development (Ottawa: Science Council of Canada, Information Canada, 1976), p. 76.

²See Harold Innis, The Fur Trade in Canada (Toronto: University of Toronto Press, 1973), Conclusion. Also Morris Zaslow, The Opening of the Canadian North 1870-1914 (Toronto: McClelland & Stewart, 1971), p. 139.

³Rea, The Political Economy of Northern Development, pp. 91-92. Also Paul Samuelson and Anthony Scott, Economics: An Introductory Analysis (Toronto: McGraw-Hill, 1966), p. 813.

⁴Morrison, The Politics of the Yukon Territory, p. 44.

⁵Innis, "Settlement and the Mining Frontier," p. 219.

⁶Canada, Department of the Interior, W. Ogilvie, "Mining Regulations," Klondike Official Guide, 1898, No. 30, p. 150.

⁷Innis, "Settlement and the Mining Frontier," p. 219.

⁸Rea, The Political Economy of Northern Development, p. 92.

⁹Speech by Lester B. Pearson, Canada, Canada, Parliament, House of Commons' Debates, July 7, 1958, p. 1961. Cited in W. MacLeod, "Dempster Highway: A Case Study in Northern Development," unpublished paper prepared for Canadian Arctic Resources Committee (CARC), August 1976.

¹⁰Rea, Political Economy of the Canadian North, p. 242.

¹¹Canada, Department of Indian Affairs and Northern Development, Report of the 1975 Northern Roads Fact Finding Committee (Ottawa: Queen's Printer, 1976), Appendix I, "1975 Northern Roads Fact Finding Committee Background and Current Policy," September 1975, p. 3.

¹²Canada, Department of Indian Affairs and Northern Development, Interdepartmental Committee on Federal-Territorial Financial Relations Report (Ottawa: Queen's Printer, 1957). Cited in MacLeod, "Dempster Highway: A Case Study..."

¹³For further detail on the "Northern Vision" see Peter Neuman, Renegade in Power: The Diefenbaker Years (Toronto: McClelland & Stewart, 1973), Chapter 10 and Chapter 16.

¹⁴Rea, Political Economy of the Canadian North, p. 244.

¹⁵Ibid., p. 246.

¹⁶Report of the 1975 Northern Roads Fact Finding Committee, p. 3.

¹⁷Rea, Political Economy of the Canadian North, Table 8.1, p. 425.

¹⁸Canada, Department of Indian Affairs and Northern Development, Territorial Roads Policy for the Future (Ottawa: Queen's Printer, 1965), p. 14. Cited in MacLeod, "Dempster Highway: A Case Study..."

¹⁹Ibid..

²⁰Ibid..

²¹Report of the 1975 Northern Roads Fact Finding Committee, p. 4.

²²Territorial Roads Policy for the Future.

²³Report of the 1975 Northern Roads Fact Finding Committee, pp. 7-11.

²⁴ Ibid., p. 15.

²⁵ At present the major road project in the Territory is the Dempster Highway, which is intended to link the Arctic Coast communities of Inuvik and Fort MacPherson to the highway near Dawson. It has been under construction since 1960, the Department of Public Works releasing sections to private contractors intermittently. The total cost to date has been \$51 million and another \$25 million will be needed to complete the last 83 miles (total length, 385 miles). These totals would be considerably higher if the cost of labor supplied by the Royal Canadian Engineers for bridge building was included. See MacLeod, "The Dempster Highway: A Case Study in Northern Development." Also Whitehorse Star, May 1, 1976.

²⁶ Canada, Department of Indian Affairs and Northern Development, Northern Development and Territorial Government: An Overview (Ottawa: Queen's Printer, 1974), p. 17.

²⁷ Report of the 1975 Northern Roads Fact Finding Committee, p. 16.

²⁸ Rea, Political Economy of the Canadian North, p. 269.

²⁹ Ibid., p. 269.

³⁰ Ibid., p. 270. Cited from Canada, Parliament, House of Commons' Debates, 1948, p. 57.

³¹ "Dalby Report," Hydro Electricity Development and N.C.P.C. (n.p.: R.N. Dalby & Associates, 1976).

³² Rea, Political Economy of the Canadian North, p. 280.

³³ Ibid., p. 273.

³⁴ An Agreement Between Her Majesty the Queen, in Right of Canada, and the Anvil Mining Corporation (Ottawa: Queen's Printer, August 21, 1967).

³⁵ Canada, Department of Indian Affairs and Northern Development, 1973-1974: Government Activities in the North (Ottawa: Queen's Printer, 1975), p. 165.

³⁶"Dalby Report," Attachment II.

³⁷Ibid., Attachment 15, p. 1.

³⁸Ibid., Attachment 15, p. 2.

³⁹J.E. MacPherson, "Pine Point Mines Ltd.: A History of Development," unpublished paper prepared for Canadian Arctic Resources Committee, February 1976, pp. 19-26.

⁴⁰Cominco has a 40 per cent interest in Cominco Binani Zinc Ltd, near Cochin, India and a 45 per cent interest in Mitsubishi Cominco Smelting Co. in Japan.

⁴¹B.E. Hurdle, "The Pine Point Mine," revised paper presented to Third National Northern Development Conference, Edmonton, August 1966. Cited in MacPherson, "Pine Point Mines Ltd.: A History of Development," p. 19.

⁴²MacPherson, "Pine Point Mines Ltd: A History of Development," p. 13.

⁴³Ibid., p. 15.

⁴⁴"Report on Pine Point by Canadian Bechtel Ltd.." Memorandum within Mineral Resources Division, Department of Indian Affairs and Northern Development, April 9, 1968. Cited in MacPherson, "Pine Point Mines Ltd.: A History of Development," p. 23.

⁴⁵Ibid., p. 25.

⁴⁶Canada, Department of Indian Affairs and Northern Development, Prospectus 1974: Incentive Programs North of 60 (Ottawa: Queen's Printer, 1974), pp. 7-8. Cited in Canadian Arctic Resources Committee source document. See also Appendix Section F for legal relationship regarding roads.

⁴⁷Letter from D. Fraser (Head, Non-Ferrous Section, Ministry of Energy, Mines and Resources) to K. Buck and W. Jeffrey, "Re: Anvil Mining Corporation Ltd.," September 1972.. Cited in MacPherson, "Pine Point Mines Ltd.: A History of Development."

⁴⁸Edmonton Journal, January 1970.
Cited in Canadian Arctic Resources Committee
Source Document.

⁴⁹Northern Miner, August 1967.
Cited in Canadian Arctic Resources Committee
Source Document.

⁵⁰An Agreement Between Her Majesty
the Queen, in Right of Canada, and the Anvil
Mining Corporation, August 21, 1967, Section 6.

⁵¹"Re: Anvil Townsite Development,"
Letter/Memorandum, December 13, 1967. Cited
in Canadian Arctic Resources Committee Source
Document.

⁵²William MacLeod, "The Dempster
Highway: A Case Study in Northern Development,"
unpublished paper of the Canadian Arctic Re-
sources Committee, August 1976.

⁵³Macpherson, "Pine Point Mines Ltd.:
A History of Development."

⁵⁴B.E. Hurdle, "The Pine Point Mine,"
Third Northern Development Conference, Edmonton
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Ltd.: A History of Development."

⁵⁵D.C. North, "International Capital
Flows and the Development of the American West,"
Journal of Economic History (December 1956): 193.

⁵⁶Paul Baran, The Political Economy
of Growth (New York: Monthly Review Press, 1957),
p. 193.

CHAPTER 4

CONSTITUTIONAL EVOLUTION AND POLITICAL
DEVELOPMENT

The value in laying down the Yukon's private and public economic base in the two previous chapters rests with the linkages between economic development of the Yukon and the political organization of the Territory. As Harold Innis puts it:

Concentration on the production of staples for export to more highly industrialized areas in Europe and ...in the United States had broad implications for the Canadian economic, political and social structure.¹

To further paraphrase Innis, exploitation of the staple has "left its stamp" in the political geography of the Yukon. Each area or community attracts a particular type of resident whose socio-economic standing is compatible with the work available and the amenities offered. In short, the class profile of each community is a function of its economic base.

Indian people and some committed residents prefer not to work in an open pit mine and live in a company town. The importation of not only the skilled, but also unskilled workers, is therefore necessary to operate mines such as Cyprus Anvik and United Keno Hill. The result is that towns such as Faro and Mayo are quite distinct from Whitehorse and Burwash Landing; the former being, in a sense, alien bases of operation. Similarly such a significant Government presence as outlined in Chapter 3 creates the need for large numbers of administrative personnel. They may be as transitory as managerial staff and workers of the mining companies, although more centered in the suburbs of Whitehorse.

The pace of constitutional evolution in the Yukon, the subject of the first section in this chapter, has also been a function of the economic base of the Territory. Its definition and designation as the administrative district of the Yukon was solely in response to the early gold strikes. During the rush itself representative and responsible government were held off by the Dominion Government for fear of losing control of the Canadian north-west to the American majority of the Yukon's population.² With the opening of

the Territory by the Alaska Highway a new Yukon Act was passed by Parliament and granted a fully representative Council for the first time. And in the same way increased responsible government in the form of an Executive Committee has kept pace with the development of the mining industry. Advances in constitutional evolution and political development are always seen as dependent on an increase in population which, of necessity, comes from a growing economic base.

