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YUKON 2000

**A LABOUR POSITION PAPER**

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## I. INTRODUCTION

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### The Yukon Federation of Labour

The Yukon Federation of Labour is an organization representing three thousand trade unionists in the Yukon Territory. The Federation's membership is drawn from both the private and public sectors and includes the vast proportion of organized workers in the Territory. The Yukon Federation of Labour held its founding convention in 1980 and is chartered by the 2.2 million member Canadian Labour Congress (CLC). In the tradition of the CLC and its affiliates, the Federation believes that representing workers on broad social issues is as vital as negotiating wages and working conditions.

### The Need for Consultation

The Yukon Federation of Labour is pleased to participate in Yukon 2000 which has been sponsored by the Territorial Government to "provide a basis for sound economic development into the 1990's and beyond". Our interest in this important consultative process encompasses the full range of strategies for the future of the Yukon and its people.

Our most obvious interest is as a representative of 3000 workers employed throughout the territory. But the Federation's mandate from its members goes far beyond direct employment issues. We are also the largest organized group of consumers in the Yukon. Furthermore, as part of the Canadian labour movement, the Federation has a long history of activism on a wide range of socio-economic issues. Thus, we see ourselves as representing the interests of all working people, not just those who are fortunate enough to be members of affiliated unions.

Our submission to Yukon 2000 reflects this broad perspective. The remainder of this chapter presents our view of the need for consultation in general and the Yukon 2000 process in particular. In Chapter 2, we focus on the structure of the Yukon economy with special attention to the need for diversification. We also put forward our view that community-based enterprises are the most appropriate vehicle for restructuring the Yukon economy. Chapter 3 deals with the issue of natural resource stewardship, with particular reference to the appropriate criteria needed for the allocation of scarce resources between competing uses. In Chapter 4 we concentrate on human resource issues, including the special problems raised by the co-existence in the Yukon of formal and informal economies, and the unusual problems of income distribution which result from that structure. In our final chapter, we discuss the role of government as the principal force in bringing about the sweeping changes that will be required as we enter the 1990s. As our

conclusion makes clear, we differ strongly with those who see government primarily as a "gap filler" and "grant giver".

### The Yukon 2000 Process

Yukon 2000 is an unprecedented and sweeping process of planning designed to "create a common understanding of the opportunities for economic development of the Yukon." This process is a notable break from the past where key decisions about the Yukon's future were made by those who had little knowledge of the Territory. This coincides with what must be a major aim of Yukon 2000: to reduce our dependence on choices made by those living elsewhere.

The process has featured extensive consultation with Yukoners in every walk of life. It has involved an exchange of views through dozens of workshops, sectoral studies, background papers and other discussion documents. In preparing this position paper, the Yukon Federation of Labour has reviewed all of these resource materials. In addition to several Yukon 2000 summary and process documents, this includes 11 "sector papers", 16 "sector strategies", 12 "cross-industry" consultants' reports and 5 additional consultants' reports.

Given the number and comprehensiveness of these documents, a complete item-by-item response by the Federation would require more time and resources than we have available. We have therefore chosen to focus our position paper on those issues which we regard as central to the future development and

diversification of the Yukon economy. For the most part, this paper will not detail specific government actions which the Federation advocates. Instead, the paper will indicate the priorities and the criteria by which public policy choices should be made.

Since our position is to a large extent a reaction to other submissions to Yukon 2000, we will make many specific references to the published documents. While we have made every attempt to prepare this paper so that an in-depth reading of the other Yukon 2000 documents was not required, readers may wish to refer to those submissions to more fully understand the Federation's position.

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## II. ECONOMIC STRUCTURE

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The Yukon economy has a bilateral structure which makes it somewhat unique. The "formal" economy includes those activities where there are formal employer-employee and supplier-client relationships. It is this formal economic activity which is measured to provide estimates of national income and economic growth. The Yukon also has an important "informal" economy. In particular, a significant proportion of its population live a traditional lifestyle which includes hunting, fishing and foraging. These activities, as well as services such as housekeeping and volunteer work, are not counted as part of gross domestic product; but they make significant contributions to the quality of people's lives. In the Federation's view, supporting the informal economy and diversifying the formal economy should be the major goals of economic policy in the Territory.

