

DRAFT

YUKON DEVELOPMENT STRATEGY

STRUCTURAL CHARACTERISTICS

DRAFT

FOR DISCUSSION ONLY

Date

Initials

Y U K O N • 2 0 0 0

Building the Future

Yukon
Government

Structural Characteristics Strategy

A Progress Report ■ April, 1987

This report is about change in the territorial economy and ways Yukoners can benefit from those changes.

The objectives and directions for dealing with change in this paper arise out of an analysis of the Yukon's economy given Canadian and world trends.

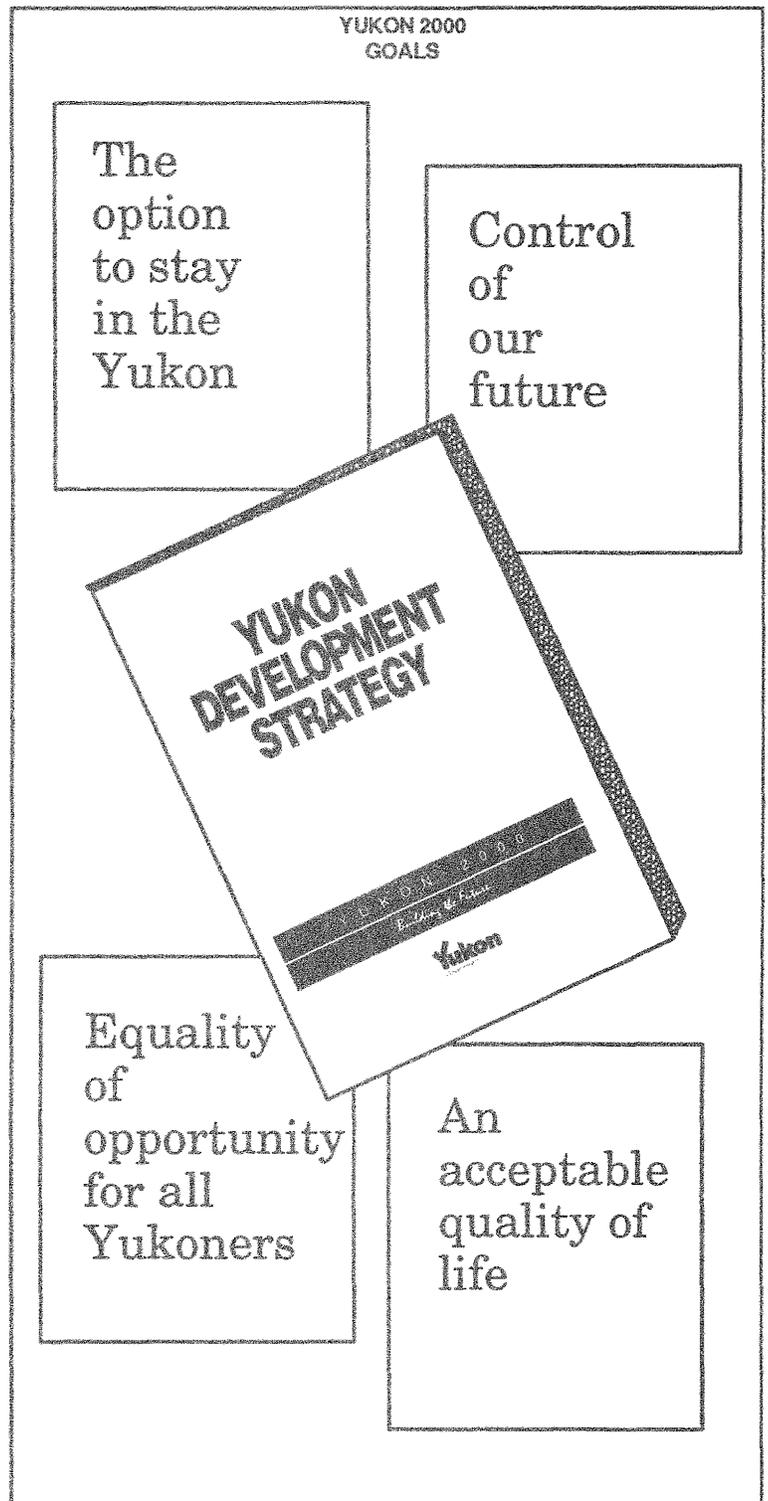
The changes we see here likely mirror what is happening in both national and international economies in general. The changes should be carefully considered as we find our path to economic development.