The North-West Territories Act and the Yukon Act

In 1670 Charles II granted Prince Rupert the "sole trade and commerce" for all the land and water not already within another state's jurisdiction.³ He could not have known it at the time but the English king was granting the sole rights to an area larger than most countries, an area more than a third larger than what is today Canada.⁴ This is the first reference, albeit a vague one, to any formal ownership of north-western Canada; for Indian people it is the beginning of their land claims struggle.

In 1821 a distinction was made between Rupert's Land and the North-Western Territory.⁵ The former was that area which drained into

Hudson's Bay and included what is now Calgary. The latter area included "all such parts of North America to the northward and to the westward of the lands and territories belonging to the United States."⁶ A royal licence (issued gratis and renewed in 1838) was granted to the Hudson's Bay Company in 1821 which gave it the "exclusive privilege of trading with the Indians."⁷ It gave the company effective control of the North-Western Territory, although legal ownership remained with the Imperial Crown.

By 1867 the Dominion of Canada was a legal entity by virtue of the British North America Act of 1867, its constitutional basis. That the union should expand is explicit in Section 146 of the Act which set up the procedure.

Besides Newfoundland, Prince Edward Island and British Columbia, provision was made "to admit Rupert's Land and the North-Western Territory, or either of them, into the union."⁸ An Imperial Order-in-Council following an address from the Canadian Parliament would transfer the Hudson's Bay Company's territory to Canadian legal and administrative control. Section 146 provided for the participation of the legislatures in Newfoundland, Prince Edward Island and

British Columbia in the process, but for the near-empty Rupert's Land and North-Western Territory only Federal initiative was required.

For its part the Imperial government in 1868 provided for the "surrender upon terms of the lands, privileges and rights of 'the Governor and Company of Adventurers of England trading into Hudson's Bay,' and for admitting the same into the Dominion of Canada"⁹ with the Rupert's Land Act. In anticipation of the transfer, the Dominion Parliament in June of 1869 assented to the North-West Territories Act, "an Act for the temporary government of Rupert's Land and the North-Western Territory when united with Canada."¹⁰ It provided for the office of Lieutenant-Governor, appointment of an Advisory Council and the continuation of laws in force.

By the middle of 1869 Canada's expansion, bringing into the union the West (excepting British Columbia) and the North, was a fait accompli, accepted by the Imperial government and the Hudson's Bay Company. After securing the annexation of Nova Scotia in 1869, the Canadians turned their attention west, to the acquisition of Rupert's Land and the North-West Territories, the second phase of an expanding Canadian nationalism.¹¹

But, just as British succour was necessary to aid the Canadians against Joseph Howe and the Nova Scotians, so too would it be needed to bring about an agreement with the Hudson's Bay Company. Only some "heavy persuasion from the British Government"¹² convinced the company that it should accept an offer of £300,000, a grant of prime land around Fort Garry, and further grants amounting to one-twentieth of the "Fertile Belt." An Imperial Order-in-Council in June of 1870 united "Rupert's Land and the North-Western Territory with the Dominion of Canada, and (granted) to the Parliament of Canada authority to legislate for their future welfare and good government."¹³

In May of 1870, a month before the Imperial Order-in-Council, the Dominion Parliament initiated the political organization of its new Territory with the Manitoba Act. John A. MacDonalld, fearing annexation of the area to the United States, gained the support of his French colleagues (such as Georges Cartier) by modelling the new province on Quebec.¹⁴ The North-West Territories, as it was constituted in 1871, included the Districts of Assiniboia, Alberta, Saskatchewan, Ungava, Mackenzie, Athabasca and the Yukon. Until 1875 the Lieutenant-Governor of Manitoba was responsible for

governing the Territories, but in that year the newly formed Department of the Interior presented the North-West Territories Act to Parliament. The Act has been described as the model for the Yukon Act, 1898, and so is worth noting. A resident Lieutenant-Governor was provided for who had the unique responsibility of allowing one elected member for each district, not exceeding one thousand square miles, that contained not less than one thousand adults. An appointed Council of not more than five members was established which had the responsibility to legislate for property and civil rights, the administration of justice, public health, police, roads, highways and bridges on a tax base from local and municipal payments.

Interestingly, "when the number of elected members should reach twenty-one, the Council should cease and the elected members should be designated the Legislative Assembly."¹⁵ More significant than the similarity between the powers of the Territories was a schedule which would allow the development of a representative Legislature; presumably responsible government would follow. By 1884, the elected members outnumbered the appointees and three years later, the Legislative Assembly replaced the Council with

twenty-two members.¹⁶

The North-West Territories Act of 1888 provided for selection by the Lieutenant-Governor of four members to act as an Advisory Committee on Finance. The dramatic increase in population coupled with the political acumen of Premier Haultain and his colleagues were the primary influences pushing the Federal Government to grant provincial status.¹⁷

In 1895 the Yukon was first defined as an administrative unit when it was defined as a provisional District within the North-West Territories. But the Federal Government having set up in the Territory a Gold Commissioner - Land Agent, a Chief Executive Officer and a District Court Judge in 1897, it conflicted with the Regina government very quickly. The issue was: who should receive the fees from liquor licensing, a booming business in the Yukon.¹⁸ The extra revenue would have been quite useful to the Regina government as it had only received 70 per cent of its request for federal grants in that year.¹⁹

The rapid growth of the Klondike moved the Federal Government to create a separate Territory with the Yukon Territory Act in 1898. The

Act constituted and defined the new Territory, created the office of Commissioner to govern under instructions of the Governor-in-Council, created an appointed Council of not more than six members, outlined the powers of the Commissioner-in-Council (the same as the Lieutenant-Governor in Council of the North-West Territories) and, in response to the restless frontier spirit, set up a judicial system within the Territory.

As Clifford Sifton suggested when he introduced the Bill, it was meant "to clothe the Government with power to maintain order and administer the country for a year or two until we shall have a better opportunity of knowing what kind of community we shall have to provide for."²⁰ As a result, one major difference from the North-West Territories Act of 1875 stands out: there was no provision or schedule for the development of representative or responsible government.

In May 1902 the Federal Government amended the Yukon Act by allowing the election of one MP and increased the elected Council members by three. With the transfer of the administration of public works to the Council in 1903, these were the only major developments in the Yukon before 1908. The Yukon Act of 1908 stands out as

a puzzling response to a society that no longer existed. In the years between 1898-1908 a political culture had grown, matured in the long winters and then withered with the emigration of over three-quarters of the 1898 population. Furthermore, the Act quite arbitrarily separated the executive and legislative functions of the administration by removing the Commissioner from the Council proceedings.

The new Council was fully representative with ten members but still no plan to allow the development towards responsible government was offered. In principle, the Federal Government had "created a hybrid system half-way between two British constitutional patterns."²¹ That is, it seemed to be a combination of a Governor-controlled administration and a fully representative government. Whatever the intentions of the Department of the Interior, the changes were simply too late.

The constitutional development of the Yukon becomes easier to trace from this point. With the severe and rapid drop in population and the levelling off of the economy, political activity shifted away from the frontier style, mass meetings to a posture that leaned toward retrenchment.²² The Federal Cabinet responded in

1918 with an amendment to the Yukon Act which gave the Governor-in-Council authority to replace the wholly elected Council with an appointed one of two or more members. Deciding not to completely eradicate the tradition of representative government, a year later a second amendment created an elected Council of three members.

The Yukon Act was amended in 1951 after the opening of the Alaska Highway to increase the elected members to five, but two years later the old act was abandoned and replaced with an entirely new statute.²³ This new act was the first statutory acceptance of the Yukon as a geographical unit and a viable political entity. A wholly elected Council of seven members with a term of three years was provided for, but the Commissioner still was not a member. The legislative powers of the Commissioner-in-Council were set out to be virtually the same as the provinces with the one major exception: Section 46 gave only the beneficial use of lands to the Territorial Government which meant the Federal Government retained control of mineral resources. As the prairie provinces only received control of their natural resources in 1930, this was not particularly surprising.

The authority to borrow, lend and invest money was given to the Commissioner-in-Council and the structure of a Yukon Consolidated Revenue Fund was set out in the Act. The executive and legislative functions were joined together by Council having control of supply and the Territorial accounts, the latter to be submitted to Council every year. Part II of the act set out the administration of justice and established a Court of Appeal modelled on the British Columbia Court of Appeal.

The precedent set by the 1875 North-West Territories Act regarding an Advisory Council was finally recognized in 1961 with the amendment allowing for an Advisory Committee on Finance. It was to be composed of three members "appointed by the Commissioner upon the recommendation of Council,"²⁴ and was intended to advise the Commissioner in the "preparation of estimates of the expenditures and appropriations required to defray the charges and expenses of the Public Services."²⁵ A simple comparison between this act with its amendment and the Yukon Acts of 1898 and 1908 suggests that Clifford Sifton's intention in 1898 to "wait a year or two" before seriously dealing with the Yukon was extended by successive governments to fifty-three years.

Two further amendments bring the Yukon Act up to date. In 1970 the duration of Council was extended to four years and the Commissioner-in-Council was permitted to lend or invest funds without the approval of the Governor-in-Council. More significant was the Amending Act in April 1974. The Federal Government responded favourably to the principle inherent in a motion by the Commissioner, a Federal agent, that requested an increase to 15 members in Council.²⁶ In its stead they allowed the Commissioner-in-Council to describe and name its own election districts with the restriction that there must be at least 12 and no more than 20.

