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<td>TITLE OF THESIS/TITRE DE LA THÈSE</td>
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<td>UNIVERSITY/UNIVERSITÉ</td>
<td>Simon Fraser University</td>
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<td>DEGREE FOR WHICH THESIS WAS PRESENTED/ GRADE POUR LEQUEL CETTE THÈSE FUT PRÉSENTÉ</td>
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<td>YEAR THIS DEGREE CONFERRED/ANNÉE D'OBTENTION DE CE GRADÈ</td>
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RESOURCE DEVELOPMENT AND THE
STATE IN EARLY BRITISH COLUMBIA

by

John Davies Malcolmson
B.A., University of Manitoba, 1973
B.J. (Hons), Carleton University, 1977

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTERS OF ARTS
in the Department
of
Sociology and Anthropology

Simon Fraser University
April 1980

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Resource Development and the State in Early British Columbia

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ABSTRACT

This thesis examines the nature of early British Columbia political economy with a view to analysing the role of the regional state structure in helping to facilitate the process of resource development.

A focus such as this one emerges out of a consideration of the general nature of early British Columbia development. From the earliest times of European contact and settlement, the economic development of the west coast region has been bound up with the extraction of various staple products. Historically, the regional economy has always been structured around a succession of different staple orientations. Each staple period within this succession—from furs through placer gold to the hard rock minerals and forest products—has involved distinct forms of the social labour process as well as related class structures. It is within these socio-economic periods that the different forms of regional state power have emerged.

To begin the analysis of the early state structure in British Columbia, it is necessary to establish a theoretical approach. The initial chapter of this thesis sets out to accomplish this. After criticising liberal-pluralist conceptions of the state, this chapter proceeds to review current Marxist writings on politics and the state. From this latter perspective, a theoretical position is developed which views the
state as a distinct and separate institutional entity, situated within the complex interaction of political and economic processes characteristic of capitalist society and structured in relation to an underlying balance of class forces.

From this theoretical vantage point, the thesis puts forth a number of contentions. First of all, it is suggested that, within each individual staple period, the institutional form of state power will be related to the underlying social class configuration. Secondly, it is suggested that changes in this institutional form will bear an intrinsic relation to the changes in this underlying configuration of social classes. Thirdly, it is suggested that, within each period, the content of regional state intervention will be geared to the consolidation of the productive processes and class structures that emerge with each of the different staple orientations.

Chapters II, III, IV, the substantive portions of the thesis, seek to demonstrate the empirical validity of these hypotheses. Three distinct phases in the development of regional state power are examined - the mercantile phase, the colonial phase and the provincial phase - within a socio-economic context comprised of changing staple orientations, evolving trade and investment patterns, and developing class structures. Chapter V, in summing up the results of this analysis, concludes that the analysis of early state forms and structures in British Columbia is best considered in terms of the region's early political
The thesis relies, to a great extent, upon the analysis of early government reports and upon the interpretation of government statistics in its attempt to examine the early role of the state within the context of an overall process of economic expansion. This research is complemented by a critical reading and assimilation of various secondary literature, relevant to varied facets of the topic at hand and essential for an attempt to develop an adequate theoretical and historical perspective.
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CHAPTER I

Introduction: A Theory Of The State And Its Context

Ever since the period of initial European contact, the subsequent progress and development of British Columbia has been bound up with the extraction and export of a limited number of staple products. In the earliest period, regional economic activity was centred around the dominance of the fur trade, a trade first organized through the interaction of competing commercial interests and only later consolidated as the monopoly preserve of the Hudson's Bay Company. Near the middle of the nineteenth century, however, the fur trade was eclipsed by the sudden emergence of a new staple orientation in placer gold. Placer gold production lasted for a brief period only and was eventually succeeded by a new staple orientation centred in the resource sectors of lode mining and forestry. It was this last orientation which, in the late nineteenth century, helped lay the necessary groundwork for the emergence of contemporary British Columbia.

In each of these succeeding periods, the extraction of dominant staple products gave rise to distinct forms of the labour process. These forms, in turn, led to the emergence of distinct class relations at the level of production. It was
within this evolving socio-economic context that the early state structures in British Columbia were situated. And it was this same context which generated the early forms of regional state intervention - a legal framework to regulate access to land and staple resources and state sponsorship of road and rail line construction. In both of these areas, the state emerged as an important link within the overall process of regional staple extraction.

However, despite the overall importance of the state's role within this context, little attempt has been made by way of an analysis of the general nature of the regional state in early British Columbia. Moreover, little attention has been paid to the origin and development of the state in the Pacific region and to the forces and relations that, in the past, have made for periodic changes in the form of state power through successive historical periods. At times, various writers have focused on different aspects of state activity, aspects such as early transportation development, taxation and state finance and settlement promotion. [1] Others have approached varied facets of the early political process such as the fight for responsible government, relations with the federal government and the origins of provincial party politics. [2] Yet seldom has any systematic attempt been made to relate these different areas to broader questions regarding the form and exercise of state power in a specific social context. It is precisely for this reason
that the succeeding chapters of this study approach the topic of resource development and the state in early British Columbia within a broader conceptual framework that posits changing forms of state power as products or functions of a changing internal configuration of social classes. Such a theoretical framework renders it possible to analyse the impact and significance of the various forms of state intervention that emerged within this early context.

Before proceeding to the specific topic area of early British Columbia, it is necessary to establish the underlying theoretical basis for the foregoing assertion. This, in effect, involves a clarification of certain theoretical problem areas relating to the nature of the state and its situation within modern class society. The balance of this introductory chapter is devoted to the above task. In addition, an attempt will be made to establish the relevance of these theoretical insights for a study of the specific problem area at hand.

In the course of the past fifteen years, Marxist theory has 'rediscovered' the state in capitalist society as an object of disciplined scientific enquiry. Some of this work has been concerned with the analysis of particular forms of state intervention in capitalist economies and often this sort of research has been motivated by the need to clarify related political questions. [3] More often though, contemporary research has focused attention on the need to develop an
adequate theory of the state. The result has been a rapid and
extensive proliferation of theories, critiques and
counter-critiques, and the crystallization of a small number of
competing Marxist perspectives on the state. [4]

In the general area of state research, Marxist theory
encounters an ideological terrain dominated by various liberal
conceptions of the state and of political power. Much of this
latter work falls within the confines of what is generally known
as democratic-pluralist theory. Within this paradigm, modern
society is viewed as a complex agglomeration of interest groups,
each of which seeks to advance its own sectional interests
within an overall social context of competitive interaction.
Because power is always fragmentary, and hence diffused amongst
interest groups such as big business, organized labour and
voluntary associations, no one group or entity can concentrate
enough of it to rise to a position of effective social
dominance. Even despite the elitist nature of these groups and
associations, the very pluralism of competing elites helps to
offset any tendency towards the concentration of power. [5]