Some of the more important changes taking place include:

- * the erosion of heavy goods production and the decline of the metallic resource industries,
- * a decrease in the importance of manufacturing because of international competition,
- * the growth of the service sector,
- * more women in the work force,
- * greater numbers of lower paying service industry jobs,
- * the growth of small business as an employer, and
- * a decline in government services.

These changes leave Yukoners with a variety of choices and alternative actions to consider over the next few decades. We can't control all the factors working in the Yukon economy. But when the opportunities exist to shape our own future we should be prepared to act.

Fundamental long-term changes in the economy are called structural changes. The objectives and directions in this report are suggested ways to deal with structural change in the economy.



Objectives

The Yukon economy is affected by the changing national and world market places. It is also affected by changing conditions in the territory. At the same time, we do have some capacity to change from within. Yukoners need to have a good understanding of the changes that are happening here and afar so we can respond to our best advantage. It is certain choices will have to be made between alternatives.

The following objectives are intended to help us make decisions on the changing structure of the economy. The objectives we agree on now will play a key role in shaping our economy in the future.

1. To increase job opportunities for Yukon residents.
2. To diversify the economy so there will be increased opportunities and greater stability.
3. To increase participation in decision making so people will understand, accommodate and direct the process of economic change.
4. To strengthen the opportunity for all individuals, families, social groups, and communities to participate in the Yukon economy in a meaningful way.
5. To reduce the need for groups within society as a whole to be dependent on others for material, social and spiritual well-being.
6. To ensure, when change is considered, the development of an individual's potential is encouraged. This may involve society making accommodations for those who are disadvantaged.
7. To promote existing forums, and where appropriate, create new ones, for representing views and resolving disagreements surrounding development and change. This should be done in a way that nurtures the acceptance and legitimacy of these structures in the community at-large.

Directions

The objectives we set for structural change will be just one aspect of the decision making process. The directions outlined here form one approach to take when discussing specific actions or elements of structural change. There may be other directions which should be considered.

1. Our economic potential should be achieved by responding to market pressures and opportunities that can provide real benefits to Yukon people and to the Yukon economy. There are, however, cases where government involvement and assistance is desirable and can help us achieve our economic goals.

This direction is fundamental to an Economic Development Strategy. It gives recognition that both government and the private sector have a role to play in our economy.

2. Government assistance in economic development should be done on the basis of a priority ranking of industries.

Not even the most industrialized economies try to set equality of all sectors as a goal. Development should use the resources which are most beneficial to the region.

3. Job creation should be pursued in those kinds of activities which will realize the greatest economic benefits to the Yukon.

This does not necessarily mean concentrating on labour intensive areas unless they are advantageous to begin with. Rather, job creation should provide sustainable employment, not short term jobs. Also job creation should reflect the changing nature of the economy.

4. Job creation should take into account the interests of the individuals involved.

The jobs should be useful and worthwhile to enhance an individual's dignity.

5. Training and education should be linked to job creation.

We should focus on training and job creation in industries and areas that are likely to be of continuing importance in the future.

6. Given the growth potential for small business, this sector should be assured access to capital in order to maximize opportunities.



Change in the Future

The economic potential for different areas of the economy is the focus of this section of the report. Yukoners need to know what kinds of structural changes will generate real economic benefits in the territory over the next 15 years. The following points are suggested directions for change in specific areas of the economy. Again, they are based on likely national and international trends.

a • Hard rock mining of base metals should not see expansion in the territory.

In the future, subject to world market forces, metallic minerals will play a lesser role in the economy. The Yukon will find it hard to compete with other countries and demand for these minerals will, in any case, decline in favour of durable plastics or other new technologies. Of course specific mineral opportunities should be pursued when they are viable.

b • Placer mining and mining of precious metals, while unlikely to be a major tool for restructuring the economy, will continue to be profitable industries and should not be discouraged.

c • Forestry opportunities can best be captured through steps which increase the Yukon's internal use of the product.

d • Agricultural activities should be investigated to see if the coordinated efforts of the private and public sectors needed to promote production, marketing and processing justify the costs.

e • Fishing and wildlife should be considered in terms of their importance to the aboriginal economy. Further processing of fish and wildlife may also have potential.

f • Stronger links should be developed between the Yukon transportation system and the tourism sector.

