

THE FEDERAL GOVERNMENT AND URBAN DEVELOPMENT IN NORTHERN CANADA AFTER WORLD WAR II

Whitehorse and Dawson City, Yukon Territory

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CAPITALS ENJOY A FAVOURED status among Canadian cities. Over the past four decades, they have grown steadily, buttressed by the expanding welfare state, the increasing activism of Canadian administrations, and massive government expenditures on infrastructure and programme delivery. Nowhere is this more true than in the territorial north, where the development of the capital cities has proceeded at an astonishing pace, transforming two tiny regional centres into modern, wealthy, and stable communities, generally protected from the vagaries of a resource-based economy by the security of civil service employment and a high level of government expenditures.

There is a “founding myth” in the Canadian north that the region has suffered grievous harm at the hands of the nation-state, and has not properly benefited from the resources available to the federal government. This, as we have argued elsewhere, had a certain historical legitimacy in the period before 1945, when the Yukon and Northwest Territories were struggling to emerge from decades of colonial rule.¹ But that pattern changed dramatically after World War II, in an era of “welfare colonialism,” when the federal government attempted to atone for the years of benign neglect by providing a cornucopia of government programmes, federal transfer payments, subsidies for resource development, investments in infrastructure, and other benefits. This period of unprecedented federal involvement in regional development, at a level and complexity that far exceeded, for example,

¹ Ken Coates, *Canada's Colonies: A History of the Yukon and Northwest Territories* (Toronto: James Lorimer, 1985); Ken Coates and W. R. Morrison, *The Land of the Midnight Sun: A History of the Yukon Territory* (Edmonton: Hurtig, 1989); Ken Coates, “The Federal Government and the Economic System of the Yukon Territory: History and Contemporary Aspects of Northern Development” in Coates and Morrison, eds., *For Purposes of Dominion* (Toronto: Captus Press, 1989).

the period of western railway construction and prairie settlement, witnessed the recasting of northern society and the creation of a new regional order.²

The contemporary rhetoric of the territorial north, however, has put a particular twist on the relationship with the federal government. Northern politicians continue to speak of neglect, colonial relationships, and a lack of attention from southern politicians. This has been, and remains, one of the primary elements in political life in the region.³ Surprisingly, perhaps, the assumptions and implications of these political assertions have rarely been examined. Kenneth Rea's *The Political Economy of the Canadian North* made an important start in this area, but the theme has not been followed closely in subsequent years.⁴ Most of the literature on the history of the post-World War II north is either of a general sort, as with Morris Zaslow's invaluable *The Northward Expansion of Canada, 1914-1967*,⁵ or focuses more specifically on the development of federal policy, like Shelagh Grant's excellent *Sovereignty or Security*.⁶

The issue is a vital one, for it strikes at the very core of the political rhetoric of the contemporary territorial north: to what degree did the federal government control and shape the development of the region, and is it appropriate to accuse federal authorities of "neglecting" the region in favour of southern interests? Offering a definitive answer to such issues will of course require a much larger study than the present paper. The analysis of the role of the federal government in the postwar development of Whitehorse and Dawson City does, however, provide a useful start.

The nature of urban development in the north has yet to undergo detailed examination. Given the generally embryonic state of northern Canadian historiography, it is not particularly surprising that little has been written on the evolution of the major towns and cities

² This issue is examined in detail in Ken Coates and W. R. Morrison, *A Favoured Colony: The Federal Government and the Transformation of the Yukon Territory, 1946-1979* (manuscript in preparation).

³ Ken Coates and Judith Powell, *The Modern North: People, Politics and the Rejection of Colonialism* (Toronto: James Lorimer, 1990); Gurston Dacks, *A Choice of Futures* (Toronto: Methuen, 1981) and Mark Dickerson, *Whose North? Political Change, Political Development, and Self-Government in the Northwest Territories* (Vancouver: University of British Columbia Press, 1992).

⁴ Kenneth Rea, *The Political Economy of the Canadian North* (Toronto: University of Toronto Press, 1968).

⁵ Morris Zaslow, *The Northward Expansion of Canada, 1914-1967* (Toronto: McClelland and Stewart, 1988).

⁶ Shelagh Grant, *Sovereignty or Security? Government Policy in the Canadian North, 1939-1950* (Vancouver: University of British Columbia Press, 1988).

in the Yukon. There is a Parks Canada study on Dawson City,⁷ an historical geographer's brief analysis of the development of Whitehorse,⁸ two useful studies by Rick Stuart on the impact of the Alaska Highway construction on Dawson City⁹ and of the revitalization of Dawson City as an historic park,¹⁰ and a handful of scholarly articles on aspects of urban life in the Yukon.¹¹ The Northwest Territories' major towns have, similarly, attracted very little historical attention, nor has there been much study of the role of the federal government in shaping territorial developing in the postwar period.¹² There is, in contrast, a lively and expanding body of scholarship on single-industry towns¹³; perhaps the identification of capital cities as a single-function community — that is, as government company towns — would encourage greater historical examination. The specific issue under consideration here, the role of government in northern urban development, has attracted some attention, although most of it has focused on the actions of provincial authorities.¹⁴

Our goal, therefore, is to examine the role of the federal government in the transformation of the capital of one of the Territories, in this case the Yukon. We will attempt to explain both the pace and nature of the postwar development of Dawson City and Whitehorse, and thus much of the contemporary character of these communities. At the same time, and perhaps more importantly, this essay considers the "founding myth" described above, that the federal government has neglected and continues to neglect its northern territories.

In the early months of 1942, Whitehorse was a small, seasonal transportation town, tied to the rhythms of the Yukon River naviga-

⁷ Hal Guest, "A History of Dawson City," Parks Canada, unpublished.

⁸ Peter B. Clibbon, *The Evolution and Present Land Use Patterns of Whitehorse, Yukon Territory* (Québec: Les Cahiers du Centre de Recherches en aménagement et en développement, vol. 12, no. 2, 1989).

⁹ Richard Stuart, "The Impact of the Alaska Highway on Dawson City," in Ken Coates, ed., *The Alaska Highway* (Vancouver: UBC Press, 1982).

¹⁰ Richard Stuart, "Recycling Used Boomtowns: Dawson and Tourism," *The Northern Review* Number 6 (Winter 1990), 108-131.

¹¹ Coates and Powell, "Whitehorse and the Building of the Alaska Highway," *Alaska History* (1989).

¹² Ray Price, *Yellowknife* is a popular history of the N.W.T. capital city. A good place to start is Mark Dickerson, *Whose North*. Dickerson's bibliography is quite useful in this regard.

¹³ A good place to start in this field is Robert Robson, *Canadian Single Industry Communities: A Literature Review and Annotated Bibliography* (Sackville: Mount Allison University, 1986); Matt Bray and Ashley Thomson, eds., *At the End of the Shift: Mines and Single-Industry Towns in Northern Ontario* (Toronto: Dundurn Press, 1992). Also useful is Robert Robson, "The Politics of Resource Town Development: Ontario Resource Communities, 1883-1970," PhD: Guelph, 1986).

¹⁴ *Ibid.*; Robert Robson, "Building Resource Towns: Government Intervention in Ontario in the 1950s," in Bray and Thomson, eds., *At the End of the Shift*.

tion system and dominated by the White Pass and Yukon Route railway and steamship company. Dawson City, centre of the Klondike gold rush, had fallen on hard times by the early 1920s, dominated by the dredge-mining companies that had taken over the gold fields, with only its status as territorial capital providing even a glimmer of former glory. The balance between Whitehorse and Dawson City tipped dramatically during World War II, as the construction of the Alaska Highway through the southern Yukon resulted in the rapid expansion of the southern town and the virtual collapse of the old capital.¹⁵

The Canadian government paid little attention to the war-time transition of the urban balance in the Yukon Territory. Instead, the United States Army was the principal force in the re-development of Whitehorse between 1942 and 1946, investing heavily in sewer and water systems, recreational facilities, road improvements and the like. As the war proceeded, however, it became clear to federal officials that the balance of power in the territory had shifted southward. Maintaining the RCMP headquarters in Dawson, for example, was of no help in the supervision of construction workers along the Alaska Highway and CANOL project. Succumbing to realities, several federal departments, including the RCMP, removed their offices and most of their personnel to Whitehorse. Some oddities crept into the arrangements. Wartime economies forced cut-backs in government advertising, forcing the federal government to choose between publishing its Yukon Mining Regulations in the *Whitehorse Star* or the *Dawson News*. Officials opted for the latter, explaining correctly that Dawson was the seat of government and that "patronage available to the Dawson paper in wartime was decreasing whereas Whitehorse was having a boom."¹⁶

During the chaos and turmoil of World War II, such relocations attracted little attention, except in Dawson City, which recognized each shift as further evidence of its continuing decline. Dawson City leaders and boosters protested, and urged the federal government to maintain its presence in the territorial capital and, most importantly, to build a road from the Alaska Highway to the gold fields. Whitehorse, for its part, struggled with the realities of a massive "invasion," as its temporary population swelled far beyond the town's capacity to cope. Dozens of short-term decisions, most made by the American

¹⁵ Ken Coates and Judith Powell, "Whitehorse and the Construction of the Alaska Highway," *Alaska History* (Spring 1989); Richard Stuart, "Dawson City and the Building of the Alaska Highway," in K. Coates, ed., *The Alaska Highway: Papers of the 40th Anniversary Symposium* (Vancouver: University of British Columbia Press, 1985).

¹⁶ NAC, RG85, vol. 649, file 1004-86, pt. 1, Director to Jackson, 4 February 1944.

forces, reshaped the very nature of the town.¹⁷ At war's end, therefore, Yukon communities faced two conflicting realities: Dawson City's precipitous wartime decline and Whitehorse's transformation by military construction projects.

The two Yukon towns responded very differently to the redevelopment of the urban landscape. Dawson boosters, recognizing that the fate and prosperity of their community was at stake, rallied to its defence, demanding immediate government attention to their request for a highway connection to the outside world, and asserting their historic claim to be the centre of political and administrative life in the Yukon. It was an uphill struggle at best. Griffith Taylor observed "But one of its most interesting features is that it represents a town whose best days have long passed away; and though it is by no means stagnant now, the streets of empty shows and the numerous abandoned cabins recall the more flourishing days of the Klondike boom."¹⁸

Whitehorse, described by Griffith as belonging "to the 'adolescent' class of small towns,"¹⁹ lacked a tradition of community political activism, and was still recoiling from the massive American invasion, attempting to comprehend the impact of the postwar withdrawal. The southern centre did not follow the standard pattern of urban boosterism, asserting its new-found status and size and issuing grandiose claims to prominence. Whitehorse, instead, responded cautiously to the evident opportunities left over from the wartime construction. When a plebiscite was held in June 1946 on the matter of municipal incorporation, Whitehorse rate-payers turned it down by a vote of 22 to 123. Yukon Commissioner Jeckell wrote of the decision, "The vote reveals a great decrease in population and indicates that the more substantial residents prefer present system of local administration with low taxation to elected City Council and higher municipal taxation."²⁰ Incorporation did not come until 1950. Even then, as F. J. S. Cunningham, Director of Northern Administration and Lands Branch, made clear, the federal hand was evident in this decision: "Whitehorse . . . had been incorporated under the action of the territorial government in 1951 and was, therefore, a responsible municipality and not a 'ward' of the Federal Government." He did,

¹⁷ This issue is discussed in detail in Ken Coates and W. R. Morrison, *The Alaska Highway in World War II: The U.S. Army of Occupation in the Canadian Northwest* (Toronto: University of Toronto Press, 1992).

¹⁸ Griffith Taylor, "Arctic Survey IV. A Yukon Doomsday, 1944," *Canadian Journal of Economics and Political Science*, vol. 11, No. 3 (1945), 438.

¹⁹ *Ibid.*, 435.

