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# **YUKON 2000**

## **BUILDING THE FUTURE**

**DISCUSSION PAPER**

**JUNE, 1986**



YUKON 2000: BUILDING THE FUTURE

A DISCUSSION PAPER

GOVERNMENT OF YUKON

JUNE 1986

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# YUKON 2000: BUILDING THE YUKON

## A DISCUSSION PAPER

### 1. INTRODUCTION

The Yukon Government is initiating a planning process that will provide a basis for sound economic and social development into the 1990's and beyond. The Government Leader has committed the Government to this process and is inviting the active participation of all Yukoners.

This process is designed to bring together Yukon people to create a common understanding of the opportunities for the development of Yukon. In particular, the government hopes to identify situations where co-operative private and government action can contribute to the building of a stronger and more stable economy.

Within the Yukon Government and relevant federal Departments, a broad number of initiatives are underway including the development of:

1. Communication Policy
2. Energy Policy

3. Forestry Planning
4. Human Resource Development Strategy
5. Northern Land Use Policy
6. Northern Mineral Development Policy
7. Small Business Financing/Access to Capital Review
8. Transportation Policy
9. Tourism Strategy

With the support of the Canada/Yukon Economic Development Agreement, several communities are now embarking on community development plans aimed at increasing stability, self-reliance, and effectiveness of local decision making.

Outside government, economic activities are being pursued based on the drive and skills of Yukoners either as individuals, businesses, or non-profit organizations.

And finally the critically important issue of resolving Indian land claims is progressing with the determined will of all parties concerned.

Each of the above activities is an important building block in our social and economic structure. The Yukon Government is now taking the next step in initiating a Yukon-wide development planning exercise.

The resulting Development Strategy is intended to bring coordination and cohesion to many of these activities and to optimize the use of our human and natural resources. It will provide a basis for economic policies and actions that will facilitate positive and beneficial development to the year 2000 and beyond. The result will be a dynamic framework that continues to grow and evolve as directed by the creative energies of all Yukoners.

The aim of the Yukon Government is to have a comprehensive strategy in hand within two years.

The first formal step of the process is a workshop to be held in Faro, June 20 - 22, 1986. At the workshop, the overall goals and objectives of the Development Strategy will be reviewed, key issues that arise from that review discussed, and an opportunity provided to assist in setting the strategy workplan.

The purpose of this paper is to provide background information for the workshop. In the section following this introduction, an outline is given of the goals that drive the strategy. A third section describes the strategy theme. Key characteristics of Yukon people are described in section four and a similar description of the Yukon economy is given in section five. In section six, sectoral opportunities are discussed. An Action Plan describing the topics to be discussed at the Faro Workshop are found in section seven, and a brief summary statement concludes the paper.

## 2. STRATEGY GOALS

### AGREEING ON GOALS

"What kind of place do we want the Yukon to be in the year 2000?" This question is fundamental, and must be addressed, if the Yukon is to develop in the direction, and in the way, that people want.

The economy of course will exert a great deal of influence on both what is attainable and what will have been attained by the year 2000. After all, a secure society requires a stable economic base. Further, economic factors are themselves important considerations in defining hopes for the future. Material well-being, the quality of work, and economic security, for instance, constitute some of the most important things that people strive for regardless of where they live, or what their circumstances are.

The Yukon economy is in a state of change and adaptation. The general goal of all Yukon people is to manage, direct, and to lead that change to ensure that conditions benefit Yukon people. Development involves taking control of events so that change goes in a direction that people want, rather than leaving change and growth to be driven totally by external circumstances.

This approach, however, is only possible if the direction is discussed, understood, and widely accepted. It is of little use to agree that change should be managed and controlled if future directions cannot generally be agreed upon as well.

It is never possible to get unanimous acceptance on the direction in which we, as a society, should be headed. Nor should we expect this. A democratic society can and does recognize and accept disagreement, even on the most basic and fundamental questions.

However, most societies have a number of basic goals on which there is broad and general agreement. These constitute the glue that holds the society together. They give it a sense of hope and purpose and they become the basis for co-operation, for sharing effort in a constructive way, and for directing energies toward achievement rather than conflict. Societies that have this sense of common basic goals are also ones that have the capacity to advance and develop.

In societies where people share a broad set of goals there often exists a sense of confidence about the future, and about the ability to direct and manage the future. In these cases, people have the capacity to formulate acceptable strategies for development around which energies and resources can be mobilized. General strategies come to be articulated based on the assumption that the members of the society can take control of their own destiny, if they work together.

#### THE OPTION TO STAY IN THE YUKON

One major element of a workable strategy for development must be to ensure that the Yukon remains a desirable and worthwhile place for people to stay, to live, to learn, to work (and prepare for work), and to raise families. This means, first and foremost, development that will ensure stable and secure opportunities for people to support themselves and their families in keeping with their own desires and aspirations. In support there must be an educational network that allows people to develop the skills required both to create and to take advantage of opportunities. To do this, priority must be focussed on those

people who today live in the Yukon, and who have chosen to make it their home.

A recognition that people ought not to be forced to leave the Yukon by economic circumstances has extremely important implications for the future. It points to a number of principles of economic and social development; perhaps the most important of these is that people will no longer accept having their futures in the Yukon jeopardized solely by external economic and political circumstances.

#### TAKING CONTROL OF THE FUTURE

Another major item of agreement regarding a strategy for future development, which follows directly from the above, is that Yukon people want to and intend to have greater control over what happens in the Yukon in the future. For too long, the major decisions affecting the Yukon have been made outside the Yukon, by those whose interests are not first and foremost the future of the Yukon.

A strategy aimed at greater control is critical to development itself. Development is fundamentally about people gaining control over their own lives. The realization that the future can be controlled and determined is perhaps the most important first step in achieving meaningful and sustained development.

The achievement of greater control has many dimensions. It must take into account the social, economic, and political organization of the Yukon. It will require that new relationships be pursued with outside political and economic structures. Old ways of doing things must be carefully considered and new ways explored constructively and with an open mind.

Throughout, it must always be remembered that it is control by Yukon people that is being pursued. Such control can take a wide variety of forms. Encouraging in individuals the belief that they can learn new skills and successfully adapt to changing conditions results in a marked increase in self-respect and in individual control over personal future. Greater community control is one important dimension of this belief; higher levels of ownership of Yukon by Yukoners is another.

Stronger Yukon based and controlled institutions will obviously play an important part in fostering this belief, as will greater political self-determination for individuals, organizations, communities, and the Yukon as a whole.

#### ACHIEVING AN ACCEPTABLE QUALITY OF LIFE

There is general agreement that future development must be of a nature that it preserves and enhances the quality of life in the Yukon. Yukoners have justifiably been proud of the quality of life they enjoy. Many people are concerned, however, that future change and development could adversely affect these special qualities. Some of the key aspects are discussed below.

##### Material Well Being

Quality of life has a number of important dimensions. One of these is the material standard of living that most people have been able to achieve in the Yukon. For wage and salary earners, this means having jobs with earnings at least consistent in real terms with national standard. For business people, it means being able to earn a fair return on capital invested and time devoted to business. And for those who participate in traditional lifestyles characterized by non wage activities that include utilizing the renewable resources of the territory, it means being able to continue such a life secure in the knowledge that these resources will be maintained and will be accessible.

### Social Services

Quality of life also has important social dimensions. In particular, people want and deserve public services and support consistent with national standards, and adapted to the unique Yukon circumstances and needs. This has a number of important implications in terms of economic strategy. On the one hand the provision of such services and support constitutes an important form of productive activity, providing a wide variety of employment and business opportunities. In the Yukon, service industries are the largest employer and in many parts of the world the service industries are experiencing the greatest growth rates. This realization must be allowed for in development planning. On the other hand, the capacity to provide such service and support is also dependent on the ability of the Yukon economy to support their provision. Here, a key factor is the fiscal and other arrangements that exist between the Yukon and federal government. Such arrangements themselves become an important aspect of an overall development strategy. Clearly, Yukon people want and expect the federal government to accept its responsibility of ensuring that Yukon people will receive social services and development support consistent with national standards.

### Development and the Environment

A further dimension of the Yukon's quality of life is the special role of the unique natural environment. The recent public discussion of the Green Paper on Renewable Resources indicated support for pursuing development policies within a framework that recognizes environmental sensitivities and the capabilities of our northern land and related renewable resources. A complementary link must be established between developmental requirements and environmental concerns.

