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### ***The Economics of the Klondike***

Now that the rush to the northland Eldorado is a thing of the past, one may contemplate with sober vision its promises and their fulfillment. Who has profited? Who has lost? How much gold has been taken out of the ground? How much has gone into it? And finally, what will be the ultimate outcome of this great shifting of energy, this intense concentration of capital and labor upon one of the hitherto unexploited portions of the earth's surface?

In 1897, between the middle of July and the first September, fully 25,000 argonauts attempted to enter the Yukon country. Of these the great majority failed, being turned back at the head of the Lynn Canal by obstacles of the Chilcoot and White Passes, and at St. Michaels by the early advent of winter and the consequent closing of navigation on the Yukon. The spring of 1898 found 100,000 more on the various trails leading to the Klondike, chief among which were Skagway and Dyea, the Stickeen route, being at Fort Wrangell, the "all-Canadian" route via Edmonton, and the all-water route by way of the Bering Sea. To all of these had been iterated and reiterated the warning of the old-timers: Don't dream of venturing north with less than \$600. The more the better. One thousand dollars will be none too much.

A few bold spirits were not to be deterred by the fact that they did not possess the required amount, but in the main \$600 was, if anything, under the average sum buckled about each pilgrim's waist. But taking \$600 as a fair estimate of individual expense, for 125,000 men it makes an outlay of \$75,000,000. Now, it is unimportant whether all or none of them reached the goal - these \$75,000,000 were expended in the attempt. The railroads, the ocean transportation companies, and the outfitting cities of Puget Sound received probably \$35,000,000; the remainder was dropped on the trail. The majority of those who succeeded in getting through had barely the \$10 necessary for a miner's license; a few were able to pay the \$15 required for the recording of the first claim they staked; many were penniless.

Since the transportation and outfitting companies certainly profited, the question arises: Did the Yukon district return to the gold-seekers the equivalent of what they spent in getting there? This may be decided by a brief review of the gold discoveries which have been made. In the fall of 1896 the first news of MacCormack's strike went down the Yukon and across the border to the established Alaskan mining camps of Forty Mile and Circle City. A stampede resulted and the Eldorado, Bonanza, and Hunker Creeks were staked. That winter the news crept out to "salt water" and civilization. But no excitement was created, no rush precipitated. The world proper took no notice of it.

In the summer of 1897 a stampede from the three creeks mentioned went over the divide back of Eldorado and staked Dominion Creek, a tributary of the Indian River. At this very moment the first gold shipments were reaching the Pacific coast and the first seeds of the gold rush being sown by the newspapers. During this period and early fall Sulfer, Bear, and Gold Run Creeks were being staked in a desultory fashion - as of course were many others which have

since proven worthless. Regardless of glowing reports and the ubiquitous “wild-cats,” and with exception of a very small number of bench claims, there have been no more paying creeks discovered in the Klondike. And this must be noted and emphasized: All the paying creeks above named were located before the people arrived who were hurrying in from the outside.

It is thus clearly demonstrated that those who participated in the fall rush of 1897 and in the spring rush of 1898 were shut out from the only creeks which would pay expenses, but the stay-at-home at once exclaims, were there other ways of playing even? How about the benches and the “lays”?

Let the “benches” be first considered. A bench claim is a hillside claim as distinguished from a creek claim. The Skookum bench strike was made prior to the influx from the hillside, and subsequent to it came the discovery of the French Hill and Gold Hill benches, situated between Skookum and Eldorado. These last two are the only strikes in which the newcomers could have taken part. But at this point two factors arise limiting their participation. In the first place, not more than a score of French Hill and Gold Hill bench claims are rich, and not one will turn out more than \$100,000. In the second place, these benches were right in the heart of the old workings, where the old-timers were on the ground, not five minutes’ walk away. If the newcomers succeeded in possessing one claim out of each twenty staked they did well; and since not one claim in twenty developed paydirt, the amount of dust taken out by the newcomers is practically *nil*. Now as to “lays.” In the winter of 1896 the lay men did well. But at that time conditions were entirely different from those of the following winter. The importance of the Klondike strike was not appreciated, the value of the gold in the gravel problematical, grub was scarce, and the demand greatly in excess of the labor supply. Under these circumstances it was easy for men to obtain profitable lays. But in 1897 these favorable conditions had disappeared. The owners knew the true worth of their holdings, grub was plentiful, and the labor market was stocked. Now, no mine owner was silly enough to let a lay to a man which would clear that man \$50,000, when he (the mine owner) could work that same man on wages the same length of time for \$2,000. However, many newcomers, with ignorance really pathetic, took such lays as were offered, used their own tools and “grub,” worked hard all winter, and at the wash-up found they would have been better off had they idled in their cabins. It is a fact that hundreds of lay men on the various creeks refused to put their winter’s dumps through the sluices. It is thus evident that the Yukon district returned no equivalent to the gold-seekers who expended \$75,000,000.

It is an old miner’s maxim that two dollars go into the ground for each dollar that comes out. This the Klondike has not failed to exemplify, and a startling balance-sheet may be struck between the cost of the effort and the value of the reward. On the one side legitimate effort alone must be considered; on the other the actual gold taken from the earth.