However, for Commissioner Collins in 1961, the Advisory Committee's role was restricted to viewing the budget after final approval had been given by the administration and immediately before it was presented to Council. For the Commissioner it was the "establishment of a principle, rather than something extremely important in practice."²⁷ His successor appears to have little regard for the growth of the principle:²⁸ during his administration, in 1963, the budget presented to the Committee was revised, unknown to Committee members, before being presented to

Council. For Commissioner Cameron the Advisory Committee was "really only a duplication of effort."²⁹

The Councillors, for their part, viewed the Committee with some apprehension. They limited membership to a yearly term, and took some pains to ensure that it did not act with the confidence of Council.³⁰ As an opportunity to participate in the policy-making of the administration, it was surely a missed one. One observer has suggested the Councillors "distrusted their colleagues more than they distrusted the Administration,"³¹ and quotes one Councillor as commenting, "If there were three members on the Financial Advisory Committee and they decided to push something through, they would only require one more vote to do this."³² Such is the understanding of responsible government in the Yukon.

If there was a statutory recognition of the development of government in the 1953 Yukon Act, then in 1966 there was a practical recognition of that development. Any effectiveness that remained from the Advisory Committee was salvaged in 1968 when the Commissioner created the Budget Programming Committee. Composed of the three Advisory Committee members, the two Assistant

Commissioners and the Territorial Treasurer, membership is evenly divided between the administration and Council. The Commissioner excluded himself, leaving the Chair to the Assistant Commissioner (Executive). For the first time elected members participated in the actual estimates of Territorial departments. The result was a well-pleased Council and the accelerated approval of the administration's budget.³³ The Advisory Committee remains in name only to describe the three elected members on the Budget Committee.

The most recent and certainly most significant development in the increasing importance of committees was in 1970 when an Executive Committee was constituted by the Commissioner. Shortly after his appointment, the Commissioner implemented the suggestion of his legal advisor that an Executive Committee be created.³⁴ This action was probably the precursor to Cabinet Government in the Yukon.

The Executive Committee represents the first participation of elected representatives in executive functions since the Yukon Council was first constituted in 1898. In June 1974, the Council decided that their representatives on the Executive Committee must give up their responsibilities at the end of their legislative terms.

In the interim all executive functions revert back to federal administrators.

Political Development

Political development means many different things in the Yukon. For the Yukon Territorial Government it is a term to be used synonymously with constitutional evolution. Constitutional evolution often is identified with the trend towards responsible government and provincial status. Political evolution in the Yukon Territorial Government is seen as a series of constitutional changes to alter the structure of government in the Yukon, ultimately creating the Province of the Yukon. It is the Federal Government which holds the power to permit responsible government, to amend the Territorial constitution and to grant provincial status.

The Territorial Council, or as its members call themselves, the Yukon Legislative Assembly, is composed of twelve members: five ridings within Whitehorse and seven more from Mayo, Klondike, Hootalinqua, Ogilvie, Pelly River and Kluane. The most notable characteristic of the Council - in the Northwest Territories as well - is the lack of party organization and division.

In Federal elections there are party organizations of the three national parties and the election for the Yukon's Member of Parliament is on the basis of candidates put forward by the major parties. But within the Council itself, only the New Democratic Party makes any attempt to introduce the party line.

C.B. Macpherson, in his study of the Social Credit party in Alberta, goes beyond that province and offers some generalizations for a similar situation throughout the West. He suggests that the political tradition of the Canadian west "is a non-party tradition.... The alternate-party system was not indigenous to western Canada; it did not develop of itself in the first years of representative government there; and when it was introduced it did not take firm root or become fully operative."³⁵ Macpherson argues that this non-party tradition was a result of two distinctive characteristics: a relatively homogenous class composition where most people were farmer operators and, secondly, it was a result of the "quasi-colonial status" of the western regions.

With regard to applying the first point to the Yukon tradition, that is, the characteristic, relatively homogenous class composition, the

explanation has some application although perhaps not in the same way as Macpherson intended.

The degree of class homogeneity that Macpherson refers to has only existed in the Yukon during the five to ten year period of the Goldrush when, by all accounts, there was a vibrant and affluent frontier culture. Dawson City, the economic, cultural and political center of the Yukon at that time, was populated by over 30,000 people by the end of the rush northward and in one month became the largest city west of Winnipeg, dwarfing both Victoria and Vancouver.³⁶

But before the rise of Dawson City and even before the coming of the Crown Land Registrar escorted by the North West Mounted Police, the spirit of rugged individualism engendered by the social environment and the system of production was expressed by the spontaneous democracy of the "miners' meeting". Promulgated by a written notice of any individual in the community, these meetings operated on a one-man-one-vote system. As soon as sufficient numbers of people had gathered, a chairperson and clerk were elected. The person who called for the meeting, the plaintiff, began the proceedings by stating his case which could be a complaint about claim jumping or

any matter that required a collective authority to be expressed. Following the plaintiff was the defendant who said his piece and then any witnesses would be called. As the deliberations progressed questions would be posed by the miners and general evidence was submitted such as character references; "What is the use of leading a good honourable life if a man doesn't get the credit for it when he gets in a scrape?"³⁷ After everyone was "talked out" the chairperson would discuss the merits of the case and sum up the proceedings. Finally a decision of the meeting was called for and the verdict was determined by the majority. Once the will of the meeting was carried out then it disbanded itself, the bar was re-opened and life carried on as before.

Although the last of the miners' meetings was held in the fall of 1897, the tradition was carried on through what are called "mass meetings". Because there was no representative government for the population of the Yukon during the Goldrush, mass meetings were one way, the only way, to organize the miners' protests against the Dominion Government.

The class base of the Yukon today, however, is somewhat different because of the number

of mining projects that utilize wage earners in their operations and because of the large government sector. And yet there is still the absence of a party system; that is, the same phenomenon that Macpherson attempts to explain in general terms as a function of a homogenous class base.

The class composition of the Yukon can be established to a certain degree by looking at the occupational profile of the population. The largest single industry in the Territory is the public service, employing 2281 people in Federal departments, corporations, and agencies and in the Territorial Government, including the local governmental departments.³⁸ In all of the four operating mines in the Territory - Whitehorse Copper, Clinton Creek, United Keno Hill and Cyprus Anvil - 1,095 people are employed. The building trades, which include the White Pass Yukon Teamsters, number approximately 1,080.³⁹ All of these workers are unionized.

With a total employed labour force of 7,705 in 1971,⁴⁰ it can be seen that well over half of the working population is involved in government, the mining industry and the construction industry. More interesting is the fact that the 4,456 unionized workers represent 63 per cent of the

labor force compared to the national average of 36 per cent and the most highly unionized province, British Columbia, with 43 per cent unionized work force. This profile can be tabled as follows:

Federal corporations and agencies	196	members
Federal departments	1,095	"
Territorial Government	950	"
Local government departments	90	"
Mining industry	1,095	"
Building trades	1,080	"
	<hr/>	
	4,456	members

Over 50 per cent of the work force in the Yukon are wage earners on the basis of data available, and other data indicates that other occupations such as sales (525 members) and product fabricating (590) are also significant.⁴¹

Trapping (which employs 500 to 600 people)⁴² and small mining claims are the only significant producer-owner enterprises.

There is not, therefore, the same degree or the same type of class homogeneity in the Yukon as Macpherson assumes for all of the Canadian west; nor has there ever been except during the five to ten year period of the Goldrush. In fact

there would appear to be a considerable degree of industrialization in the Yukon, especially compared to the Northwest Territories where the wage economy has yet to assert a dominant position. It would follow then that we could expect some degree of what Macpherson calls "the opposition of class interests" in the Yukon because of the significant wage component of the economy. It would also follow that "alternate parties... (would be) needed either to express or to moderate a perennial conflict of interests."⁴³

Yet with one exception, antagonism between class interests has not been a distinctive feature of Yukon politics. Because virtually all of the major industry is owned by interests outside the Territory and because there is a complete lack of local input to the operations and management of the mining projects, a large measure of impotence is evident in the political attitudes of workers at the mines. The fact that many of them are only staying long enough to make a "stake" to spend outside in the South makes them disinclined to become organized around issues beyond wages and working conditions. Indeed, until 1975 there had not been any strikes at the ~~large~~ mines. Like the sourdoughs before them,

mine workers in general have little commitment to the Yukon as a homeland.

The Cyprus Anvil strike of 1976 is an example of a labor dispute that developed into a strike against the government and its Anti-Inflation Board. The union and company had negotiated an agreement after a five week strike which gave the union a 36 per cent increase in benefits and wages. While the workers returned to work the AIB studied the agreement and eventually ruled that the 36 per cent increase had to be rolled back to 9 per cent, a reduction of 27 per cent. The workers walked off the job and began an appeal with company support. What followed was an incredible series of decisions by the AIB whereby they allowed an increase of 14 per cent, a roll back of 22 per cent, and then ordered a reduction to 8 per cent, the largest reduction yet and a loss of over 28 per cent from the original agreement. During the course of the strike the Canadian Labour Relations Board (the Federal Department of Labour has jurisdiction over the Territory's labor affairs) in a landmark decision ruled that the strike was a legal one as the AIB had destroyed any historical relationship between the union and the company.⁴⁴ In this context the strike must be considered more a strike against the Federal Government than an

example of extreme class antagonisms.

The first proposition of Macpherson, that of the relative homogeneity of class composition in the political tradition of the Canadian west, is not of particular use for looking at the Yukon because it does not explain how there can be a non-party system with a moderately developed industrial economy, unstable as it is. However, Macpherson's second proposition, that there was a positive aversion to party organization because the existing party structure was responsible for the quasi-colonial status of the west, says a good deal about the tradition of political parties in the Yukon.