The land, forests, rivers, lakes, mountains, and wildlife all contribute to the special character of Yukon life enjoyed by

residents and visitors alike. This rich natural environment is highly fragile and susceptible to misuse. An acceptable development strategy, must reflect a respect for and include the preservation of the natural environment, ensuring that present and future generations will continue to know its special qualities.

#### ACHIEVING EQUALITY

There is widespread agreement in the Yukon today that the question of economic and social inequality must be addressed. Poverty is a problem that exists in the Yukon, as it does in all parts of Canada today. In addition, many people do not have the opportunity to participate on equal terms in the social and economic opportunities generally available.

Aside from the general question of poverty, an effective development strategy must address the needs of groups who face particular barriers to achieving equality in our society. These groups include Indians, women, seniors, rural residents, and young people.

Indian people, in particular, experience special difficulties and disadvantages in terms of opportunities and rewards related to the dominant wage-driven industrial society.

While the participation of women is high in the Yukon economy compared to other parts of Canada, women still do not realize earnings comparable with men. In addition, women continue to experience barriers to achieving the same level of educational and employment opportunities as well as decision making responsibility enjoyed by men. Rural residents do not enjoy the same level of economic opportunities as do urban people. The special role and related needs of the seniors and elders in our community are often overlooked as are the conditions facing young people.

There is general agreement in the Yukon today that strategies for development must include the realization of greater equality of opportunity for all people. The specific measures that could be pursued in order to achieve this are extensive and deserve special concentrated attention. Their integration into the development strategy is obviously complex, and will require careful consideration of the wishes of those affected and of the impact of such measures.

### 3. STRATEGY THEME

#### RESPONDING POSITIVELY TO CHANGE

The Yukon is widely and justifiably recognized as a highly desirable place to live. Its attraction, for both Yukoners and others, lies in its natural setting, its resources, and its people. However, the quality of life has suffered from the effects of developments beyond its control. Unstable resource markets and arbitrary decisions made far from the Yukon create instability in single sectors that often have serious repercussions throughout the economic and social fabric of the entire Yukon.

The remaining years of the twentieth century will be critical ones for the Yukon and its people. Both the world and Canadian economies are undergoing adjustments that will have immense implications for the future of the territory. At the same time, partly in response to these worldwide adjustments, and partly as a result of new internal circumstances, the Yukon is itself experiencing considerable change.

Some have talked about these changes in pessimistic terms, suggesting that the Yukon has gone into an irreversible decline since the heady days of the 1970's, when mineral prices were high and world markets buoyant. While there is no denying that the world recession and depressed mineral markets have caused considerable hardship for many people, they have also encouraged Yukoners to re-examine and build on their strengths.

Today most Yukoners are looking to the future with renewed optimism and hope. People are recognizing that change and

adjustment is possible; and that the future has within it a multitude of possibilities which if seized, can make the Yukon a stronger, more secure, and stable society.

Rapid changes in the world and Canadian economies between now and the turn of the century will make it essential that the Yukon economy and Yukon society be fluid and adaptable. Over the past few years, both the expectation of Yukon residents and the economic circumstances they face have changed considerably.

The traditional response to economic change -- migration into or out of Yukon -- is less acceptable than it once was.

This presents a new challenge. If the economy is going to meet change without large scale migration or large scale unemployment, it must be flexible and adaptable in other ways. Security of employment for permanent Yukoners requires that the economy become more stable and less vulnerable to external shocks.

Increased stability, security, and reduced vulnerability to outside forces requires sound management of the economy by all groups. Careful consideration must be given to the kinds of economic activity that will provide security and stability and to the means that need to be adopted to foster these activities.

Considered in this way, change can be seen as a matter of capitalizing on opportunities, rather than responding to problems. Managed effectively, change is a part of the process of economic and social development which in the end will provide a secure long-term future for all who choose to make the Yukon their home.

#### THE TRADITION OF WORKING TOGETHER

Facing this challenge is, of course, not new for Yukon people.

There has always been a strong sense of pride and independence that has made it possible for Yukoners to counter adversity. The need today is to develop from that feeling a response that is appropriate for the future and that will be effective in allowing people to achieve their goals as Yukoners. Co-operative planning can help to develop that response, and help to identify ways of sharing strengths to make the future more secure.

People in the Yukon have long recognized the need to plan together to reduce their dependence on external forces. Almost two decades ago, the Carr Report was the product of such an exercise. It served as a touchstone for Yukon businesses, outside investors, governments, and ordinary citizens to plan their activities with a sense of confidence in the direction of the economy. The Yukon has changed and the challenge has changed, but the need for a common vision of the future is more pressing than ever.

Planning requires an understanding of the forces that have created problems and possibilities, and the identification of steps to direct and manage events. It is based on a recognition that not everything is beyond our control; that many things that we want to happen can happen if we understand where we are and where we want to go -- and if we take appropriate action to direct events.

While many events are externally imposed, the response to that change is within the power of people and communities. What is required to use this power is a commitment to the process, and a willingness to work with others to improve our common future.

Many important steps towards planning for the 1990's and beyond have already occurred, or are under way. In 1981, for example, a Yukon Government document, The Eighties: An Economic Development Strategy for Yukon, concluded that the "...underlying principle of Yukon's economic strategy through the 1980's is the

encouragement of a balanced approach to development and growth for the people of Yukon."

At a meeting held with representatives of Yukon's private sector in 1982, a former Government Leader described the situation in a similar fashion:

The Yukon economy, dependent as it is on a single industry sector, has for too long been at the mercy of external forces. The current problems should be seen as an opportunity for both the federal and territorial governments to develop long-term economic plans designed to broaden and strengthen Yukon's long-term base.

A document prepared for the governments of Yukon, British Columbia, and Canada, as part of the Yukon River Basin Study, Economic Growth in Yukon, 1983-2003, stressed the need for co-operation and co-ordination between private and public interests:

... prudence dictates that related public and private investment be co-ordinated as closely as possible... Authorities need to determine which use (if any) for scarce public capital will do the most to leverage private development capital in one of the richest, highest-cost investment climates in North America.

The federal and the territorial governments, in co-operation with individuals and organizations, have undertaken a number of important steps toward setting a direction for the future in preparation for the Canada/Yukon Economic Development Agreement. Much of this effort was based on study and work undertaken by the Yukon Government when the impacts of the 1982 world recession and decline in mineral markets became evident.

Communities have taken a number of important initiatives for their future, including the organization of an important community planning workshop in Haines Junction on June 14, 15, and 16, 1985. Several Communities are now well into creating community economic development plans.

All of the above activities or initiatives demonstrate Yukoner's ability to work cooperatively. The Development Strategy will build on this foundation.

#### FLEXIBILITY AND ADAPTABILITY

It is not intended that the Strategy, when developed, be a complete and final statement of what will be done in the future. A plan cannot foresee all future events. It must recognize that needs and aspirations, as well as economic circumstances, change and adapt. A plan must therefore be flexible and adaptable, and be part of an on-going process that provides for re-assessment and change. But a good plan can encompass what we know and expect today, and provide a set of agreed principles and directions that will guide development and provide a basis for co-operative action in pursuit of agreed goals. It is this kind of plan that is being pursued in creating a Yukon Development Strategy.

#### ONGOING PUBLIC PARTICIPATION

In creating the Strategy, one principle in particular is clear: it cannot be developed by Government alone and in isolation. The participation of business, unions, native organizations, community groups and individuals -- all of whom have a major stake in the future -- is essential. The Government is inviting such participation on a continuing basis.

#### 4. YUKON PEOPLE

##### HISTORY

Human presence here in the Yukon has been documented at sites near Old Crow to date back at least 20,000 years ago (Blue Fish Cave Site) and possibly 30,000 - 40,000 years ago (Old Crow Flats). In the southern Yukon the oldest evidence of human habitation was found at a site adjacent to the Aishihik River and dated at 7200 years old.

Sir John Franklin may have been the first white to step inside what is now the Yukon when he accidentally ascended the Peel River during his 1825-1827 exploration of the Arctic Coast. However, fur trading brought the main exploration thrust into the Yukon; John Bell from the north (Peel and Snake Rivers) in 1839 and Robert Campbell from the south (Frances Lake and area) in 1840. Both were in the employ of the Hudson's Bay Company.