### The Yukon's Formal Economy

The economic development of the Yukon has been driven by the exploitation of its natural resources, its mineral resources in particular. For more than a century, mining -- first for gold, and later for base metals -- has been the magnet

that has drawn many thousands of people to the territory. Most were attracted by the lure of fast money and, win or lose, they soon returned to their homes in the south. But many have chosen to stay and make permanent homes here. Those of us who did stay have inherited an economic structure which reflects this history: narrowly based, highly cyclical and largely dependent on decisions made elsewhere.

Historically, the most notable feature of the Yukon economy has been the high level of dependence on mining as a source of income, both directly through employment and indirectly through consumer spending and the creation of infrastructure to service the mining industry. According to the Mining Sectoral Report [page 3], in 1981 the mining industry was responsible for about 40 per cent of total territorial income. In the five years ending in 1981, mineral production averaged \$250 million per year. But as the events of 1982-83 were to prove, this prosperity was very narrowly based. The industry consisted of a small number of "hardrock" mines which quickly shut down operations (or scaled back drastically) when prices began to fall as a result of the 1982 recession. By 1985, mining was contributing only 12 per cent of territorial income. And three quarters of that was derived from placer mining.

The collapse of the mining industry in 1982 dramatized the reality of the Yukon economy. We are dependent to a large extent on the production of mineral resources for export, at prices which are subject to the vagaries of world markets. And the harsh decisions which were made in 1982, although largely

market-driven, were decisions made by southerners, with little interest in the welfare of those who live here.

These instabilities in production are echoed in population statistics. Although extremely high rates of unemployment throughout Canada caused many of the Yukon unemployed to remain in the territory during the most recent recession, we still have a very high rate of labour force turnover. This, in turn, has stifled opportunities for growth in the secondary and tertiary sectors and, as a result, the Yukon is highly dependent on imports of consumer goods.

The economy we have just described is that of a classical "colony". A stable indigenous population is augmented by a large number of highly mobile migrant workers. Production is exported, while capital and consumer goods are imported. A distant government owns most of the land and non-resident corporations export most of their profits. Major decisions in both the public and private sectors are made elsewhere.

This pattern of development was not necessarily inappropriate in the past, but it has no future. The Yukon 2000 background paper, Exports and Investment Strategy points out [pp. 6-8] that Yukon mineral products face low prices over the long term because of increasing sources of supply and decreasing demand in world markets. And, as the Mining Sector Paper makes clear, in the future mining companies will be offering less and demanding more from government before they will develop Yukon mineral resources. Mining will no doubt have a continuing and

important role in the Yukon, but it has become clear that it will never again be the principal source of territorial income.

### Diversification

The prospects for a more stable and more prosperous economy in the Yukon lie primarily in opportunities for diversification. These opportunities include expanding markets for a broader range of 'exports', as well as the development of new production capability to displace 'imports' from outside the territory.

In our view, for such a fundamental restructuring of the Yukon economy to occur an increased level of government intervention in the economy will be essential. It will also require a major shift in decision-making power from outside to inside the territory.

Intervention in the economy by government will require some sort of industrial strategy, or criteria for allocating resources to competing uses. We disagree strongly with the position put forward in the Yukon Development Strategy paper on Financial Resources [page 3 item 5], which argues against targetting government programs. In our view, the criteria for selecting economic development projects in both the export and import sectors should be to maximize sustainable territorial value added. In other words, our focus should be on creating long-run well-paid jobs and other income opportunities for the people who live here. Provided that equitable income

distribution policies are adopted (as we advocate in Chapter 4 of this submission) this jobs-oriented strategy will benefit all residents of the Yukon.

#### 1. Exports

Pursuit of the value-added objective in developing potential exports means concentration on a relatively small number of goods and services which are unique to the Yukon. On this point we agree with the analysis in the discussion paper on Exports and Investment Strategy [page 4]. Following the criteria outlined in that paper, it appears that the tourism industry may be one of the most appropriate "export" sectors to develop.

Although we found the sectoral report on Tourism to be lacking in practical applications, it does point to a number of development opportunities for this sector. We cannot agree, however, with that paper's proposal to:

encourage markets which provide highest dollar returns based on combination of high per diem expenditures and existing or potential market size. [emphasis added]

According to this philosophy, the objective is to cause visitors to spend as much money as fast as possible. But in many cases this visitor spending may be concentrated on products with high import content. (ie. fuel, most manufactured products, many foods, etc). Programs which develop sustainable local value added by encouraging visitors to return more often, stay longer, and enjoy more of the Yukon's unique natural environment and "home grown" hospitality do not necessarily involve "high per diem expenditures".