Given this perspective on society, some proponents of
pluralist theory see the state as assuming the necessary role of
referee. Here,

the role of the central government is to lay down ground
rules for competition among private associations and to
employ its power to make sure that no major interest in
the nation abuses its influence or gains an unchecked
mastery over some sector of social life. [6]
Furthermore, state policy is seen as the outcome of this process of interest group competition. Guarantees of free speech and of the right to organize help ensure that, within modern society, all the active and legitimate groups in the population can make themselves heard at the some crucial stage in the process of decision. [7]

State policy can, therefore, be seen to represent a sort of "vector-sum" end product, the result of a coalescence of sectional interests, goals and pressures. Within this process, the democratic character of decision-making is preserved at the state level. "In short," writes Ralph Miliband,

the state, subjected as it is to a multitude of conflicting pressures from organized groups and interests, cannot show any marked bias towards some and against others: its special role, in fact, is to accommodate and reconcile them all. In that role, the state is only the mirror which society holds up to itself. [9]

Pluralist theory can be, and has been, criticized from a number of different vantage points. Some writers, Miliband included, point to the interpenetration of corporate and state elites and the shared social backgrounds, personal connections and political perceptions of their members. [10] Given this sort of evidence, it is then argued that the state will never act as a neutral force to mediate the competitive interaction of different social interest groups. Rather, the state will act to safeguard the interests of the dominant class in society because these are the interests that find effective representation at the state level. Pluralist theory is thus rejected and seen as
constituting a "profound obfuscation" of social reality. [11]

Using this approach, Miliband does go some distance in demonstrating the empirical weakness of the pluralist position. The approach in itself, however, does not constitute an effective theoretical critique. To criticize pluralism on a theoretical level, it is necessary to criticize the theory's central concepts. This is precisely what Miliband fails to do.

With pluralist theory, the central operative concept is that of the "interest group". All pluralist theory employs this concept and it does so without apparent concern for the way in which vastly different entities (such as labour unions, business corporations, religious groups and cultural associations) are grouped together and subsumed under one general category. The net result is a distinct lack of clarity as to the working definition of this central concept. For this reason, this type of pluralist argument undergoes its logical development in the absence of any sort of durable theoretical foundation. According to this argument, society is comprised of a number of distinct and competing interest groups, all of which possess some power. With this sort of diffusion, no one group is seen as having the potential to dominate others. From here, it is a relatively short step to the contention that the state can be seen as a neutral mediatory force, beyond the control of separate sectional interests and hence responsive to the needs of all organized interests groups.
This entire logical sequence falls apart when steps are taken to dissect the critical notion of 'interest group'. In reality, this notion serves as little more than an ideological foil, masking the immense disparities in effective power which separate and distinguish certain groups from others. In society, this fact is expressed in the emergence of dominant social classes. In theory, this fact pulls the rug out from under pluralist analysis and, in doing so, it helps explode the related myth of balanced interaction and competition in society. Furthermore, as the pluralist conception of society falls, so falls the pluralist conception of the state. Henceforth, the state will have to be seen as situated within a structure of asymmetrical power relations at the heart of society.

This, in effect, constitutes the starting point for a materialist analysis of the state in capitalist society. Here, the immediate task at hand is one of providing a theory to explain the general form of capitalist state power and the factors and relations which, over time, make for changes and adjustments in that form. Within this context, an analysis of the state is, at the same time, an analysis of its position within the larger confines of capitalist society and the complex interaction of economic and political processes that results.

Unfortunately, much of the recent Marxian literature on the state has ignored this important problem area altogether. Instead, it has become preoccupied with a number of issues and
problems arising out of the well-known exchange between Ralph Miliband and Nicos Poulantzas in the late 1960s. As will be shown, this preoccupation has had a restricting and debilitating impact upon the direction of Marxist inquiry.

With Ralph Miliband, the analysis of the capitalist state consists solely in demonstrating the elite linkages that make for a constant flow of personnel and ideas back and forth between the higher corporate echelons and the state apparatus. In summing up the results of his findings, Miliband concludes that,

it has remained a basic fact of life in advanced capitalist countries that the vast majority of men and women in these countries has been governed, represented, administered, judged and commanded in war by people drawn from other, economically and socially superior and relatively distant classes.[12]

Nowhere in Miliband's analysis is there an attempt to establish the basic position of political forms such as the state within the complex structures of capitalist society. For this reason, Miliband's argument remains highly speculative and assertive when it comes to analysing the basic role of the state and the way in which capitalist society places objective limitations upon that role.

In the work of Nicos Poulantzas, one encounters a more serious attempt to provide a theoretical basis for the analysis of the capitalist state. Poulantzas rejects a preoccupation with patterns of elite recruitment and the notion that this form of
analysis offers insight into how the state acquires its class character. Instead, he concentrates on the structural articulation of political, economic, and ideological levels, an articulation which grants the capitalist state a position of what he terms 'relative autonomy' within society.

This autonomy has theoretical consequences for the object of our study. It makes possible a regional theory (in the very strict sense) of an instance of this mode, e.g. a theory of the capitalist state; it permits us to constitute the political into an autonomous and specific object of science. [13]

Much of Poulantzas's work after this point consists of an elaboration of concepts specific to the analysis of this autonomous political level, concepts such as 'hegemony', 'power bloc' and 'class fraction'. Within this context he does contribute valuable insights to a theory of the capitalist state. However, Poulantzas must be criticized for failing to examine the complex interrelation of structures or 'levels' and the way in which this interrelation affects the role and nature of the capitalist state. Much of this problem stems from the fact that Poulantzas never effects a satisfactory integration of these 'levels' in theory. For the most part, Poulantzas tries to skirt this problem area through vague references to a structure of 'articulation' or to a necessary 'determination in the last instance by the economic' within this structure. In the final analysis this problem stems from the fact that Poulantzas presents the economic, political, and ideological 'levels' as a
priori datum without trying to account for the social basis of their existence in a materialist fashion. It is at this point that Laclau's criticism of the structuralist approach becomes especially pertinent.

Why only three (levels)? What has been the method of their deduction? Does there exist any logical link between them? The response is silence to the first two questions and in the negative to the third—the only relation is their articulation, which depends on the mode of production in question. That is to say, we find ourselves with three instances established in a purely descriptive way. [14]

Given these observations, it becomes apparent that, despite the differences which separates them, both Miliband and Poulantzas share a common view of the state as an autonomous object of scientific study. In doing so, they fail to acknowledge or analyse the complex interrelation of political and economic processes characteristic of capitalist society. [15] The result is that important questions relating to the form of state power and the conditions and limitations of state intervention remain unexamined. Thus, given these shortcomings, the overall attempts made by each of these authors to provide a general theory of the capitalist state must be judged as failures.