²⁰ NAC, RG85, vol. 1512, file 1000/200, pt. 1, Director to Cumming, 26 June 1946.

however, indicate the role, if not the attitude of his department when he explained that the incorporation of the town had been forced upon the somewhat reluctant community by the territorial government — apparently at the instigation of the Department of Resources and Development.”²¹

As the federal government approached the organization of its postwar operations in the Yukon Territory, it was widely accepted that the existing structure — many of the administrative offices in Whitehorse but the territorial capital in Dawson City — did not meet its needs. Whitehorse had taken over as the centre of the federal government’s operation; the continuation of Dawson City as the territorial capital 400 miles away with no connecting roads added to the costs and inconvenience of administrative activities. By the late 1940s, the federal government was proposing shifting the capital to Whitehorse, a rumour greeted with horror by residents of Dawson City, who viewed such a plan as the death-knell for their town.

But the southward force was irresistible. As traffic on the Alaska highway increased, the population of Whitehorse continued to grow, and as the welfare state expanded, it seemed logical to establish government services where most of the people lived. This was particularly true because Dawson City was not connected by road to the outside until 1951, and that road ran west into Alaska, while the road connection to Whitehorse was not made until 1955. In 1950 the axe fell, and Ottawa announced that the territorial capital would be moved to Whitehorse. Desperate appeals from Dawson fell on deaf ears; Robert Winters, Minister of Resources and Development in the St. Laurent government, stated that it was simply a question of communications and administrative convenience. In 1952 construction of a new federal building began in Whitehorse, and the next year the Yukon Territorial Council began to meet there, ending the battle for administrative control of the Yukon.

The establishment of Whitehorse as the capital of the Yukon Territory rapidly restructured the nature of urban life in the region. As the federal government’s operations expanded, the majority of the expenditure, construction activity and civil servants were directed to Whitehorse. Dawson City experienced the anticipated collapse and teetered on the verge of becoming a ghost town. The ascendancy of Whitehorse was marked by two developments: its official designation as the territorial capital and, more pragmatically, the opening of the

²¹ NAC, RG24, vol. 6479, file 5507 W90, vol. 2, Comments on Meeting with Department of Resources and Development on Supply of Utility Services., 15 July 1953.

federal government building at the corner of Fourth Avenue and Main Street in 1953. This three-story office complex, the largest in the Yukon, housed several different branches of the federal administration, and was physical evidence that the federal presence would have a substantial impact on Whitehorse.

TABLE I
Whitehorse population

CENSUS YEAR	WHITEHORSE POPULATION	% OF TERRITORIAL POPULATION
1939 (est)	500	10%
1941	2,423	57%
1951	2,594	29%
1961	5,031	34%
1971	11,277	61%
1981	14,814	64%
1991	17,925	64%

Over the following years, additional federal investments in infrastructure and the placement of additional personnel supported the continued expansion of the community. Whitehorse grew steadily, its population stabilizing after the 1946 pull-out of the American forces. After 1951, the town rapidly came to dominate the entire territory. As federal money began to flow into the Yukon, Ottawa-based decisions played a major role in Whitehorse's rapid ascendancy and overwhelming role with the Yukon. As Jim Lotz commented, the government investments brought social change as well: "Whitehorse, in recent years, because of heavy government expenditure and the consequent setting up of southern standards of performance and behavior, has come more and more to resemble a southern Canadian city." He continued, "The man who drifted into the Yukon before the Second World War could build a cabin or a house and live as he pleased. Now any prospective home owner in the immediate environs of Whitehorse must get title to his land, satisfy building standards and sanitary regulations. He must pay his taxes, keep his house and its surroundings clean and neat, and search for work through agencies such as the National Employment Service."²²

²² J. R. Lotz, "The Squatters of Whitehorse: A Study of the Problems of New Northern Settlements," *Arctic*, vol. 18, no. 3 (1963), 189.

The federal government played a vital and public role in the redevelopment of Whitehorse, as befit its constitutional responsibility for the Yukon and its function as chief financier for any major development. In October 1954, Northern Affairs Minister Jean Lesage announced sweeping plans for the redevelopment of the town. A bridge was to be built across the Yukon River, opening up a major residential sub-division on the east side of the river. Plans were announced for a \$3 million hospital, also to be built on the east side. The sale of residential building lots, controlled by the federal government, was to be used to defray the costs of building the bridge. As Lesage correctly and enthusiastically pointed out, "When the new development is finished, there will be a big change in the face of Whitehorse. But the expansion of the medical facilities and residential areas in Whitehorse will be important not only to the city itself; they will reflect the growing importance of the Yukon and they will contribute to it. The development of Whitehorse marks another stage in the development of the Canadian North."²³ Lesage was correct. By 1963, the east side of the river housed most of the nicest homes in the city, the hospital, F. H. Collins high school, the Yukon Vocational School and a residence and school run by the Roman Catholic Church.²⁴

The process by which these decisions were made illustrates a great deal about the federal government's role in the territory. In 1954, discussions began over concern for the poor condition of the U.S. army-built hospital in Whitehorse and a lack of residential property in the town-site. Investigations by various government agencies provided evidence of the need, and a committee of representatives from the Department of National Defence, National Health and Welfare, Public Works and Northern Affairs and National Resources visited the community, where they met with various public groups, including the municipal council, board of trade, and the territorial council. Before proceeding, a government official wrote, "we assured ourselves that the expenditures which were contemplated would not require any increase in the general level of territorial taxation." Public Works received the task of building the bridge and the hospital; the territorial government's financial responsibilities included \$750,000 of the hospital costs, provided by the federal government on a low-interest loan. The territorial government also received loans to cover the cost of

²³ NAC, RG85, vol. 741, file 303/200, part 2, Press Release, 28 October 1954.

²⁴ YA, J. Aubrey Simmons Collection, 82/192, pt. 2, E. G. Paules to friends and comrades of the 18th Engineers of 1942, November 1963, p. 12.

developing the Riverdale sub-division, with the sums to be recovered from the sale of the first 1,500 lots. There was sufficient space for an additional 1,500 lots; when and if these were sold, according to the plan, the funds would be used to repay the cost of the bridge.²⁵

This expansion plan rested on another example of a northern vision gone awry. In 1954, Northwest Power Industries had plans for the development of a major hydro-electric project and the construction of a smelter in Whitehorse. This project, with the anticipated spin-off industries, was expected to double Whitehorse's population within a few years. The opening of as many as 3,000 residential lots in Riverdale was a reflection of the government's optimism that the plan would proceed and that Whitehorse would experience another construction boom like that associated with the construction of the Alaska Highway. The Riverdale development, therefore, owed part of its existence to the belief that a major industrial development was, as of 1954, in the immediate future.²⁶ It never arrived.

Many of the federal government's interventions were of a traditional, pragmatic sort — construction of new buildings, placing offices and personnel in the community, and the like. As well, a wide variety of issues arose because of the sizeable presence of the Department of National Defence in Whitehorse. On many occasions, Northwest Highway System officers made arrangements with municipal officials on projects of mutual interest, ranging from recreational facilities²⁷ to the maintenance of the Two-Mile Hill Road.²⁸ The army had assumed responsibility for providing electricity for Whitehorse residents (including free power to the Whitehorse Baptist Indian School). The willingness and ability of the Yukon Electric Company to provide services to the town-site and the new government suburbs convinced the army to pull out gradually from the power supply business, much to the consternation of some users conditioned to free or cheap power.²⁹

There were regular discussions on matters relating to the Whitehorse Indian reserve, where conflicting federal and territorial justifications required routine consultation.³⁰ The development of school facilities in the government suburbs similarly required joint arrange-

²⁵ NAC, RG85, vol. 741, file 303/200, part 2, Robertson to Connell, 7 November 1954.

²⁶ NAC, RG85, vol. 1075, file 303/200-1, Memorandum to Cabinet, Expansion of Whitehorse, Yukon Territory, 4 October 1954.

²⁷ NAC, RG24, vol. 6469, file 5115, W90/12, Vokes to Army Headquarters, 15 August 1955.

²⁸ On improvements to the Two-Mile Hill, see YA, Series 1, vol. 13, file 5.

²⁹ NAC, RG24, vol. 6477, file 5315-W90, file 10, LeCapelain to Director of Works and Accommodation, 21 November 1952.

³⁰ See, for example, YA, Series 10, vol. 33, folder 6.

ments. The construction costs for Takhini Elementary School in the early 1960s, for example, were divided between Northern Affairs and Natural Resources (20%), National Defence (21.67%) and the Government of the Yukon Territory (58.33%).³¹ Since Whitehorse could not, in the early 1950s, cover its own fire protection costs, arrangements were made with the Department of National Defence for joint fire protection.³² As the town grew, other fire-fighting arrangements were made. By 1961, there were three separate fire departments, operating four fire stations. Discussions then proceeded on various plans for amalgamation, eventually resulting in the establishment of a single fire-fighting structure for Whitehorse (except for the airport, which maintained its own facilities).³³ The intertwining of the federal, territorial, and municipal jurisdictions, during a time when the territorial government's responsibilities were growing slowly and when the question of municipal boundaries limited civic power, ensured that the federal government was an active player in many of the most elemental municipal services.

The federal government's decision in 1951 to proceed with the construction of several new suburban developments in Upper Whitehorse (on the escarpment west of the town-site) provides an excellent indication of its ability to restructure the city substantially. The decision to move the territorial capital from Dawson City to Whitehorse necessitated a rapid expansion in housing stock. Given the shortage of lots in the town-site, the federal government decided to build new housing areas outside the town's boundaries. Federal officials surveyed the area and opted for a site cleared by the U.S. Army during the war. The Whitehorse Board of Trade objected and asked federal officials to reconsider. The government disagreed and proceeded on its own.³⁴

The decision had long-term consequences, as development proceeded in Camp Takhini and later in Hillcrest and Valleyview, all outside the town-site. The Camp Takhini project began in 1951, was stalled for two years pending a decision of federal reorganization of its highway responsibilities in the Yukon, and then recommenced.³⁵ While the new housing projects spruced up the town — there being a sharp contrast between the often-ramshackle construction in the town-site and the uniform homes in the military areas — local residents were

³¹ YA, Series ROF 1-, vol. 52, file 7.

³² NAC, RG24, vol. 6474, file 5200, W90, vol. 1, various letters.

³³ NAC, RG24, vol. 6474, file 5200, W90, vol. 3, Switzer to Collins, 2 May 1961.

³⁴ NAC, RG85, vol. 1255, file 510-C-1, S61, Winters to Rowan, 31 August 1951.

³⁵ NAC, RG24, vol. 6467, file 5115-W90, vol. 11, Substantiation, RCOC/RCasc Whitehorse, 1959/60.

not completely content. The sharp physical contrast between the new town on the escarpment and the old town below it emphasized the economic divisions that were evident in the population of the growing community. Upper Whitehorse became home to the transient military population; the permanent residents lived in less well served areas in the lower town. As well, the high salaries of the federal officials contrasted sharply with lower territorial pay, leading to additional concerns about the divisions within the town. As John Phelps observed in 1953, "The Civil Service quarters built this year on top of the hill away from the town-site will be a constant annoyance. The same quarters built nearer the town would have provided a nucleus for better houses and the services, such as water and sewage, would have made it easier for the town to obtain theirs. It is hardly to be expected that your men, on whose reports you must rely, will have a proper appreciation of our troubles, situated as they are, above the dust of the town in fully modern quarters, tax free and with all services and fire protection guaranteed."³⁶

Other concerns operated at a more general level. Perhaps the best example is the lengthy and controversial debate over squatters within Whitehorse. The squatters established a presence during and after World War II, when a substantial number of wartime workers erected makeshift and ramshackle houses on company or crown land. Many had erected homes on unused land throughout the town; others gathered in little neighbourhoods with names like Sleepy Hollow, Whiskey Flats, and Moccasin Flats. When Vern and Alice Wilson moved into Whitehorse, they found housing difficult to locate: "Our own accommodation consisted of a converted military hut that had been up on the base. One of the entrepreneurial construction engineering corporals had got permission to haul this shack down into the town of Whitehorse. . . . And he proceeded to divide this hut into three apartments which we lived in."³⁷ In keeping with the North's tradition of celebrating the eccentric, the "Colourful Five Per Cent," as they are called in the Yukon, many Whitehorse residents accepted the squatters as an inevitable, even quaint element of local society. Federal officials felt otherwise, and found the existence of squatters' camps in high-profile positions in the community to be an embarrassment, not worthy of a capital city.

Jim Lotz, who studied the squatters in the early 1960s, wrote this of the group:

³⁶ NAC, RG85, vol. 1317, file 510-1, part 1, Phelps to Young, 4 March 1953.

