

STATEMENTS AND SPEECHES

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No. 59/18 THE ECONOMIC DEVELOPMENT OF THE CANADIAN NORTH

A paper given at the annual meeting of the Ontario Geography Teachers Association, Toronto, on March 31, 1959, by Mr. John L. Jenness, Chief of the Economic Division, Department of Northern Affairs and National Resources.

... I have been asked to discuss present trends and future possibilities in the economic development of the Canadian North. By way of introduction, I should like to raise three questions.

First, what is the Canadian North?

Is it that part of Canada north of the 60th parallel where the Federal Government alone has jurisdiction - the part known to all of us as the Northwest Territories and Yukon? Or do we mean the area which lies beyond the boreal forest - the treeless tundra whose southern boundary follows no single parallel of latitude, but extends instead from the delta of the Mackenzie River to Churchill in Manitoba, thence across Ungava to some point on the coast of Labrador? Or again do we mean by "Canadian North" merely the area north of rail, which in Ontario and Alberta would mean north of Moosonee and Waterways respectively, but which in the Yukon would have to be beyond Whitehorse, the northern terminal of a railway that starts at tidewater in Skagway, Alaska?

The Canadian North can mean any one of these, I think, depending upon whether you approach the area from the vantage point of administration, of climate, or of transportation. Economists, indeed, may offer yet a fourth definition, but I shall return to that later when I come to my central theme of northern development.

Now for my second question. Where does "the North" begin?

The answer will depend in part, at least, upon our point of departure. To the United States tourist, going north may involve no more than a visit to Niagara Falls,

Ottawa, or some other Canadian destination equally close to the United States border. To Canadians, of course, this isn't "the North" at all; yet we use much the same logic when, from a look-out in Toronto, we view Abitibi or Sudbury or Kirkland Lake as northern communities. Out in the Peace River country of Alberta and British Columbia, people hold very specific views about where the North begins and does not begin. They are quite emphatic that it is the land lying beyond their country, in the direction of Great Slave Lake and the Mackenzie Waterway. In fact, these Peace River people are very sensitive on the subject. It is one of their long-standing complaints that both the Federal and the Provincial Governments have neglected their area as though it formed a part of the forbidding North, beyond the frontier of economic interest.

Finally, my third question - Do we go up north or down north?

This question may at first seem foolish - the obvious answer is up north, of course, because the conventional map in our offices and classrooms is based on a conic or Mercator projection, and shows the northernmost lands and islands far towards the top of the map or even cut off beyond it. With such a map, up north inevitably suggests a remote and isolated location, far removed from the centre of all activity.

Until quite lately, indeed, the North was remote and isolated. Today, however, we see it in a new perspective. We have learned that the shortest intercontinental air routes follow great circles, that from San Francisco and Vancouver to London or Paris, and from New York to Tokyo or Moscow, the shortest and fastest routes traverse the polar region. In this aid-minded age the Arctic has moved from the periphery of things to the centre; it is becoming in fact one of the great aviation crossroads of the modern world.

In recent months, too, certain events have focused still more attention upon the most northerly reaches of Canada. Headlines in your newspapers have described the stampede of applicants requesting permits to explore for oil and gas in Canada's Arctic Islands, islands that as we now know, actually lie closer to the hungry markets of industrial Europe than do the oil fields of our western provinces or those of the Middle East and Venezuela. This dramatic oil-rush has opened before us a new horizon, one which offers vistas of Arctic ports and submarine tankers, and raises the prospect of a day when the frozen polar ocean will become a mediterranean sea for international commerce. Equally suddenly, our Arctic Islands have lost their remoteness; the land as well as the latitude has moved from the periphery of our map to its centre.

The point I am making here, of course, is this: our conventional maps may be quite adequate for courses in civics, or for delineating the centres of manufacturing; but they fail us for trans-polar travel, and they are rapidly becoming outdated for northern development.