An alternate theoretical approach to the state is that which is offered by different members of the "state derivation" school centred in West Germany. Here, certain theorists have attempted to "derive" the general form of the state as well as
its principal interventions out of the concept of capital. Following Marx, Elmar Altvater sees capitalism as a system of generalized commodity production comprising a number of individual and competing capital units (i.e. individual firms and enterprises). Given this fragmented context, Altvater argues that it is only through the mechanism of market exchange that capitalism can realize its existence as a system of socialized production. However, this social nature or existence is not and cannot be something achieved solely through the commercial interchange of the many capital units who, by their very nature as surplus-value producing entities, are constricted in the form and manner of their social intercourse. Individual enterprises produce only for profit. However, capitalism as a system requires the continued production of certain material conditions and social relations which yield no profit. For this reason, Altvater argues, capitalism as a social system requires a special institution, one which is not subject to its limitations as capital, one whose dealings are thus not determined by the necessity of surplus production, one which in this sense is a special institution 'outside and above bourgeois society' and one which at the same time provides within the undisputed framework of capital, the immanent necessities which capital ignores. [16]

This special institution, 'outside and above bourgeois society', is none other than the capitalist state. The general form of this state is that of a distinct and particularized entity, institutionally separate from the economic spheres of
commodity production and exchange. However, for Altvater the state can neither be seen nor studied as an autonomous entity; it must rather be viewed as a material form whose essential nature is derived from the nature of capitalism as a system of privatized commodity production. In this sense, the state constitutes a material form essential to the maintenance of the overall system of production and exchange founded upon capital. It is with this conception in mind that Altvater writes,

The state can thus be conceived neither as a mere political instrument nor as an institution set up by capital, but rather as a specific form of the accomplishment of the social existence of capital along with and besides competition, as an essential moment in the social reproduction process. [17]

What then are the conditions and relations that the state is called upon to provide? And how can the state, in answering these 'needs', help secure the social existence of capitalist production? Different participants in the "state derivation" debate have answered these questions in different ways. For Altvater, the most basic form of state intervention concerns the state's role in providing certain general conditions of social production, i.e. the material infrastructure necessary for the maintenance and expansion of capitalism on a social scale. Marx also examined this area in some of his writings, pointing to the need for state participation in the financing of such things as road and canal construction or irrigation development. [18] In essence, this type of involvement is associated with the need to
socialize the necessary costs and risks of production in areas that, for one reason or another, are insufficiently profitable for private capital investment.

Other contributors, such as Blanke, Jurgens and Kastendiek, point to the need for state intervention in the provision of a legal framework for the standardization and regulation of exchange relations. [19] In addition, Muller and Neususs point to the role of the state in helping to secure the continued reproduction of a labour force through such things as factory legislation and welfare programs. [20] In each of these cases as well, state intervention is tied to the provision of certain general conditions and relations that fall beyond the scope of individual capitalist control.

These sorts of arguments do represent a genuine theoretical advance beyond the sterile dichotomy of the Miliband - Poulantzas debate. For, within the "state derivation" framework, the state is analysed as a vital component of the complex but necessary interrelation of politics and economics at the heart of capitalist society. Given this approach, the state can be situated in its social context and this is something which offers at least the potential for a balanced assessment of the conditions and limitations of effective state intervention.

There are, however, some basic problems with the "state derivation" approach as it has been set out above. First of all, the above conception yields a tendency to view the state as a
kind of directing social intelligence, responsive to the varied
needs and requirements of private capitalist production as they
emerge. This is clearly an indirect presumption that would be
hard to demonstrate. Secondly, there is a problem with the way
in which the various forms of state intervention have been
derived. The above conception starts with the inherent
fragmentation of social capital into separate competitive units
and proceeds to consider the imperatives for intervention which
flow from this fact. For this reason, as Holloway and Picciotto
note,

this approach has very little to say about the state as
a form of class domination, about the relations of
repression and legitimation existing between the state
and the working class. [21]

Given these weaknesses, other participants in the German
debate have sought a different basis for the derivation of the
state. For Joachim Hirsch, the starting point in this analysis,

must be the examination of the 'anatomy of bourgeois
society', that is, an analysis of the specifically
capitalist mode of social labour, the appropriation of
the surplus product and the resulting laws of
reproduction of the whole social formation. [22]

This approach has important implications for the development of
a theory of the capitalist state. First of all, while accepting
Marx's notion that the state exists as a separate and distinct
entity within bourgeois society, Hirsch's analysis seeks to
situate the state within the context of a process of capitalist
accumulation. Here,
the capitalist state can be understood only in terms of its changing functions in the class struggle over the organization of the labour process and the appropriation of surplus-value. [23]

Clearly, this sort of theoretical approach can be seen to contain a more explicit historical dimension than does the approach offered by Altvater. For it is now possible to analyse the changing functions of the state and, indeed, the changing form of the state within the context of a continuous re-organization of the conditions and relations of capitalist production. [24]

Secondly, the concept of class struggle is elevated to a position of central importance in the analysis of the state and state intervention. For Hirsch, capital accumulation is a process of class struggle over the conditions and results of the labour process and the state's role within this framework is to maintain a "specific historical form of class rule." [25]

However, given the conflict-ridden nature of this process, the state can only maintain this rule through the medium of trial-and-error-responses to the political and economic repercussions of the ongoing class struggle. As Hirsch notes,

The bourgeois state does not originate historically as a result of the conscious activity of a society or a class in pursuit of its 'general will' but rather as the result of often contradictory and short-sighted class struggles and conflicts... its specific functional mechanisms also evolve in the context of conflicting interests... The state's 'particularization' has continually to re-establish itself in this process of conflict. [26]
With this insight, Hirsch is able to relate the changing forms of state power to the ongoing process of capital accumulation and to the changing alignment of social class forces which this process engenders. Within this context, the maintenance of bourgeois class rule is never automatic. The only guaranteed outcome is the continued reproduction of the social conditions of struggle and conflict.

All in all, the "state derivation" framework allows for the development of a more satisfactory materialist theory of the capitalist state. The outcome is a perspective capable of yielding valuable insights into the complex articulation of political and economic processes found in capitalist society. It is also well suited to the analysis of changes in the form of state power and the way in which these changes bear a direct relation to altered configurations of social class forces within society. For these reasons, this perspective can serve as a useful theoretical guide in the examination of a specific state entity within its social and historical context.

However, before moving on to the substantive analysis of the following chapters, it would be useful briefly to set out some of the specific socio-economic and political attributes of early British Columbia society and to consider them in the light of the theoretical formulations developed in the foregoing pages. Such an exercise would serve the important preliminary function of relating these formulations and insights to the
specific problem area at hand.