In 1898 when the stampede bound for the Klondike began pouring through the mountain passes, the country into which they were entering was neither unpopulated nor unknown (see Prelude to Bonanza, 1976, Allen A. Wright). Missionaries had long been in the area and the North West Mounted Police had been established near Fortymile, in time for the force to control the influx of gold seekers that were soon to come. Scientific explorers and surveyors, dispatched by learned societies and government agencies, had begun the investigation and mapping of the rugged terrain.

An 1895 census recorded 2600 Indians in the Yukon. The 1901 census recorded a total Yukon population of 27,219, the largest on record. Between 1920 and 1940 the population dropped to just over 4,000, of which about 60% were white and 40% Indian.

Since the mid 1940's the population has once again grown, reaching 26,166 as of June 1, 1986 (based on Health Care Records). The Indian population presently stands at something over 4,045 (1981 Census).

#### POPULATION SHIFTS AND THE ECONOMY

Population changes have historically paralleled ups and downs in the economy. Fur trading interests, the Klondike Gold Rush, military activity, the building of the Alaska Highway, and major mining development have all sparked major in-migrations. Subsequent downturns in economic activity have triggered out-migrations. Throughout all of these cyclical swings the Indian population has not experienced the same in/out migration, but has grown steadily since the early 1900's. The "boom and bust" characteristic is further discussed on page 23.

#### AGE DISTRIBUTION AND IMPLICATIONS

The population of Yukon is relatively young. Over one-third of the population is 19 years of age and less, and almost two-thirds of the population are under 30 years of age. Approximately 400 young people come of working age each year, while only 100 reach the age of retirement. This means that the number of new opportunities to participate in the economy must expand substantially each year if these young people are to be provided a place in the future of the Yukon. At the present time

many of these young people leave the Yukon. Indeed growth in employment opportunities of 3% per year would be required to meet this job demand. If unemployment is to be reduced to an acceptable level over the next five years, a growth in employment opportunities of nearly double that would be required. Given that historically, the Canadian economy has experience growth in employment of 2% to 3% per year, the employment needs of the current population represent a major challenge for the future.

#### EDUCATIONAL LEVELS

One of the great strengths of the Yukon is the wealth of skills and abilities of the people. The 1981 Census shows, for instance, that Yukon people exceed the Canadian average in terms of educational attainment. Only 12.5% of the Yukon population has less than a Grade 9 education, compared to 21.1% for the whole of Canada. Further, 48.6% of the Yukon population has post-secondary education, compared to only 39.0% for the whole of Canada.

The above statistics take on a different dimension when a non-native/Indian comparison is made. Over 35% of Indians have less than a Grade 9 education and about 25% have post-secondary education. In fact the high level of educational attainment for Yukon people may be attributable more to the educational levels of those migrating into the Yukon than to the pursuit of education by those living in the Yukon. The implications of educational inequities are raised on pages 26 and 41-43.

## GEOGRAPHIC DISTRIBUTION

Approximately 70% of the population lives in Whitehorse, while about 6% live in each of Dawson City and Watson Lake. The remainder of the population is located in rural areas and in 14 small communities ranging in size from 80 to 600 people, many quite distant from Whitehorse. This large concentration of population in one major urban centre, with a wide dispersal of people in a fairly large number of smaller communities, results in a special set of conditions that must be dealt with in considering our economic and social future. Transportation and communications systems between Whitehorse and the smaller communities take on a special importance. The role of communities in resource management and decision making must be carefully defined and respected to ensure balance between the relatively large urban centre and the rest of the Yukon.

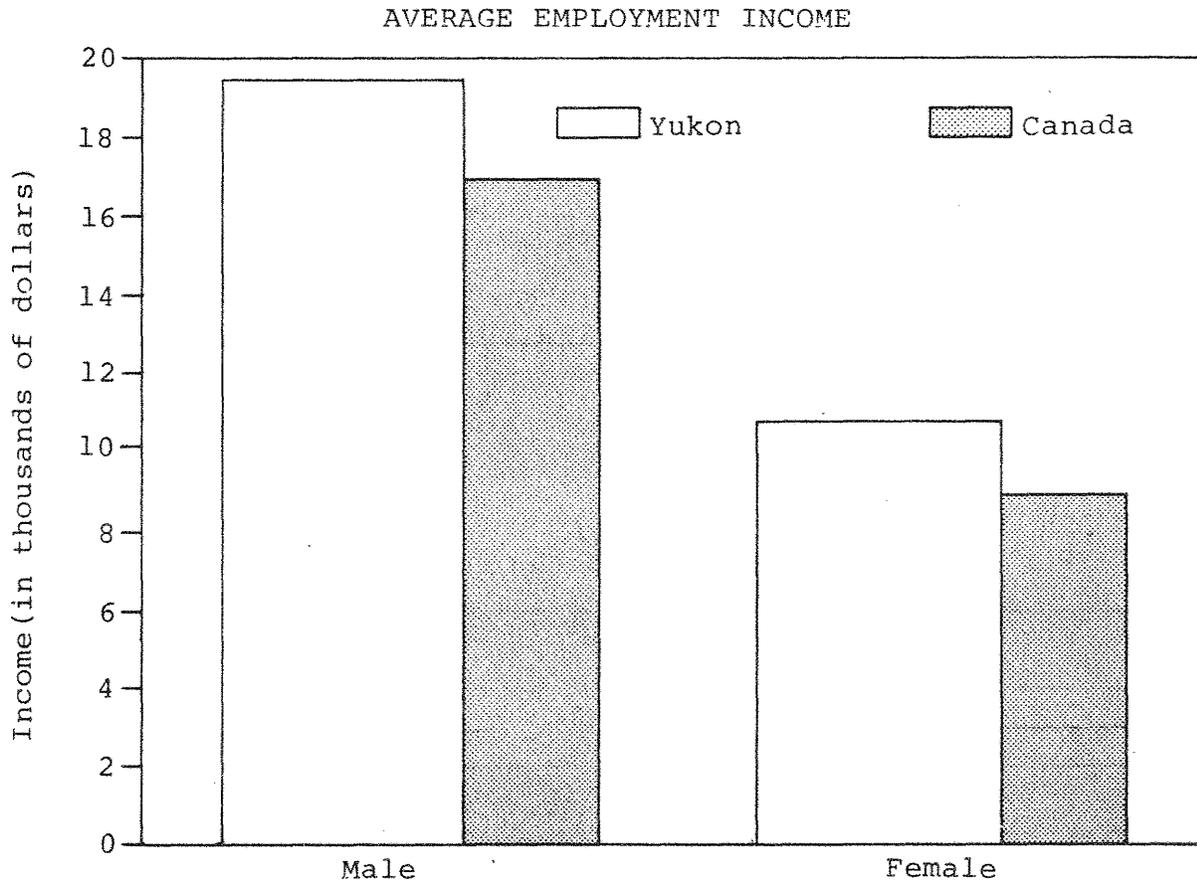
## INCOME

Average income in the Yukon is consistently higher than the Canadian average. In 1983 the Yukon average was \$19,148 based on a \$24,392 average for males and \$13,841 for females. Average employment income documented in the 1981 Census is shown below in Figure 1. The same male/female disparity is shown, with female wages averaging 55 per cent of male wages.

Family incomes are also consistently higher in the Yukon than in Canada. Yukon's all family average for 1980 was about \$32,000. However, a large gap existed between non-native families with an average of \$34,000 and Indian families with an average of \$21,000.

At the time of the 1981 Census the average income for Indian people amounted to 62.5 per cent of the average income of non-Indians.

Figure 1: Average Employment Income  
by Sex, Yukon and Canada  
(1981 Census)



Income statistics also show major variations between communities. In 1981, average male incomes ranged from \$11,081 in Teslin to \$20,510 in Whitehorse and \$27,009 in Faro.

The inequities described above are all cause for concern and are subject to further comment on page 26.

## 5. THE YUKON ECONOMY

### FOUR DOMINANT SECTORS

The Yukon economy is dominated by three basic sectors: government, mining and tourism. These in turn are supported by a major service sector.

Forty percent of Yukon employment is directly dependent on government and an additional twenty percent is indirectly dependent. In 1983, the government sector contributed 31% to Gross Territorial Product. Federal transfer payments account for the bulk of government expenditures and thus decision making is heavily dependent upon the Federal Government.