What we need is a polar projection map to emphasize our northernmost territories. Only on such a map will Frobisher and Resolute and Tuktoyaktuk appear in proper perspective, oriented towards the markets to which their products may some day flow. By contrast, those northern areas in more southerly latitudes which we are developing today will appear "down north" on our map, that is in the direction of industrial Canada and of the map's lower extremity.

In point of fact, geographers or economists should consider our national territory as consisting of two dissimilar entities. Here in the south, along a narrow band stretching from coast to coast, lies the urbanized, industrial Canada, the part of the country which furnishes the economic backbone of our entire national structure. All the rest of Canada - almost nine-tenths of it - is "the North", a vast underdeveloped frontier land that includes the northern half or more of every province outside the Maritimes, and in addition the Yukon and the Northwest Territories. This enormous area is little known, poorly explored, and accessible only with difficulty. It contains, it is true, a few small mining communities, some defence and government establishments, and numerous trading and missionary outposts; but these are mere pinpricks on an otherwise empty map. Taken as a whole, the area remains today what it has always been in the past - the habitat of nature rather than of human progress.

Yet this vast area is our second Canada, "the North" we are really talking about when we refer to northern development. That parts of it are federal territory, and parts come under provincial jurisdiction, should make no material difference.

Problem of Transportation

The vastness of Canada and her limited financial resources, have created one fundamental problem: the provision of adequate transportation facilities. Wherever, in the past, no form of transport has been available, economic development too has lagged. It is in this field of transportation that the Federal Government is making its most imaginative contribution toward the development of the Canadian North. It has undertaken to spend upwards of \$100 million of federal funds over the next 5 - 10 years on a national roads programme to stimulate the development of the national resources of Canada. In the provinces, where Federal and Provincial Governments are working co-operatively and sharing costs on a 50-50 basis, the programme has been named "Roads to Resources". If these

Governments built all the roads it allows for, the total expenditure would run as high as \$135 million. In the northern territories the Federal Government alone holds jurisdiction, and must bear the entire cost burden. The programme for that area therefore is known as "Territorial Roads" and is expected to produce \$70 million worth of roads in the next seven years.

In both the provinces and the territories the objectives of this vast scheme are identical: to give access to known and potential resources in promising under-developed areas, in the hope and expectation that the development and production of those resources will speedily follow. Thus the horizons of settlement and industry will be extended, and all of us, wherever we may live, will benefit through fuller employment, and through the variety of other economic and social gains which accompany an expansion of the gross national product.

Our programme therefore, will produce new roads in both of the northern territories and in nine of ten provinces. Under "Roads to Resources", agreement in principle has already been reached with all provinces except Quebec, and negotiations between the Federal and Provincial Governments leading to the signing of formal agreements are well in hand. To date, one agreement has been executed between Canada and British Columbia: it covers the construction of a road between Stewart and Cassiar at an estimated cost of something over \$15 million. Work actually started on this road during the 1957 season.

In the other eight provinces with which negotiations are nearing conclusion, the Provincial Governments have received authorization to commence work on roads already agreed to. Some of these roads have been reported by the press - I have seen several references to the Ontario programme for example, and Time magazine carried a story on the programme in Saskatchewan. However, because of an undertaking given the various provinces that information on individual roads will not be made public until formal agreements have been signed, I cannot give you the details of any of these projects at this time.

You may be wondering why Quebec alone remains apart, why it has not responded to the Federal Government's development vision. One reason may be that the province is already enjoying a development boom, a boom financed by private capital, and it sees no necessity to stimulate additional development at the present time. But there may be other reasons too, among them one - economic climate - which will be readily apparent to all geographers.

Let me elaborate. On our North American continent the largest single market for both finished products and raw materials is the Atlantic seaboard market of the United States. The second largest, if indeed it is not merely an extension of the first, is the urbanized complex which occupies the Great Lakes and St. Lawrence River lowland. As a result of an ever-expanding demand in these market areas, a gradual but steady depletion has been taking place in the more accessible sources of many raw materials. Indeed shortages have developed already. It was, for example, a shortage of good grade ore to feed the blast furnaces of Philadelphia and of Pittsburgh, of Cleveland and Chicago, that led to the large-scale iron-ore development and production in central Quebec and Labrador, and to the continuation of iron explorations in other parts of this same general area.