## 2. Import Substitution

The background paper on Export and Investment Strategy [page 16] outlines a large number of opportunities for import displacement. As with exports, our view is that maximized sustainable local value added should be the criteria for selection of projects. This implies that the first priority for import substitution should be products which can be produced using materials and skills currently available within the territory. Good examples are agriculture, building materials and energy. The sector papers on Agriculture and Food, Forestry, and Construction and Housing, all support the conclusion that the primary barriers to development of these products is inappropriate industrial organization rather than a lack of the necessary resources.

The second priority implied by a value-added approach to import substitution is to produce products from local materials provided that the required skills and technology were developed in the Yukon. Manufactured products are the most obvious example. The sector report on Manufacturing indicates that a shortage of skilled labour is a major obstacle impeding the growth of this important industry. While we agree with its conclusion that expanded apprenticeship programs are part of the solution, we believe that, as in the case of export expansion, inappropriate industrial organization is an equally important problem.

## Industrial Organization

A theme which runs through most of the sector papers is that Yukon business is handicapped by a range of specific problems including a shortage of skilled "entrepreneurs", a shortage of capital, and a lack of experience in the small business sector. Proposed solutions mainly take the form of government hand-outs to compensate for these problems, while preserving existing industrial organization. For example the Manufacturing strategy paper proposes a list of government assistance programs including grants to pay company affiliation fees to the Canadian Manufacturers' Association. In another example, the Construction and Housing strategy paper proposes a range of government guarantees to permit unbondable companies to qualify for government contracts.

The Yukon Federation of Labour disagrees with this philosophy. We recognize the contribution which entrepreneurs and small business have made to the Yukon economy. But the function of an entrepreneur is to take risks. Thus, any entrepreneur who asks the public to underwrite his or her risk is, by definition, not an entrepreneur. And if local companies with a commitment to the Yukon are having problems demonstrating their competence to perform government contracts, the answer is surely not to eliminate the requirement that they be competent.

For similar reasons, we do not agree that deregulating the small business sector is an appropriate way to encourage economic growth as is suggested in the Small Business background

paper [page 18]. Government regulations have been put in place to protect the public interest. Assisting small business by simply downgrading the performance which the public expects from those enterprises is no solution at all.

### Community Based Development

None of the above arguments should be taken to mean that we deny that a shortage of entrepreneurial and business skills exists. Indeed, we agree with the paper on Indian Participation which argues [page 25], that there is a shortage of individuals in both the native and non-native population with the entrepreneurial and business management skills and the necessary capital to establish long term, sustainable enterprises. But if the development of these skills and the provision of the necessary capital will require substantial public assistance, as the sector and strategy papers claim, then we believe that such assistance should be directed to community-based enterprises rather than to individual entrepreneurs.

The importance of community-based development is acknowledged in principle in the discussion paper on Small Business [p.16]. This paper, however, does not explicitly discuss the variety of structures for such enterprises. In this submission we mean 'community based enterprises' to include:

- . consumer cooperatives,
- . producer cooperatives,
- . local share ownership,
- . broadly based partnerships,

- . private/public joint ventures, or
- . employee ownership,

as well as any other organizational design which allows communities to contribute the skills required and share the risks inherent in launching a new business.

When public subsidies to private enterprise are judged appropriate under the criteria we have discussed earlier, we believe they should be directed to these community-based enterprises on the grounds that, regardless of the success of the venture, the funds will at least stay in the community. Such subsidies would also support a learning-by-doing approach to business education so that the skills acquired would remain in the community, and become available to other private sector enterprises.

In addition to direct financial assistance, the types of support which government could provide to community-based enterprises include technical and marketing advice, skills development and information services.

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### III. NATURAL RESOURCES

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#### Yukon Resources

The Yukon's natural resource base consists mainly of mineral resources, forest resources and wildlife/wilderness resources. The exploitation of this resource base has resulted in the development of both informal and formal economies. But there have been negative consequences to this resource-driven development:

- . The formal economy is narrowly based on the exploitation of minerals which are subject to the wide swings of world markets and resultant "boom and bust" cycles. These cycles are exacerbated by the process of discovery, exploitation and depletion.
- . Outside the extractive sector there is a dependence on government for direct and indirect employment.
- . As discussed in the discussion paper Yukon Development Strategy [pages 26-27], the informal economy, while supporting a wide range of activities, operates primarily at a subsistence level.

