

# HOW TO SAVE THE YUKON

WHERE A BILLION DOLLARS' WORTH OF GOLD IS IN SIGHT

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WITH but few exceptions, since 1783, the rulers of Canada cannot congratulate themselves on their knowledge and alertness in regard to our Western hinterland. A returned Yukoner is invariably amazed at the invincible ignorance of Eastern Canadians regarding the Yukon. Numerous incidents even among those in high places could easily be given.

There is, moreover, almost no source of information, except returned Yukoners and the country itself. No government pamphlets are issued at all comparable with the British Columbia annual report of the Minister of Mines or Official Bulletin No. 19, or the publications of the Australian governments. Therefore exact figures and even general information are not easily obtained.

### GENERAL

Yukon is much larger than Great Britain. Gold is its principal product and gold placer mining its principal industry. The Yukon River is its great highway, and the Yukon River fleet is valued at more than \$2,500,000. Until lately, for the past six years, the Territory has had a population in excess of 20,000 white people. It has already produced more than \$125,000,000 in value of placer gold, and has imported about \$45,000,000 worth of goods. The Klondike gold discoveries were made in August, 1896, and after eight years of wonderful production, two predictions are being made: the one, that the known riches of the Territory are nearly worked out and the country is on the rapid decline with no hope of recovery; the other, that only the richer pockets of gold gravels have been worked and these but partially, while the greater part of the gold-bearing gravels have not been touched,

and under wise management the Territory has only begun its development.

The discovery of the Klondike gold-fields is directly attributable to the encouragement given the prospector by the amendments of the placer regulations in 1894, based upon the report of Major Constantine to the government in that year. Previous to that time, most of the prospecting was done on the Alaska side of the boundary, owing to the much more liberal mining laws of that district. The result of these amendments has been the creation of the Yukon Territory, and all that it has meant. The repeal of these amendments and the restrictive mining laws in force from 1897 to the present time have again driven out the prospectors. New discoveries practically ceased in 1899. The Territory can only be revived by the introduction of more liberal laws and wiser administration.

### TRUE PRINCIPLES

Gold mining in the Yukon is not the mere extraction of gold from a government store-house. It is the discovery and production of wealth that, but for its discovery and mining, would be utterly valueless. In the lottery of Yukon mining, there have been some grand prizes, but the average awards have not more than adequately paid the labour of prospecting and mining. Taxes on gold production are taxes on labour. Restrictions on prospecting and gold mining in the Yukon, are restrictions on labour and a premium on non-development of a region that without labour is a desolate, uninviting, chilly waste.

### GOLD PRODUCTION

The Dominion government returns show the annual production of Yukon gold as follows:

1885-1896.....	\$ 1,538,400
1897.....	2,500,000
1898.....	10,000,000
1899.....	16,000,000
1900.....	22,275,000
1901.....	18,000,000
1902.....	14,500,000
1903.....	12,250,000
1904 will be about.....	10,000,000

Total.....\$107,063,400

These returns are evidently too small. The receipts of Yukon gold by the United States mints, and the observations of bankers and other Yukoners, competent to judge, corroborate this statement. At least, \$10,000,000 must be added to the returns for each of the years 1898 and 1899, and another \$10,000,000 should be distributed over the returns for the other years. The royalty tax, while it existed, was a constant incentive for the concealment of the true figures. Every fair test fixes the total at about, or in excess of, \$130,000,000. The entire placer output of British Columbia from 1858 to 1903 inclusive was \$65,688,103 or about one-half our Klondike output for eight years. If we add the total lode-output of British Columbia up to the end of 1903 to the placer output, we have in all \$92,550,454. To the present, the total gold output of Nova Scotia has been about \$14,000,000, while that of Ontario and Quebec jointly has approximated \$3,000,000. It will thus be seen that Canada's title to be ranked as a great gold-producing country is, in the greater part, its Yukon title.