The province of Quebec has the good fortune to occupy a strategic position near the centre of this market demand. It enjoys too, along with the remainder of Canada, a favourable reputation as a field for foreign investment. Its geology and area give every promise of abundant wealth in iron and other resources; in fact, exploration to the present has unveiled significant occurrences of a variety of usable minerals. Perhaps even more important than Quebec's minerals, however, is its geographical location: it is closer, and more accessible, to the major Canadian and American markets than any other part of our country. In short, it is ripe for development. It may be that the Government of Quebec feels that private capital needs no further invitation or inducement. Already this capital is moving rapidly in to develop the Mattagami, Chibougamau and other promising areas.

In some other parts of under-developed Canada, economic geography is not yet as conducive to development on the same large scale as in Quebec. Nevertheless, mining in particular has begun a northward course which is bound to continue; and markets for the products of our resource industries are expanding and growing more insatiable. These and other evidences, clearly indicate that the time is fast approaching when raw materials in the remaining parts of the Canadian North will assume their proper importance.

One of the most promising mineral occurrences known today in northern Canada is a lead-zinc deposit at Pine Point, on the south shore of Great Slave Lake. Here, extensive surface work and diamond drilling have outlined several million tons of potential ore, about 50 per cent of which would be mineable by open pit methods. A townsite has been laid out, and some utilities installed. But Pine Point is dormant. Nothing is happening. Development of the property has not materialized for the simple reason that production would be unprofitable until the area has become

more accessible. A railroad is needed to carry the Pine Point ores to Cominco's smelter at Trail, B.C.; and at present, the nearest railheads are at Waterways and Grimshaw, Alta., almost 400 miles south of Pine Point.

Here, then, is a clear case where the Federal Government might become a catalyst, and in so doing, facilitate a new mining development which assuredly would benefit the whole national economy. Moreover a railroad would bring a number of other advantages to the people of our country. It would supplement existing road and water routes to the mineral-rich areas on Great Slave Lake, thereby reducing freight costs from southern Canada to destinations on and north of this lake. It would permit a substantial speedup in the time of travel from railhead to the mouth of the Mackenzie River. It would contribute to the reliability of freight deliveries at all northern points served by the Mackenzie route - and this would include our outposts of defence on the DEW line. Within the broad area which would come within reach of its services it would facilitate further exploration and enhance the prospect of development.

In effect, it would contribute significantly towards the kind of economic climate that permits development to take place, and in so doing would profoundly affect the economic prospects of the entire Mackenzie District. A railway to Great Slave Lake will not be just another line opening up some particular lake or mine or serving some individual community. It will be one of the major development railroads of our country.

Before we allow our fancies to soar, however, let us remember that we have known for 60 years of these lead and zinc occurrences at Pine Point, but have made no attempt to develop them. Actual mining demands some clear relationship between costs and benefits, and at Pine Point this relationship is not yet adequately favourable. Transportation costs are the major factor in the present unfavourable cost structure, and it is apparent that this situation will be altered only if a railway is built. But railways cost money, and thus far the final decisions have not been taken to unlock these very large occurrences for development.

Native Peoples

The responsibilities of the Government will not end, however, with its stimulation of the use of the physical resources latent in our undeveloped North. There are also the human resources. The Government has a clear and inescapable obligation to foster a better way of life among the native peoples whom the white man found in occupation of the land, and whom he has often tended - sometimes ruthlessly, but more often thoughtlessly - to push to one side.

In former days, as you all know, these peoples - Indians and Eskimos - passed a relatively uncomplicated existence. They gained their livelihood by subsistence hunting and fishing; and though their resources were meagre, and the struggle hard, they managed to strike a balance with the wild game around them and generally derived a considerable amount of happiness from their manner of life. But this old existence has gone forever and their economy is now in a transitionā stage. The introduction of firearms and of fur trading, the coming of T.B. and other diseases, and the encroaching influences of our industrial civilization have destroyed the bases of the original economy and of native society.