As was noted at the beginning of this chapter, the history of early British Columbia is, in large measure, the history of a succession of regional staple orientations. The first orientation was that of the fur trade, controlled by the Hudson's Bay Company through its license of monopoly trade with the area's native population. However, with the arrival of the gold rush in the mid-1850s, this orientation was soon ended. From this point forward, placer gold emerged as the dominant locus of staple production. This second orientation was maintained until well into the provincial period, after which time it was eclipsed by the rise of new productive orientations in the resource sectors of lode mining and forestry.

Upon closer examination, each individual staple orientation reveals itself as containing a particular structure of social classes and strata. During the period of the fur trade, the process of internal class differentiation was highly limited given the prevailing system of H.B.C. mercantile control. In the following period, placer gold production led to the emergence of an independent mode of commodity production in the mainland areas. [27] It was not until the influx of large-scale capital investment in the subsequent period that this independent mode found itself displaced by an emerging structure of capitalist production, a structure which brought in its train its own distinctive form of class divisions.
Throughout these three phases, the British Columbia region found itself structured into a complex system of imperial relationships. On the economic level, these took the form of first trade and later trade and investment linkages. The net effect of these linkages was to integrate the region into a larger international economic system. On the political level, the pre-1871 period was characterized by a relation of formal colonial subordination to Great Britain, at first mediated through the structures of the Hudson’s Bay Company and later direct. In the following period, this changed with British Columbia’s entry as a province into the Dominion of Canada.

Together, it is these three elements - the staple orientation, the class structure and the imperial relationship - which provide the socio-economic backdrop for an analysis of the early state structures in British Columbia. The precise arrangement of these elements in the different periods of British Columbia history is an area that will be examined in detail in the following chapters. However, in keeping with the theoretical positions developed in the course of this chapter, it can be hypothesized that the form of regional state power in a particular period will bear a direct relation to the internal configuration of social classes within that period. Furthermore, it can be suggested that alterations in this form will be related to the social and political pressures created by a coincident alteration in the prevailing class configuration. All
the while, these alterations in form serve to reconstitute the state as an effective force for the maintenance of dominant class rule.

Within each form, it may be expected that the content of regional state intervention will be geared to the provision of law as well as the general conditions of social production (i.e., roads and rail lines). Such are the "immanent necessities" [28] of the economic and social system which fall outside the privatized spheres of commodity production and exchange. Also given the staple bias of the British Columbia economy, it can be expected that the state's role in the provision of law will constitute an important factor helping to facilitate the successive shifts in staple orientation. If this is the case, then state intervention of this kind can be seen as important in helping to consolidate the class structures which come to rest upon these different orientations.

The succeeding chapters of this study examine these themes within the context of a more detailed analysis of the regional state's role in furthering the process or resource development. As this process finds its origins in the pre-Confederation context, it is to this period that this study now turns.
NOTES

1. In the area of transportation development, see the following bibliographic references: Ferguson (1933), Cail (1974); with state finance, see Phillips (1967); with settlement, see Wrinch (1932), Mikkelsen (1950), Cail (1974).

2. In the area of responsible government, see Higgins (1967), Scott (1967), Bescoby (1976); with federal-provincial relations, see Ormsby (1972), Johns (1935); with party politics, see Sage (1948, 1976), Dobie (1932, 1976), Mercer (1937).

3. An example of this has been the attention given to the state's role in the use of statutory incomes policy and the threat and challenge this poses for the labour movement.


10. Ibid., pp. 61-2. In the United States, the work of G. William Domhoff is situated within this same general approach.

11. Ibid., p. 6.

12. Ibid., p. 62.


17. Ibid., p. 99.


Materialist Theory of the State", p. 22.


24. A number of authors have examined the different forms and functions of the state in different socio-economic contexts. In brief outline, the sequence as it has been developed goes as follows. During the transitional phase between feudalism and capitalism, absolutist monarchies sought to implement mercantilist policies in order to further the process of commercial expansion. Later on, in the early phases of industrial capitalism, parliamentary democracies provided a political forum for the representation of the sectional interests of capital while maintaining a laissez-faire position vis-à-vis the economy. In the succeeding period of monopoly centralization, interventionist states emerged characterized by the declining importance of parliament and the emergence of the larger bureaucracies wielding increasing amounts of discretionary power. See Bob Jessup, Ibid., pp. 364-66., and also Ernest Mandel, Late Capitalism, (London: Verso, 1978), pp. 474-99.


26. Ibid., p. 65.

27. "The crucial aspect which is specific to each mode of production is the social form of labour-power. Thus, labour-power takes the social form of wage-labour in capitalism and the social form of self-employed labour in independent production. This is the essential difference."

CHAPTER II

State And Political Economy In Pre-Confederation British Columbia

The earliest forms of state administration on the Pacific Coast were bound up with the trade in staple products. As subsequent developments brought changes in staple orientation and attendant changes in the labour process and class structure, the state was transformed accordingly. Ultimately the groundwork was established for British Columbia's entry into the Dominion of Canada and for the development of a provincial state apparatus attuned to the varied requirements of an emerging resource-based capitalism.

The roots of these later developments are to be found in the early mercantile and colonial arrangements of the pre-Confederation period. This chapter examines the nature of those arrangements and the interaction of early political struggles and imperial alignments which led to their eventual dissolution.

Early economic penetration into the area that now comprises British Columbia came as a result of the extension of the fur trade to the Pacific coast. Following a period of intense competition, the Hudson's Bay Company absorbed its principal
rival, the North West Company, in 1821, thus consolidating an effective monopoly in the areas under British imperial control. [1]

Precise territorial demarcation on the Pacific Coast had to await the signing of the Oregon Boundary Settlement of 1846 which extended the boundary between the British Colonies and the United States along the 49th parallel to the coast, with Vancouver Island remaining in British hands. In the decades preceding the Settlement, the H.B.C. vied for coastal control with Russian commercial outposts in Alaska and American settlers and business interests to the south. It was during this period that British authorities moved to consolidate control over the middle territory in the attempt to safeguard it from American or Russian encroachment. [2]

The Hudson's Bay Company was not the ideal instrumentality for such an undertaking, yet the history of its involvement in the area and the resources it possessed rendered its participation essential. In 1849, the British government created the Colony of Vancouver Island and ceded control to the H.B.C. for a period of ten years at an annual rental fee of seven shillings. Prior to this time, the Company had achieved de facto economic control over the coastal and inland areas of the Pacific northwest by virtue of its participation in the fur trade. Other economic activities, such as the mining of Vancouver Island coal and the cutting of coastal timber for
spars, were developing under Company control during this early period, but only as sidelines to the dominant trade in furs. For the H.B.C., this economic orientation was firmly established by mid-century and would remain intact until a Company re-organization in the mid-1860's.