#### YUKON MARKET

The Yukon is the best cash market Canada ever had. The value of goods imported into the Yukon annually can only be approximated. A great part of these goods were Canadian, and some of the foreign goods paid duty in other parts of Canada. Again, the importations in some years were in excess of the consumption and in others less. I have it on the best possible authority that the value of the goods brought into the Territory

in the year 1902-3 was close to \$6,000,000. This was the year of the great falling off in the gold output. We may fairly suppose a perhaps lesser shrinkage in the imports. In estimating the imports of other years we must consider the great rush of people with their outfits to the gold-fields in 1898, the heavy importations of machinery beginning in 1899 and reaching its maximum in the years 1900 and 1901, and the great slaughter of old stocks by Dawson merchants in the year 1904. The values of the imports must, therefore, be nearly as follows :

1885-1896.....	\$30,000 annually	\$ 360,000
1897.....		2,000,000
1898.....		7,000,000
1899.....		7,000,000
1900.....		8,000,000
1901.....		7,500,000
1902.....		6,000,000
1903.....		5,500,000
1904.....		2,500,000

Total.....\$45,860,000

If this trade had been entirely with countries outside Canada it would have yielded from \$10,000,000 to \$13,000,000 in customs revenue. If the gold raised were solely for residents out of Canada, this customs tax and other taxes raised directly from the country, amounting to about \$8,000,000 in all, less the cost of the administration of the Territory, would be the fair measure of the total value of the Yukon to Canada thus far. The real facts are, however, much more composite. Almost the entire Yukon gold output has been shipped to the United States, returning in small part as gold coin minted, our bankers will say, free of cost to us. About one-third of the Yukon fortunes saved were those of residents of Canada, the other two-thirds went mostly to the United States. The imports till the end of the year 1899, were at least two-thirds from the United States. Since that year about two-thirds have come from other parts of Canada, the proportion in favour of Canada growing larger each year. Seattle has benefited more from the

Yukon than any other four cities combined. When the Yukon rush took place, Canada was without steamboat communication with the Lynn Canal or the mouth of the Yukon. As usual, we were three years behind time. A subsidy granted to a line of steamboats from Vancouver to Skagway in 1897 might have brought Vancouver the benefits that went to Seattle. Regarding the value of the Yukon to Canada, except in taxes, Canada was certainly not alert. Police, soldiers, tax-gatherers, and railways one thousand miles away, engrossed the attention of Canadian statesmen, while Seattle reaped the immediate benefit of Yukon trade and Yukon fortunes. Moreover, there have always been those competent to judge, who assert that had the interior administration been as it should have been, both the Yukon trade and population would have multiplied five times and the Territory would have rivalled the whole of the United States as a Canadian market, paying cash instead of barter. This cannot be proven.

TAXES

Yukoners have paid heavier taxes than any other British subjects. According to Government returns there was collected in the Yukon for the year ending June 30th, 1901, \$1,814,827.91, of which \$360,686.36 was customs and \$730,819.35 gold royalty. If we assume that one-third of the customs duties paid on goods brought into the Yukon were paid at points outside the Yukon, we should add a further \$180,343.18, making a total of \$1,995,170.09, or about \$100 per head for every man, woman and child in the Territory. The taxes of the Yukon have been nearly as follows:

1885-96.....	\$ 250,000
1897.....	350,000
1898.....	2,000,000
1899.....	2,000,000
1900.....	2,000,000
1901.....	1,500,000
1902.....	1,100,000
1903.....	900,000
1904.....	700,000
Total.....	\$11,250,000

Those who believe that taxes are paid by the consumer will find a simple case in the Yukon, as goods are paid for in gold and not in barter. Such persons will add two-thirds as much more in computing the burden Yukon has borne.