³⁷ Interview with Vern and Alice Wilson, 28 June 1989.

In Whitehorse, the term squatter has derogatory overtones. Squatters, according to local informants were either “single men shacked up with Indian women” or “families earning big wages and not paying their fair share of running the town.” To the settled rate- and tax-paying residents of Whitehorse, squatters appeared as an undesirable element in the city’s population, a group who lived in unplanned areas, in substandard houses without proper services or facilities, and who contributed nothing to the running of the town or the Territory. Interpersonal relationships between squatters and non-squatters, however, did not appear to be affected by the stereotyping of the whole group, and were usually friendly.³⁸

These squatters were a diverse group — a number employed and stock-piling money for a planned departure from the north, others unemployed and on government assistance. Almost a third were single men, and many were of aboriginal ancestry. The houses were a ramshackle collection of log homes, converted Quonset huts, make-shift shacks, and temporary structures. For some citizens of the Whitehorse, the squatter settlements were an eyesore; for others, they were a sign of the Yukon’s frontier character. Particularly offensive to civic improvers was “Whiskey Flats,” a diverse collection of dwellings, some shacks, others quite presentable, clustered between the river bank — what was to become the city’s new main street and the eventual site of the territorial government buildings.

By the late 1950s, the federal government had decided that the squatters had to go, and laid plans for the relocation of the cabins and people to other locations in the community. The rapid improvement of the town’s physical character and the construction of new government and private suburbs in Whitehorse rendered the squatter plots anachronistic. The first, and most obvious step, was to remove the squatters from residential lots in the town-site. In some cases, the interlopers had constructed several homes on a single lot, did not have access to the water and sewer systems, and did not pay taxes. By 1960, most of these houses had been destroyed and the residents relocated to either one of the settlements remaining along the river or to one of the satellite suburbs developing outside the city core. Stiff regulations prohibiting further squatting in the town were posted and firmly enforced.³⁹

³⁸ J. R. Lotz, “The Squatters of Whitehorse: A Study of the Problems of New Northern Settlements,” *Arctic*, vol. 18, no. 3 (1963), 176.

³⁹ NAC, RG85, vol. 1448, file 1000/20, pt. 10, Director to Commissioner, 23 June 1961.

The federal government's objective in tackling the squatter problem was substantially aesthetic. The new capital required a "respectable town plan," one that began to emerge among the three levels of government in the late 1950s.⁴⁰ A priority for the planners was the removal of the squatters. Alvin Hamilton, Minister of Northern Affairs and Natural Resources in the Diefenbaker government, favoured the razing of the homes and the creation of a waterfront park, complete with the preservation of several of the historic Yukon River steamers as a tourist attraction.⁴¹ Removal measures were far from draconian. Federal funds were provisionally provided for the development of a new subdivision, Lot 19, with the lots to be made available to squatters at a discounted rate (with a clause to prevent speculation in the properties).⁴² This plan was not universally popular. City Council, through Major Wylie, complained about the use of a valuable downtown plot of land for the squatters.⁴³

The process was far from easy, as several residents dug in their heels and refused to move. The obstinance of some of the squatters caused consternation among federal and territorial officials, who wondered about the legality of what they were doing, and contemplated the cost and publicity of taking a succession of squatters to court.⁴⁴ The federal government's response was to encourage officials to isolate the remaining squatters, establish a Squatter Relocation Committee to ensure an orderly transition and, when absolutely necessary, to direct any force toward the house and not the squatter. With the confidence of an official who lived 3,000 miles from the problem, the Director of Northern Affairs wrote, "While the sort of trouble that you anticipate may occur during the relocation, a combination of tact, squatter help, and firmness should be sufficient to take care of every squatter."⁴⁵ Local officials, including Commissioner Frederick Collins, were less sanguine about the process and, knowing the squatters well, expressed concern about passive resistance and old-fashioned frontier obstinance.⁴⁶

⁴⁰ One step in the process was the commissioning of a 1960 report by the Institute of Local Government at Queen's University. See The Institute of Local Government, *The City of Whitehorse* (Queen's University, 1960). A copy of the report can be found in the Yukon Archives.

⁴¹ NAC, RG24, vol. 6467, file 5115-W90, vol. 13, Alvin Hamilton to G. R. Pearkes, 28 May 1959.

⁴² NAC, RG85, vol. 1448, file 1000/20, pt. 10, Director to Deputy Minister, 11 July 1961.

⁴³ NAC, RG85, vol. 1448, file 1000/20, pt. 10, Director to Deputy Minister, 28 September 1961.

⁴⁴ NAC, RG85, vol. 1448, file 1000/20, pt. 10, Collins to Director, 10 August 1961.

⁴⁵ NAC, RG85, vol. 1448, file 1000/20, pt. 10, Director to Commissioner of the Yukon, 21 August 1961.

⁴⁶ NAC, RG85, vol. 1448, file 1000/20, pt. 10, Collins to Director, 1 September 1961.

The matter was removed from officials' hands and placed before a municipal referendum, where local frustrations with the squatters found full voice. Territorial Commissioner Collins accordingly jumped into an escalating local debate on the project, trying to reassure Whitehorse taxpayers that the squatters would, indeed, pay for the improvements to the new subdivision, that the City would get a public park out of the changes and that potential health problems would be eradicated. He ended his letter to the editor with an appeal to Yukoners' social conscience and a spirit of civic paternalism: "Finally, we all owe a duty to our fellow man even if sometimes he himself has not requested our aid or appreciates it when given. The greatness of any country lies in its most important resource — its people. It is not in the interest of Whitehorse, the Yukon and Canada to permit or sanction its children, youth, and adults, remaining in an environment lacking all the incentives to healthful living and good citizenship."⁴⁷

The intervention of public officials did not have the described effect. In September 1961 the plan was defeated in a referendum by a vote of 174 to 118, due at least in part to "some resentment that slum dwellers were to be offered land more cheaply than other buyers could get within the City." Federal officials, who continued to place a high priority on the relocation, were irritated by the referendum results. The decision clearly hampered federal and territorial action. As the Director of Northern Affairs wrote,

Indeed in the last analysis it is they who must live with their slum condition, and if a relocation programme is to succeed it must have their endorsement and co-operation. By refusing to comment or be provoked into immediate remedial action on the lot 19 rebuff, we may jolt some local residents from their easy torpor into doing a bit of thinking for themselves. And if we do this we will have gone a long way towards solving the problem.⁴⁸

Deputy Minister Robertson put it succinctly: "[N]either of the senior governments is going to try to salvage an opportunity deliberately spurned by the taxpayers to produce a new plan for downtown Whitehorse that will remove all obligations from the local citizens."⁴⁹ This refrain — that northern residents did not know what was best for them — was a familiar one in the new north.

⁴⁷ NAC, RG85, vol. 1448, file 1000/20, pt. 10, Collins to Harry Boyle, 23 August 1961.

⁴⁸ NAC, RG85, vol. 1448, file 1000/20, pt. 10, Director to Deputy Minister, 28 September 1961.

⁴⁹ NAC, RG85, vol. 1448, file 1000/20, pt. 10, Robertson to Collins, 19 October 1961.

The federal government have a response. Officials decided that they could not force Whitehorse to accelerate the removal process; the Whiskey Flats eyesore would clearly remain for the time being. Responding to the referendum loss, however, officials decided that the development of the waterfront park would be “indefinitely deferred” and that the planned preservation of the riverboats would also be held up.⁵⁰ This last was an unfortunate decision, for all but one of the steamers were destroyed in a fire before they could be moved and preserved.

The squatter issue was not easily deferred, however. Federal and territorial officials continued to encourage the city and the White Pass and Yukon Route, owners of Lot 19, to proceed with residential lot development and to accelerate the removal process. As the new Commissioner Gordon Cameron recognized in 1962, it was clear that another municipal referendum on the subject would fail. He recommended that the federal government finance the territorial government’s plan to move the squatters.⁵¹ The Department of Northern Affairs remained strongly interested in the matter, and continued to urge municipal officials to take quick action that both dealt with the problem and responded to residents’ fears, legitimate and otherwise, about the enterprise. Recognizing that a too-evident hand of the federal government might scuttle the deal, Deputy Minister Robertson urged that action be taken on the local level so that action “not be construed as further coercion by the Federal Government.”⁵²

And so, a year after the first plebiscite on the matter, federal, territorial, and municipal officials prepared for a second vote. During the same period, the territorial government continued, at an average cost of \$426.09, to remove all abandoned and unoccupied buildings.⁵³ The project was not a small one. By 1 April 1962, 232 buildings had been moved from Crown land in Whitehorse; over the next eight months, an additional 47 structures had been dealt with, leaving a total of 185 to move.⁵⁴ The plebiscite, held in December 1962, was another defeat for progress, although the federal government was determined to continue on a more reduced basis. A new set of concerns, such as the Royal Canadian Mounted Police’s desire for additional staff to deal with the prospect of violence, now came to the fore. This was no

⁵⁰ NAC, RG85, vol. 1448, file 1000/20, pt. 10, Director to Director, National Parks Branch, 20 October 1961.

⁵¹ NAC, RG85, vol. 1449, file 1000/20, pt. 12, Cameron to Robertson, 10 October 1962.

⁵² NAC, RG85, vol. 1449, file 1000/20, pt. 12, Robertson to Cameron, 5 November 1962.

⁵³ NAC, RG85, vol. 1449, file 1000/20, pt. 12, Cameron to Robertson, 2 November 1962.

⁵⁴ NAC, RG85, vol. 1449, file 1000/20, pt. 12, Cameron to Robertson, 16 November 1962.

groundless fear; during an earlier removal, a squatter had attacked an RCMP officer with a crowbar.⁵⁵

The matter of squatters remained bogged down in a dispute between Whitehorse rate-payers, who clearly did not want the squatters to get an advantage from any arrangements struck with governments, and federal officials, who wished that the project would proceed forthwith. The failure of the plebiscites removed the opportunity to deal with the problem in one sweep, forcing the government into a series of smaller but still costly steps. New plans, no longer focusing on the proposed redevelopment of Lot 19, emerged. Squatters being moved were directed toward Porter Creek, a small development along the Alaska Highway north of town, or to small pockets of settlement — McCrae and the Carcross cut-off — south of town. It was evident to government officials, however, that “there will not be too many people who will wish to take advantage of this until they know that they are being forced out.” Federal resolve remained strong “in relation to the running sore of squalor created by the squatter debacle over the past two decades.”⁵⁶

The squatters were not inactive through this period. Many went along with the relocation; others worked with government officials, through a Squatters’ Association, to devise alternatives, including a proposal that the now-famous Lot 19 be developed through a cooperative.⁵⁷ Contrary to the opinion implicit in much of the internal government debate, that the squatters were undesirables, the squatters viewed themselves as responsible residents, caught between the wartime and postwar shortage of building lots and their own lack of money. Commissioner Cameron met with a squatters’ committee and reported “that they want to move in a group to the same location in order to maintain the existing feeling of community among them.”⁵⁸ The committee had other functions. When, in winter 1962-63, the territorial government made a mistake and demolished a house in which a person was still living, arrangements were met to consult with the Squatters’ Association before dealing with any unoccupied home.⁵⁹

The members of the association, despite the often unflattering comments made about them by many officials and townsfolk, were

⁵⁵ NAC, RG85, vol. 1449, file 1000/20, pt. 12, Cameron to Director, 17 December 1962.

⁵⁶ NAC, RG85, vol. 1449, file 1000/20, pt. 12, Robertson to Cameron, 21 December 1962.

⁵⁷ NAC, RG85, vol. 1449, file 1000/20, pt. 12, Robertson to Secretary, Treasury Board, 13 March 1963.

⁵⁸ NAC, RG85, vol. 1449, file 1000/20, pt. 12, Robertson to Secretary, Treasury Board, 13 March 1963.