With the trapping of furs, much of the actual labour process lay beyond the direct regulation and control of the Company. This was, in essence, a system based not upon the exploitation of human labour within the sphere of production, but rather upon the exploitation of a monopoly trade link with the native population. It is precisely in this sense that this system can be labelled as mercantile.

The 1849 arrangement established the Company as the state authority within the newly created Island colony. In practice, this arrangement worked to formalize the Company's overall position of economic control, at least as long as the fur trade remained the central focus of regional economic activity. For with its license of exclusive trade with the native population the H.B.C. was able to regulate all economic activity in the region to the advantage of its own mercantile objectives.

This was a social context which allowed little scope for the development of internal class distinctions. There did, of course, develop a limited system of class differentiation within the settlement areas but all of this existed within the actual confines of the Company itself. In effect there were only two
social classes in these areas - the Company officials and the administrators on one side, and the Company employees on the other. With the absence of any extended form of commodity production outside of Company control, the fusion of "state" and "economy" created with the 1849 arrangement constituted a natural form for the mercantile administration of the British areas on the Pacific coast.

This arrangement was, however, designed to help achieve British imperial objectives that went far beyond the limited economic aspirations of the H.B.C. Britain's desire to retain control over the Pacific northwest area came at least partly in response to the increased opportunities for colonial trade and plunder created in the Far East in the aftermath of the Opium Wars in China. Within this context, the maintenance of a colonial foothold in British Columbia was essential for the future construction of an overland transportation system through British North America. Such a system would, upon completion, afford British interests greater access to the riches of the Far East.

Given these long-range considerations, the British were anxious by 1849 to encourage a settlement process that would strengthen their claim to Vancouver Island and the mainland areas above the 49th parallel. For this reason, the H.B.C. was required, under the terms of its charter, to undertake colonization efforts. Through its subsidiary, the Puget Sound
Agricultural Company, efforts were made to attract potential settlers and their families. Over the next five years, approximately 500 were settled, including a number of retired company servants. [3] More could possibly have been attracted had the terms of settlement been less imposing. In its advertisements, the Company offered land blocks of 20 acres or more at one pound sterling per acre. Settlers were also expected to pay the cost of their own passage from Britain. [4]

Limited colonization efforts like this posed little threat to the H.B.C. fur trade and, in effect, served to assist the trade by increasing the food supply and lowering provisioning costs. [5] That the company could settle even this small number is amazing in light of the liberal system of land grants prevailing in the Oregon Territory to the south. As Wrinch notes, "there is no record [that] Hudson's Bay House in Fenchurch Street was stormed by eager land seekers." [6]

However, for political reasons, a token colonization effort was essential. The H.B.C. was eager to retain control over the Island lest a rival trading network gain a foothold on the doorstep of the Company's trading empire [7]. Moreover, given the British intention to colonize the Island, Company officials feared that anything short of a modest effort would lead the Crown to engage another colonization company in the pursuit of its objectives.
Despite this effort, pressure began to mount in the British parliament in the mid-1850's for the cancellation of Company control over the Island. It was, however, the discovery of gold in the Pacific region which brought the issue to a head and helped to accelerate the eventual obsolescence of the H.B.C.'s position. [8]

Gold was first uncovered in the Queen Charlotte Islands in 1852 and the subsequent influx of miners led to the extension of the colonial authority to the area. However, supplies gave out before a 'rush' had time to develop, but not before the colonial governor instituted a licensing system for miners. By doing so, the colonial state had established its jurisdiction over the disposition of mineral deposits, thus providing the basis for future state policy in this area. [9]

The discovery of gold on the Fraser River in 1858 made the Queen Charlotte episode appear as a dress rehearsal. The resultant influx of some 25-35,000 miners totally transformed the socio-economic base of the colony in a matter of months. As the miners proceeded up the Fraser in search of the ever-elusive motherlode, the population of Victoria increased ten fold amidst a real estate boom and the emergence of a nascent mercantile bourgeoisie engaged in a vigorous entrepot trade provisioning the mainland mining communities. Clearly, the days of H.B.C. dominance on the Pacific Coast were numbered.
Since the year 1851, the positions of colonial governor and H.B.C. chief factor had been combined in the person of James Douglas. With the advent of the gold rush, Douglas moved to enforce the miners' licensing system as a means of asserting state authority over the exploitation of the newly emergent colonial staple. As Company representative, Douglas also attempted to assert an H.B.C. monopoly in the provisioning trade but the latter move was promptly overruled by the Colonial Office in Britain. [10] The H.B.C. was dealt a further blow in 1858 with the cancellation of its preferential trading rights in the Pacific area and with the severance of direct institutional ties between the Company and the Colonial state. At the same time, a new crown colony was created on the mainland, providing an institutional framework to regulate the rapid pace of settlement and the anarchic pattern of staple extraction. The new dual state structure now became the direct institutional extension of imperial authority, without the mediatory link of the H.B.C. [11]

Unlike the fur trade, exploitation of the new gold staple rested upon the proliferation of an independent mode of commodity production on the mainland. A new class of independent miners occupied a central position within the placer gold economy. Gold also led to the emergence of a new trading bourgeoisie in the Island capital of Victoria. Both of these new social classes were external to the process of mercantile
accumulation and hence both lay beyond the purview of effective H.B.C. control. So, with a regional economy beginning to press beyond the restrictive confines of the mercantile system, the structure of state administration established in 1849 lost its viability.

For the British, the transition to direct colonial status for the Island and mainland areas was designed to help remedy this situation. In an overall sense then, this transition is best viewed as an administrative response by the British to the social and economic repercussions of a crisis in staple orientation. The objective need was one of reconstituting a state apparatus capable of regulating the process of economic expansion and therefore capable of safeguarding long-range British interests in the area. Within this context, the altered configuration of social classes in both the Island and the mainland areas was a decisive element in rendering this change essential.

Economically, the colonial state structures presided over an expanding economic base, centred around the production and export of certain dominant staples. The most important of these, of course, was gold. In 1859, the value of placer gold production on the mainland amounted to $1.615 million; five years later, that figure had more than doubled and, although the rush failed to sustain itself for long, gold production and export continued to predominate in the colonial economy right up
to B.C.'s entry into Confederation. [12] By 1869, production had fallen back to $1.774 million, but exports of gold in the same year still accounted for over 71 per cent of all mainland trade. [13]

On the Island, coal production began to develop in the Nanaimo area in response to an expanding export market in California and in accordance with the provisional needs of British Navy ships in the Pacific area. By the end of the 1860's coal exports accounted for five per cent of all colonial exports. [14]

In the area of forestry, lumber production advanced during this period, mostly to meet internal colonial needs. Building construction and an increasing capital intensity in gold mining provided most of the demand. Tariff barriers prevented any substantial penetration of the American market and the export activity that did develop was geared to a number of smaller markets in the Pacific area. [15] By 1869, exports amounted to $ .252 million or 10 per cent of the total export trade. [16] The balance of colonial exports were taken up by fish, fur and hides during this year. Colonial labour force composition during the 1860's further reflects the dominant staple orientation of colonial production. In 1865, 72 per cent of the labour force were to be found in the mining sector, nine per cent were in agriculture and 19 per cent were in manufacturing and commerce. [17] Five years later, the proportion engaged in mining had
fallen back to 39 per cent, a reflection of the decline in the gold rush. However, as the above figures demonstrate, the mining sector continued to represent the dominant locus of colonial production. As the prospectors moved up the Fraser into the Interior numerous mining communities sprang into existence and as the communities progressed further inland, provisioning costs increased dramatically. It was in response to the needs of these communities that the colonial state on the mainland became involved in the arduous task of road construction.