But here again there is some qualification to make. For Alberta it was "essential to the purposes of the provincial community that its government should be an effective offensive and defensive weapon against"⁴⁵ the Federal Government and in order to adopt that position groups such as the United Farmers of Alberta were formed. For the Yukon, alternate protest groups have not grown up except during the Goldrush.

In the Klondike, the Citizens' Committee and the Miners' Association both arose to meet this need and to actively campaign for municipal

government ,(especially for Dawson City), for representation in Parliament, for the abolition of the royalty and the recall of first Commissioners Ross and then Congdon. By 1904 the Citizens' Yukon Party pledged support for Robert Borden's Conservative Party and became the Yukon Conservative Association while the Liberal Association disputed within their ranks over whether the Commissioner was worthy of support. The Commissioner's opponents, led by the future premier of British Columbia, Dufferin Pattullo, became known as the "Steam Beers" to indicate the leadership of Tom O'Brien, a local brewer. The supporters of the Commissioner were known as the "Tabs" to indicate that the Commissioner had refused to pay his bribery debts.⁴⁶

What has happened in current times is that local Conservative and Liberal organizations in the Yukon have held back in the wings, so to speak, waiting for the achievement of responsible government and then provincial status before asserting their policies. To be sure, all parties have an interest in constitutional development but it appears from the common front put forward that the means and end of that development are common ground between the parties.

Another difference with the quasi-colonial status of Alberta is the fact that protest movements in Alberta evolved after the achievement of provincial status while the Yukon does not have even a modicum of local control over its taxes or any other substantive area. Alberta at least had the foundation of responsible government on which to build alternate parties. In conclusion, it should be remembered that the Yukon is destined for the same position vis à vis the Federal Government as Alberta, Saskatchewan and Manitoba when they first achieved provincial status:

Unlike the provinces which had entered Confederation at the beginning, the prairie provinces were creations of the federal government; and the federal government retained control over their resources until 1930. They were not equal members of a federation; the federal government was to them not only a federal but an imperial government.⁴⁷

CHAPTER 4

FOOTNOTES

¹Harold Innis, Empire and Communications. Cited in Mel Watkins, "Resources and Underdevelopment," Canada Ltd, ed. Robert Laxer (Toronto: McClelland & Stewart, 1973), p. 116.

²"Elective institutions came belatedly, and...care was taken to transfer (them) to the Canadian sector of the population." Morris Zaslow, The Opening of the Canadian North, pp. 139-140.

³Hudson's Bay Company, Charters, Statutes and Orders-in-Council Relating to the Hudson's Bay Company (London: Hudson's Bay Co., 1960), pp. 3-4.

⁴One of the more interesting arguments in the struggle of Yukoners for control of the Territory is founded on the premise that the Hudson's Bay Company held licenses for all territory that drained into the Arctic Ocean. As the geographical area known as the Yukon drains into Alaska, this parcel of land included the Yukon; therefore a sovereign state is suggested. Interview with Norman Chamberlist, November 26, 1975.

⁵The area north of the South Saskatchewan River was first known as the North-Western Territory to distinguish it from Rupert's Land. After 1871, after the creation of Manitoba, it and the remainder of Rupert's Land was known as the North-West Territories. The Northwest Territories was what remained after the creation of the provinces of Alberta and Saskatchewan and excepting the Yukon.

⁶Charters, Statutes and Orders-in-Council Relating to the Hudson's Bay Company, p. 217.

⁷ Ibid..

⁸ E.A. Driedeger, ed., A Consolidation of the British North America Acts 1867-1965 (Ottawa: Queen's Printer, 1967), p. 42.

⁹ Charters, Statutes and Orders-in-Council Relating to the Hudson's Bay Company, p. 135.

¹⁰ British North American Act and Selected Statutes 1967-1948 (Ottawa: King's Printer, 1949), pp. 173-174.

¹¹ Donald Creighton, Canada's First Century, p. 17.

¹² Ibid..

¹³ Charters, Statutes and Orders-in-Council Relating to the Hudson's Bay Company, pp. 171-172.

¹⁴ Creighton, Canada's First Century, p. 19.

¹⁵ Lingard, Territorial Government in Canada, p. 4.

¹⁶ Ibid., p. 5.

¹⁷ Ibid., especially Chapter 5.

¹⁸ Morrison, The Politics of the Yukon Territory 1898-1909, p. 18.

¹⁹ Lingard, Territorial Government in Canada, p. 258.

²⁰ Cited in Morrison, The Politics of the Yukon Territory 1898-1909, p. 30.

²¹ Ibid., p. 88.

²² Zaslow, The Opening of the Canadian North, p. 51.

²³ Yukon Act 1953, c. 53, s. 1.

²⁴ Ibid., Section 12 (1).

²⁵ Ibid., Section 12 (3).

²⁶Memorandum to Executive Committee from Commissioner James Smith, April 2, 1973. ¶

²⁷J.D. Hillson, Constitutional Development of the Yukon Territory 1960-1970, unpublished M.A. Thesis, University of Saskatchewan, 1973, p. 91.

²⁸Ibid., p. 97 and interview with Commissioner Smith.

²⁹Ibid., p. 99 and interview cited.

³⁰Ibid., pp. 98-99.

³¹Ibid., p. 94.

³²Ibid., p. 92.

³³Ibid., p. 102.

³⁴Ibid., pp. 120-123.

³⁵C.B. Macpherson, Democracy in Alberta: Social Credit and the Party System (Toronto: University of Toronto Press, 1953), p. 21.

³⁶"The international parade of boats continued.... They brought sundowners, shantymen, creoles, Afrikanders, and Suvanese. They brought wife-beaters, disbarred lawyers, Salvation Army lasses, soldiers of fortune and Oxford dons.... They brought men seeking gold and men seeking adventure and men seeking power. But more than anything they brought men seeking escape." Pierre Berton, The Klondike Fever, p. 294. For a description of women's part in the Klondike Goldrush see Laura B. Berton, I Married the Klondike (Toronto: McLellan & Stewart, 1974).

³⁷A.T. Treadwell, Dog Puncher in the Yukon (Montreal: Louis Carrier & Co., 1928), p. 49.

³⁸Yukon Statistical Review, G-14, 15, 16, 17.

³⁹Interview with Cy Stairs, British Columbia-Yukon Building Trades Council, September 12, 1976.

⁴⁰Yukon Statistical Review, G-5.

⁴¹Ibid., G-9.

⁴²Ibid., J-14.

⁴³Macpherson, Democracy in Alberta,
p. 21.

⁴⁴Vancouver Sun, September 18, 1976
and Yukon News, September 15, 1976.

⁴⁵Macpherson, Democracy in Alberta,
p. 21.

⁴⁶Morrison, The Politics of the
Yukon Territory, p. 25.

⁴⁷Macpherson, Democracy in Alberta,
p. 21.

CHAPTER 5

ABORIGINAL POLITICS

As mentioned in Chapter 2 the economic base of Yukon Indian people is largely unknown. It can be presumed that many people still live off the land and maintain a relationship to the land that provides a protein source and sustains cultural and spiritual values. Most of these activities are not visible to many non-Indian observers, some of whom are members of the Yukon Legislative Assembly, who draw conclusions from the superficial features of Indian life.

It is not a casual omission which leaves Indian people out of the foregoing chapters on economic (especially industrial) development. Many Indian people in the Yukon do not choose to work at an open pit mine or an asbestos packing plant. The simple fact is that the cleavage between those who participate in the pattern of industrial development described, and those who do not, is very much (although not exclusively) a racial one, between Indian and non-Indian. Even granting the qualifications of Hobart, Usher

and Watkins in the Berger Report,¹ an argument can be made for a dual society in the Yukon. It is not so much the dichotomy between aboriginal/traditional versus metropolis/industrial although many people still live off the land; more accurately, it is a duality between those who have the skills and training to enter a high technology life style and hence the pre-disposition to do so, and those who do not. Put another way, it is the difference between Whitehorse Indian Village and Riverdale, the difference between those who are outside and excluded from the industrial economy and those who manage its affairs and benefit from its well-being.

It is in this context that land claims must be considered. The Council for Yukon Indians (CYI), along with every other Indian organization in Canada, has always maintained that land claims are much more than a settlement over cash, land and mining royalties. They are an opportunity to discuss the re-ordering of political relationships in the Yukon and, therefore, the issue of provincial status is suddenly re-defined in ways fundamentally different from those of the Territorial and Federal Governments.

History of Land Claim Politics

Unlike the cultural and territorial unit which exists for other native Indian groups Yukon Indians possess no territorial delineation that would characterize their population as homogenous. There are suggestions by Diamond Jenness and others that the southern portion of the Territory's population was wiped out at the time of contact with white civilization either by disease or internal conflict. It is postulated that newcomers from the west coast, Alaska and northern British Columbia replaced the indigenous population. At the very least

...it seems almost certain from present evidence that the Yukon Indians either have experienced major acculturation stresses from contacts with other Indian groups or are scattered remnants of displaced Indian groups who originated elsewhere. (Consequently) Yukon Indians are a heterogeneous, highly individualistic populationThey have few common denominators among themselves other than a common relationship with the White man.