⁵⁹ NAC, RG85, vol. 1449, file 1000/20, pt. 12, Cameron to Coté, 11 September 1963.

not the ragged group of welfare lowlifes typically labelled with the term squatter. As the territorial government took steps toward final eviction, they identified at least twenty-five of the squatter structures as being owned by government employees. Moreover, the buildings themselves were not the tar-paper shacks of squatter stereotype. As Commissioner Cameron admitted late in 1963, "Indeed, some of the houses in which people are living on the flats are equal to if not superior in quality to those elsewhere in Whitehorse, and in a few cases, the buildings would be of a standard high enough to be in Riverdale."⁶⁰

As discussions continued, frustrations mounted, particularly with the federal government. Municipal voters had resisted efforts to deal with the matter decisively — except to say that they disapproved of the government's measures. In July 1963, the Northern Affairs branch reported that the City of Whitehorse and the White Pass and Yukon Railway company had reached an agreement on the development of Lot 19. Problems remained, for the squatters could not come up with all the money requested and it remained unclear as to whether all of the squatters would participate. Having tried negotiation for some time, the federal government finally lost patience. The agreement concerning Lot 19 was to run out at the end of September. Commissioner Cameron wished to move swiftly at the end of that period to deal with the matter once and for all, quickly demolishing any remaining structures in the squatter areas.⁶¹

The squatters could not organize themselves as planned. By mid-September, it was evident that they could not raise the money necessary to proceed with the Lot 19 development; the squatters' committee proposed that a second effort be made the following summer. By the end of October, only twelve people had put down the \$1,500 deposit required under the agreement.⁶² Commissioner Cameron proposed that steps be taken to secure authorization to proceed with the clearing of all remaining buildings, suggesting that the plan be implemented the following spring in order to avoid winter hardships and because [1965] "will be exactly twenty years from the end of the second world war, to which the problem can in very large way be attributed."⁶³

Despite the federal government's best and concerted efforts, the Whitehorse squatter problem was not dealt with expeditiously. Plans

⁶⁰ NAC, RG85I, vol. 1449, file 1000/20, pt. 12, Cameron to Coté, 3 October 1963.

⁶¹ NAC, RG85, vol. 1449, file 1000/20, pt. 12, Cameron to Coté, 6 August 1963.

⁶² NAC, RG85, vol. 1449, file 1000/20, pt. 12, Cameron to Coté, 30 October 1963.

⁶³ NAC, RG85, vol. 1449, file 1000/20, pt. 12, Cameron to Coté, 11 September 1963.

for the redevelopment of the downtown, particularly the waterfront strip from the Robert Campbell bridge to Main Street, remained on hold as the search for a viable alternative proceeded. By the end of 1964, most of the squatters were gone. The government then moved in and relocated the remaining buildings and their occupants outside the downtown area; many were moved to the Carcross Cut-off, just south of the greatly expanded Whitehorse city limits, where they lived free from the burdens of municipal taxation and outside the responsibility of the Whitehorse government. The local Rotary Club stepped in, and Whiskey Flats was quickly converted into a park. The last remaining riverboat, the *Whitehorse*, was moved through town to a new resting place in the old Whiskey Flats as a national historic site. By 1970, most vestiges of the squatters had been eliminated. The remaining structures — along the waterfront north of the White Pass rail yards, tucked into the hillside along the Two-Mile Hill and along the Alaska Highway — were too few and too widely scattered to be of sustained concern. The federal government had had its way, but it had taken the better part of a decade to remove from downtown Whitehorse a perceived eyesore. The community's redevelopment as a "proper" capital city was well underway.

The federal government's involvement with municipal matters in Whitehorse went far beyond the aesthetic questions of squatters' homes. From the end of the war, officials were anxious to bring the benefits of modern urban planning to the northern town and, after the transfer of the capital, to ensure that the city developed in an orderly fashion. There were many reasons for direct involvement. The development of suburbs by civil service departments — D.N.D.'s Hillcrest housing, C.N.T.'s Valleyview development, and the DND's large housing complex in Camp Takhini — taxed the City's meagre municipal services and required extensive federal-municipal negotiations.⁶⁴ DND, for example, would not develop sewer and water lines for privately held lots, thereby convincing the municipal politicians that a direct incorporation of these housing projects into the city would be of limited value.⁶⁵

The preponderant importance of federal development projects, particularly in the 1950s, created a most unusual arrangement with the municipality. With much of the town's growth controlled by federal departments, the city found itself with somewhat limited freedom. The city's water supply system had been installed by the United States

⁶⁴ YA, Series ROF 1-, vol. 43, file 10, Young to Fraser, 18 February 1952.

⁶⁵ YA, Series ROF 1-, vol. 43, file 10, Fraser to Sinclair, 22 February 1952.

Army during the war. After 1946, control reverted to the Department of National Defence. As construction of the Camp Takhini project neared completion, DND turned over control of municipal services to the city. In the case of water, DND provided service to the city's boundaries, after which point water supply and services were a municipal responsibility. There was a northern twist to the relationship. During the winter months, many Yukon residents left their water running to avoid frozen pipes. This led, according to Brigadier H. Love, Commander of the Northwest Highway System, to consumption at four times the expected rate. Generous agreements put in place by the U.S. Army meant that residents were charged a flat rate, hardly an incentive to conservation.⁶⁶ There were other problems. The construction of the Whitehorse hospital taxed the existing water supply system. The only hope for expansion, however, rested with the Northwest Highway System enhancing the McIntyre Creek pumping station and constructing a larger water main to the lower town-site. While the city was prepared to pay for the water required, the fact that the municipality depended upon the decision of a federal agency limited its flexibility considerably.⁶⁷

Negotiating new arrangements was, not surprisingly, a complex process, involving federal, territorial, and civic officials. The number of federal agencies and department involved only added to the nuances of discussions. The impending opening of the new federal office building in the downtown core spurred federal officials on, as a review of the state of the water and sewer system raised serious questions as to the reliability of the existing system.⁶⁸ Municipal officials put together a substantial brief outlining the need for enhanced utilities systems and the financial and logistical barriers to proceeding on their own account.⁶⁹

The water and sewer issue — in some ways the first point of confusion to emerge from the expanding role of the federal government in Whitehorse — illustrated a more basic difficulty. Overriding many of the discussions, and a source of considerable comment by federal officials, was the evident reluctance of Whitehorse residents to pay for improved services. From the first vote on incorporation, local rate-payers had demonstrated a reluctance to add to their tax burden.

⁶⁶ YA, Series ROF 1-, vol. 43, file 10, Love to Fraser, 30 May 1952.

⁶⁷ YA, Series ROF 1-, vol. 43, file 10, Fraser to Love, 3 April 1952.

⁶⁸ YA, Series ROF 1-, vol. 43, file 10, Fraser to Young, 13 November 1952.

⁶⁹ NAC, RG24, vol. 6479, file 5507-W90, vol. 1, City of Whitehorse Brief to Support an Application to the Government of Canada to Install and Finance a Utilities Program for the City of Whitehorse, 10 July 1951.

As Commissioner Fred Fraser observed in 1952, "I think the fact of the matter is that the people of the town have paid for many years very low Territorial taxes and upon incorporation have endeavored to maintain their rate of taxation at the same level which they cannot do, if they hope to have the amenities which go with city life."⁷⁰ H. A. Young, Deputy Minister of Resources and Development, observed with some sharpness, "Some means must be found to make it clear to the Mayor and members of City Council that the provision of a water supply and of sewer services is primarily the responsibility of the City and that the proper channel through which the City may make representations looking toward financial or other assistance is through the Government of the Yukon Territory."⁷¹

Whitehorse residents did not accept the representation, without protest, and remained "strongly of the opinion that the Federal Government should assist in the construction of the system by making an outright capital grant."⁷² The mayor requested a grant of \$250,000 toward the anticipated \$1,000,000 total cost.⁷³ The town's position ran counter to a determined federal position to have provinces and municipalities fund their own services; the federal government responded to Whitehorse's request with an offer to lend, through the territorial government, the entire cost of the water and sewer project, in part "because of the lack of a market for debentures of a city so far north."⁷⁴ The debate over this matter, a regular one since 1946, had emerged as something of a test case. Federal officials seemingly believed that Whitehorse residents and officials were unduly reluctant to assume their full municipal responsibilities. A municipal vote on the water sewer proposal was held in May 1954; to the delight of local and federal officials, the measure passed overwhelmingly, with some 96 per cent favouring the proposition.⁷⁵ In the minds of some officials, Whitehorse had crossed a Rubicon in terms of municipal responsibility.

The project did not proceed as smoothly as officials had hoped. By late 1956, major cost over-runs raised questions in Ottawa about the management of the project and, specifically, the role of the Yukon Commissioner in the administration of the enterprise. A sharp

⁷⁰ YA, Series ROF 1-, vol. 43, file 10, Fraser to Young, 20 June 1952.

⁷¹ YA, Series ROF 1-, vol. 43, file 10, Young to Brown, 10 February 1953.

⁷² YA, Series ROF 1-, vol. 43, file 10, H. Armstrong to Commissioner, 23 September 1953.

⁷³ YA, Series ROF 1-, vol. 43, file 10, Brown to Young, 25 September 1953.

⁷⁴ YA, Series ROF 1-, vol. 43, file 10, Young to Brown, 22 October 1953; NAC, RG85, vol. 1484, file 331-2/200-3, Press Release, 24 November 1953.

⁷⁵ YA, Series ROF 1-, vol. 43, file 10, Robertson to Armstrong, 3 June 1954.

exchange of letters between Deputy Minister Robertson and Commissioner F. Collins indicated the depth of the financial and political problem. Collins' observation, meant to reassure, likely did nothing of the sort: "Everyone in the Yukon knows that no project here ever lived within original estimates, (nor I suspect would it elsewhere in the north). No one thinks there has been waste or extravagance or that full value has not been given for the expenditures made and incurred." He offered some more basic reassurances: "No political harm has been done and I would ask that the Minister be assured of that. He and the Department are held in the highest regard — a regard which is constantly increasing as plans and projects for the Territory become known." He ended by writing, "I must tell you how deeply hurt I have been by your own [letter]. I have never received, much less sent such a letter to anyone in my life, much less a senior official of thirty-eight years service in the Government. In all my dealings with you, both as Chief Treasury Officer and Commissioner, I have been entirely frank and honest, never lied, never evaded an issue."⁷⁶ It was an unhappy — but private — ending to a long, complex process.⁷⁷

In the late 1960s, federal officials found themselves entangled at various levels in a debate over the extension of municipal boundaries. Whitehorse had, since its founding, been based along the river. During the Second World War, American projects moved up the escarpment where, after 1946, the Department of National Defence and other government agencies maintained housing districts. The inefficiencies in the system, coupled with the desire of government departments to rid themselves of municipal-style obligations, led to various proposals for incorporation of outlying districts with the city of Whitehorse. The federal government had, in 1960, placed a moratorium on the disposal of Crown land within a ten-mile radius of Whitehorse (Privy Council Order 1960-501). The intention was to control urban development; the immediate impact was to make it very difficult to secure title to land around Whitehorse.⁷⁸

The first step in administering the Crown lands was the establishment of an internal federal government committee, which reviewed applications and made decisions on the disposal of properties, many of which were for cabin plots, particularly at Chadburn Lake.⁷⁹ This arrangement allowed for the assessment of applications but did not

⁷⁶ NAC, RG 85, vol. 1486, file 331-2/200, part 10, Collins to Robertson, 19 December 1959.

⁷⁷ For a full review of the water and sewer question, see NAC, RG85, vol. 1486, file 331-2/200, part 10, "The Whitehorse Water Supply and Sewerage Project," January 1957.

⁷⁸ YA, Series ROF 1-, vol. 45, file 7, Collins to Lithgow, 23 February 1962.