Both mining and tourism are heavily influenced by external economic conditions and both are "export" industries. However, while mining has responded to major fluctuations in the world metal markets over the past decade, causing huge shifts in activity, tourism has experienced a steady and marked growth.

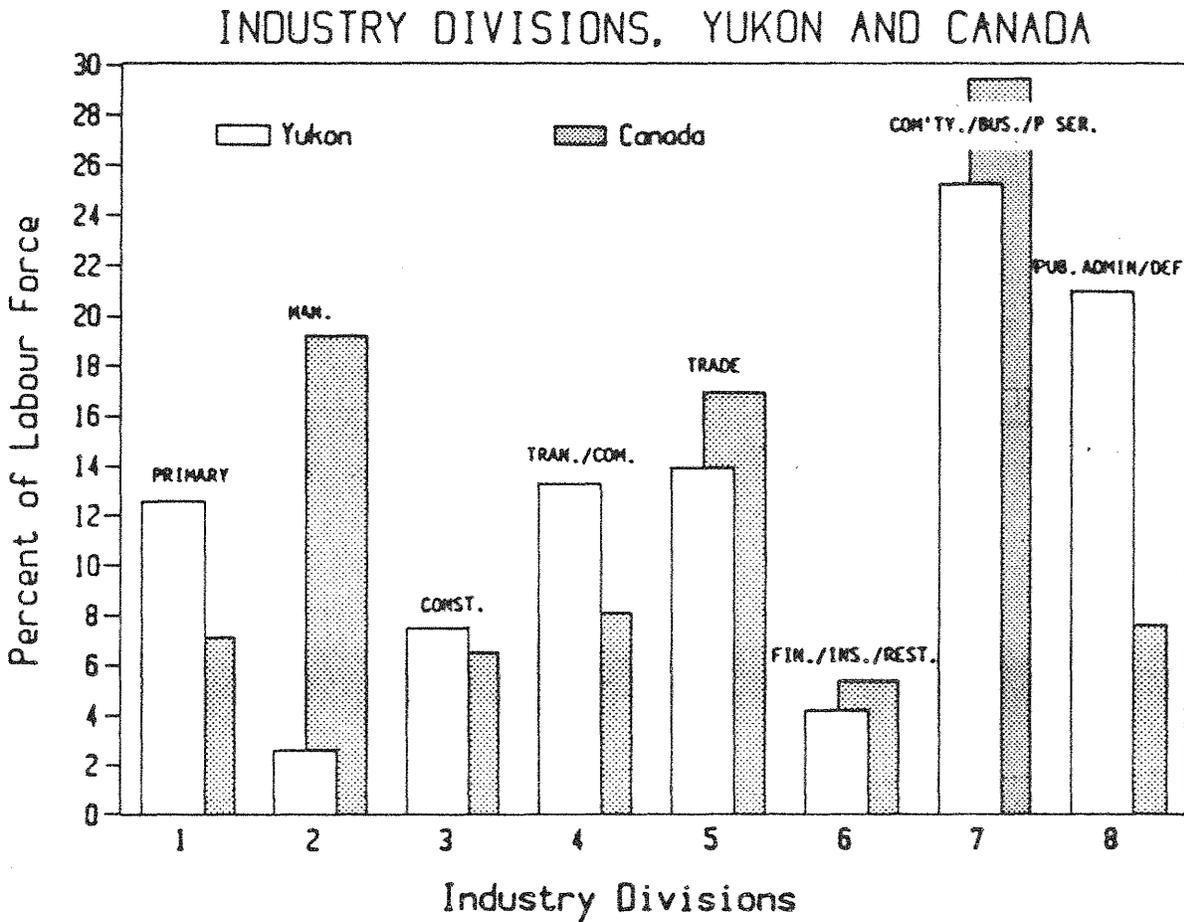
With the Faro mine operating, mining directly employs about 8 percent of the territorial labour force. Based on the latest available figures, mining contributed 6% to Gross Territorial Product in 1983, a drop from a peak of 32% in 1979.

Tourism consists of over 500 businesses directly and indirectly employing about 15 percent of the labour force. This sector's contribution to Gross Territorial Product in 1983 was 11%.

The service sector provides stable employment for about forty percent of the Yukon's labour force. Most of this sector is dependent on government activities and the mining sector. The 1983 contribution to Gross Territorial Product from the service sector amounted to 27%.

The above characteristics are reflected in Figure 2 below, which shows the percentage of the labour force in each industry division for the Yukon as well as for Canada.

Figure 2: Employment by Industrial Divisions, Yukon and Canada



## THE BOOM-BUST PHENOMENON

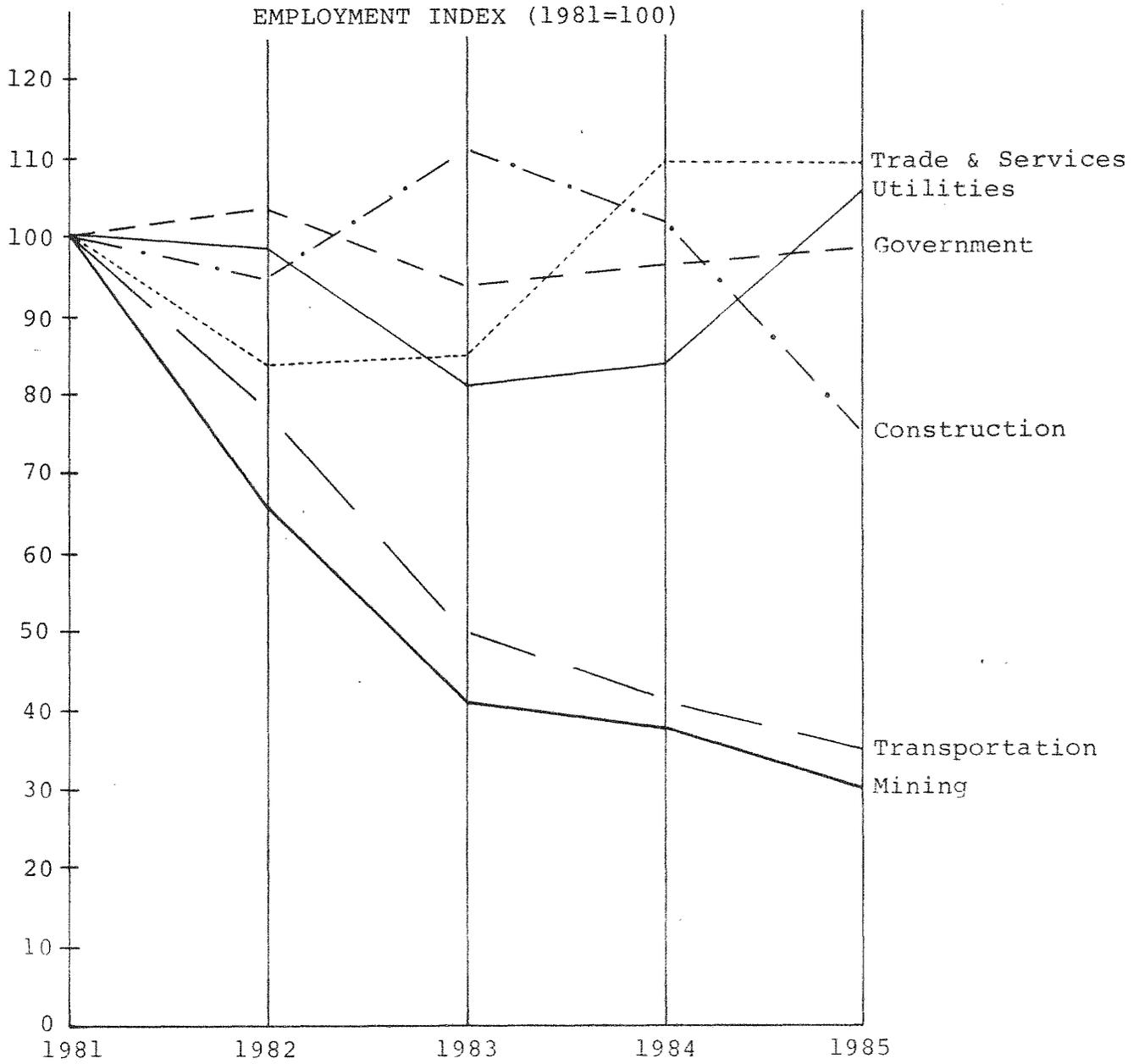
The Klondike Gold Rush, Alaska Highway construction period and the intensive mining activity of the sixties and seventies were all followed by major downturns that have resulted in a "boom-bust" label for the Yukon economy. During the booms there have typically been shortages of skilled labour, substantial in-migration of skilled workers and rising wages and prices within the economy generally. The downturns have, in turn, meant rising unemployment, out-migration of people and declining real wages. The associated instability has rippled through the economy, causing considerable difficulties and hardship for a large number of people and businesses.