For many of our Canadian indigenes, unfortunately, these "civilizing" influences have brought as yet no tangible benefits. The fur trade alone cannot provide them an adequate livelihood, and the caribou on which they once depended for food and clothing have greatly diminished in number. There is not yet either enough wage employment for all the natives who would gladly work for wages, nor are there enough natives sufficiently well educated and trained to fill some of the positions that already exist. In consequence, far too many of our Indians and Eskimos have been reduced to a condition of abject impoverishment. This is the real tragedy. Instead of being better off, many - perhaps most - have become worse off. Instead of gaining new hope and a brighter prospect for the future many have lost hope and in some cases have no future. Even the dignity that characterized them in the days of their economic independence sometimes fails them, as it has failed many war refugees in the relief camps of Europe.

Let us not lose sight of the fact that our Indians and Eskimos are more truly Canadian than we are, and that they are entitled just as much as ourselves to an equitable share of Canadian prosperity.

Ladies and gentlemen, our kind of civilization is moving rapidly northwards and it is moving into the Canadian North to stay. The Government is alert to the need for positive action. It is doing everything in its power to ease the plight of those natives who are suffering. It is striving, with equal determination, to educate them as rapidly as possible, to absorb them into a viable wage economy. It has accepted the challenge of raising their standard of health; of creating opportunities for honorable and steady employment; of providing them with an opportunity to become an integrated, fully adapted and prosperous part of the Canadian family, able to employ their special talents in the development of our North.

The Government is aware that the economic growth of the North will vitally affect their lives, and with great initiative it is preparing them for the change. But it is private enterprise that must follow up this government lead as it moves in to develop the physical resources of the

area. Private enterprise must assume part of the task of promoting the prosperity, and well-being of our native peoples.

Role of Private Enterprise

You may ask what part private enterprise has played hitherto in the development of the Canadian North. For many years now private industry has been operating in the under-developed parts of the provinces and in the territories. It was under private initiative, for example, that gold mining sprang up in the Yukon in the late 1890's, and oil commenced to flow at Norman Wells, in the Machenzie Valley, in 1920. Yellowknife, Flin Flon and Timmins, are old-established mining centres, all lying outside the perimeter of urbanized Canada. These are but a few instances, selected at random, of the attraction our northern resources have held for industry, and of the communities these industries have sponsored. One could cite many more.

In this context, it is fair to point out that a substantial proportion of the development now taking place in the North is directly attributable to private enterprise. While governments of the past have been deeply preoccupied in consolidating and developing the more settled parts of our country, private enterprise has kept one eye fixed on our northlands. Individual prospectors and numerous companies have probed the wilderness, gradually extending our knowledge of its remoter areas and pushing back the frontiers of settlement. They have staked out and examined many attractive properties, and have brought some of their wealth into production. Thus, past development of our northern resources has made a significant and growing contribution to our national wealth. Nevertheless, that development remains still small, and our vast northern area contains an infinitely greater potential than current production figures would indicate.

Fortunately, during the last few years private capital has shown increased interest in our northern resources, and some of the world's largest companies have actively participated in their development. Alcan accomplished one of the outstanding engineering feats of our time, for example, when it brought its Kitimat plant into production; it withdrew headwater lakes from the upper Fraser basin and diverted them through lofty coastal mountains to enable aluminum to be manufactured on the Pacific coast, at tidewater. Already it is generating a million horsepower of energy, and possesses the potential for a million more. In British Columbia's interior trench, a Swedish multi-millionaire and corporate interests have evolved a grandiose plan for a huge industrial empire. Their project is still at an exploratory stage; but if it materializes it will create the largest man-made lake in the world, will generate twice as much power as Niagara, and will establish a number of industries utilizing timber and mineral resources. In Manitoba, late in 1956, International Nickel began a \$175 million

operation for mining and refining the nickel of the Mystery-Moak Lake area, 400 miles north of Winnipeg. And on the shores of Ungava Bay in northernmost Quebec, two separate companies - one representing Krupp-Cyrus Eaton interests, the other a Rio Tinto subsidiary - have reached an advanced planning stage that may lead to the mining, the beneficiation and the marketing of immense quantities of iron ore at an early date.