⁷⁹ *Ibid.*

quell the concern that Whitehorse residents did not have sufficient control over their community's development. Expanding the membership of the decision-making authority was seen as a means of avoiding future controversy: "[I]f this committee was formed we could not be accused later of permitting indiscriminate development in the Metropolitan Area without giving the City Council and Territorial Council an opportunity to voice their opinions on specific applications."⁸⁰ A committee was established, with the provision that the members not consider requests for residential land or agricultural properties.⁸¹ The arrangement carried many nuances. For example, shortly after the plan was accepted, the question of funding the committee arose. The city assumed that the federal government would participate financially; some federal officials wanted the costs divided equally between the city and the territorial government. As Commissioner Collins observed, "The City has accepted the proposed Metropolitan Area in good faith and without first knowing what its share of the cost was going to be. I am afraid that this will appear, to the City, as a typical example of the way in which the Federal Government first persuades them to accept a program and then confronts them with the bill."⁸² As time passed, the arrangement was made more formal and participation expanded. A twelve-member Whitehorse Metropolitan Committee was established in 1964, with representatives from each of the residential districts in the greater Whitehorse area.⁸³

At the centre of the discussion was the question of the government-controlled suburbs. Public Works wished to pass the responsibility for Camp Takhini to the city, but a 1966 civic vote on the matter went down to defeat.⁸⁴ At the opposite end, the emergence of detailed discussions in 1968 at the federal and territorial levels raised concerns among the Indian Affairs branch about the status of services for the Whitehorse reserve. The status of the Hillcrest subdivision, then under the control of the Department of National Defence, which in turn was planning to shut down its operations in Whitehorse, added to the complexity of federal involvement.⁸⁵

There was certainly need for action. By 1968, the greater Whitehorse area fell into various administrative camps, many of them

⁸⁰ YA, Series ROF 1-, vol. 45, file 7, Reeve to Sivertz, 25 May 1961.

⁸¹ YA, Series ROF 1-, vol. 45, file 7, Director to Commissioner, 30 May 1961.

⁸² YA, Series ROF 1-, vol. 45, file 7, Collins to Director, 22 June 1961.

⁸³ YA, Series ROF 1-, vol. 45, file 7, Cameron to Director, 17 June 1964.

⁸⁴ IAND, file 801/19-4, vol. 1, Smith to Davidson, 13 February 1968.

⁸⁵ IAND, file 801/19-4, vol. 1, Gordon to Assistant Deputy Minister, Indian Affairs Branch, 24 July 1968.

traceable back to federal departments. As a City of Whitehorse statement on the matter recorded in 1968, "The overall picture of the so-called Metropolitan Area as it presents itself today is, therefore, a hodge-podge of different rules and regulations, overlapping, and often uncoordinated authorities, it is plagued by individual developments such a 3 different water systems, and has a variety of other municipal services such as private garbage collection and a government operated and subsidized water delivery system. Together with these there are also costly administrative duplications which are eventually all borne by the taxpayers." Civic officials, not surprisingly, recommended that steps be taken to bring the various outlying districts into a single administrative structure.⁸⁶ While debate continued on the merits of the plan, major decisions remained on hold. Discussions about the merits of a sewage treatment plant, for example, could not proceed without a resolution of the administrative question.⁸⁷

The continued administrative maturation of Whitehorse gradually lessened the direct role of the federal government in the community. Elected municipal officials represented the entire Whitehorse area, and ran the city in much the same way as in other Canadian municipalities. The federal government was called upon to provide funds and support as required, but the relationship had shifted from the Ottawa-centred approach of the 1950s to a Whitehorse-based system by the late 1960s. By then Whitehorse was being dealt with more along the lines of southern communities. Whitehorse, for example, received substantial federal funding for its Centennial Year project — a city hall, fire hall and museum complex — but according to the same type of arrangements available for cities and towns across Canada.⁸⁸

The federal government, therefore, affected the development of Whitehorse in two ways: through the gradual but substantial expansion of government services and staffing in the territorial capital, which increased the population and stabilized the economy, and by direct involvement in the operations of the northern city. By the early 1970s, the latter involvement had declined significantly, with responsibility devolving to territorial and municipal officials. The former process, best described as the bureaucratization of the frontier community, continued apace, although was much less noticeable. In fact, significant private sector activity in the 1960s and 1970s somewhat

⁸⁶ IAND, file 801/19-4, vol. 1, City of Whitehorse, Boundary Extension-Position Paper, 15 June 1970.

⁸⁷ YA, Series 10, vol. 33, folder 3, Darychuck to Smith, 23 April 1970.

⁸⁸ YA, Series ROF 1-, vol. 72, file 9, Porter to Gillespie, 11 January 1967.

obscured the presence of a substantial federal presence and the continued and now entrenched subsidization of northern life.

While the development of Whitehorse proceeded apace after 1946, Dawson City found itself in precisely the opposite situation. Whitehorse's problems could be traced to the difficulties of coping with government-directed growth; Dawson City had to deal with the realities of government-created collapse. The continued emphasis on the problems of the southern city only added to Dawson's difficulties, exacerbating a process which began long before World War II.

The immediate postwar problems could be traced to the continued withdrawal of government offices and personnel from the territorial capital. While Dawson held onto the official title of territorial capital until 1953, it had, in practical terms, lost much of that role by 1946. Knowledge of the ongoing discussions in Ottawa concerning the status of Dawson only added to residents' unease. Dawsonites continued to lobby for the construction of a highway linking them with the southern Yukon, which they believed would allow them to hold onto their status as the centre of territorial administration. Federal official C. K. LeCapelain saw a connection between the two matters:

There is no doubt but that the transfer of this business from Dawson to Whitehorse would be a sad blow to the former city. One of the most difficult problems which the Administration would have to decide is the that of timing the transfer. Perhaps it might be well to wait until the all-weather road reaches Dawson before making the transfer. The road will add something to Dawson while the transfer of the Seat of Government will take something away from it. At the same time the road would prove useful in making the transfer as a lot of the official freight and personal goods could be loaded onto trucks without crating and move directly from the office at Dawson to that at Whitehorse.⁸⁹

The Dawson effort failed, as federal officials were determined to proceed with the relocation. As one local resident regretfully said, "They just shoved the frontier 300 miles further south." The decline continued; as Douglas Sack wrote, "There was a proud young filly 300 miles away kicking up her heels up and making enough noise to wake the dead. Before long, the grand old dame was going to have to step aside and allow the younger and stronger world to take over."⁹⁰ Thus,

⁸⁹ NAC, RG85, vol. 1255, file 510-6-1-, pat 1, LeCapelain to Gibson, 24 November 1948.

⁹⁰ Douglas Sack, *A Brief History of Dawson City and the Klondike* (Yukon Archives Pamphlet 1974-2).

the decline continued, marked by the closure of the *Dawson Daily News* in March 1953 which, in turn, was traceable in large measure to the withdrawal of government printing business.⁹¹ Personal and business migration southward accelerated, as did the continued erosion of the now-former capital of the Yukon.

Federal involvement in Dawson's affairs dropped dramatically as Whitehorse expanded. Two elements, the ill-fated Dawson Festival and the eventually more successful redevelopment of Dawson City as a major heritage tourist attraction, became the focus for federal efforts in the area. Each represented the continued high level of involvement of federal officials in local and regional matters, and the difficulties inherent in managing a return to prosperity for the isolated northern town.

In the years following the withdrawal of the capital, Dawson City fell on hard times. Businesses pulled out, leaving the town with the aura of a ghost town. Even the construction of the highway from Whitehorse to Mayo and then to Dawson did little to stop the downward spiral. Dawson needed new life, and there was little in the offing that promised to revive the once prominent community. The city, in fact, appeared to have had its past and its future in one short burst, during the Klondike gold rush, and appeared fated for the inevitable ill-fortune of the mining boom-town. A small group of determined local promoters, however, resisted the collapse and repeatedly petitioned territorial and federal officials for aid in the renewal of the former capital.

In the late 1950s, local promoters pinned their hopes on reviving interest in the Klondike gold rush.⁹² Still a cultural icon, particularly for Americans, the gold rush was re-discovered in the 1950s, through the publication of Pierre Berton's *Klondike*, the television show "Sergeant Preston of the Mounted," and the famous Puffed Wheat promotion, which offered purchasers a free Klondike gold claim (all of one square inch) and which attracted hundreds of thousands of stay at home stampeders. Local promoters turned to the federal government for support in developing specific measures for capitalizing on the perceived opportunity.

Interest coalesced around a departmental proposal for a major, government-sponsored Dawson City Festival. The idea crystallized in 1959 following discussions between the Department of Northern

⁹¹ NAC, RG85, vol. 316, file 20-1 Simmons, Samuelson to Simmons, 11 June 1954.

⁹² This theme is examined in Richard Stuart, "Recycling Used Boomtowns: Dawson and Tourism," *The Northern Review* Number 6 (Winter 1990).

Development and theatre promoter Tom Patterson, the initiator of the remarkably successful Shakespeare Festival in Stratford, Ontario.⁹³ Patterson commented about Dawson City,

It is a well-known fact, that, if left to deteriorate as it is doing now, practically everything will be gone within another ten years. The urgency of the problem has been further increased by the pending closure of the Yukon Consolidated Gold Company's operation. If it was just case of "another ghost town" this would not be too bad. However, with Dawson City representing one of the few periods in Canada's history which is internationally and universally known, this seems not only a shame — but would be a national disgrace to let it tumble into the weeds of the north, — especially at a time when there is increased interest in the northern part of all countries. Dawson City could — and I believe will, become a 'living museum' which Canadians will be able to take pride in for generations to come.⁹⁴

The government followed his recommendations. In March 1960, Alvin Hamilton, Northern Affairs Minister, "unveiled plans to revive the scenes of the Klondike gold rush to build a tourist industry it hopes will rival the boom days of 60 years ago."⁹⁵ In the same year the Dawson City Festival Foundation was established to manage the project. The Foundation set an ambitious agenda, dedicating itself to the promotion of northern culture, stimulating interest in the gold rush, conducting an annual Dawson City Festival, and otherwise promoting the Yukon and Dawson City. The Foundation recruited well-known Yukoner A. Innes-Taylor to serve as General Manager.

It was an ambitious, even audacious, undertaking. Dawson City had few tourist amenities or facilities. A tent city was proposed to handle the expected influx of tourists, leading a group of Yukon business people to form Klondike Tent Cities Limited to develop suitable summer-time accommodations.⁹⁶ A new auto court was proposed, and accommodations had to be found for the seventy-five or so members of the theatre company. Cosmetic improvements were required throughout the town, the airport had to be up-graded, and the historical buildings, many of them in ramshackle condition, had to be hastily repaired or restored. In the early months, optimism knew few bounds. A territorial businessman even suggested that the three

⁹³ YA, Series ROF 1-, vol. 39, file 7, Patterson to Hamilton, 22 May 1959.

⁹⁴ YA, Series ROF 1-, vol.39, file 7, Patterson to Hamilton, 28 March 1960.

⁹⁵ YA, Series ROF 1-, vol. 39, file 7, Canadian Press Release, 8 March 1960.

⁹⁶ Prospectus for "Klondike Tent Cities Limited," n.d.

White Pass and Yukon Route steamers — “Casca,” “Whitehorse,” and “Klondike,” — dry-docked in Whitehorse, be refloated and taken downstream to Dawson for use as floating hotels.⁹⁷ To add verisimilitude to the local atmosphere, local residents were encouraged to wear period costume; the men were asked to grow beards. Expectations ran high, tourists would come by the thousands, Dawson City would find new life, Burl Ives (who purchased the Monte Carlo Dance Hall and Saloon in the fall of 1960) would come north to star in a movie version of “Paint Your Wagon,” the Rockefeller Foundation would pay to bring in Inuit dancers, canoe expeditions would arrive, the Royal Canadian Mounted Police and the Canadian armed forces would send representatives, President Kennedy, the Prime Minister, and the Governor General of Canada would attend. Other proposals included enticing Lauren Bacall and Jason Robarts to perform, or to have a review based on Klondike legends written by Canadian comedians Wayne and Shuster.⁹⁸

A sense of unreality crept into the discussions. In a small community, hundreds of miles from any suitable market, with a population of less than 1,000, and only a fleeting tourist tradition, discussion focused on staging a Broadway play, financed in New York and dispatched to the Yukon. Working on the hopelessly optimistic assumption of 100 per cent attendance at the eight performances per week in the Palace Grand Theatre (rebuilt by Ottawa at vast expense), promoters counted on the musical presentation to be the big draw for the summer-long festival. In public meetings, “the analogy of Stratford [Ontario], was brought up, and there was some idea that the Festival might extend for seventy days in the future.” Innes-Taylor estimated that the festival would attract 15,000-20,000 visitors per year.⁹⁹

R. A. Jenness of the Industrial Division of Northern Affairs and National Resources, visited Dawson City during the early planning stages and was troubled by what he saw. While he recognized that the town was in financial and administrative difficulty (the mayor had stepped down to become city clerk and a replacement was not quickly forthcoming), he did not see the Festival as the panacea its promoters envisaged. He characterized the promoters’ approach as revealing “excessive optimism . . . in relation to what physically can be done. I think it unfortunate that the Committee has chosen to expend all its

⁹⁷ YA, Series ROF 1-, vol. 39, file 7, Pike to Robertson, 4 October 1961.