The one important anomaly in this generalization is the community of Old Crow, of Kutchin origin (sometimes called Loucheux), whose population in 1974 was 153 people. Present archaeological studies indicate the existence of a

highly developed subsistence culture there as far back as 20,000 years ago. These people are included in the Yukon solely by the arbitrariness of non-Indian political boundaries. Historically they have more in common with their brothers and sisters in Alaska and the Mackenzie Delta than with the Tlingit, Tahltan and Chilkoot communities in the south. The latter communities include Burwash, Carcross, Carmacks, Dawson City, Haines Junction, Mayo, Pelly Crossing, Ross River, Teslin, Upper Liard and Whitehorse. There are approximately 4,300 people considered of Indian ancestry in Yukon, of which 2,800 are status and 1,500 non-status.

Indian society in the Yukon is organized around two matrilineal clans, the Wolf and the Raven clans; a person's identity is intimately tied to his or her Wolf or Raven lineage. Marriage is usually the joining of the two clans while potlatches are invariably given by one clan for the other. The nuclear family makes up a sub-unit of the clan and is headed by its elder male. The elder female holds the traditions of the family and clan and a person's lineage is traced through his or her mother. This latter characteristic brings into sharp focus the

contradictions of the Indian Act which arbitrarily defines Indians through their father. Despite this type of legislation and other acculturation attempts, the Wolf and Raven clans remain today.

At contact the traditional familial patterns were well developed and provided the indigenous base for a subsistence economic system. But within that generation (about the turn of the century) social changes began to reflect the inevitable intrusion of a cash economy. Work as a packer or guide provided wages to purchase the commodities of a highly advanced technology. These were such things as processed and packaged food as well as adequate clothing which only required a cash exchange to acquire. Labor no longer directly produced the means of a comfortable living; an intermediary in the form of cash was becoming more important than labor itself. As Indian people were to realize with the coming of welfare and other transfer payments, productive labor could be done away with entirely.

Hand in hand with the incipient capitalism of the Hudson Bay traders was the legitimizing evangelism of the church. Having won over many Indian people early in the century, they

persuaded them to enroll their children in the notorious residential schools. George Manuel, former President of the National Indian Brotherhood, remembers his brief "education":

• Three things stand out in my mind from my years at school: hunger, speaking English, and being called a heathen because of my grandfather (a well known medicine man). On the day we arrived at the school, each new boy was assigned an interpreter, who was a senior student. All the teachers were monks, or devout lay Catholics. We called them brothers. In my first meeting with the brother, he showed me a long black, leather strap and told me, through my interpreter, 'If you are ever caught speaking Indian this is what you will get across your hands.' (Half of each day was spent doing) industrial training.... We would pack fifty pounds of green cord wood by foot from where it was tied up in a boom by the river up to the buildings, a distance of a mile and a half. Brothers or helpers were stationed along the trail. If we stopped they had whips to get us moving again.

With the completion of the Alaska Highway during World War II and the consequent emplacement of a wage economy along the highway route, the economic and social lives of Indian people began to rapidly change. Within two generations traditional family ties were either broken or under great stress and working for cash became the most significant economic activity. But the advancement of a successful wage earner who was also an Indian was circumscribed by a

bias which denied social acceptability and legal equality. Admittance to bars (even with non-Indian friends) was legally prohibited to "unenfranchised" Indians and yet to become enfranchised only allowed them to legally drink while denying their Indian status and doing nothing to overcome race barriers.

Indian Participation in Yukon Society

Considering the outcome of the above economic and social confrontation it should not be particularly surprising to discover a general lack of Indian participation in societal institutions of the Yukon. Indeed, as will be seen in greater detail later, the general irrelevance of white institutions has created the need for separate Indian institutions to define education policies and resolve internal and external political conflicts.

In 1976 the Yukon Native Brotherhood (YNB) announced the beginning of a study, "Action Research", in the Territorial school curriculum. A statistical profile was released that indicated Indian students (from kindergarten to grade 12) made up only 664 of a total of 4,903 students in the Territory.⁴ Only six Indian Grade twelve

students graduated in 1976 and five were expected to enroll in post-secondary courses. There were, in 1976, eighteen Indian students in Grade eleven, six in Grade ten and fifty in Grade nine.⁵ Of the fourteen then taking post-secondary education, six were in Arts courses, six in vocational training (emphasis on social work), one was studying law and another was to be a teacher.⁶

Earlier in 1976 the Yukon Association of Non-Status Indians (YANSI) released its own three year study of education opportunities available to Indian people, entitled "Barriers to Education".⁶ The study is particularly critical of the Department of Education's refusal to apply for additional funding to pay for special programs such as the remedial tutoring program:

It is indeed surprising to find the Department hesitant about applying for additional funds for urgently needed programs, especially when the Department suggests that these types of programs cannot be implemented because of lack of funds.

The Territorial Department of Education further holds that no racial group in the Yukon shall receive special consideration beyond that available to other groups:

The Department should recognize that Native children are currently handicapped within the present system and are educationally disadvantaged.... Native

children...deserve special staffing and programing not because they are a special race, but rather because they face particular problems and have particular needs of their own.

The YANSI study traces these policy decisions to the political level by pointing out that senior officials in the Department have publicly supported special programs for Indian children while politicians have overruled them: "This 'same' education re-enforces the educational differences that presently exist in our society and in so doing, perpetuates the present social and economic inequalities."

Compared with the total Yukon population, the educational attainment of non-status Indians is significantly lower. Approximately 31 per cent more non-status Indians have an education lower than Grade 9; 25 per cent more have an education lower than Grade 12; 14 per cent as many have received post-secondary education; and 21 per cent as many have attended university.

The typical situation is not one of "dropping out" but "it is a steady, gradual process more akin to being pushed out."

There is the further matter of how relevant the Territorial Government structure is to Yukon Indian people as indicated by their

participation in its elected Assembly. Prior to the 1974 election, the Electoral District Boundaries Commission received a brief suggesting boundaries that would facilitate the election of one Indian person to the Assembly: the analysis below indicates otherwise.⁷

The twelve Indian communities are contained in ten of the twelve ridings as follows:

<u>Riding</u>	<u>Communities</u>
Klondike	Carmacks, Pelly, half of Dawson
Hootalinqua	Carcross, Teslin
Ogilvie	Old Crow, half of Dawson
Watson Lake	Upper Liard
Kluane	Burwash, Champagne-Aishihik
Mayo	Mayo
Whitehorse	
North Center	Whitehorse
Pelly River	Ross River

Using the electoral returns of the 1974 Territorial election and the Council of Yukon Indians' (CYI) definition of who is eligible for land claims benefits - their definition, that is, of who is an Indian - Table 1 indicates the percentages of Indian and non-Indian in each constituency. Table 2 shows that of the seventy-nine polls only eight have an Indian majority.

TABLE 2

YUKON TERRITORIAL CONSTITUENCIES SHOWING
NUMBERS AND PERCENTAGES OF
INDIAN AND NON-INDIAN VOTERS

<u>Constituency</u>	<u>No. of Indian Voters</u>	<u>%</u>	<u>Non-Indian</u>	<u>%</u>
Klondike	266	40	335	60
Hootalinqua	224	40	339	60
Ogilvie	139	34	262	66
Watson Lake	242	34	462	66
Kluane	168	29	421	71
Mayo	121	27	325	73
Whitehorse				
North Center	286	26	813	74
Pelly River	116	22	407	78

TABLE 3

YUKON TERRITORIAL CONSTITUENCY POLLS
WITH AN INDIAN MAJORITY

<u>Constituency</u>	<u>Poll Description</u>	<u>No. of Indian Votes</u>	<u>Indian</u>
Klondike	3. Pelly	75	17
	4. Carmacks	117	88
Hootalinqua	4. Teslin	104	86
	4. Old Crow	91	9
Watson Lake	5. Upper Liard	70	49
Kluane	3. Burwash	34	13
Whitehorse	10. Half of Indian		
North Center	village	51	4
Pelly River	4. Ross River	85	73

These figures underline a major obstacle to Indian participation in Territorial elections. In order for an Indian person to be elected to the Territorial Assembly, he or she must attract non-Indian votes in order to secure a majority or even a plurality. With the Indian vote spread thinly among the polls the potential electoral strength of Indian people is fragmented and ineffective. By contrast, the non-Indian candidate can, with varying degrees of ease, achieve electoral success by concentrating on non-Indian issues. The result is that election issues are typically non-Indian issues compounding the problem of participation and completing the circle that effectively excludes one-third of the Territory's population.

This exclusion is expressed by the potential Indian/non-Indian cleavage within the Territorial Assembly. This cleavage is non-existent, it can be simply stated, since the Assembly from its beginnings as a representative council in 1900, has not had a single Indian member. What's more, the above described electoral system has not attracted Indian candidates in any of the twenty-six elections since 1900 except for the last one in 1974.⁸ The only acceptable conclusion

is one that describes the Territorial Assembly as representative of only non-Indian interests.

Aboriginal Rights

It is the indefatigable support of aboriginal rights which has given Indian people their legal credibility and political impetus. Aboriginal rights are the basis for land claim negotiations in non-treatied areas of Canada, and when articulated in treaty areas provide a basis for an expression of betrayal.⁹ No other issue embraces traditional and contemporary Indian values to the extent of creating an axis around which Indian/non-Indian cultural relations revolve.