A resource-based economy also faces the problem of competition between alternative uses of scarce resources. These problems are well articulated in the discussion paper Resource Management in the Yukon. As this paper points out, in the Yukon the issue of resource allocation is complicated by the co-existence of formal and informal economies, the ownership and

control of 99 percent of the territory by the federal government, and unresolved native land claims. Thus, the development of a resource stewardship plan must be a high priority for the Yukon of the 1990s.

### Resource Stewardship

A prerequisite to a resource stewardship plan is the collection and dissemination of more information about the nature of the resource base and its ability to support economic activity. A number of sector papers commented on the gaps in our knowledge of the resource base. [eg. Fishing p. 12; Hunting, Trapping, Guiding p. 17; Forestry, p. 17; Mining p. 5.] Once this information is available, the fundamental objective of the resource stewardship plan should be to evaluate the competing alternative uses and to allocate resources to them. Those administering the plan must also be charged with monitoring resource use and insuring that promises made by project sponsors are carried out.

In our view, the primary criteria for allocation of scarce resources should be to favour those uses which yield the maximum sustainable territorial value added. In making such allocations, the resource stewardship plan should encourage multiple use wherever possible, (as suggested in the discussion paper on Resource Management) and should consider alternative uses on a project-by-project basis. We reject suggestions, for example, that the Yukon resource strategy should discriminate

against base metal mining. We believe that each project or proposed use must be capable of demonstrating long run benefits to Yukoners regardless of the industry involved.

Resource allocations must also consider the effect on income distribution, not only between individuals but also between generations. We agree with the position taken in the Natural Resources strategy paper, that we have a moral responsibility to leave future generations, "a world at least as productive and diverse as the one we inherited".

Considering the shortage of "hard" information about the Yukon economy, this process of allocating resources necessarily requires extensive and continuing consultation. As the paper on Resource Management suggests [in Chapter 6], this is particularly true with respect to consultation within the Yukon's regions which would allow "a forum for representatives of the various conflicting uses to try to reach mutually acceptable arrangements for land use within their region. This would assure airing of local and regional concerns and priorities."

Finally, we believe that a further prerequisite for a fully functional resource stewardship plan is the completion of negotiations over native land claims and the devolution of federal government control of lands to the Yukon Territorial Government.

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#### IV. HUMAN RESOURCES

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##### Income Distribution

In our view, simple economic development is not enough. The gains from future growth must accrue equitably to all members of Yukon society. We believe that the principal mechanism for assuring equitable income distribution is to guarantee fair access to high quality employment opportunities.

The Yukon 2000 documents point out several barriers which presently impede such fair access. These include discrimination against natives and youth. The human cost of high unemployment among these groups is outlined in the background papers on Youth and Indian Participation. It includes family breakdowns, alcoholism, a high crime rate, and even suicides.

Other barriers to full labour force participation include inadequate labour market information and disparities in job opportunities between rural and urban areas. As the Indian Participation paper points out [page 10-12], further barriers to native employment include immobility, lack of formal education and limited marketable skills.

Because they are concentrated in the younger age groups, women in the Yukon have, on average, a higher labour force participation rate than those in any other Canadian jurisdiction. [Women's paper page 7.] Despite this activity, women in the Yukon are still paid significantly less than their male counterparts. This is particularly true for Native women [Women's paper page 21]. Furthermore, this high rate of labour force participation has resulted in an urgent need for support services such as day care, maternity leave and related benefits as demonstrated in the paper on Women in the Yukon Economy [Chapter 5].

To reduce the income gap between white males and other demographic groups we believe that programs are needed to improve access to jobs for workers traditionally disadvantaged, and the elimination of "job ghettos". Also required is legislation to actively implement pay equity programs in both the public and private sectors. Improved legislative protection for part-time workers (including regular part-timers and seasonal workers) is another measure which would assist traditionally disadvantaged groups, because a significant number of them work only part-time.

We also agree with Women in the Yukon Economy [pages 63-66] which concludes that an appropriate means of insuring better income distribution is to re-design the public pension system to recognize the contribution of those primarily in the informal economy: those involved in hunting, fishing, and housekeeping.

We object to the proposal for a "work-for-welfare" system made in the Indian Participation paper [page 18]. Such a policy would impose burdens on those least able to carry them. Moreover, we believe that the provision of some minimum protection from poverty should be a universal right for all residents of the Yukon.