Much of the early road work was undertaken by a contingent of Royal Engineers sent from Britain in 1858. However, the sheer volume of work required and the limited nature of colonial resources meant that the Engineers spent most of their time surveying townsites and settlement areas contiguous to the main urban areas in the Lower Mainland. They did manage, in spite of this, to begin the task of wagon road construction; in 1860 a route was cleared linking Harrison to Lillooet, trails were opened along the Fraser River gold diggings and further efforts were devoted to a Hope-Similkameen road.

Over the course of the next three years, the Engineers helped develop and upgrade the colonial transportation system. Together with civilian contractors, the Engineers worked to build the Caribco Road linking the towns of Yale, Ashcroft, Quesnel and Barkerville. Completed in 1864 at a cost of $1.25 million, the Road reduced Interior freight costs by 75 per cent.
in the space of two years. [20]

However, with a British Colonial Office anxious to pare the costs of colonial administration throughout the Empire, the Royal Engineers were recalled in 1863, leaving the financial burden of road construction to the mainland administration. [21] Construction efforts were aided in 1862 with the founding of the Bank of British Columbia by a group of London merchants. The bank served as fiscal agent for the mainland colonial state in Britain by gaining subscriptions to road construction loans on the London financial markets. [22]

Through the rest of the 1860's the mainland state pressed forward in the attempt to link up the various mining and settlement areas with the coast. In 1864, roads were upgraded in the New Westminster area, the Cariboo route was extended above Alexandria and trails and sleigh roads were built to the mining centres of Richfield and Camerontown and into the Cottonwood district. [23] In the next year, the Cariboo Road was extended into the Cottonwood area and a wagon road was constructed from Cache Creek to Savanas Ferry, along with other repair and upgrading work. [24]

This roadbuilding flurry could not, however, sustain itself in the face of declining gold production and falling state revenues. In 1866, the year of the union of the mainland and Island colonies, a period of spending retrenchment set in as the budget for road construction was slashed to cover only repair
work. This situation continued up until British Columbia's entry into Confederation. [25]

The expansion of a transportation system did help facilitate the process of land settlement in the Interior. The development of a state policy to regulate the sale and use of settlement land had to recognize that only a small percentage of the total land area was suited for agriculture. Geographic barriers together with a lack of adequate funds for survey work and an unstable productive base meant that the state authority had to confront the need to provide for the systematic alienation of public land in an uncharted wilderness of unknown area and unsuspected resources, inhabited by many thousands of Indians and a few thousand transient miners. [26]

British Colonial policy during this period sought to reduce colonial dependence on British imperial support. In the Mainland and Island colonies, this meant that state administration was to render itself self-sufficient through the sale of public land. To this end, the Colonial Secretary established, in 1858, a set of principles to govern the alienation of Crown land in these colonies. Of importance here were provisions stating that agricultural land was to be sold, as the demand arose, by auction at an upset price competitive with American prices, and that only surveyed land be sold. [27] Clearly, the intention
here was to attract only those settlers capable of paying for the land. As Mikkelsen notes, "sale by auction and prompt payment were favoured for all county lands in accordance with Wakefield's doctrine of preventing labourers with insufficient capital from becoming landlords." [28]

Douglas, the colonial governor, clearly saw the basic impracticality of the Colonial Office plan. Despite British objection, Douglas moved in 1859 to institute a plan for payment by installments. In 1860, a pre-emption system was adopted to encourage settlement in advance of the survey. Both of these developments signified a retreat from established Colonial Office principles. In the case of pre-emption, settlers were to receive 160 acres on condition of settlement and improvement and with the agreement that 10 shillings per acre be paid upon completion of the survey. Settlers also had the right to purchase additional contiguous tracts by placing a deposit on the land. [29]

To administer the new laws, the colonial state on the mainland set up a special administrative department headed by Colonel R. C. Moody of the Royal Engineer contingent. Under Moody, who became Chief Commissioner of Land and Works, were the District Magistrates, charged with the responsibility of recording applications for lands. In 1860, the Magistrates became Assistant Commissioners and were authorized to hold auctions. [30]
In 1861, similar changes regarding pre-emption and payment were instituted in the Island colony. There, the system of land grants was affected by an eight year delay in the transference of H.B.C. lands to Crown control. The issue was finally settled in 1867 when the Company, the Governor and the Legislature agreed upon a level of remuneration, thus breaking the deadlock. [31]

Further changes through the 1860's reflect a continued relaxation of financial and tenancy requirements as the state moved to compete with American settlement terms by giving added enticement to settlement in British Columbia. The process reflects a gradual but steady abandonment of any attempt to use the sale of Crown land as a dominant revenue-generating device for the state. [32] With the state lacking adequate means for the surveying of settlement lands, revenue from land sales was not, for some time at least, to become substantial.

Changes through the 1860's include such provisions as a lowered upset price for auctions (1861), reduced deposits for purchases of additional lands (1863) and a system of free grants (1870). The last provision was, however, suspended upon British Columbia's entry into Confederation and with the negotiation of terms of union which limited land alienation to the pre-emption system. [33] At the same time, attempts were made to limit large-scale land speculation through the institution of provisions limiting the size and number of pre-emption claims.
and the size and conditions of additional land purchases. [34]
The efforts were not always successful, especially as regards the dealings of various public officials in the colonies. In one case, amidst great gold excitement, Chief Land Commissioner R. Moody managed to make 11 separate pre-emption claims totalling some 2000 acres along the Similkameen River in April, 1861. Several other officials including R. Burnaby, Chief Clerk in the Lands and Works Department, and Edgar Dewdney, later a provincial Lieutenant-Governor, followed suit with mineral claims in the same month. [35] As Cail notes, "From the 1860's until at least 1910 there was scarcely a public figure in British Columbia who did not acquire large holdings of agricultural, pastoral, or mineral lands." [36]