⁹⁸ NA, RG 85, file 741, file 256-10-2, part 2, Report of a meeting regarding the Dawson Gold Rush Festival, 8 May 1961.

⁹⁹ J. R. Lotz, *A Survey of the Planning and Community Needs Involved in the 1962 Dawson City Festival* Yukon Archives, PAM 1962-53.

effort on the organizational and publicity side, somewhat naively leaving the physical arrangements to private enterprise and the civic authorities."¹⁰⁰ Jenness's concern was not the last such expression of unease with the progress of Festival planning.

Federal concern about the project mounted with each detailed investigation. M. P. McConnell, Tourist Officer with the Department of Northern Affairs and National Resources, visited Dawson City in the late summer of 1960. He left with favourable impressions of the town and region, at least as regarded potential for development. But he was far from sanguine about the prospect of preparing the community for a major festival in 1962. He summarized his sense of Dawson's food services by observing "At dinner in Dawson I had to tackle a bun that my teeth couldn't penetrate and meat that had turned enough to make my stomach protest for a full day." McConnell also expressed concern about the community leadership: "I found myself in a rather nebulous position in Dawson, because I went there mainly to become informed. When it became apparent that they were at a loss what to do next, I undertook to advise them as best I could." He strongly recommended that the Festival be postponed until 1965, observing that "If the festival is held in 1962 and is a failure, the Department will bear the brunt of the criticism, regardless of where the fault may actually lie."¹⁰¹

Promoters and governments threw their efforts into the festival preparations, believing that the lustre of the Klondike and the appropriate mix of entertainment and promotion would bring about the desired result. By June 1962, the federal government had spent close to \$400,000 on the restoration of historic buildings, much of it on the Palace Grand Theatre. The festival committee, based in Dawson City, developed plans for a substantial tourist promotion for the summer of 1962, based around the production of the musical *Foxy* (derived from Ben Jonson's *Volpone*). Optimistic estimates suggested that from 35,000 to 40,000 visitors would descend on the city, launching a tourist boom which promoters hoped would carry over into subsequent years.¹⁰²

Problems began to emerge very early on in the process. The idea of recruiting Inuit dancers, for instance, ran into difficulties. S. Herbrik of the Industrial Promotion Section of Northern Affairs and National Resources offered little optimism:

¹⁰⁰ NA, RG85, vol. 1058, file 256-10-2, part 1, Jenness to Snowden, 15 November 1960.

¹⁰¹ NA, RG85, vol. 1058, file 256-10-2, part 1, McConnell to White, 15 August 1960.

¹⁰² YA, Series ROF 1-, vol. 40, file 4, Dempsey to Greenwood, 12 June 1962.

My feeling, and that of other people I have talked to, is that drum dance in its present form, is a most difficult thing to stage. Its very essence is spontaneity, and if you take this away you don't have much left. Beside this, the drum dance is dying out, and only a few old people remember anything about it. Generally speaking, they are shy of performing before a room full of strangers: at least it takes them a long time to warm up and both of the drum dances I saw in Inuvik were rather a flop. It was interesting from an academic point of view, but not exciting and it goes on for hours and hours and hours before anything really happens.

He recommended that a professional be hired to train a troupe of dancers or, even better, that tourists be encouraged to travel from Dawson City to the Mackenzie Delta to visit the dancers in their home communities.¹⁰³

Difficulties and concerns went much deeper than this. Federal officials, who had supported the festival initiative and specifically the expenditure of some \$300,000 on the redevelopment of the Palace Grand Theatre, began to express concerns internally about the preparation and planning. Responding to the suggestion that the Department of Northern Affairs and National Resources place a representative in Dawson City to assist with the festival, the Director rejected the suggestion as "unwise" and concluded, "If this action were taken, we would, at least by inference, accept some of the responsibility for the success or failure of the Festival."¹⁰⁴

Walter Dinsdale, federal Minister of Northern Affairs and National Resources, found himself under public attack for not doing more to ensure the success of the Festival. Dinsdale did not take kindly to the Dawson City criticism: "Under the circumstances," he wrote to W. R. McPhail of the Dawson City Festival Foundation, "now I feel sure you won't mind if I start returning the fire. Only if you pull off the Festival, will I be vindicated in ordering full restoration of an operable theatre. To tell you the truth, I am more than a little worried about what you are going to do about all those tourists when you get them to Dawson. I understand Mr. Patterson hopes the stage show would play to several hundred visitors a day. Simple arithmetic brings forth the following questions: 'Where are you going to put them,' and 'How are you going to feed them?'"¹⁰⁵

¹⁰³ NA, RG85, vol. 741, file 256-10-2-, part 2, Herbrik to McConnell, 24 October 1961.

¹⁰⁴ NA, RG85, vol. 1058, file 256-10-2-, part 1, Director's Memorandum to the Deputy Minister, 11 April 1961.

¹⁰⁵ NA, RG85, vol. 1058, file 256-10-2, part 1, Dinsdale to McPhail, 8 March 1961.

Internal difficulties continued to plague the festival organizers. Yukon Commissioner F. Collins visited Dawson City in August 1961, and characterized the festival planners as a “headless quadruped.” The local committee was described as “relatively impotent to more than form a very small cog in the wheel.” Collins felt that the federal investment in the reconstruction of the SS Keno and the Palace Grand Theatre could well be a “wasted gesture.” He suggested that a local organizer — he recommended White Pass and Yukon Route employee Roy Minter — be brought in to bring order to the enterprise.¹⁰⁶ This was eventually done, and Minter provided much-needed local expertise; it was, however, difficult to rescue a project with such serious problems.

Reconciling government interests and local authority proved difficult. The matter of liquor licences, for example, stimulated considerable debate. At the urging of the Klondike Visitors Association, for example, a liquor permit was granted for the refurbished and beached steamer Keno. This ran counter to much local comment, and the kva reported: “We consider attitude of local hotel operators and city council dictatorial and is definitely not the opinion of the people of Dawson.”¹⁰⁷ City Council protested, arguing that “the first concern is the people who pay licences and taxes year round and not to provide employment for transient entertainers at the expense of local business houses Local business people do not consider it fair. Since the opening of the Keno for rooms, it has been noted that people are being removed from City houses which are hotels or rooming houses and established on the Keno It was not intended to use the Keno commercially in the first place and, so the business houses did not think that the Keno would become competitive.”¹⁰⁸

Even before the “Foxy” production began, difficulties developed. The stage production had been sold to festival promoters as a production which would later be taken to Broadway. The costs of developing the production, therefore, were expected to be absorbed by outside investors. Less than two weeks before the start of the season, a government official reported “One key point is that the Broadway show is NO longer a ‘Broadway show,’ but a production to be used only in Dawson. This is most disturbing and highly unsatisfactory.”¹⁰⁹ The Canadian Theatre Exchange had initially planned to raise \$125,000

¹⁰⁶ NA, RG85, vol. 741, file 256-10-2, part 2, Collins to Robertson, 22 August 1961.

¹⁰⁷ YA, Series ROF 1-, vol. 40, file 3, Munro to Cameron, 19 July 1962.

¹⁰⁸ YA, Series ROF 1-, vol. 40, file 3, Telephone note from M. Comadina, City Clerk, Dawson, to Gartside, 19 July 1962.

¹⁰⁹ YA, Series ROF 1-, vol. 40, file 4, E. A. C., Memorandum for File, 15 June 1962.

for the production; they had succeeded in locating only \$20,000. The federal government stepped in with a \$50,000 grant, to prevent "the collapse of this Festival on which so much of the tourist industry and other prosperity of that part of the Yukon depends."¹¹⁰

Problems emerged throughout the festival. The crowds did not appear as expected, individual projects ran into serious financial problems, and internal difficulties erupted. In July, for example, the territorial government refused to release \$62,500 in federal funds. The Dawson City Festival Foundation petitioned the Commissioner to provide the money directly and immediately. As M. Gartside, President of the Dawson City Festival Foundation, appealed, "Situation desperate and closing of show 'Foxy' will be disastrous and result in embarrassment to all concerned."¹¹¹ Walter Dinsdale, Minister of Northern Affairs and National Resources, responded by re-committing the federal government to providing the \$62,500 grant to the territorial government.¹¹² The territorial government finally acquiesced, but only with a firm set of conditions, including the closing of the "Boiler Room" on the steamer Keno and a shortened season for the "Foxy" show.¹¹³

Revenues were far below expectations in many areas. In a report submitted in late July, the territorial treasurer indicated that ticket revenue from "Foxy" was \$26,000 less than the forecast \$46,600; anticipated revenue of \$31,000 from tours was reduced to only \$1,000. Financial losses, with the summer only half over, mounted to almost \$130,000, with loans outstanding of \$195,000.¹¹⁴ On 19 July, K. MacKenzie, the Yukon Treasurer recommended that the "Foxy" show be closed down in order to cut losses.¹¹⁵

The proposal to stop the theatre review in mid-season generated an immediate and vociferous response. Local residents, groups, and business interests threw their support behind the project and petitioned the government. The Klondike Visitors Association reported that "local people are indignant and disappointed." Wein Alaska Airlines reminded the government of the possible long-term consequences: "We are sure that you will understand the embarrassment involved in cancelling these charters and its effect on future tourism in Dawson." The august Yukon Order of Pioneers chimed in that they "feel the men of 98

¹¹⁰ YA, Series ROF 1-, vol. 40, file 4, Robertson to Steele, 14 June 1962.

¹¹¹ YA, Series ROF 1-, vol. 40, file 3, Gartside to Cameron, 24 July 1962.

¹¹² YA, Series ROF 1-, vol. 40, file 3, Dinsdale to Cameron, 19 July 1962.

¹¹³ YA, Series ROF 1-, vol. 40, file 3, Resolution of Territorial Council, 23 July 1962.

¹¹⁴ YA, Series ROF 1-, vol. 40, file 3, Territorial Treasurer to Commissioner, 23 July 1962.

¹¹⁵ YA, Series ROF 1-, vol. 40, file 3, MacKenzie to Charlton, 19 July 1962.

are sold down the river. Yukon tourist business has been dealt a fatal blow. Wasted efforts and funds already committed will be felt for years."¹¹⁶ The government agreed to let the show run its course.

Federal and territorial officials found themselves pressed into action to deal with the impending disaster. The Territorial Highway Department erected new signs to promote the festival, publicity posters, particularly for "Foxy," were distributed throughout the north, and the Yukon Travel and Publicity Department stepped in a variety of ways, including selling tickets for a chartered bus from Whitehorse to Dawson.¹¹⁷

Autopsies of the festival began in mid-summer. It was evident to federal and territorial officials that the enterprise had been overly optimistic and unrealistic, and the situation had been made worse by the collapse of the Dawson City Festival Foundation. W. Gibson, Director of Travel and Publicity for the Yukon, criticized the over-emphasis on the costly reconstruction of the Palace Grand Theatre and the decision to stage an off-Broadway play in the facility, a lack of attention to the gold rush theme and "the indication that the business people of Dawson were planning to exploit the opportunity to make a financial killing during the six-week period." Several key actors had not performed well. The operation of the play by the Canadian Theatre Exchange did not work well; Gibson was also specifically critical of the Austin Travel Agency, which over-estimated tour bookings. In a telling criticism, Gibson observed, "Generally speaking, the citizens of Dawson City failed to enter into the spirit of the occasion. Ironically, the first appearance of gold rush atmosphere was provided on Wednesday, July 4th, by a party of fourteen visitors from Anchorage, Alaska, who arrived in period costumes and provided a novelty attraction on the streets of Dawson." Gibson recommended that the festival be continued, but only with greater local control and increased emphasis on the Klondike theme.¹¹⁸

Assessing the overall benefits of the Dawson City Festival proved extremely difficult, and the debate on the enterprise went on for many months. As early as August 31, 1962, the Dawson City Festival Foundation was considering bankruptcy as "the only honest course of action for the Directors to take because everyone knew the Festival could not have managed its affairs without the assistance of the government, and to continue to postpone a reckoning with creditors

¹¹⁶ YA, Series ROF 1-, vol. 40, file 3, Various telegrams, July 1962.