### The Formal Economy

The Yukon labour market is characterized by high levels of both in-migration and out-migration. Traditionally, skilled labour has been imported from the south. Some choose to stay, but many workers leave the territory either because they have met their personal objectives, or because of lack of employment opportunities. In the past, little training has taken place here, because employers have argued that the need for specialized skills was too small to justify training programs in the Yukon. That is, it was cheaper to import labour from the south.

In our view, however, regardless of the relative costs of imported vs local labour to a particular employer, the long-run development prospects for the Yukon are dependent upon the provision of adequate training opportunities for Yukon residents in a wide range of occupations.

Since the Yukon lacks the population to support large training facilities, training efforts must be supplemented by other forms of government intervention:

- . skills transfer from imported workers. Government can facilitate this process through performance

guarantees included as part of government contracts and grant agreements.

- . improving the quality of life to induce imported workers to make permanent homes in the Yukon. As the relevant Yukon 2000 documents have pointed out, this will involve improvements in housing, cultural activities and recreation.
- . appropriate scheduling of large projects which consume significant quantities of skilled labour. Government can use its contracting and licensing powers to ensure that projects proceed in an orderly manner, and that information concerning upcoming projects is broadly disseminated.

## 1. Government as an Employer

We have noted that the nature of the Yukon's resource-based economy results in a relatively large public sector. As a result, government is a very important employer, accounting for almost 40 per cent of all jobs in the territory. The spillover of government employment practices into the private sector has motivated some of the authors of Yukon 2000 sector reports to complain that the terms of government employment are too generous and to claim that this has a deleterious effect on the private sector. For example, the sector paper on Mining states that:

Government and benefit scales could be moderated to come back into line with private industry once again. Labour costs are to some degree a reflection of the cost of living, and as this is moderated by other measures, all parties should expect to effect reductions in labour costs. [page 10].

This line of thinking is repeated in the sector paper on Trades and Services, which states "that government wage rates make it difficult to attract and maintain staff." [page 14].

The Yukon Federation of Labour disagrees strongly with these claims. The Government of Canada, the largest employer in the territory, has a compensation system which more than any other in the country, is based on detailed and systematic analyses of required qualifications, experience, the cost of living, and other objective factors. Studies comparing private/public sector compensation have demonstrated that federal government compensation is consistent with that in the private sector in terms of every quantifiable factor. The small difference in average compensation levels between the public and private sectors has been reliably attributed to the fact that governments are less likely to discriminate against minorities and other disadvantaged groups. [For example, see Morley Gunderson, "Discrimination, Equal Pay, and Equal Opportunities in the Labour Market" in Volume 17 of the Collected Research Studies of the Royal Commission on the Economic Union and Development Prospects for Canada].

Compensation levels paid by the Yukon Territorial Government are closely comparable to those of the federal government, and the same arguments apply.

We therefore strenuously object to any suggestion that public sector compensation policies are creating labour market distortions in the Yukon. Since government compensation is carefully structured so as to be consistent on a national basis, claims that it distorts Yukon labour markets are really suggesting that residents of the Yukon be paid less than people in the rest of Canada.

## The Informal Economy

The Yukon economy is characterized by the existence of a relatively large informal economy, principally native peoples who live a traditional land-based lifestyle based on hunting, fishing and foraging. Any strategy for the development of the Yukon should include as a high priority the preservation and encouragement of this traditional lifestyle.

Nonetheless, opportunities should be provided for those who wish to move in either direction between the formal and informal economies. This will provide additional labour for the formal economy and at the same time provide a better distribution of income through wage earnings by those in the informal economy. Such mobility is presently limited by the differences in skills inherent in the two economies. In particular, participants in the informal economy tend not to have skills which are marketable in the formal economy.

We believe that appropriate skills can be acquired through community-based learning programs which are customized to the needs of each community, and locally delivered. But where appropriate training cannot be brought to the community, it is always preferable to send local people out for training rather than to import skilled labour. The discussion paper on Youth [pages 9-10] suggested cooperative schemes as useful means of delivering education. We agree with this in principle, provided that students participating in such schemes do not displace regular employees.

## The Yukon Training and Human Resources Strategies

As we stated in Chapter 1, it is not our intention to respond in detail to all of the dozens of papers which have been published as part of the Yukon 2000 process. But two strategy papers deserve special attention: The Human Resources strategy paper and the Yukon Training Strategy.