Cyclical swings in mining, in particular, have triggered very large in-migration and out-migration. However, it is of much interest to note that the economic and social response to an unprecedented collapse of the hardrock mining industry in 1982 has broken from much of the previous "bust" pattern. Major shifts in the Yukon's employment picture did occur between 1981 and 1985.

The shifts are reflected in Figure 3, which shows Yukon employment indexed to 1981. Mining employment fell by two-thirds between 1981 and 1985 and its contribution to value-added in the territory fell even more. During the same period the unemployment rate more than doubled. Between 1981 and 1983, the number of full-time jobs declined by 15% and population fell by over 10%, a serious deterioration by any standard. However, the economy did not collapse and the overall recession was less severe than in other downturns.

A number of factors came into play including those listed below. First, government embarked on a major program of capital construction, including the Fourth Wheel at the Whitehorse Dam, the Whitehorse Air Terminal and a number of highway construction projects. Second, throughout this period tourism grew steadily.

Figure 3 Yukon Employment  
1981 - 1985 Indexed  
to 1981



1981=100

Third, placer mining remained relatively stable although below its peak achieved in the early eighties. Fourth, Beaufort Sea oil and gas activities generated a significant boost to the Yukon economy. Fifth, the business community responded by drawing down on profits and maintaining staff rather than simply giving up. And finally, the time duration of the downturn (if in fact it is over) was short enough for the short term measures listed above to provide an adequate bridge.

While the complete picture remains to be established and the ongoing fragility of the Yukon economy clearly remains, the above factors reflect a robustness in the economy and a commitment by Yukoners that has not previously been apparent. In addition, a number of Yukon businesses faced with a reduction of Yukon markets have successfully turned to Alaskan markets.

While the overall response to the recent recession must be interpreted cautiously, there is reason for optimism.

#### WEAK SECTORAL LINKAGES

A third important feature of the economy has been that linkages between sectors have been relatively weak. There has been a strong dependence by consumers and by each of the sectors of the economy on imported goods and services. This has arisen partly because instability itself has made it difficult to build stable commercial enterprises serving Yukon needs, but also because of such factors as high production costs, limited access to capital, and the small scale of internal Yukon markets. The overall result has been that comparatively speaking, little of what is consumed in the Yukon is produced in the Yukon, meaning that internal Yukon needs have not contributed to the maximum in generating business and job opportunities.

## THE IMPORTANCE OF SMALL BUSINESS

Another important feature of the Yukon economy is the importance of small business in terms of employment and overall business activity. Approximately 90% of the businesses in Yukon employ less than 6 employees, and 98% employ 25 or fewer employees. Small business is clearly the dominant form of business activity.

## EXTERNAL OWNERSHIP AND CONTROL

A further feature of the Yukon economy to be noted is the degree of external ownership and control. Unfortunately, no reliable data are available to determine the exact magnitude of ownership of business by non-Yukoners. However, this phenomenon is widely recognized by governments and business alike, and has been of continuing concern in efforts to build a stable, more secure economic base in the Yukon.

## ECONOMIC DISPARITIES

The last feature of the Yukon economy to be noted is economic disparity. This phenomenon has a number of dimensions reflected by the income statistics discussed on page 19. Male/female, Indian/non-Indian and community disparities must all receive attention throughout the Development Strategy.

Major cost of living disparities also exist between Yukon communities. The cost of a typical food basket in Teslin is 65 percent of that in Old Crow. Other communities lie in between. The true cost of electricity provided in communities varies across an even greater range although such costs are masked through Federal subsidy programs. The implications of these and other cost disparities must be factored into the Development Strategy.

## 6. SECTORAL OPPORTUNITIES

Each sector of the economy has its particular strengths, problems and concerns. The strategy must strive to put in place a planning framework that can deal with those issues in a consistent and productive fashion, taking full account of the complex links and trade-offs between sectors of the economy and between economic concerns and social and environmental concerns. Below is a very brief review of the status and potential of sectors of the economy that are important either because of their size or because they appear to offer particularly strong opportunities for development. A major task at hand is to refine and flesh out this picture with a view to identifying sectoral issues that need concerted study over the coming months.

### GOVERNMENT

The dominant role of Government in the Yukon's economy has been previously described. The link between that dominant role and the dependence of the Yukon on the Federal Government is clear. While accepting that several factors justify significant economic flows from southern Canada to the north, including sovereignty, supply of natural resources and redress of regional disparities, the balance between those flows and acceptance of external influences on Yukon decision making must be carefully weighed.

From another perspective, the public services are an important factor contributing to the quality of life, and a potentially important source of employment. Consideration must be given to the possible need for new and enriched services, and the implications that the provision of these would have for the

economic future of the Yukon, both in terms of financial demands and in terms of expanded and new employment and business opportunities.

NON-RENEWABLE RESOURCES

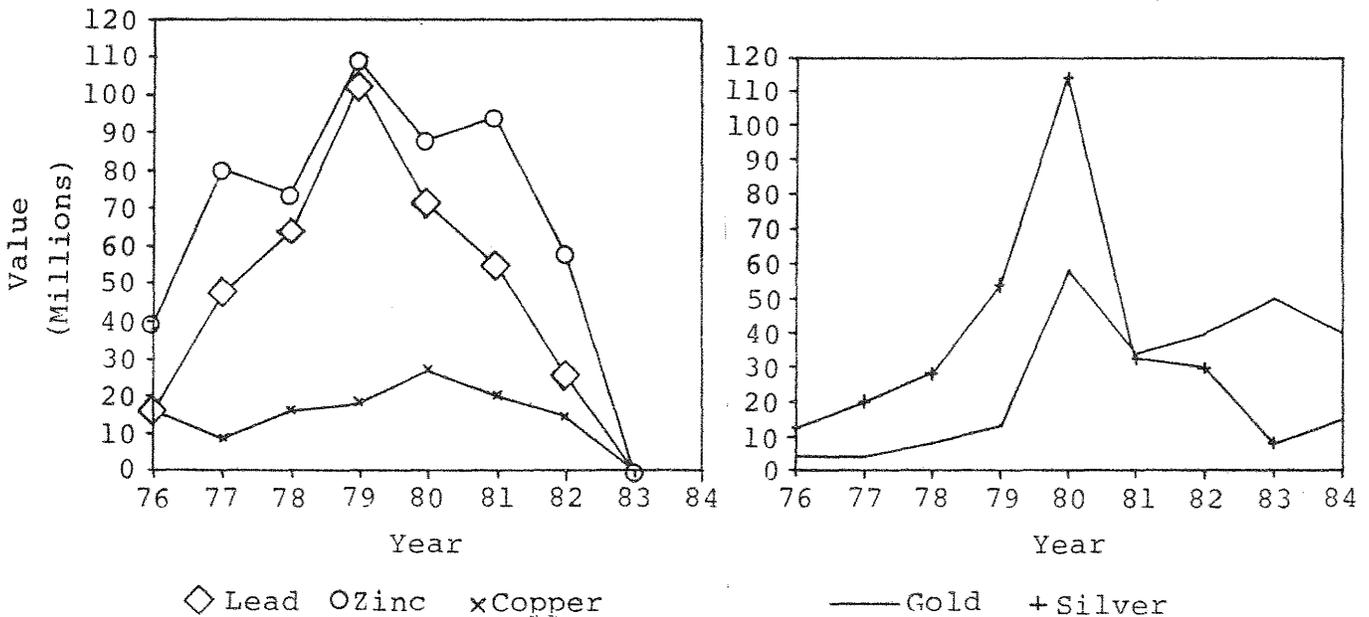
Mining

Within seven months in 1981-82, all three major hard rock mines closed for a variety of reasons, reducing employment in mineral production from nearly 1200 in 1981 to about 270 in July of 1982. While some contraction followed the 1980 fall in gold prices, placer mining did not experience the complete collapse that hard rock mining did. By 1985, gold production, mainly by placer miners, accounted for two-thirds of Yukon's mineral production.