The gradual, if at times begrudged, retreat away from the Colonial Office intention of making the colonies self-sufficient through the sale of land is reflected in figures outlining the sources of colonial state revenue. For the years 1867 to 1870 inclusive, total revenue for the united colony of British Columbia amounted to $2.079 million. Of this, land sales and other revenue from the land accounted for only $37,776 or two per cent of total state revenue. Road tolls, implemented in the mid-1860's to help offset the rising cost of road construction, provided $ .224 million for the state coffers or 10.8 per cent of revenue. By far the largest source of revenue for the state were the customs and harbour dues which accounted for $1.331
From the early 1860's on, colonial revenues proved to be increasingly incapable of meeting needed expenditures. The result was a series of budgetary deficits and a steady increase in the funded debt of the colonies. In 1860 this debt amounted to $26,000; three years later it had risen to $610,000. [38] By 1866, the debt totalled $1.295 million, and the mainland and Island colonies were united in an attempt to rationalize administration. [39] By 1869, the level of indebtedness had fallen, but only slightly, to $1.181 million [40] Of this, $862 million or 72.9 per cent represented costs associated with road and harbour construction. [41]

Clearly, extended state investment in the provision of infrastructure represented a fiscal burden the colony's fragile productive base could not support. At the root of the problem was the relative decline of the gold staple consequent upon the gradual exhaustion of the more readily available sources. In the face of this reality, the colonial merger of Island and mainland, consummated in 1866, could not provide any lasting financial relief. A faltering staple orientation, a resultant tendency towards interior depopulation, a fall in land values, a decline in commercial and business activity - these factors together reflected a deepening structural crisis in the colonial economy. As Phillips notes,
The prospect that faced British Columbia in the late years of the 1860's was not a promising one economically. The gold staple was in decline and the prospects for the development of exports sufficient to restore the prosperity of the boom in the early years of the decade were not encouraging."

At this juncture, the colony faced a choice between three alternatives - maintenance of the status quo, annexation to the United States or entry into the Dominion of Canada. An analysis of the social elements and classes aligned with each alternative offers some insight into the developing class structure of colonial British Columbia. It also serves to illuminate the relations and processes working to decide the outcome of that choice.

Retention of the colonial status quo formed the first alternative and it was this option which appealed to large sections of the colonial state elite. As is evident, by the end of the 1860's, the state apparatus had come to represent a dominant and cohesive link in the system of staple production within the colony. At the base of this edifice were the lower echelons of the civil service, the land and gold commissioners and the excise and customs officials, all providing essential state revenue, as well as a network of county court judges, justices of the peace and Indian agents, all working to enforce the colonial legal system in a far-flung network of towns, mining communities and native settlements. At the summit were
the executive, legislative and higher judicial branches, dominated by the governor and his appointees, and administered in accordance with executive order. [43] Any proposal to dismantle this system was automatically perceived as a threat to the power, status and privilege of these upper levels. [44]

In theory, the colonial state edifice existed as an administrative outgrowth of the metropolitan state in Britain. In practice, for reasons of long distance and intermittent communication, the Colonial Office in London could often provide little more than a general policy framework within which the colonial governor and his administration were to proceed in the day-to-day management of state affairs. Hence, there existed a certain latitude for the development of a colonial state elite with interests somewhat distinct from those of the imperial state. However, this local interest was in the final analysis, overridden by imperial and outside pressures.

Another section of society wary of change was the colonial farming class. Encouraged by liberalized settlement policies, colonial agriculture had emerged largely as a provisionary adjunct to the mining industry. By 1870, farmers comprised close to a third of the colonial labour force and an expanding production had helped to reduce B.C.'s reliance upon foreign imports. Generally speaking, the farmers were fearful that a change in the status quo might bring lower agricultural tariffs and ruinous competition from American producers. [45]
The second alternative was one of annexation to the United States. Support for this choice was concentrated in Victoria amongst the merchant class. Victoria had sought and received free port status in 1860; the result was the consolidation of an intermediary position within a maritime trading network linking the mainland interior with American suppliers and centres to the south. As Higgins notes,

In Victoria many of the merchants who had arrived from the U.S. in that boom year of 1858 stayed to become the influential middle class of the town and active participants in political and social affairs. It was a section of this element in the capital's society that instigated the annexationist movement in 1869. [46]

The annexationist movement, however, failed to gather much momentum, a reflection perhaps of the declining economic importance of the Victoria merchant class and of the Island capital in general. In 1866, with the union of the colonies, Victoria lost the free port status it had gained in the mid-1850's, thus accelerating a shift in the economic centre of gravity to the mainland. [47]

The third alternative was entry into the Canadian Confederation. Within the colony, the pro-Confederation position was articulated by journalists like Amor de Cosmos and John Robson, both to be future premiers of the province of British Columbia. Originally, however, the push for British Columbia's
entry into Confederation began as a struggle for the right to self-government against the power of the colonial state elite. It was only later, within the context of a quest for a renewed imperial linkage, that the push for responsible government became fused with a pro-Confederation position. [48] Given the options available in the late 1860's and the balance of class and imperial forces, the pro-self-government forces decided to back the Confederation option as a means to secure their original objective.

This situation is best reflected in the activities of the Confederation League, founded in 1868 by Robson and de Cosmos. In July of that year a League rally in Barkerville raised the call for democratic reform in Victoria. At the League's September convention in Yale a resolution was passed demanding

that, whether admission into the Dominion of Canada shall occur or not, representative institutions and responsible government shall be inaugurated forthwith in British Columbia. [49]

Much of the League's popular backing came from the mining communities on the mainland, communities denied all but a modicum of self-government under the authoritarian structures of the colonial system. In addition, the League drew upon the support of Mainland business interests. It was this class which stood to benefit most from a system of responsible and
representative government within a larger national union. First of all, responsible government offered the promise of a regional state apparatus more attuned to the needs and wishes of local development interests. Secondly, Confederation held out the prospect of a transportation link to the east, and increased trade and prosperity within a revitalized business environment.

Subsequent developments showed many of these expectations to be sound. Confederation would eventually bring prosperity to the province. In so doing, it would also set the stage for an accommodation of regional and national class interests in the development of a capital-intensive and resource-based economy. For eastern Canada, the acquisition of British Columbia was a necessary step in the consolidation of a new continent-wide economy. As Naylor has argued, Canadian Confederation was born out of a profound crisis of imperial linkages - first the loss of British imperial preference and later the abrogation of reciprocity agreements with the United States. Within this context, western expansion would serve to strengthen the staple bias of economic development. It would also help consolidate the economic position and dominance of the financial-mercantile fraction of Canadian capital. [50]

In British Columbia the completion of the transcontinental rail line would lay the groundwork for the emergence of a truly capitalist mode of production in the resource industries. In a relatively short period of time large-scale capitalist
enterprise would come to displace small-scale and individual production. A rising investment threshold in the lumber industry and in lode mining would in turn lead to increased capital concentration and the solidification of capitalist-class divisions between workers and owners.