The Yukon Federation of Labour agrees in principle with the broad directions taken in these papers. But, in both cases, we believe that they do not go far enough in their conception of the level and style of government intervention that will be required to establish an efficient labour market in the Yukon.

The Human Resources strategy paper, for example, states [at page 1] that:

...the Yukon's economy is largely market driven, markets will always play a role in the direction of human resource development. But, as in other areas of the economy, sometimes markets do not address all the needs of society. Therefore, government participation can be desirable. [emphasis added].

In our view, the failure of "markets" to effectively develop the Yukon's human resources has been well demonstrated, and the need for aggressive government intervention is urgent. As we make clear in the following chapter, we see government as the prime actor in the development of a human resources strategy, not a gap filler which "can be desirable" and "sometimes" participates.

Our response to the Yukon Training Strategy is similar. We support the main themes of that strategy. In particular we agree with the emphasis on community involvement and the

targetting of government programs to meet the special needs of the traditionally disadvantaged. But we caution that implementing the principle of community involvement does not relieve government of the ultimate responsibility for training strategy. The Yukon Training Strategy states [at page 5] that

... in a democracy citizens should be given the opportunity to participate in decisions which affect their lives, (...and) Yukoners must be given the opportunity to make decisions regarding the direction of training and training institutions in their Territory.

We have already stated our support for the consultative process. Our concern is that this laudable philosophy might be taken as an excuse for government to abdicate its ultimate responsibility for training. And we note that the "steps for the future" outlined in the training strategy [at page 13] stop short of advocating government intervention to establish private sector training programs.

We believe that the other steps in the strategy will not be effective unless Yukon workers have the opportunity to learn specific applications for their skills in a working environment. As we have said, we consider the transfer of skills from visiting workers on-the-job to be a primary vehicle for this type of training. We believe that this will come about only through mandatory on-the-job training programs required by government as part of government purchasing and licensing procedures for all major projects undertaken in the Yukon.

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## V. THE ROLE OF GOVERNMENT

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The preceding chapters of this submission have presented a position which envisions a greatly re-structured economy in the Yukon of the future. We have expressed our belief in the need for broad diversification of the Yukon economy. This must include the expansion of the export sector to include selected products unique to the Yukon. We have also argued for an aggressive program of import displacement, and a comprehensive resource stewardship plan, based on maximizing opportunities for long-run employment and other income opportunities for Yukon residents. We have also presented our views on human resource issues, which can be summarized by our belief that the best route to an equitable distribution of income is the removal of all barriers which prevent Yukon residents from obtaining long-run, satisfying job opportunities which allow them to perform at their full potential. This implies the elimination of obstacles both to entry-level employment and to advancement through the acquisition of job-related skills.

## Government as the Principal Economic Actor

The main point we wish to make in our final chapter is that none of this will come about without the recognition of government as the principal actor in the Yukon economy. We take particular exception to the views presented in some Yukon 2000 papers which foresee a role for government principally as a 'gap filler' and a 'grant provider'.

There are many references in the Yukon 2000 documents to this type of role for government. To pick just two examples, the Trades and Services strategy paper states:

Government was seen as having two roles in supporting the development of this industry. The first role is essentially the development and implementation of policies which support the long term development of Yukon's economy and, thereby, lessen the risks facing entrepreneurs and financiers. The second role is the implementation of specific policies to support local merchants. [page 16].

And the Construction and Housing strategy paper takes the following position:

Government's role in the construction industry should be to support and encourage the development of private sector Yukon businesses as entrepreneurs and employers, not to compete with them. [page 1]

We see a much broader role for government, not only creating a strategy for economic development but also undertaking positive policies to implement this strategy, and intervening in the private sector wherever necessary to accomplish these goals. This viewpoint is supported by the philosophical discussion found in the Yukon 2000 paper Government as an Economic Force.