There are comparatively informal aspects to the concept such as the importance of verbal versus non-verbal communications. Traditionally, Indian people could expect to periodically attend meetings of the whole community to consider problems of general importance. As the written tradition was not at all developed, that which was spoken had the potential of being recorded in the verbal tradition of the community. As a consequence of this tradition Indian leaders entered into what were for them binding verbal agreements as to treaty negotiations or protection of

hunting areas. The non-Indian tradition, however, declared that the written word had paramount authority. Even if the non-Indian negotiators had wanted to be sincere, which was rare enough, the courts would enforce merely what was written, and that in English or French.

Like the dichotomy which arises from the legal precedence of a verbal or non-verbal tradition, there is a conflict over the concept of ownership of land as defined by Indians and non-Indians. The Euro-Canadian concept of ownership, grounded as it is in the British property system, emphasizes possession, transferability, and registration and is geared for individual "ownership". Land is treated as a commodity in exchange for which an individual can receive value in the form of money and status. In order to systemize this approach land is surveyed, registered and defined to more precisely define the value and facilitate the transfer or exchange of land. Such a system permits the cataloguing of ownership so that it is possible to see who has owned a given piece of land all the way back to the original owner; the Crown is the source of all title.

In contrast, Indian ownership is community based. The source of title is not the Crown; all humans have an interest in the land, an interest common to all living things. This includes plants, sometimes rocks, and all the animals. Further:

Ownership does not rest in any one individual, but belongs to the tribe as a whole, as an entity. The land belongs not only to the people presently living, but it belongs to past generations and to future generations. Past and future generations are as much a part of the tribal entity as the living generation.¹⁰

The convergence of these two philosophies, as history documents, has resulted in the dominance of the British property system. In practical terms this has created the need for legal processes to reach an accord with Indian people that neatly defines ownership in terms of British law - this is one way of defining land claims negotiations. Despite its dominance in the conflict, Canadian-British traditions have also felt the need to define, rationally, the origins of ownership; how can one gain ownership and sovereignty over a particular piece of land?

One can have this situation by virtue of aboriginal rights which means that a people, whether Saxon or Kutchin, were the original

occupiers of the land. Ownership can also be gained by means of conquest, usually settled in a peace treaty. Finally, one can gain ownership through conveyance (a contract between parties, usually with some exchange or consideration) and by virtue of first discovery. Those Indian lands in Canada covered by treaties fall, for the most part, in the category of ownership through conveyance where Indian people are given consideration (usually land and some commodities per annum) in exchange for the aboriginal rights to their lands; their aboriginal rights are extinguished by the treaty.

However, in those areas where treaties are not in force (the Maritimes, British Columbia, the Yukon and Northwest Territories), the rationalization for ownership is, at best, questionable because none of the above means of transferring title has been used - strictly speaking it is still Indian land. This is the issue upon which the Supreme Court of Canada in the Nishga case was split. Indian people hold the aboriginal rights to their land; they were not conquered in most cases; they did not settle through conveyance; and the notion of first discovery is in favor of the Indian people through prior occupancy.

Moreover, there is no satisfactory means of recognizing aboriginal rights within the Canadian property system. As described earlier these rights are extinguished by treaties so that the status of Indian people as land owners is the same as any other group in society. This legal status is defined by the concept of fee simple: land tenure which retains, for the Crown, such rights as sovereignty and taxation.

This restriction inherent in fee simple ownership of land, while compatible with some non-Indian values, demands of Indian people that they accept the extinguishment, not only of their title, but, as well, the alienation of the basis of their culture: the land. As suggested the land is inalienable or as Dene people in the Northwest Territories comment, "Our people have a saying that the real owners of the land are not yet born."

The foregoing is important for it raises the central issue of Indian land claims in the Yukon and elsewhere. Indian people are being asked to accept enormous cash settlements (one billion dollars in Alaska) in exchange for their land. Cleavages arise within Indian communities as to the long run benefit of such a settlement.

Many Indian leaders suggest that after the extinguishment their people are turned loose in a cultural wasteland where land loses its cultural values and becomes a commodity.

Land Claims

The government, for its part, is understandably uncomfortable with the term "aboriginal rights". To recognize such a concept literally calls into question the legal foundation on which property is based in those areas not covered by a treaty. Such a massive flaw is clearly unadmittable. The government prefers to discuss Indian "title" or "claim" which acknowledges the loss of land over the years and allows for negotiations to decide on the amount of compensation. As vague as this rationale is, the end of the negotiations is seen clearly by the government as the extinguishment of Indian claims. This seeming paradox is a way of not accepting aboriginal rights but providing for a process to extinguish those same rights.

It was the Alaskan land claim settlement of 1971 which sparked a good deal of similar discussion among Indian people in the Yukon.¹¹ Alaskan Indian, Inuit and Aleut people found that

by 1970 the American government and business sectors were extremely anxious to facilitate the exploitation of the state's natural resources, especially oil and gas, in order to serve the, at times, urgent needs of the "lower 49".

In order for the land to be organized and alienated by the government for the corporate interests, ownership had to be acquired from Alaskan native people.¹² Unless the claim of the Native people was resolved, "each state land selection, mineral lease offer, homestead entry, mining claim, application for a right of way, for a use permit, and for purchase or lease of land and other property may be challenged."¹³ Pressure became intense in 1970 when the proposed Alyeska pipeline (from the Arctic coast across the state to the Pacific coast) became a fait accompli that awaited only the land claims settlement.

With the settlement, the Alaskan native people received, as a group, a one billion dollar cash settlement (divided between an outright payment and royalties from future developments) and the ownership of 40 million acres of land. The means of administering the cash settlement and managing the land settlement was given over to an elaborate corporate structure as

defined in the Settlement Act. The state was divided into twelve areas, each with a native corporation receiving a share of the cash settlement. As well, a Native Investment Corporation was set up and a thirteenth native corporation to allow native Alaskans living in the "lower 49" to participate. Membership in the corporations (including the Boards of Directors) was limited to Indian people for twenty years after which anyone could purchase shares. Eligibility was extended to anyone with one-quarter Indian ancestry so that the precedent was set to allow those other than full blood Indian to participate. Finally, the concept of aboriginal rights was recognized but only as a matter of form in order to permit their extinguishment.

To date there appears very little to commend the Alaska approach to land claim settlements. The 40 million acres agreed upon as part of the settlement remains locked in legal arguments over the relative recreational-economical value of certain areas. Many groups are still awaiting decisions as to what land they are to receive.

In 1976 the U.S. Department of the Interior filed an action on behalf of Inuit groups

(actually, the Department was ordered to file the action by a District Court Judge) against 126 corporations - possibly involving 2,500 separate actions - to obtain damages for trespass on Inuit land before the Settlement Act of 1971. There is a strong pressure to amend the Settlement Act in order to forgive the corporations their trespassing but many of them have profited greatly by trespassing. Prior to 1968, 1.3 billion dollars worth of mineral resources had been extracted from Alaska - without any payment to native people.¹⁴

Finally, there are the consequences of the Alyeska Pipeline which must be considered as part of the land claims package. Evidence before the American House of Representatives indicates over 4,000 faulty welds along the 800 mile route. All of these were falsified or covered up by Alyeska and many are in environmentally sensitive areas which are generally the most difficult to work in. During water pressure tests sections of the pipe have split apart at 187 pounds per square inch pressure and yet actual operating pressure will be 1,180 psi. Digging up and repairing the faulty welds will cost \$55 million, an amount which will add considerably to cost over-runs of

over \$6 billion dollars; original estimated cost was \$900 million and present costs exceed \$7.7 billion. Apart from these examples of improper control, outright deception and general mismanagement, there is now no market for the oil when it comes on stream at Valdez on the Pacific. The original intention was to use tanker ships and transport the oil to California for refining and transporting to the energy-starved American Midwest. But during the construction of the Alyeska line the laws in California have been changed, first of all, to prohibit large tankers in the intended ports and, second, to prohibit the refining of high sulphur crude (such as Alaska's) because it is too polluting.

Nor can anything commendable be said for the economic advantages of such a massive project. With an invading work force of 18,000 (the state's population increased by 66,000 from 1973 to 1976 for a total of 396,200) the state, and in particular the city of Fairbanks, experienced rampant inflation and only a marginally improved unemployment rate.¹⁵ Native people are faced with tremendous social breakdown, reductions in caribou and salmon harvests (their traditional food supplies) and the further prospects of strip

mining for coal on the Arctic slopes. The native corporations have invested well over 50 per cent of their investments to date in short-term construction and service industries directly tied to the pipeline. The result is infrastructure intimately linked to large scale development, financed by the people whose traditional lifestyle will inevitably become eradicated. An Alaskan government economic analysis wryly comments, "There is no doubt that native corporations are now, and will be even more so in the near future, a dynamic participant in the economy and business development of the state."¹⁶

Another contemporary example of an Indian land claim settlement was that of the James Bay Cree and northern Quebec Inuit in November 1975. As in Alaska the prime impetus for settling the claim was a major resource development: the James Bay Hydro-Electric Power Project. The Quebec government, despite recommendations to the contrary in the 1971 Dorion Commission Report, had gone ahead with the project, ignoring the issue of aboriginal rights. Subsequent environmental and social impact studies revealed that the project would be incredibly disruptive to the ecology of the area and thus to the Indian population who

were the sole inhabitants. Following these revelations and the subsequent intransigence of the Quebec government in negotiations to alter the scheme, the Cree and Inuit people's organizations asked the Quebec Superior Court for an injunction halting the ongoing construction. After a year of deliberations (and based on the Nishga case) that court upheld the Indian and Inuit claim: "It appears that the Province of Quebec cannot develop or otherwise open up these lands for settlement...without the prior agreement of the Indians and Eskimo."¹⁷ But the Quebec government within eight days had an appeal before the province's Appeal Court overturning the lower court's decision and allowing construction to continue.