Figure 4 below shows the value of Yukon mineral production between 1976 and 1984.

Figure 4: Value of Yukon Mineral Production 1976-1984

PRODUCTION, Yukon



Source: Yukon Statistical Review, Third Quarter, 1985

The mining downturn caused further serious job losses in other sectors, particularly in the transportation, retail trade and service industries. Transportation employment in 1985, for example, amounted to 309 jobs, compared to 869 in 1981.

Growing out of this experience has been the awareness that two sorts of diversification are needed: diversification within the industry and diversification across industries. With operating mines at Faro, Mt. Skukum and Elsa, as well as ongoing placer mining activity, the industry has regained some degree of internal diversification. This characteristic must be strengthened and stronger links forged to other sectors.

Within the international mining industry metal markets have diverted interest from base metals such as lead and zinc to precious metals, particularly gold and silver. This trend has encouraged support for smaller mines as has the possibility of newly developed heap leaching techniques. Interest in industrial minerals such as barite (drilling mud) has risen and fallen depending on activity in the oil industry. All of these trends can quickly change. However, the rich Yukon mineral resource base should be able to span these variations whether it be through activity on the huge MacMillan Pass lead zinc and tungsten deposits, smaller precious metal deposits being sought in the Dawson Range, Mt. Skukum areas and elsewhere, and/or ongoing placer mining activity.

Over 40 mineral prospects have been classed as major discoveries. The development of these deposits will depend primarily on trends in world mineral prices. However, government policies will influence the scale and timing of these developments. Exploration incentives and infrastructure development can be used to stabilize the industry as can profit-sensitive royalty structures and incentives for the development of small mining operations.

### Oil and Gas

Over the past three years the Yukon has benefited from an annual infusion of between \$6 and \$8 million from Beaufort and Mackenzie Delta oil and gas exploration activity. In 1986 this figure is expected to drop dramatically and essentially be negligible in 1987.

While gas reserves exist in the Yukon's southeast corner (Kotaneelee) and both gas and oil have been documented in the Eagle Plains area of north central Yukon, no production is imminent. Recently, interest has also been shown in the Whitehorse sedimentary basin.

Interest in the massive Foothills Alaska Highway Gas Pipeline project has waned completely.

The possibility of gas production from known Yukon sources to supply the Whitehorse market (small diameter pipeline from either Kotaneelee or Eagle Plains) has been thoroughly investigated and found to be infeasible at present.

The international downturn has clearly dampened possibilities for Yukon participation in the oil and gas industry within the next few years. Over the longer term, however, as prices recover, oil and gas, both on land and in the offshore Beaufort, may well play a significant role in the Yukon's economy.

### TOURISM

Tourism is the fastest growing industry in Yukon. There appear to be very substantial opportunities to expand this industry further. The number of border crossings has risen by approximately 10% for each of the past three years. Tourist expenditure is also up proportionately.

The aging population across North America (generating more tourists), a weak Canadian dollar, the lower price of gasoline and unease among Americans about air travel abroad will all contribute to increasing numbers of tourists in the Yukon in the next few years.

While seasonal, the tourism sector is less cyclical than the mining sector, in part because many tourists are retired and on fixed incomes. This characteristic has contributed significantly to the stability of the Yukon economy.

Further stability and growth can also be achieved by promoting locally controlled tourist development including accommodation, outfitting and tours and the increased use of local materials and services. This will tend to reduce the seasonality of the industry since management and material production are more year-round activities. Such a shift would also raise the average wages in jobs resulting from tourism, since at present most of the work-force is concentrated in the "Accommodation and Food Service" employment group where wages are relatively low.

Programs aimed at increasing the length of tourists' stay and emphasizing tourists whose primary destination is the Yukon will strengthen the industry.

The \$10 million Tourism Sub-Agreement to the Canada/Yukon Economic Development Agreement should play a significant role in encouraging the tourism industry.

#### ENERGY SUPPLY

Close to \$100 million is spent on energy in the Yukon each year and leaves the territory never to return. This leakage represents the single largest drain on the Yukon economy. Most of this figure represents the cost of imported petroleum products.

High energy costs represent a major burden to industrial activities, a major cost to tourism through accommodation and travel costs and a major cost to every resident.

The recognized cost effectiveness of energy conservation -- particularly as it applies to building design, construction, and retrofitting -- offers one option for significant savings. The job creation aspect of energy conservation measures are also attractive.

An ongoing effort must be made to understand and deal with this topic.

## RENEWABLE RESOURCES

### Agriculture

Over \$40 million leaves the Yukon each year to pay for imported food. This figure represents the second largest (energy is the largest) drain on the economy and clearly any local production of food which can be produced at competitive prices is desirable. In response to this concern the Government of Yukon has recently established an Agriculture Branch in the Department of Renewable Resources.

Agricultural production in Yukon has been directed primarily to cool season vegetables, certain fruits, forage crops, oats and barley. In 1984, the total value of agricultural production was \$1.3 million. Recent legislation will permit the sale of local agricultural products including eggs, poultry and red meat to retailers. Options for commercial utilization of wild meat are under review.

Yukon agriculture production will require ingenuity and staying power: conditions are harsh and costs high. However, as an industry it must form an integral part of the Development Strategy.

### Hunting

In 1985, 406 licences were issued to visiting trophy hunters. They spent an average of \$10,000 each on outfitting, hotel rooms, food supplies, equipment rental and other items, contributing about \$4 million dollars to the economy. In the same year, 4,575 licences were issued to Yukon residents.

Moose, caribou, sheep, goat, ptarmigan, geese, grouse, beaver, muskrat, lynx, squirrel, ducks and fish are harvested for human consumption in Yukon. In some communities, these represent a major food source. Skins are also used locally in some communities. Estimating an economic value of the game harvested for consumption is a task that economists have not yet accomplished adequately. One estimate for 1974, using admittedly imperfect comparisons with store-bought substitutes, found a replacement cost of \$1,317,580 for the meat and fish harvested for direct use in Yukon. More recent estimates are significantly larger, with some suggesting the value is over \$10 million. This topic is not well researched and will have to be carefully reviewed as part of the Development Strategy.

### Fishing

Fishing plays a major role in supplementing the incomes of and the diets of many Yukon residents although the magnitude of its contribution to subsistence living is unknown. The commercial fishery is small compared to the sport fishery. The latter provided an estimated 170,000 person-days of angling for 11,500 residents and 8,500 visitors in 1980. The sport fishery is thus strongly linked to the tourism industry. A 1983 study estimated tourist expenditure resulting from the sport fishery at \$3.8 million. The same study estimated that 130 seasonal jobs resulted directly from non-resident sport fishing.

The main component of the commercial fishery is salmon fishing in the Dawson City area. The value of the catch from

this fishery over the 1979-1984 period was about \$565,000 annually. However, this salmon stock (Sockeye and Coho) is now in decline due to the international situation and a lack of an agreement with the USA on the Yukon River Fishery. As a result, smaller catches are likely in the near future. The maintenance of this industry in the longer run depends on appropriate conservation measures being put in place. There is also a small freshwater commercial fishery harvesting whitefish and lake trout. The development of this industry could result in a limited amount of import substitution.

#### Outdoor Recreation

In addition to the hunting and fishing previously discussed, non-consumptive outdoor recreational activities represent a dramatically expanding industry throughout North America. Guided hikes, canoe trips, rafting trips and ski trips that allow urban dwellers to experience the Yukon's untouched wilderness are now an established contribution to the Yukon economy. There is a strong link to the tourism industry but participation by Yukoners is also a major factor.

#### Trapping

Fur prices are highly unstable and, as a result, the value of fur production fluctuates quite widely. The market has been disrupted by the anti-trapping lobby but shows signs of recovery. The development of fur trapping and local fur-garment and footwear production could provide a more stable market. The total value of fur production last year was about \$1 million.

#### Forestry

Forestry production in 1985 amounted to about \$5 million and was the result of about twenty small scale operations. Even within the special constraints of the Yukon's forest resource only a portion of harvestable timber is now being taken.

Expansion of this industry appears to depend primarily on the expansion of local markets. The need for kiln-dried lumber and the lack of its local production has caused an ongoing importation of lumber products. An economic strategy stressing the use of local goods wherever possible could lead to a much larger market. The use of pressed wood beams in construction projects is one example of this approach. The use of local lumber in furniture construction also warrants more attention. Yukon pine is well suited to furniture use due to its hardness and fine grain that results from its slow growth.