We believe that the many economic problems outlined in the Yukon 2000 sector papers can be effectively dealt with only if government takes a stronger role than it has taken in the past. Government must do more than provide services and hand out subsidies; it must set conditions, demand performance and, where necessary, regulate the private sector. While this is consistent with the position of the labour movement in all parts of Canada, we believe that in the Yukon government has a special and unique role to play by:

- . levelling out imbalances in demand and supply of local labour and materials, particularly those resulting from the inappropriate timing of large projects both in the public and private sectors.
- . supporting the development of community-based enterprises through the provision of technical support, training, information and capital assistance.
- . providing services. The small, dispersed population of the Yukon places extra burdens on government for the provision of such services as health, education and infrastructure.
- . resource stewardship. As is argued in the paper on resource management only government can arbitrate between competing uses of scarce resources. This process of public choice must include the negotiation and enforcement of performance guarantees from resource developers, whether they be resident Yukoners or outside interests.
- . income re-distribution. The primary objective of government should be the reduction of poverty within its jurisdiction. This is complicated, in the Yukon, by the coexistence of formal and informal economies. [Women in the Economy page 62 and paper on The Elderly. 4]
- . gathering and providing information. A more active role for government in this area is particularly important because of light of the dearth of reliable information noted in most of the Yukon 2000 sector profiles.

## Free Trade, Deregulation, and Privatization

Clearly, the role we see for government is not compatible with proposals from some quarters for government to deregulate the economy, to privatize publicly-owned enterprises and services and to establish free trade with the United States. While our objections to this "back to the market" philosophy are well known, they are worth repeating in the context of the Yukon 2000 exercise.

### 1. Free Trade

"Freer Trade" with Alaska is proposed as a method of removing obstacles to the growth of the agriculture and food sector. [Agriculture and Food sector paper page 10]. As we pointed out last year in our brief on Free Trade to the Yukon Economic Council [page 21], the potential gains to the agriculture sector would be relatively small, and in any case would be accomplished only at great risk to the rest of the Yukon's socio-economic system.

There are many potential benefits from improved economic relations with Alaska, but the Yukon Federation of Labour is in agreement with the rest of the Canadian labour movement that the best way to obtain mutually beneficial improvements in the terms of trade is through multilateral solutions within the context of the General Agreement on Tariffs and Trade (GATT).

## 2. Deregulation

The background paper on Small Business, [p. 18] advocates deregulation of the small business sector as a means of encouraging economic growth. Once again, we reiterate our objection to this concept. Government regulation of the private sector is the principal means by which private enterprise can be made to act in the public interest. The regulations are the basis for protecting consumers and workers alike from corporate excesses. It may well be true that deregulation would cause the small business sector to expand in the short run. But this gain would be an illusion, since it would come at the expense of lower wages, deteriorating working conditions, and ultimately, the collapse of many small businesses ruined by unbridled competition.

## 3. Privatization

The privatization concept has many manifestations, not all of them initially obvious. For example, the Yukon 2000 strategy paper on Trades and Services considers the option [at page 2] of tendering government supply contracts, particularly those for stationary and other supplies, by community. Governments, under this proposal, would buy their supplies from local stores. On the surface, this sounds like a simple attempt to distribute economic activity equitably. But it really amounts to a proposal to privatize the government stockkeeping function. Any income distribution benefits flowing from such a change would

be more than offset by the income lost when unionized government employees were replaced with low-paid non-union employees in the retail sector.

### Conclusion

In this paper the Yukon Federation of Labour has outlined its position on the future direction of the Yukon economy. We have been primarily concerned with suggesting priorities and processes rather than with advocating specific actions. The Federation has presented some specific proposals, however. In particular, there is a need for legislation, covering both the public and private sectors, which will begin to eliminate discrimination in the labour market. To improve the skill levels of the labour force, government must use its contracting and licensing power to encourage the training of Yukoners and discourage the short-term importation of skilled labour. The Territorial Government can and should target public support to community-based enterprises which derive their financial and human vigor from within the Territory.

We have argued that consultation between government, business, labour, native groups and other interests are vital to establishing the priorities for public policy. And we have discussed what those essential elements of public policy should be. Consultation should lead to the establishment of a resource stewardship plan. Economic policies should be primarily concerned with diversifying the structure of the Yukon's economy, reducing its dependence on mineral exports and the importation of

consumer and capital goods. Economic development projects, with government encouragement, should aim to maximize sustainable territorial value added, creating long-term well-paid jobs for those who live here. A final priority is to achieve a fair distribution of income, not only among individuals of the current generation but also between one generation and the next.

The Yukon Federation of Labour has welcomed the opportunity to participate in Yukon 2000. We hope that this process will be the foundation upon which a system of continuing consultation between all Yukoners and their government will be built. It is our belief that only through efforts to strengthen such a consultative process will Yukoners control their economic future.