¹¹⁷ YA, Series ROF 1-, vol. 40, file 3, Gibson to Commissioner, 20 July 1962.

¹¹⁸ YA, Series ROF 1-, vol. 40, file 3, Gibson to Commissioner, 13 July 1962.

would only make the Directors the laughing stock of the whole Territory.”¹¹⁹ Explanations were simple. The advertising had not attracted the expected number of tourists, and the revenue forecasts for the “Foxy” revue had been hopefully optimistic. At the end of the summer, the theatrical production was over \$261,000 in debt, with ticket sales amounting to a meagre \$39,000.¹²⁰ There was, as well, the matter of the relationship with Tom Patterson, who had developed the original concept but who had not pulled off the major tourist coup expected by the Festival’s supporters. Patterson had substantial debts outstanding as a consequence of the Festival and, not surprisingly, turned to the federal government for compensation. The government, after much discussion and resistance, agreed to provide the funds to deal with the 1962 debts, although the repayment took several years and was, in the final analysis, only partial.¹²¹ (“Foxy,” incidentally, did eventually make it to Broadway in 1964, where it flopped, incurring losses in the range of \$340,000.¹²²)

Alan Innes-Taylor, General Manager for the Dawson Festival, argued that the Festival had been “an outstanding success, for more than 18,000 people came and saw and felt the drama of the early days in wandering about the town, peering into old buildings, savouring the feel of wooden sidewalks, looking down from the Dome on the old town where history never to be repeated was made, and enjoying the friendliness of the people. ‘Foxy’ fitted perfectly into the atmosphere.” He was less buoyant about the financial aspects: “Certainly the Department of Northern Affairs and the Territorial Government backed to the hilt the entire project, and their courage in doing so is to be highly commended. The debt which the Foundation finds itself saddled with from an operational standpoint can only be attributed to a complete lack of responsibility by the making of binding contracts to which they have never given their assent.”¹²³

The federal government, which had long since viewed the Festival as a dead loss, found itself facing considerable hostility from the directors of the Dawson City Festival Foundation. F. Fingland, administrative assistant to the Commissioner, reported in mid-October that no additional funds would be forthcoming from Ottawa.

¹¹⁹ YA, Series ROF 1-, vol. 41, file 1, Fingland to Cameron, 31 August 1962.

¹²⁰ YA, Series ROF 1-, vol. 41, file 4, Cameron to Cote, 23 October 1962, provides a detailed summary of the agreements and negotiations surrounding the 1962 Festival.

¹²¹ YA, Series ROF 1-, vol. 41, file 4, Patterson to Dinsdale, 3 October 1962. See also *Ibid.*, Dinsdale to Patterson, 20 March 1963. On the later stages of the negotiations, see *Ibid.*, vol. 42, file 3.

¹²² Toronto *Globe and Mail*, 30 June 1964.

¹²³ YA, Series ROF 1-, vol. 41, file 4, General Manager’s Report on the Dawson City Festival, 1962.

They responded by claiming that the government had at least a moral commitment to the Festival, and accused the federal government of “simply washing their hands of the whole thing and leaving them to face the music.” Fingland noted that “There is certainly a high degree of indignation and resentment over the role of the government, and if the Foundation should be forced into bankruptcy and local trade accounts are not paid, it could have disastrous political repercussions at the local level.”¹²⁴ The government eventually found the money to stave off the financial crisis, but in so doing lost much enthusiasm for Dawson City and the Festival.

Discussion also continued, more than a little optimistically, about holding a second Dawson City Festival. Government officials were understandably skeptical. Local promoters collected every possible piece of information they could on the festival’s impact, ranging from the total number of visitors to the Dawson Festival to the increase in attendance at territorial churches and the total mail circulation through the post office.¹²⁵ Even as he attempted to overcome the oppressive debt left from the 1962 Festival, Alan Innes-Taylor proposed that steps be taken to develop a festival for the following year. He recommended a more modest theatrical production and a lesser dependency on the federal and territorial governments. He did this, at a time when he was continuing to function as general manager even though he was not being paid.¹²⁶

The Dawson City Festival did not re-materialize. The sizeable debt and the adverse publicity limited territorial interest in such an enterprise. This did not mean, however, the Dawson City had given up on the opportunity to revitalize itself by capitalizing on the mystique of the Klondike gold rush. Dawsonites, chagrined and chastened by the high-profile failure of the festival, sought other means of promoting their community and providing a new economic base as the gold-mining sector teetered on the brink of collapse. The responsibility for the promotion of the Klondike theme fell to an organization, the Klondike Visitors’ Association, which had deeper local roots and a more modest approach to the summer tourist trade than that of Patterson and his supporters. In 1963, after the Festival had been officially cancelled, the kva was given permission to use the Palace Grand Theatre for productions of their show, “The Shooting of Dan McGrew.”¹²⁷

¹²⁴ YA, Series ROF 1-, vol. 41, file 4, Fingland to Commissioner, 16 October 1962.

¹²⁵ YA, Series ROF 1-, vol. 41, file 1, Preliminary Report on the Dawson City Festival.

¹²⁶ YA, Series ROF 1-, vol. 41, file 4, Innes-Taylor to Cameron, 18 October 1962.

¹²⁷ YA, Series ROF 1-, vol. 42, file 2, Robertson to Cameron, 23 April 1963.

No government department was more intimately involved with the revitalization of Dawson City than Parks Canada. In 1959, the National Historic Sites and Monuments Board, the appointed body which designated sites of historic importance in Canada recommended that Dawson City be regarded as a site of national historic significance, and that Parks Canada undertake research and other work in the region. It was this decision that led to the restoration of the Palace Grand Theatre. At its June 1967 meeting held in Dawson City, the board recommended that thirteen historic buildings be acquired and preserved.¹²⁸ Throughout the 1970s and 1980s, Parks Canada carried out an extensive programme of research, historical interpretation, and building acquisition and preservation in Dawson City and District including the Yukon Consolidated Gold Corporation's extensive facilities at Bear Creek, and the huge dredge on Bonanza Creek.¹²⁹

Some of these projects were massive. The dredge had last operated in 1964, and when restoration work began twenty-five years later, it was necessary to repair, restore, and refloat it at a cost which dwarfed that of the Dawson Festival days. A "master development plan" drawn up by Parks Canada in 1978 foresaw expenditures of between \$10 million and \$30 million by 1993.

The emphasis on the Klondike gold rush theme, the core of the Dawson City Festival and the foundation of the Klondike Visitors' Association efforts, was more than a minor effort to diversify the local economy. By the early 1960s, it was evident that the Yukon Consolidated Gold Corporation's Klondike operations had only a few years to run. With the territorial government moved south and the gold industry on the verge of closure, Dawson had to adapt or disappear. Local promoters saw few opportunities in the future, and so retreated into the past, dredging up one of the most popular images in the history of North America, and using it as the basis for a revitalized local economy.

The effort carried great risks. The tourist season in Dawson City was, at the most optimistic, four months long, and realistically, about half that. The seasonal nature of the enterprise, coupled with the low-skill, low-wage work associated with the hospitality industry, ensured that much of the workforce would be made up of students coming

¹²⁸ Parks Canada, "Background to and Status of Dawson City, Klondike and Gold-Rush Related National Historic Sites," for Review by Historic Sites and Monuments Board of Canada, November 1987.

¹²⁹ For additional information on the process of identifying and reconstructing historical sites, see Richard Stuart, "Recycling Used Boomtowns."

north for a summer's work. There was, of course, hope that the mining industry might rebound, a hope targeted primarily at the prospect for new gold discoveries in the region. Even more significant was the upward spiral in the price of gold in the mid-1970s, which touched off an explosion of interest in the gold fields and brought miners back into the diggings for a third time. The new mining boom peaked within a year, but did not entirely disappear, for high prices and improved dredging operations ensured steady and occasionally spectacular returns.

The development of the Clinton Creek asbestos mine in the mid-1960s provided an important boost to Dawson City. As Commissioner Gordon Cameron noted, "Since it became known that Clinton Creek was going into production we have stressed plans which will result in some benefits being received by Dawson City. If the existence of a mine and community at Clinton Creek is to assist Dawson City and the numerous small operators who might be employed at the mine on a contract basis, then there must be good year-round communications between the two centres."¹³⁰ Dawson hoped that the development of the mine would result in the construction of a bridge across the Yukon River to improve access via the "Top of the World" highway to Alaska, and the Yukon Territorial Council petitioned the federal government to make the substantial investment in a bridge crossing.¹³¹ The government commissioned a report on the project; the study made it clear that "a bridge across the Yukon river cannot be justified on economic grounds alone" and argued that the Clinton Creek mine would operate profitably without such a bridge. It suggested that the government approach the mining company to build the bridge on a cost-shared basis.¹³² Given the financial uncertainties, Dawsonites' hope was not realized, primarily because the federal government could not see the merits of spending \$3 million to \$7 million on a bridge when an expenditure of \$250,000 would upgrade the ferry system to meet the anticipated demand.¹³³ The ferry remained (and remains) the sole means of crossing the river.¹³⁴

The federal government did upgrade the Yukon River ferry to cope with the demand from Clinton Creek. The improvements still left

¹³⁰ YA, Series ROF-1, 10-/151/6, Cameron to Chief, Resource Management Division, 31 August 1965.

¹³¹ YA, Series ROF-1, 10-/151/6, Judd to Coté, 25 November 1965.

¹³² DIAND, N 7740-263, vol. 1, "An Evaluation of the Economics of Building a Bridge Across the Yukon River at Dawson," by P. M. Manders, August 1970.

¹³³ YA, Series ROF-1, 10-/151/7, Cameron to Speaker, Members of Council, 5 January 1966.

¹³⁴ YA, Series ROF-1, 10-/151/6, Coté to Cameron, 7 September 1965.

some problems. The river crossing was closed for several weeks each year, during freeze-up and break-up, thus closing off direct access between the town and mine. Also, the delays caused by the ferry crossing effectively eliminated Dawson City as a destination for the large and popular trailer caravans, such as the Avion Trailer Travelcade and the Wally Byam Caravans, which had added the Yukon and Alaska to their routes. As the promoter of the Avion Trailer Travelcade reported in 1965, "[I]t would take the better part of two days to transport their convoy across the river, with no provision made for carrying local or other transient traffic at the same time."¹³⁵

The federal government's decision to turn Dawson City into a national historical attraction was, however, the key to the community's revitalization. The initial planning for the Dawson City Festival raised concerns about the possible impact of development on the historic buildings; as Mr. Coté of the Department of Northern Affairs observed, "The historical complex must be kept intact and so zoned that incongruous buildings (such as motels, etc., or even federal buildings) are not built within and between buildings of national significance." As early as 1962, the National Historic Sites Division approved the commemoration of Old Dawson City as a National Historic Site.¹³⁶ The Yukon Council approached the Department of Northern Affairs in 1964 with a proposal that the government act on this declaration. Commissioner Cameron wrote, "Dawson is certainly our most important historic settlement in the entire Territory. Beyond emotion and sentiment, its existence today has a very practical effect on the life of the Yukon. I am quite sure it is a mecca for tourists and as the years go by it will be more and more of an attraction. It seems to me that it would be a worthwhile investment to preserve at least some of the historic buildings in Dawson."¹³⁷ Government officials saw the economic potential in the long-term, suggesting that money spent on preserving historic structures would ensure "that Dawson will become a tourist attraction capable of drawing relatively large numbers within the next 30-50 years." A committee investigating the matter went further: "No funds should be spent at this time in creating an active historical site but action must be taken to prevent further deterioration."¹³⁸

Federal expenditures on historic sites preservation, added to slowly by territorial investments in similar initiatives, aided in Dawson's

¹³⁵ YA, Series ROF-1, 10-/151/6, Gibson to Administrative Assistant, 30 August 1965.

¹³⁶ YA, Series ROF 1-, vol. 43, file 1, Re: Dawson as Historic Site, n.d.

¹³⁷ YA, Series ROF 1-, vol. 42, file 6, Cameron to Coté, 2 December 1964.