Recent and planned investment in kiln facilities at Watson Lake, a planned Whitehorse based glulam plant (beam manufacturing) and government efforts to purchase locally made wood products should lead to a higher value of product sales.

Forestry may provide a key component of dealing with the drain on the Yukon's economy caused by imported petroleum products. Wood is increasingly being used as a home heating fuel. In addition however, the possibility of district heating systems utilizing mill waste products and modern low-pollution burning equipment will not only provide a locally based energy source but will also cause a major improvement in the economics of Yukon milling operations.

#### Manufacturing

The Yukon manufacturing sector is small. The bulk of manufacturing goods consumed in the Yukon are imported, and represent the third largest drain on the economy. Main constraints on the development of manufacturing are the small, fragmented and unreliable local market, high and unstable input costs and the great distances and high transportation costs to export markets.

Printing and publishing and wood products represent the largest manufacturing industries. Increased emphasis on the

improvement of housing, social services and education could provide markets for locally produced construction materials and furnishings. Similarly, stronger growth in other sectors such as tourism could provide expanded markets for other locally manufactured goods. For these opportunities to be fully realized, co-ordinated effort in support of import substitution efforts by local manufacturing firms is required.

An often forgotten component of this sector is the manufacture of Arts and Crafts, its potential for growth and export, and its link to both the tourism industry as well as the subsistence non-wage economy. Work on developing a Yukon Arts and Crafts policy is underway and must be carefully co-ordinated with the Development Strategy.

#### THE SERVICE SECTOR

The service sector includes retail and wholesale trade, technical support trades, financial institutions, professional services (doctors, lawyers, accountants, engineers, dentists, etc.), food, beverages, hotels, restaurants, and the personal service component of transportation. While existing to support other components of our society, it in fact represents the largest single employer at the present time (slightly larger than government).

National and international trends suggest that as we move further into the "information society" more and more employment will be provided by this sector.

An often forgotten aspect of the service sector is the "cultural services and activities" category. Certain groups are now promoting the construction of a Yukon Multi-Cultural Arts and Communications Centre. If feasible the multi-million dollar proposed facility could provide a focal point for the performing arts, visual arts, crafts, related retail trade, and Yukon movie

and television production. Spin offs to many other sectors of the economy are possible.

Within the Yukon less attention has been paid in the past to the service sector compared to the primary industries. Consulting services alone account for approximately \$3 million in our economy and options for encouraging Yukon based research and development have hardly been considered. Efforts to establish a Yukon Science Centre have been the subject of major federal/territorial/Yukon Science Institute discussions over the past year.

This sector requires careful review as part of the Development Strategy.

## 7. ACTION PLAN: WORKSHOP DISCUSSION TOPICS

From the goals stated in Section 2 and the overview of the Yukon's economic and social structure (Sections 3 - 6), there flow a number of important issues. A crucial task at an early stage in the planning process must be to identify and examine these issues in order to begin the process of resolving them.

The discussion topics presented here are raised to stimulate discussion. Not all of the key issues facing Yukoners are included here. Additional issues will be brought up during the initial workshop in Faro and indeed throughout the planning process.

From these discussion topics we hope to initiate the debate on Yukon's development and to obtain an indication of the relative importance of each issue. The workshop results will provide direction to the Strategy Workplan for the next year.

### DISCUSSION TOPIC 1: THE QUALITY OF LIFE

Investment is often treated as a very narrow concept, taking account only of spending on bricks, mortar, and machinery. Yet there is extensive evidence that spending on training, preventative health, housing, and certain other forms of social development can contribute more to the productive capacity of a society than does investment in the narrow sense. Such activities must therefore be central to successful planning.

Planning for development requires that fundamental choices be made about the kind of society that people wish to live within in the future. The type of society in which we live influences the social, economic, and environmental aspects of our life, factors which are sometimes referred to as quality of life indicators.

#### Yukon Society

- What does quality of life mean?
- How can we improve on the present quality of life in the Yukon?
- What type of society do we want Yukon to be 20 years from now? What quality of life considerations are most important?
- To what extent do we want the Yukon to remain a uniquely northern society, different from southern Canada?
- In which ways do the different population groups of our society contribute to our quality of life?
- What social development needs should be included in planning for the future of Yukon?
- What environmental factors must be addressed to ensure a high quality of life for Yukoners?

#### Yukon Economy

- The next economy has been described as the post-industrial economy, one predicated on energy conservation and knowledge intensification. Will the Yukon economy undergo significant changes in the next 20 years? What types of changes?
- What are the long-term implications of an economic strategy guided primarily by market forces; guided by intervention in the development process?
- Which is preferable: a rapidly growing economy or a steady state economy? What are the advantages and disadvantages?

Yukon Development Goals

- The suggested goals of Yukon development include:
  - \* the option to stay in the Yukon
  - \* taking control of the future
  - \* achieving an acceptable quality of life
  - \* achieving equality
- Are these goals reflective of Yukoners' desires and aspirations?
- Are other goal statements required?

DISCUSSION TOPIC 2: HUMAN RESOURCES AND EQUITY

The human resources in the Yukon economy are the people related factors which influence development. The term human resources is often used to refer to the training, education, and experience available in the labour force. A strategy that offers satisfying livelihoods to Yukon people will require that to the maximum degree possible local residents be equipped to fill challenging and rewarding careers within the Yukon; that people be matched with opportunities as they develop; and that people be rewarded fairly for their contribution to the Yukon economy.

Successful economic leadership and participation clearly will depend upon the continuing development of the required skills, knowledge, and experience. A consensus must be reached on how to achieve the full realization of the potential of Yukoners within Yukon and to ensure equality of opportunity.

The challenge is to create employment and business opportunities or to encourage subsistence activities which lessen disparities among people. The goal of equality implies that all Yukoners should have a fair share of the benefits from economic and social development.

### Barriers to Employment Equity

- Are existing programs and services successful in developing the human resource potential of Yukoners? Are they responsive to individuals and communities?
- What are the important barriers to participation in employment and training for Indians, women, youth, and other historically disadvantaged groups?
- What can business and government do to address these barriers?
- What changes need to be made by educational institutions to make education and training more suited to future development or the economic directions we wish to pursue?
- Should government resources be used to stimulate those industries which historically have little participation from disadvantaged groups? Does this contribute significantly to inequity among Yukoners?

### Costs of Underutilizing Human Resources

- What are the costs to our society of jobless employable people?
- What are the roles of youth and seniors in our economy?
- Are special programs required to bring youth into the labour force?
- Is the issue of equity important enough to be a major consideration in determining where government resources should be spent?

### Toward Achieving Employment Equity

- Which employment and training programs could be improved to enable disadvantaged groups to take full advantage of job opportunities?

- Would any of the following aid in reducing the disparities among different groups:
  - \* affirmative action for certain groups
  - \* pay equity
  - \* flexible job patterns such as job sharing
  - \* a greater role in economic development planning
- What kinds of development should be encouraged for rural communities and what is the appropriate role for business and government?
- Are support payments for non-wage subsistence activities such as trapping, hunting, and fishing required?
- Which is the more important consideration in determining which businesses government programs should assist: short-term employment maximization or long-term viability?
- Should training efforts focus more on developing entrepreneurial skills or developing employable skills?
- Will settlement of land claims reduce the disparity between Indians and non-Natives?
- Can the in-migration of skilled labour be reduced by putting into place the programs and services to develop local skills?

### DISCUSSION TOPIC 3: YUKON BUSINESS

As was noted earlier, the Yukon economy relies heavily on two of the leading sectors: mining and tourism. Major differences exist in the businesses comprising these sectors. However, it has been argued that it is our reliance on these sectors that has contributed to economic instability.

In an unstable economy, it is difficult to build stable careers and businesses even in sectors of the economy that are elsewhere relatively stable. Costs and markets can increase and shrink rapidly and unpredictably. This instability adds major risk to almost all long-term business and personal commitments.

Stability and flexibility can be added to an economy both within economic sectors and across sectors.

For example, measures in the mineral sector can be, and have been, adopted that may limit the negative consequences of a downturn in mineral markets by reducing the variability of production and employment in that sector. Encouraging investment in small as well as large mines and counter-cyclical royalty policies are examples of such policies.