These and other activities of private enterprise in the northern parts of the provinces augur well for further expansion and development in those areas. Yet more spectacular than any of them is the exploratory activity just now materializing far to the north, in territories which come under federal authority. There, in the Yukon, in the District of Mackenzie and in the Arctic Islands, we are witnessing a land play of almost unbelievable proportions, an exploration surge that directly involves upwards of 100 separate companies and individual concerns. By the end of December 1958 the Federal Government had issued exploration permits covering no less than 76 million acres (roughly 120,000 sq. miles) on the territorial mainland; and more recent applications for permits embrace an almost equivalent area in the Arctic Archipelago.

The magnets exciting this amazing stampede are oil and gas. Geological structures over a major portion of the territories favour the occurrence of these two fuels; we have found there sedimentary formations similar to those that have yielded oil farther south. The Norman Wells reservoir, for example, occurs in a limestone reef of Devonian age, similar to many oil-producing reefs in the Edmonton area; and in the Arctic Islands. Ellef Ringnes possesses salt domes comparable reportedly to those of the Texas gulf-coast where oil is so abundant.

These and other indications incline such companies as Shell, Texaco and California Standard to believe that north of latitude 60° Canada may conceal tremendously large accumulations of the energy fuels, and that this area may become in the future one of the world's major producers. According to one estimate (admittedly speculative) it could hold in reserve more than 30 billion barrels of oil and 200 trillion cu. ft. of gas.

I think these several examples will show that we are on the threshold of exciting and challenging changes in our North. For one thing, it is now the definite policy of the Federal Government to stimulate the development of the region's resources, by itself creating the conditions that will render such development possible. For another, the role of our Provincial Governments has become more dynamic; on their own initiative they are extending their horizons to the remoter parts of their territories. And finally, private industry has become alerted to the possibilities of the region and seems ready to participate far more actively in the development of its available resources.

Under these circumstances, it is surely not unrealistic to look forward to an increasingly vigorous growth in our North, and to anticipate more change there in the next decade or two than has taken place in the entire three centuries of its history. As in the past, we shall witness the unrolling of the frontier northward from southern Canada, but on a larger scale and at a somewhat faster pace. New transportation roads will be carved through the wilderness and will fan out throughout much of the continental interior. New mining and marketing communities will spring up and prosper, stimulating a demand for secondary industries, and public services. Employment opportunities will multiply and become more varied, necessitating more schools and more hospitals. Altogether, the land and the people just beyond the already developed areas of Canada can look confidently forward to an expanding share of our national prosperity.

For the Far North too, the future is bright. There however we foresee a difference. Development may not come up from the south - at least not directly - but start at the seacoast. Water, not land, will form the link with outside markets. The eastern Arctic may perhaps evolve earlier than the western, but this notwithstanding, Canada's northern seacoast, its third, will begin to come into its own.

In the farthest north part of our country, however, growth will be more spotty than farther south. Some coastal lands will prove more attractive than others. Not all will be equally accessible. Some existing communities may benefit, while others will certainly perish. Interest in the region is so new that it is still almost impossible to predict what exactly will happen. At this stage, however, one must assume that the governmental and military communities we have set up already will continue to exist, and that present mining towns will survive as long as their activities remain profitable. Less bright are the prospects for many small places which lean heavily upon missionary activity or the fur trade. Many of them have already outlived their usefulness, and unless they find new economic activities they may soon go out of existence. In their place, will arise new communities, predominantly mining ones, attuned to the economic interests of the present and the future, not those of the past. Where today we can count only one small producing mine on tidewater in the North, tomorrow there will be several. Where now only a handful of natives enjoy steady employment the years to come will see a substantial labor force; and awakening Northlands that today lack the strength for provincial responsibility will one day provide us with new provinces.

That, in a nutshell, is the economic present and future of nine-tenths of our country - our Canadian North.