However, while this is desirable in terms of the prospects for the Yukon's future economy, it is recognized that this may be hard to do since tourists originate outside the Yukon.

g • Yukon residents should be given preference on construction projects.

Construction follows development in other sectors so it may not be a leader for sustained economic prospects. But opportunities for Yukoners are enhanced by this provision.

h • The amount of wholesaling activity in the territory should be increased as a possible way to increase jobs and incomes.

This might be accomplished through improving access to capital or by encouraging local businesses to use local procurement practices. The main effort here should be to concentrate on wholesaling to government, mining, accommodation and food service businesses rather than consumer related businesses.

i • Encourage a Yukon-based financial system.

This will not only create jobs and incomes, it will also help the small business sector which needs these services to prosper. Financial services are a major factor in adapting the present economy.

j • Manufactured products unique to the Yukon should be pursued.

The competitive edge held by unique Yukon products should be encouraged. Further, while individual initiative is needed in creating opportunities, government can assist with production research, technology transfer and adaptation and marketing. Training and financial support are two additional avenues for government involvement.

k • Selected import substitutions should be encouraged in areas of manufacturing, energy products and some agricultural and food products.

l • The government should press Ottawa for funding to improve services in health, education and social services.

This aspect of the service sector could see some growth. Areas like health and social services to the elderly are underdeveloped. Another area where the service sector could see growth is in education, both at the grade school and post secondary levels. But it is recognized this will depend on the agreement of the federal government to provide funding.

m = The government should encourage the business services sector.

Some options in this area include value added contract preferences, special training assistance for Yukoners wishing to establish these services here, and encouragement to Yukon-based businesses to use Yukon consultants, accountants and lawyers.

n = The Yukon should promote a fuller range of tourist opportunities and attractions and improved marketing of them.

A necessary consequence of this will be growth in the tourism service sector (food services, accommodation, recreation). Careful planning of these opportunities could direct growth to the rural and remote areas. This direction underscores the importance of natural resource management to ensure potential is maximized.

o = Specialized and individual household services should be encouraged in a similar fashion to other small businesses.

p = Negotiations with Ottawa on the devolution of federal responsibilities should strive to bring the Yukon up to national standards in several areas.

If these negotiations, whenever they take place, are successful, we can expect growth in the government sector.

q = Active aboriginal involvement should be sought when developing economic strategies in recognition of the already existing Indian economy.

The aboriginal economy in the Yukon is a significant part of the overall economy. It is a separate, yet integral component with its own social and political structure. As such, it sustains a substantial number of people and is the basis for organizing numerous economic activities.

The Indian interest in land and other resources makes it certain that the full potential for territorial development will not be achieved without Indian involvement.

r = The aboriginal economy should be supported so it can achieve its full potential. Without numerous aboriginal originated and controlled developments, the whole of the Yukon economy will be held back.

The tourist industry, for example, needs a number of attractions which appeal to a variety of interests. The development of natural and cultural Indian attractions adds to that "critical mass" and in turn contributes to the overall economy. Other Indian development will also help both economies meet their full potential.

s = Real and meaningful opportunities should be created so aboriginal people can become full and active participants in the future Yukon economy.

How this direction is achieved will be as important as achieving the direction itself. Governments and the non-aboriginal private sector must be prepared to address the constraints and barriers to development that have existed to date for Indians. In addition, support must be provided on terms that recognize the integrity of the aboriginal economy and the need for aboriginals to find solutions and control development.

t = Indians, through their own institutions and enterprises, should build and extend the aboriginal economy.



Conclusion

These objectives and directions are tools for dealing with development given the changing economic and social issues we'll face as Yukoners.

The objectives and directions for structural change overlap with other areas. But repeating them here is valuable since it puts different elements of the strategy in a broader perspective – one of fundamental economic change.