THE FUTURE

Is the Klondike region nearly worked out and the Yukon as a placer camp about ended? This question seems uppermost regarding the Yukon with most Canadians. If the conditions and methods prevailing in 1898 were still in vogue, the answer would be, "Yes." Then drifts paying less than \$8.00 to the cubic yard or five cents to the pan of gravel were abandoned, while it required double that amount of pay to be an incentive to the ordinary miner. \$1,000 pans were often found on the rich creeks and great fortunes were made in a few months. The results from some workings were marvellous. Wages were \$15.00 per day. No machinery was used. Such abnormal conditions evidently could not long continue.

If, however, the present conditions, obstacles, and methods continue, the answer is: "No, but the output will gradually and rapidly decrease, unless new strikes are made, and this is hardly likely as the prospector has been legislated and administered out of the Territory." Ground yielding two cents per pan or \$3.25 to the cubic yard is now considered as good pay, while a drift bearing half that pay would not be abandoned if the pay-streak were continuous and not too thin. It would be hard to find a working claim in which the frozen gravel is not thawed by steam. On most claims the pay gravel is hoisted and a large part of the work is done by steam and machinery. Steam shovels and hydraulic works are used in some places, but are not common. The ambiguity of the mining regulations breeds constant litigation. This litigation has obtained decisions from the courts, that the title of placer claims is for one year only and the yearly

grant may be renewed or refused renewal at the option of the administration. A free miner who stakes vacant lands cannot force the issue of a grant. Since 1901, till 1904, ditch owners have not been allowed to sell water to other miners. It is quite apparent that all this does not tend to encourage capital in the installation of costly mining machinery or the digging of ditches for hydraulic works. It does not even give the ordinary miner a fair chance.

But the above question with the promise that taxes will be lightened, that titles will be made good, that the mining laws will be made plain, that the prospector will be encouraged and miners' grievances wiped out, will admit of but one reply: Yukon has only just begun its development and the success of the future will dwarf into insignificance the results of the past. As has been said, by the methods now in common use only gravels going from \$2.00 per yard and upward are commonly worked, but with the steam shovels and feeble hydraulic workings already installed they have already worked ground at a profit yielding fifty cents to the cubic yard on the average. In California and other hydraulic countries, they have worked at a profit, gravels yielding less than ten cents to the cubic yard. The remoteness of the Territory and the fact that much of the gravel is frozen will prevent such cheap workings in the Yukon. Less than twenty-five cents to the cubic yard should, however, pay handsomely. Now in the region lying within one hundred miles east of Dawson there are more than fifty square miles of hills carrying a depth of from twenty-five to one hundred and twenty-five feet of pay gravels which will yield an average of more than twenty-five cents to the cubic yard. At least twenty square miles of hills in the Klondike basin are much richer. One square mile of Paradise Hill on Hunker Creek will produce fifty million of dollars, of which one-half will be

profit. The gravel on this and other hills is one hundred feet deep and carries pay throughout and several feet into bedrock. The hills of the Klondike basin will produce more than eight hundred millions of dollars, while those of the Indian and Stewart River districts will produce at least half as much. They will be worked by hydraulics. The first cost of bringing water on the Klondike hills will not exceed five millions of dollars. A number of smaller systems will supply the Indian River and Stewart Hills, the ultimate cost of which would not equal that of the Klondike water system.

So much for the hills. The older creeks have already been worked over to a large extent by wasteful methods. Many promising creeks have not been prospected. These old claims will in future be worked over by steam shovels or by hydraulic elevators, and will produce one-half as much more as they have already produced. The total amount of their future production is hard to estimate.

The above estimates of future production are based upon what is already in sight. But what if the prospector should return? He practically left the Yukon in 1899. To get him back inducements greater than were offered before must be given. Yet with just and liberal laws well administered, the prospector, the miner, and the capitalist should again throng into the Yukon, but in far greater numbers. The average Klondike miner more or less clearly understands the possibilities of his country. He knows that hundreds of millions of dollars will yet be produced from that region. His unrest and dissatisfaction arise from the fact that he believes that if the administration and laws were immediately improved, he could largely share in those millions. He looks upon the country as his by right of discovery and occupation. The laws will be improved some time; he insists this should be done before he is forced to leave.