In general, there is a need to diversify economic activity, to substitute internally produced goods and services for imported goods and services where practical, to increase linkages between sectors, and to take measures that will stabilize employment and business activity throughout all sectors of the economy. These are all important to generating the needed opportunities within the economy, and to providing long-term security and stability.

#### The Leading Sectors

- To what extent can there be, or should there be, reduced dependence on the leading sectors of mining and tourism? How could any shift be achieved?
- Can diversification within a sector (eg. size differences, product differences) reduce much of the instability associated with a sector?
- What other measures could bring greater stability to these sectors?
- What are the trade-offs associated with continued reliance on the leading sectors? To what extent are we willing to pay for this?

The Small Business Sector

- The stability of the small business sector often depends on that of the leading sectors. In some instances these linkages are so strong that instability in the leading sector results in as much or greater instability for a small business. To what extent would a strengthened small business sector result in greater stability of the economy? Where is the best potential for expanding the small business sector?
- Are government programs designed to stimulate small business effective?
- Should special consideration be given to needs and opportunities for small business in undertaking to broaden the base of economic activity? How could this be done?
- Does the Yukon preference policy help small businesses? Is it worth the cost?
- Are we willing to pay a higher cost for goods and services produced in Yukon? If yes, to what extent?

DISCUSSION TOPIC 4: RESOURCE DEVELOPMENT

Another issue of importance when development is considered in a comprehensive way is the role that non-wage economic activity will have in the future, and the measures that need to be taken to ensure that such activity is supported in an appropriate way. Non-wage economic activity generally takes the form of productive activity that yields goods and services which benefit directly those undertaking the activity (eg. the harvesting of fish, fur, wild game, and trees).

It is also imperative to consider the role that natural environments should play in the future, and the appropriate measures that should be undertaken by government and business to ensure that natural environments are managed in an appropriate fashion.

The development of renewable and non-renewable resources has been the driving force behind the development of Yukon's economy and will continue to be of importance.

#### Role of the Non-Wage Sector

- What role can and should traditional resource harvesting activities play in Yukon's development?
- If the role of the non-wage sector is to continue to be of importance, what is needed to ensure this?
- Are improved government measures and support systems needed to stabilize and expand the traditional resource sectors?

#### The Environment

- What role should protection and enhancement of the natural environment play in future economic development? Can these activities play a positive role in job creation and business development?
- Are some options for economic diversification likely to have significantly greater social and environment costs than others? When and to what extent should we trade-off environmental considerations with economic considerations?

#### Resource Development

- How do the advantages and disadvantages of renewable resource development compare with non-renewable resource development?
- What is the potential for shifting consumer, business, and government expenditures from imported goods and services to those produced in Yukon (eg. food, energy, leisure time activities)? What measures could encourage such shifts? Is there a potential for exporting these goods and services?

- How can we reverse the drain to our economy from energy purchases? When the benefits to society from energy conservation are greater than the benefits to individuals and businesses, should government support be provided to cover part of this difference? Should incentives be offered to encourage the use of Yukon's energy resources, such as coal, wood and hydro?
- Should we be transplanting southern concepts of resource management to Yukon or should we focus on our unique northern characteristics in renewable resource development ( eg. cattle ranching versus reindeer herding)?

#### DISCUSSION TOPIC 5: A POSITIVE CONTRIBUTION FROM GOVERNMENT

It is apparent that the Yukon economy, regardless of which direction it develops in, will require close collaboration between governments and the private sector. The Yukon has a long history of such collaboration; indeed it can be argued that the Yukon could not exist without a very active government sector.

This nevertheless begs the question of what role the Yukon Government should play in the future development of the economy.

#### The Role of Government

- How can government best contribute to the economy?  
What does the federal government receive in return for its transfer payments to the Yukon?
- Is reduced dependence on government in the Yukon economy realistic?
- Can government participation in ownership play a stabilizing role in the economy on an on-going basis?
- How can government expenditure produce the greatest benefits to Yukoners?

- What are governments doing now which should be discouraged?

#### Issues Facing Government

- How can the effects of federal government fiscal restraint on the Yukon Economy be minimized?
- Is government decentralization desired and can it contribute to more balanced regional growth?
- How can devolution from Canada to Yukon, or Yukon to the local level, contribute to economic and social development?
- Should a policy of privatization of government services be pursued?

#### DISCUSSION TOPIC 6: REDUCING OUTSIDE CONTROL

While no reliable data are available, it is clear that a relatively small proportion of the Yukon economy is controlled or owned by Yukon residents. A document prepared by Indian and Northern Affairs Canada as a backgrounder to the development of the Federal/Territorial Government Economic Development Agreement, entitled Yukon Economic Development Perspective, states:

Most of the major employers in mining, transportation, tourism, retailing, utilities, and forestry are Southern interests and, in some instances, foreign multi-nationals. Most major investment decisions are taken outside of the Yukon, with little influence by residents. The federal government effectively controls the level of government, employment, and investment, even that of the Territorial Government, because of the dependence of the YTG on transfer payments from the federal government.

The degree to which this is a problem, and the significance of the problem, are both complex matters. However, it does seem apparent that if Yukoners are to pursue greater control over their future destiny, this is a matter that must be addressed. If steps are to be taken to reduce the extent of outside control, consideration will have to be given to the appropriate mechanisms for doing so.

#### Effects of External Control of the Economy

- Should investment from outside the Yukon be viewed more favorably if the management and control of the business is in the Yukon?
- Does outside control of business and government contribute to instability in the Yukon?
- Does the instability associated with reliance on the federal government discretion limit or distort Yukon development? If so, what measures should be pursued to alter this situation?
- Is the net outflow of corporate profits from the territory hindering economic development in the Yukon?

#### Measures to Increase Yukon Ownership

- Can measures to increase local control like the Yukon preference clauses in government contracting, subsidies to local businesses, and regulation of ownership provide significant benefits?
- Are territorial businesses better than non-resident businesses at hiring Yukon labour and businesses?
- What should the role of the Yukon Development Corporation be in increasing Yukon ownership?
- Should public ownership be used to enhance local control? If so, how should it be used?
- To what extent can devolution enhance local control?

## DISCUSSION TOPIC 7: DEVELOPMENT INFRASTRUCTURE

An environment conducive to development requires a number of support services which facilitate the development process. These provide the framework on which development proceeds. The social infrastructure includes such things as education, health, and recreation services, while physical infrastructure incorporates such things as the transportation and communication services and utilities. Economic support systems would include financial lending institutions and other business support services.

### Barriers to Development

- What are the barriers to development over which we have control (eg. physical infrastructure such as roads, airports, schools, hospitals; financial institutions; land availability; regulatory regimes, etc.)?
- What roles should business and government assume in facilitating development?
- Is there a need for new institutional structures, such as community development corporations and community development financial institutions?
- Is the lack of venture capital constraining development, and if so, how can such funds be generated?

### Infrastructure Development

- Who benefits from different types of infrastructure development? Should infrastructure be aimed at single users or at multi-users?
- Should a user-pay philosophy be adopted, where the user pays for infrastructure development over time?

## 8. SUMMARY

The economy and social fabric of the Yukon have been far from stable over the last century. The main source of this instability has been the lack of economic breadth and an extreme reliance on one sector: the mining industry.

The most recent downturn in 1981-1982 raised fears of a massive loss of jobs and population. While a dramatic severe downturn was avoided, considerable personal hardship did occur. The economy is now swinging up but the fragility of this recovery must not be overlooked.

From the experience of these last five years, a number of lessons can be learned. Perhaps most striking was the recognition that through conscious action people can overcome adversity.

Despite some success, governments' responses to the impending crisis were simply emergency aid. In a sense the response shared many characteristics with the World's response to catastrophe in Africa. It was necessary, welcome, reasonably generous, and quite effective, given its limited goals; but it was temporary and without any long-run effect on the structures that produced the crisis. It will not prevent a similar occurrence in the future and because it was, of necessity, hurried, it could not harness the energies and resources of all sectors of society to focus action where it could do the most long-term good.

Now it is time to come to grips with the underlying weaknesses of the economy: excessive reliance on too few industries, too much dependence on outside control, a lack of internal linkages, and a variety of social and economic disparities.

The government is committed to an intensive process of study, consultation and co-operative action with all sectors of Yukon society in order to agree on the kind of society we want to build and how best to pursue that goal.