The result of the legal dispute was to put pressure on the Quebec government to negotiate more seriously. In November 1975 an Agreement in Principle was signed between the representatives of the Cree and Inuit people and the Quebec government. The agreement acknowledged native land rights but set out a process whereby federal legislation would extinguish them and provincial legislation would replace them with cash, grants of land and other benefits. Compensation of \$225

million tax free (about \$1.50 an acre) was agreed upon to be divided into three disbursements: a cash payment by the Quebec and Federal governments over a ten year period, a payment based on megawatts per year produced at the new project paid by the James Bay Energy Corporation, and a third payment in the form of Quebec government debentures. The land settlement was divided into three categories.

"Category I Land" comprises 2,095 square miles for the Cree and 3,250 for the Inuit people set aside for their exclusive use. The land may be expropriated only for "public purposes" such as roads, utilities and pipelines. Unlike the Alaska settlement, mineral rights belong to the province but native people must give their approval before any mining exploration or development begins. All soapstone in Category I land belongs to native people.

"Category II Lands" comprise 25,150 square miles for Cree and 35,000 for Inuit people. Expropriation is permitted but such land must be replaced. Mining exploration and technical surveys are permitted but must not interfere with hunting, fishing or trapping. Native administration controls these activities in both Category I

and Category II lands.

"Category III Lands", which comprise the rest of the land under negotiation, are completely open to the public as "Crown Land". Changes in the placing of pumping stations, the establishment of environmental regulatory bodies, a guaranteed annual income for those who chose to live from the harvesting of game, and the guarantee of all existing federal and provincial services to Inuit people were also included in the settlement.

The main emphasis of the agreement is on the protection of fishing, hunting and trapping rights rather than underground rights as in the Alaskan settlement. In this regard the James Bay agreement is quite explicit in protecting these rights. But criticisms of the negotiations have, first of all, centered on the political pressure applied to the negotiations. In Alaska there was a five year freeze on all development in the state and time to undertake proper socio-economic and land use studies. At James Bay, however, not only was the time restricted to two years but there was the threat, given by the premier of the province, of a legislated settlement by the Quebec Legislature if

negotiations did not progress according to the timetable. There was too the growing presence of the project itself which continued its construction throughout the two year negotiations. Finally, there was the matter of the government's putting, as their representatives in the negotiations, the very corporations developing the land under dispute. This was a rather successful tactic for avoiding the troublesome issue of aboriginal rights in the media. As the Inuit negotiator stated after the Agreement in Principle was signed:

The number one adversary was the James Bay Energy Corporation with the James Bay Development Corporation running second.... We always felt this was wrong, that native people should not have to negotiate their birthright with Crown corporations.¹⁸

"Together Today for Our Children Tomorrow"

In the Yukon as early as 1902 Jim Boss, hereditary chief of the Southern Yukon Indians, had petitioned the Superintendent-General of Indian Affairs in Ottawa for "compensation because of the taking of possession of lands and hunting grounds by the white people."¹⁹

Chief Boss estimated that prior to the Goldrush the Indian population in the Territory numbered

several thousand but by 1902 had fallen to less than a thousand because of disease and starvation; "Tell the King very hard we want something for our Indians because they take our land and game." The indifferent response of the Superintendent was to write across Chief Boss' letter that the North West Mounted Police would be authorized to issue "necessary assistance for the relief of destitute Indians...and certain medical assistance where required."²⁰

Activity towards preparing a land claim began in earnest in the Yukon during the early 1970's. Earlier, in October 1968, the Yukon Native Brotherhood (YNB) was formed at Skookum Jim Hall as a means of organizing the opposition of Yukon Indians to proposed changes in the Indian Act. The Brotherhood was formally incorporated in February 1970 and directed itself towards preparing a land claim position, similar to the one their Alaskan brothers and sisters were negotiating at the time. By February 1973 the twelve Yukon Indian communities in the YNB, with research funded by the Federal Government, gave expression to a show of solidarity with their epic document, "Together Today for Our Children Tomorrow," a statement of grievances

and suggestions for a settlement.²¹ The Prime Minister accepted the document and agreed to commence negotiations which have continued to date.

The distinctive feature of Yukon land claims is the participation of non-status Indians. "Together Today for Our Children Tomorrow" was the first successful attempt to gain recognition for the non-status population (those one-quarter Indian blood or over) and its participation in the settlement in Canada. A month after the release of the YNB's position, the Yukon Association of Non-Status Indians (YANSI) presented its comments to the public. It accepted the 25 per cent eligibility principle (as in Alaska) but went on to criticize the exclusion of non-status people from the negotiating team and various implementary bodies. As a result, later in 1973, the YNB and YANSI met together and agreed to establish the Council of Yukon Indians (CYI) in order to present a common front in negotiations. Unlike the Northwest Territories where a serious split exists between the Indian Brotherhood and Metis Association, the two groups remain partners in their land claim endeavour. This is confirmed by

recent proposals to amalgamate YNB and YANSI in order to facilitate the administration of programs.

The CYI has come to represent half of a dual legislative system functioning in the Yukon. As described earlier, the relevance to Indian people of the Territorial Legislative Assembly is limited to the rhetoric of its non-Indian members who claim to represent all Yukoners. In fact, the CYI functions as the legislative body for Indian people. It has an identifiable and supportive constituency system and manages the creation of programs and allocation of funds. Its functions extend to representing the Indian and non-status point of view to Federal Government and press. Within its structure issues such as education and cultural programming, court workers and economic development are discussed, prioritized, implemented and administered. In short, the CYI fulfills the structural need of an organized and expanding, but discriminated-against section of the population.

"Together Today for Our Children Tomorrow", although modified by subsequent political exigencies, remains the seminal statement for Yukon land claims. The land selected by Yukon

Indians would be held in perpetuity by the Crown for the use of present and future generations. Sub-surface rights would be included in the land ownership. The cash settlement would be paid over a ten year period and would be in addition to various mineral, fishing and logging royalties. A municipality could be established to administer the land with the cash settlement, one which is wholly independent of the Territorial Government. But it is the astute ambiguity of the statement which permits a broad interpretation and conveys a general picture of the Yukon from the long neglected viewpoint of its Indian population.

By the spring of 1976, after nearly three years of negotiations, it appeared that an Agreement in Principle was imminent. In May the Toronto Globe and Mail released a "Draft Agreement" given the paper.²² With this agreement, Yukon native people would have received as Category I land, fee simple ownership of 1,200 square miles, including sub-surface mineral rights. Category II land consisted of 17,200 square miles sub-divided into exclusive hunting, fishing and trapping areas and forest management areas. The cash settlement would have been over \$90 million divided into \$35 million cash and as much as

\$55 million revenue sharing over 30 years.

Category I lands would have come under complete control of Indian people and they would have substantial say over Category II land.²³

But the negotiating parties were a good deal further apart than the Globe and Mail story indicated. The CYI was still holding out for 44,000 square miles, fee simple, with sub-surface rights in Category I and 70,000 in Category II. They were also arguing for a \$670 million cash settlement supplemented by 50 per cent revenue sharing on Category I land and 25 per cent on Category II land. The extension of Indian Affairs programs to all claimants (including non-status) was thought reasonable, as was exclusive trapping throughout the Territory. The Territorial Government, although allegedly fulfilling a minor "observer" role, proved to be the most severe brake on negotiations. They simply refused to consider land and cash as elements of the settlement and remained intransigent in defending their interests.

In fact, the National Indian Brotherhood (NIB) were not so concerned with an end to negotiations as they were to the style of negotiations being practised and thus, the type of precedent

that would be established for other negotiations in British Columbia and the Northwest Territories.²⁴ Concurrent with the release of the draft agreement, the Band Chiefs, with the support of the National Indian Brotherhood, began to put pressure on the Council of Yukon Indians' executive. They were concerned about not signing an agreement until everyone in the communities was educated about the importance of land claims and, in particular, until everyone understood about aboriginal rights. A subsequent survey by the Yukon Indian News indicated a tremendous lack of understanding within the communities about land claims. As a result, the CYI General Assembly meeting in May suspended the negotiations and effectively removed the negotiators pending major structural changes within the CYI and the creation of strong community links to the negotiating process.

CHAPTER 5

FOOTNOTES

¹Report of the Mackenzie Valley Pipeline Inquiry, Chapter 9.

²A.R. King, The School at Mopass: A Problem of Identity (New York: Holt, Rinehard, 1967), pp. 5-6.

³George Manuel and Michael Posluns, The Fourth World (Toronto: Collier-Macmillan, 1974), pp. 63-64.

⁴Yukon Statistical Review, fn.7.

⁵Yukon News, July 7, 1976.

⁶Yukon Association of Non-Status Indians, Barriers to Education, February 1976. See also Yukon News, February 18, 1976 for abridged version.

⁷Taken from a private study done for the Council for Yukon Indians in November 1976 by Kutchin Consultants, Whitehorse.

⁸Ray Jackson, past president of the Yukon Native Brotherhood, ran in Kluane placing fourth in a field of six; Charles Abel, band chief of Old Crow, ran in Ogilvie placing second in a field of three. See Information Canada, Report of the Chief Electoral Officer, Yukon Territorial Election 1974.