¹³⁸ YA, Series ROF 1-. vol. 43, file 1, Director to Gordon, 23 September 1965.

rehabilitation. The commitment to the tourist industry worked, for the tourist trade grew steadily from the mid-1960s. The season was short, from sixty to one hundred days, but intense. Much of the growth was tied directly to the growing popularity of Alaska with Americans; Dawson City was only a short detour from the standard Alaska Highway route to the forty-ninth state. But relatively few Canadians joined the annual exodus to the Klondike gold fields. The growth of tour packages, particularly in conjunction with the expansion of the cruise ship industry and the development of the Carcross-Skagway road, further encouraged Dawson's growth as a tourist centre.

A 1976 government report on the state of Dawson City tourism provides evidence of the extent of the tourist boom. According to the report, the town was nearing capacity in almost every respect: the power system was burdened by summer-time demand, hotels and restaurants operated at near capacity, housing stock was limited (forcing hotel operators to place employees within the hotel), and summer traffic was necessitating consideration of restrictions. The report concluded that "The City of Dawson (population 750) appears to be reaching its limits to accommodate increased activity generated by tourism or development. Even if all development ceased at this time, it is likely that a crisis would be reached simply because more of the travellers to the Yukon are visiting Dawson as part of their trips."¹³⁹ These were exactly the kind of problems Dawsonites had dreamed of having when they first developed the Dawson City Festival a decade and a half earlier.

Two other developments — the expanding role of First Nations people and the growing presence of government — added to Dawson City's attempt to recreate itself. As a regional centre for education and health care, Dawson attracted a number of professionals and clients. While the status as a subsidiary centre paled in comparison to the gains achieved in Whitehorse, an increased government payroll stabilized the economy. As well, the continued move of First Nations people from the bush and from isolated settlements (including Moosehide, about three miles downstream from Dawson) increased the local population and therefore the demand for services. By 1970 it was clear that Dawson City would not disappear, though it would not have the prosperity its booster hoped for.

¹³⁹ DIAND, file 801/19-10-1, vol. 1, Trip Report and Situation Analysis — Visit to Yukon, 23-26 April 1976.

It is much easier to identify federal involvement in the large projects — the improvement of the ferry crossing and the redevelopment of historic sites — than it is to capture the impact of the service-oriented expenditures and involvements. Available evidence makes it clear that, even in the early 1960s, federal expenditures on local activities represented a significant portion of the Dawson City economy. A survey of territorial and federal spending (the former derived largely from Ottawa) indicated that the community of about 600 people had in 1963/64 received \$1.07 million in territorial expenditure and an additional \$450,000 in direct federal spending, and this before the major historic restoration projects kicked in.¹⁴⁰ This represented government expenditures of over \$2,100 per person. In 1965, direct government employment included eighteen federal workers, twenty-two territorial employees and six municipal workers, plus an additional fifteen to twenty years of casual, seasonal employment. The forty-six to sixty-six jobs (factoring in the casual work)¹⁴¹ represented a major portion of the regular employment in the community.

Dawson City benefited, directly and indirectly, from the intense government interest in the community's affairs. In the early 1960s, a Dawson Committee of the Department of Northern Affairs met regularly to discuss the town's future. Their efforts were not particularly optimistic in tone: at a 1964 gathering, the committee recommended that people in the surrounding area be encouraged to relocate to Dawson or to leave the region altogether; they did agree, somewhat reluctantly, "that there is enough activity in Dawson to warrant maintaining the City. If Dawson should disappear, it would probably be replaced by smaller, uneconomic units which would spring up to service the needs of the area."¹⁴² The federal government also commissioned a series of reports on the community's prospects. Jim Lotz's analysis of the Dawson City Festival and his recommendations for future development in the region provided considerable ammunition for those supporting an expansion of tourist activities in the Klondike.¹⁴³

Lotz's other reports, including "The Dawson Area — A Regional Monograph (1964)" and "A Programme for the Redevelopment of the Dawson Region (1964)" did much to stimulate discussion about the

¹⁴⁰ YA, Series ROF 1-, vol. 42, file 6, Summary of Territorial Government and Federal Government Expenditures in the Dawson City Areas, 1961-1964.

¹⁴¹ Report of the Committee to Examine the Economic Potential of the Dawson City Area, April 1965. Copy in YA, Series ROF 1-, vol. 43, file 3.

¹⁴² YA, Series ROF 1-, vol. 42, file 6, Dawson committee, 27 November 1964.

¹⁴³ J. R. Lotz, "A Study of the Planning and Community Needs Involved in the 1962 Dawson City Festival," January 1962.

prospects for sustained economic growth in the gold mining town. Lotz favoured an extensive programme of community development, including adult education, local administrative reform, low-cost housing, improved water and sewer systems, co-operatives, and credit unions. His report included several striking recommendations:

Since Dawson is a dead-end community in a high-cost area, whose main economic base is declining, attempts should be made to move out as many people as possible. Families rather than individuals should be relocated since this method of relocation stands more chance of success. By a judicious combination of coaxing, cajoling, financial assistance and incentives for moving it should be possible to get several hundred people away from Dawson in the next ten years. Each person removed from Dawson decreases the cost of operating the City. Eventually Dawson may become a summer settlement occupied as a tourist attraction, supply and communications base from May to October, and manned by a house-keeping crew in winter.

It was one of the most breath-taking proposals for the city, one which would not have found much favour among local boosters. Lotz further believed that "Dawson is developing into a bottomless pit into which more and more money is being poured to maintain essential services" and recommended that work be undertaken on historical sites preservation, both to maintain significant buildings and to provide a spur to the local summertime economy.¹⁴⁴ The tone of this report in marked contrast to Lotz's public reports, in which he acts as the defender of small towns and northern life generally.

Another federal planning group, the Committee to Examine the Economic Potential of the Dawson City Area, reported in April 1965 and concurred with Lotz's gloomy forecast for the community. They concluded that the town's permanent population of around 500 would continue to fall to around 200-300 people, that an active resettlement programme was essential, and that detailed consideration be given to the prospects for development of the tourist industry through the preservation of historic buildings. The committee recommended that the redevelopment programme be implemented cautiously:

There must be no heavy handed imposition from above but rather, a process must begin which will work towards first, the acceptance and

¹⁴⁴ J. R. Lotz, "A Programme for the Redevelopment of the Dawson Region," August 1964. Copy in YA, Series ROF 1-, vol. 42, file 6.

then, the implementation of a plan. The best way to gain local acceptance of a plan is to involve local people from the beginning in the formulation of that plan. We are not suggesting that there is any possibility of waiting for local initiative to take hold, so that a "boot strap" operation will result, but we are suggesting that planning cannot begin until the citizens of Dawson have faced certain realities and have made certain decisions about the future of their community.¹⁴⁵

The next year, 1965, federal officials began planning on the downsizing of Dawson, deciding that "Dawson should be reduced in size but should include an adequate commercial area plus a residential community. All power, water and sewer services to the remaining area should be terminated and the people encouraged to move to the concentrated commercial or residential area or move out of Dawson altogether."¹⁴⁶

The continued economic transition in the Dawson area brought other changes. The planned closure of the Yukon Consolidated Gold Corporation operations in 1965 presented a new challenge, for the mining company had provided both electricity and water to Dawson since the turn of the century. Costs were exorbitant, but with YCGC out of the picture alternatives had to be found. Yukon Electric Company offered to provide the power, but a new, government-run water system was required. Estimated costs ranged from \$270,000 to \$304,000.¹⁴⁷ The federal government had no choice but to encourage the development of alternative supplies, even though their long-term forecast for the town was far from optimistic.

The Yukon, and particularly Dawson City, had not received such intense attention from the federal government since 1900. In an era of growing federal intervention, and at a time when the federal government retained substantial constitutional responsibility for the affairs of the Yukon Territory, Dawson City found itself very much in the hands of federal committees and civil servants. Their reports were not encouraging, and the path forward provided little reason for optimism. The one carrot, and it was a thin one, was the prospect of a substantial development of the tourist sector and thereby the stabilization of the Dawson economy. Through the 1960s and 1970s, the federal government gradually increased its investments in the preser-

¹⁴⁵ Report of the Committee to Examine the Economic Potential of the Dawson City Area, April 1965. Copy in YA, Series ROF I-, vol. 43, file 3.

¹⁴⁶ YA, Series ROF I-, vol. 43, file 1, Hargrave to Commissioner, 1 February 1965.

¹⁴⁷ YA, Series ROF I-, vol. 43, file 1, Coté Memorandum, 9 March 1965.

vation of historic buildings in Dawson City, thus laying the groundwork for a later expansion of the tourist industry in the Klondike centre. Many problems and controversies would develop in subsequent years, not the least of which was a serious flood in the 1970s and subsequent the decision to build a dike along the Yukon River.

In the postwar period, Dawson City was saved from ghost-town status and preserved as a summer tourist attraction and small regional service centre. The federal government played a major role in this transition, its role increasing as the economy collapsed, and as the National Historic Sites developments took on a primary role, the fate of the town passed from the private to public hands. The Dawson of the late 1970s and after was very much a creation of government, aided by a small group of local boosters who wished to preserve the town in the face of solid economic reasons for collapse. The situation in Whitehorse was much the reverse, for the direct role of the federal government declined steadily from the early 1950s to the 1970s. As the new capital city diversified, grew and stabilized economically, the federal government was able to reduce its direct, though not its financial involvement gracefully. The removal of the military presence in the late 1960s further limited direct federal involvement.

Yet the hand of the federal government can still be seen in the physical, social, and economic structure of both communities. A wide range of decisions, from the moving of the capital to the development of sewer systems, turned ultimately on the federal government's willingness and ability to respond to local demands and aspirations. The government, made its own demands, including the cleaning up of the squatter settlements in Whitehorse and the rationalization of residential and commercial developments in Dawson City. Settlement patterns, economic activity, and community infrastructure could, in many respects, be traced to the role of the federal government in this vital period.

The rhetoric of colonialism, both academic and political, is a convenient and sometimes useful device. At times, however, it hides as much as it reveals. In the case of the post-Second World War Yukon Territory, the evident political subordination of the territory carried certain costs. But it carried benefits as well. In an age of welfare colonialism, when national governments in the liberal democracies felt compelled to subsidize poorer regions and to overcome economic inequalities, this political structure ensured a higher degree of federal involvement. Territorial communities benefited additionally from the special relationship between the federal government, which ensured

that far more money came to Whitehorse than to comparable cities in the provincial north.

Territorial constitutional arrangements, although under transition in this period, left the federal government with a diversity of interests in the Yukon Territory. As the primary source of revenue for the territorial and municipal governments, federal authorities had additional reasons for becoming involved in community redevelopment. It is perhaps here, in Whitehorse and Dawson City, that the clearest evidence of the federal vision for the Yukon is evident. The struggle, and it was that, was to create stable local economies, to rationalize and modernize the communities, and to limit the federal government's long-term involvement in municipal developments. Dawson City and Whitehorse of the late 1970s bore many signs of being creations of the federal government. From that time, however, federal influence declined as territorial and municipal responsibilities expanded. In a way, however, the federal government's fiscal responsibility for the two communities was not lessened, but only removed a step, for although the territorial government increasingly took over responsibility for municipal affairs, the government itself continued to be funded to a large extent by transfer payments from Ottawa. Funding for Dawson City, therefore, was funnelled through the increasingly powerful territorial government in Whitehorse, but the ultimate source for the money was still the federal government. The three decades after the war had witnessed a major revitalization of the Yukon's two large communities, in which the federal government played and continues to play a vital role.

There is little objective evidence to support current northern political accusations of federal or southern neglect. The Yukon and the Northwest Territories have, for the past thirty years, been the beneficiaries of an unprecedented burst of federal government transfers and expenditures, and have been radically transformed in the process.¹⁴⁸ Indeed, to a degree that is rare in this country, federal decisions and investments were perhaps the primary factor in determining the shape and structure of these two northern communities. It appears therefore that current territorial rhetoric is ahistorical, in that it fails to take into account the decisive role of the federal government in encouraging and paying for the urban development in the Yukon.

¹⁴⁸ Gordon Robertson, in *Northern Provinces: A Mistaken Goal?*, offers an argumentative approach to this issue.