Scores of new transportation and trading companies, formed during the excitement with an enterprise only equaled by their ignorance, lost in wrecked river and ocean-going craft and in collapse several millions of dollars. The men in the country before the rush - the mine owners, middlemen, and prospectors - between their expenses and their labor form and important item, as do also the expenditures of the Canadian and American governments. But disregarding these items and many minor ones, the result will still be sufficiently striking. Consider only the 125,000 gold-seekers, each of whom on an average, in getting or in trying to get into the Klondike, spent a year of his life. In view of the hardship and the severity of their toil, \$4 per day per man would indeed be a cheap purchase of their labor. One and all, they would refuse in a civilized country to do the work they did do at such a price. And let them be granted 65 resting days in the twelvemonth. Still the effort expended by these 125,000 men in the course of the year

is worth in the aggregate \$150,000,000. To this let there be added the \$75,000,000 they spent in cash, and we have for one side of the balance the sum of \$225,000,000 - or roughly, \$220,000,000.

The other side is easily constructed. The spring wash-up of 1898 was \$8,000,000; of 1899, \$14,000,000. In the absence of the full reports this latter is a liberal estimate, allowing an increment of \$4,000,000 and considering the fact that no new discoveries have since been made. The figures stand for themselves: \$220,000,000 have been spent in extracting \$22,000,000 from the ground.

Such a result would seem pessimistic were not the ultimate result capable of a reasonable anticipation. While this sudden and immense application of energy has proved disastrous to those involved, it has been of inestimable benefit to the Yukon country, to those who will remain in it, and to those yet to come. Perhaps more than all other causes combined the food shortage has been the greatest detriment in the development of the region. From the first explorer down to and including the winter of 1897 the land has been in a chronic state of famine. But a general shortage of supplies is now a thing of the past. About 1874 George Holt was the first white man to cross the coast range and the first man to penetrate the country avowedly in quest of gold. In 1880 Edward Bean headed a party of twenty-five from Sitka to the Hootlinqua River, and from then on small parties of gold-seekers constantly filtered into the Yukon valley. But these men had to depend wholly upon what provisions they could carry in with them by the most primitive methods. Consequently thorough prospecting was out of the question, for they were always forced back to the coast through the lack of food. Then the Alaska Commercial Company, in addition to maintaining its trade posts scattered along the river, began to freight in provisions to sell to the miners who wished to winter in the country. But so many men remained that a food shortage was inevitable. With every steamer that was added more men hurried over the passes and wintered; and as a result demand always increased faster than supply. Every winter found the miners on edge of famine, and every spring, with the promise of more steamers, more men rushed in.

But henceforth famine will be only a tradition in the land. The Klondike rush placed hundreds of steamers on the Yukon, opened the navigation of its upper reaches and the lakes, put tramways around the unnavigable Box Canyon and White Horse Rapids, and built a railroad from salt water at Skagway across the White Pass to the head of steamboat traffic on Lake Bennett.

With the dwindling of population caused by the collapse of the rush, these transportation facilities will be, if anything, greater than the need of the country demands. The excessive profits will be cut down and only the best-equipped and most efficient companies remain in operation. Conditions will become normal and the Klondike just enter upon its true development. With necessaries and luxuries of life cheap and plentiful, with the importation of the machinery which will cheapen many enterprises and render many others possible, with easy traveling and quick communication between it and the world and between its parts, the resources of the Yukon district will be opened up and developed in a steady, business-like way.

Living expenses being normal, a moderate wage will be possible. Nor will laborers fail to hasten there from the congested labor markets of the older countries. This in turn, will permit the employment on a large scale of much of the world's restless capital now and seeking investment. On White River, eighty miles south of Dawson, great deposits of copper are to be found. Coal, so essential to the country's exploitation, has already been discovered at various places along the Yukon, from "MacCormack's Houses" above the Five Finger Rapids down Rampart City and

down the Koyukuk in Alaska. There is small doubt that iron will eventually be unearthed, and with equal certainty the future gold-mining will be mainly in quartz.

As to the ephemeral placers, the outlook cannot be declared bad. It is fair to suppose that many new ones will be discovered, but outside of this there is much else that is favorable. While there are very few "paying" creeks, it must be understood that nothing below a return of \$10 a day per man under the old expensive conditions has been considered "pay." But when a sack of flour may be bought for a dollar instead of fifty, and all other things in proportion, it is apparent how great a fall the scale of pay can sustain. In California gravel containing 5 cents of gold to the cubic yard is washed at a profit; but hitherto in the Klondike gravel yielding less than \$10 to the cubic yard has been ignored as unprofitable. That is to say, the old conditions in the Klondike made it impossible to wash dirt which was not at least two hundred times richer than that washed in California. But this will not be true henceforth. There are immense quantities of these cheaper gravels in the Yukon Valley, and it is inevitable that they yield to the enterprise of brains and capital.

In short, though many of its individuals have lost, the world will have lost nothing by the Klondike. The new Klondike, the Klondike of the future, will present remarkable contrasts with the Klondike of the past. Natural obstacles will be cleared away or surmounted, primitive methods abandoned, and hardship of toil and travel reduced to the smallest possible minimum. Exploration and transportation will be systematized. There will be no waste energy, no harum-scarum carrying on of industry. The frontiersman will yield to the laborer, the prospector to the mining engineer, the dog-driver to the engine-driver, the trader and speculator to the steady-going modern man of business; for these are the men in whose hands the destiny of the Klondike will be entrusted.