⁹For a well documented study of misrepresentation and deception in Treaties 8 and 11 see R. Fumoleau, As Long as This Land Shall Last (Toronto: McClelland & Stewart, 1975).

¹⁰Leroy Little Bear submission to Mackenzie Valley Pipeline Inquiry, April 1976. Abridged version in Whitehorse Star, June 9 1976.

¹¹The principal means of communicating such information is through family ties which have very little to do with international boundaries.

¹²The Alaska Organic Act of 1884 had given native Alaskans a good deal more recognition than had been the case in the treatment of other native Americans. The Act stipulated that native Alaskans should not be disturbed in any way until further legislation of Congress had dealt with the claim (Section 8).

¹³U.S., Congress, Senate Report, Alaska Native Claims Settlement Act of 1971. 1st sess., October 21, 1971, p. 73.

¹⁴Akwesasne Notes, Autumn 1976.

¹⁵Alaska, Department of Commerce and Economic Development, A Preliminary Review of the Alaska Economy in 1975, A Preview of 1976, vol. 4, no. 1, p. 2. Alaska has traditionally had the highest unemployment percentage in the U.S. and the lowest rate during the peak of the pipeline construction was 8.9 per cent in 1975.

¹⁶Ibid., p. 8.

¹⁷Canada, Department of Indian Affairs and Northern Development, Indian Claims in Canada (Ottawa: Queen's Printer, 1975), p. 30.

¹⁸Interview in Bulletin, Canadian Association in Support of Native Peoples, vol. 16, no. 4, December 1975, p. 8.

¹⁹Letter by F.W. Jackson on behalf of Chief Jim Boss, to Superintendent-General of Indian Affairs, January 13, 1962, Yukon Archives, manuscript collection.

²⁰Ibid..

²¹Yukon Native Brotherhood, Together Today for Our Children Tomorrow (Whitehorse: February 1973).

²²Globe and Mail, May 29, 1976.
Also Whitehorse Star, June 2, 1976.

²³Whitehorse Star, May 31, 1976;
Globe and Mail, May 29, 1976; Yukon Indian
News, May 19 and June 2, 1976.

²⁴George Manuel (now retired presi-
dent of the National Indian Brotherhood)
suggested in July 1976 that the National Indian
Brotherhood must intervene in regional land
claims in order to protect other groups in
Canada. See Whitehorse Star, July 9, 1976.

CONCLUSION

The primary focus for political organizations in the Yukon (that is, the Territorial Government and the Council for Yukon Indians) is on fundamental change in the government structure. The Territorial Government desires control of the affairs of the Territory by the creation of a province while Indian people refuse to support the provincial model unless it accommodates their conception of political change.

From a constitutional perspective neither group has the authority to bring about the changes each desires. A Federal Territory does not have the independence to unilaterally modify any part of its governing institutions. Nor does it have the capability to bring new principles to bear on its political institutions; principles that might alter the Territorial Government structure to permit the meaningful participation of Indian people. More precisely, the Yukon requires the approval of the Federal Government to introduce principles and create structures that are not part of the political culture of the federation's Charter States.

The Federal Government of Canada has consistently argued that the granting of provincial status is dependent on a developed economy which would support an appropriate population base. We have seen how the Yukon's economic history is keyed to the value of its minerals on external markets. The series of booms and busts have not created a large and stable population base nor have the company towns (such as Faro and Mayo) attracted committed residents who claim the Yukon as their home. The Yukon, as with all Federal Territories, is considered isolated and inhospitable; it has attracted industrial workers because of the opportunity to work and save money, not because they choose to live there.

The severe climate of the Yukon certainly plays a part in the way many non-Indian people relate to the Territory. Although temperature extremes are similar to Edmonton or Winnipeg, the long cold winters are characterized by short periods of daylight. It may be that a sub-Arctic climate can only support small numbers of people even though the Yukon's mineral riches require large numbers for exploitation.

But there has also been a lack of emphasis by private capital and by federal policy on industries that might support, over the long run, a permanent population. One such industry is agriculture, although even this is not an indigenous industry. Agricultural production is considered the foundation of healthy and stable economic development and so its absence can explain, in part, why industrial growth has not caught hold in the Yukon as it has in other areas. In the American West, for example, agriculture was the first stage in a rapid process of economic growth.

The role of agriculture is really twofold. As an economic sector already existing in the area, it can facilitate the supply of labor to industrial sectors and increases in agricultural production can facilitate investment in other sectors. Similarly, exports of agricultural products can aid imports of machinery, and agricultural workers provide a domestic market for industrial goods. It may even develop that agriculture could be an indigenous source of capital available to industry. The other significant feature of economic development on an agricultural base is the social and

political structures already in place to provide the underpinnings of a growing society.

In short, there is a "coincidence of successful development and agrarian improvement."¹

The Yukon does have trapping and fishing as small, indigenous economies and it might be expected that these activities could form the base of a Territorial economy as agriculture has in other places. But the social basis of trapping and fishing is not transferable to an industrial context. This is especially true for Indian people whose family life is intimately tied to harvesting food from the land. Nor is there a potential for a supply of capital as trapping and fishing are distinctly non-capital intensive.

The fitful pace of economic development in the Yukon has not been able to support a stable population base and yet the fundamental assumption among non-Indian interests regarding political development is that a larger population is required; 20,000 people is not sufficient to warrant self-government. This is a matter of defining the proper tax base for a province but more importantly, it is a question of what proportion of the population have a

strong political commitment to the Yukon. With over half the labor force now employed at temporary postings by the Federal Government or else working in one of the company towns it seems clear that a significant proportion of the population is transient. This transient segment of the population is judged to be an inappropriate base for self-government, as were the sourdoughs in 1898. Since the Klondike Goldrush, the Federal Government has held off the granting of, first, representative government, and now, responsible government and provincial status because the majority of the population has been, since 1898, either pro-American, transient or both.

While this may be a degree of paternalism that is in the interests of stable government, it is also half of a paradox that is a brake on the pace of political development in the Yukon. The other half of the paradox is that the Federal Government's paternalism is also responsible for the economic planning that sustains the transient population. It is the federal administration of the Yukon that facilitates the creation of large-scale mining projects and isolated company towns that attract transient

workers and their families. The same administration has not created a deep rooted economic base that protects the committed residents from lay-offs because of depleted reserves or a drop in world metal prices.

The ease with which this paradox is maintained is attributable to the formal authority vested in the Federal Government for the responsibility and administration of the Yukon Territory. This authority is very close to absolute and the administration of the Territory's affairs is virtually out of reach of public scrutiny. The Department of Indian Affairs and Northern Development (DIAND) is responsible for the administration of the Territory's land, water and natural resources (including most of the important environmental legislation) and the administration of the affairs of Indian people. In the same office, the development policies of the North are formulated in consultation with the mining and oil industries. "Instead of divided federal and provincial governments, northerners are governed essentially by the federal Department of Indian and Northern Affairs."²

Within the Yukon there exists a lack of organized protest toward the Federal Government's administration of the Territory. Contrary to the tradition in other parts of Canada (Alberta and British Columbia, for example) there has not been a strong populist movement opposed to the policies of the Dominion Government. During the heyday of the Goldrush there was the Yukon Independence Party and other protest parties but in more recent times issues such as democratic accountability and local control of government are not the substance of an alternative movement. Certainly the response to those issues is not as vociferous as it would be in Ontario or British Columbia were the provincial legislatures rendered impotent and their provincial bureaucracies removed from public scrutiny by federal legislation.

The momentum of any protest movement in the Yukon has been retarded by the lack of a homogenous base of support. There is not a community of the various economic interests in the Territory that find common ground in the struggle for autonomy and provincial status. The mining companies are satisfied with the

federal administrative regime as it maintains low mineral royalties and is less complicated than dealing with two levels of government, the federal and provincial. The service and transportation sectors are reliant entirely on the mining industry and so accept the status quo. As for the transient work force, they are largely indifferent to issues beyond wages, working conditions and safety.

Nor can Indian people be said to support the idea of self-government. It is true that political development and ultimately provincial status is for all Yukon people what land claims are for Indian people: that is, they represent the opportunity to gain local control over their own affairs. But Indian people are quite properly concerned that self-government will exclude their interests, as the present Territorial Government does.

For Indian people, projects such as Cyprus Anvil are of little economic consequence and, indeed, likely have a very serious negative impact on resources that are special only to Indian people. By opposing projects such as another mine, Indian people would be inhibiting the expansion of the tax base. They might also

object to large scale projects simply because the increase in the non-Indian population would weaken their numerical strength in such things as elections. Both an increased tax base and an increased population base have been vital objectives of the Territorial Government for they are the underpinnings of the future Province of the Yukon as perceived by the Territorial Government. To deny an increased tax base is to prolong the perennial response of Ottawa about absorbing the debt of the Territory and not wanting to create another "have not" province.

Self-government remains, therefore, primarily the concern of the committed residents in the Yukon. As a minority within the population they do not have the power to bring the issue into full public view nor can they maintain a steady pressure on the Federal Government. And yet it is these people who have kept the issue of self-government alive; they know that, for as long as the Yukon remains a Federal Territory, their rights and opportunities will continue to be less than those of most other Canadians.

CONCLUSION

FOOTNOTES

¹H.J. Habbakkuk, "Historical Experience of Economic Development," in T. Morgan and G. Betz, eds., Economic Development (California: Wadsworth, 1970), p. 5.

²MacLeod, Water Management in the Canadian North, p. 1.

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