Increased foreign investment would hasten this transition. Many of the dominant trade and investment linkages that emerged in the late nineteenth century were not with central Canada but rather with countries like Great Britain and the United States. As time progressed these external relationships would help reinforce the anomaly of British Columbia's status as a province within Canada. Politically, the province formed part of the larger national union. Economically, the province increasingly came to occupy the role of a supplier of resources within an evolving international economy. The C.P.R. link would rectify this situation in part, but not enough to supplant fully the patterns of international trade and finance binding the Pacific province to the world market.

Given this analysis, Confederation can be seen to represent a decisive watershed in the overall development of British Columbia political economy. Yet, with the strength of the conservative, anti-Confederation elements in the colony, it was a gradual evolution in British imperial policy which proved decisive in realizing the union of 1871. As it developed, the Confederation debate in British Columbia coincided with the
The administration was committed to the extension of colonial autonomy and to the promotion of freer trade. It proposed to reduce expenditures on overseas defence; it was hostile to the acquisition of new territories; it might even accept the dismemberment of the Empire with equanimity. [51]

This shift in British policy predisposed the Colonial Office to help steer the Pacific colony into the open arms of the Canadian Dominion. In 1869, a new colonial governor, Anthony Musgrave, was appointed in British Columbia and charged with the task of engineering the colony's entry into Canada. Liberal pension and retirement benefits were instituted to help neutralize the opposition of colonial state officials. [52] Negotiations with the federal state were initiated following legislative endorsement of a pro-Confederation position in 1870 and, later that same year, the final terms of Union were established. On July 20, 1871, British Columbia became a province within the Canadian Confederation.

Colonial class struggles in the period leading up to 1871 must be situated within the context of this British imperial connection. In the first place, agitation for self-government
and for entry into Confederation had to confront the opposition of state officials and farmers favouring a retention of the status quo. However, the status quo position could not address the structural problems brought on by the decline of the placer gold economy. It could not, for instance, acknowledge the need for a new imperial linkage to help revitalize the depressed regional economy. In this sense it advocated the retention of an alternative which had become economically outmoded and thus historically obsolete. For the colonial state elite opposition to a change in status represented little more than a simple defence of traditional privileges. Given the pressure of objective circumstances and the changes in British imperial policy, the status quo position soon ceased to represent a realistic option.

Similarly, British imperial policy was a decisive factor in strengthening the pro-Confederation struggle against the second alternative - annexation to the United States. Despite the fact that the entrepôt bourgeoisie in Victoria favoured this option, the crisis in the placer gold economy and the consequent deterioration of the maritime trade linkages binding the Island capital to the mainland had weakened the political and economic presence of this class. Moreover, British opposition to the loss of its Pacific colony to the United States helped ensure that this second option never became a serious possibility.
Thus, the social and political struggles leading up to British Columbia's entry into the Canadian Confederation served to reflect the overriding influence of British imperial policy in colonial affairs. That the pro-Confederation alliance could actually prevail in the face of a deeply rooted, class-based opposition is itself strong evidence of the continuation of Great Britain's preponderant role.

The system of responsible government instituted in 1871 did, however, bear the imprint of an internal process of class struggle for control of the state apparatus. Throughout the colonial period the relation of formal political subordination binding the regional state authority to the imperial state in Great Britain found expression in the authoritarian system of colonial administration. This was a necessary arrangement that enabled the colonial state to maintain and protect British imperial interests in the region. However, pressure for the adoption of self-government emerged as the ineluctable by-product of economic development during the late colonial period. With the attainment of responsible government, emergent class interests in the province moved to establish their control over the state and to remould state intervention in accordance with the legal and infrastructural requirements of a resource-based capitalism.

The development of capitalist relations of production in the resource industries would, however, set the stage for a
succession of bitter and sometimes violent class struggles in the late nineteenth century. Through this entire period these struggles would continue to have an impact upon the form and exercise of provincial state power. The following two chapters take into account these struggles and their effects within the context of an analysis of the province's developing resource economy.
NOTES

1. For an overview of this process see W. T. Easterbrook and H. G. J. Aitken, *Canadian Economic History*, (Toronto: Macmillan, 1965), Chapters X and XV.

2. The North American Pacific Coast area was, by mutual agreement, quarantined from armed hostilities during the Crimean War of 1853 to 1856.


Frontier", in B. C. Studies, No. 32, Winter 1976-77, p. 34.


17. Ibid., p. 58. (my calculation) These figures come from the Colonial Blue Books.

18. Ibid., p. 58. (my calculation).

19. H. Ferguson, op. cit., pp. 39-40, "Divorced from the fur trade and faced with the exigencies of a new economy based on gold, Douglas entered a phase in his career during which he earned the title of 'the Road King'." Ibid., p. 28.


22. Ibid., p. 78.

23. Ibid., pp. 94-5.
24. *Ibid.*, p. 106. "The necessity of providing for the carrying charges of this funded (state) debt under circumstances of a shrinking economy accounts for the almost complete absence of further road building from 1867-1871."


27. *Ibid.*, p. 5-6. The term 'upset price' refers to the lowest selling price at which a piece of property is offered for sale through public auction.


32. "The Crown lands should, I think, be treated as a means of aiding the progress and development of the country and not merely as a source of revenue.", Governor James Douglas to the Colonial Secretary, the Duke of Newcastle, August 24, 1860, quoted in P. Mikkelsen, *op. cit.*, p. 84.

33. See P. Mikkelsen, *op. cit.*, pp. 96-114.; R. Cail, *op. cit.*, Chapter I; and L. Wrinch, *op. cit.*, Chapter IX.


37. These figures and percentage calculations are from *British Columbia in the Canadian Confederation*, A Submission Presented to the Royal Commission on Dominion - Provincial Relations by the Government of the Province of British Columbia, (Victoria: King's Printer, 1938), p. 10.


40. *British Columbia in the Canadian Confederation*, p. 11.


43. For a more detailed examination of the role and position of the colonial state elite in the pre-Confederation debates, see Isabel Bescoby, "A Colonial Administration: An Analysis of Administration in British Columbia, 1869-71", in K. Ralston and J. Friesen, eds., *Historical Essays on British Columbia*, (Toronto: McClelland and Stewart, 1976) and P. W. Howay, W. N. Sage & H. F. Angus, eds., *British Columbia and the United States*, (N.Y.: Russell & Russell, 1942), p. 179. It is important to emphasize the authoritarian nature of this system. As an arm of the British state, the colonial administration, was, to a large degree immune to public pressure in the colony. On the Island this was somewhat mitigated from 1856 on by the presence of an elected Legislative Assembly which, in some areas, acted to circumscribe the power of the governor. It was not until 1863 that the mainland possessed any semblance of "representative government" like this, perhaps a reflection of the dispersal of population and settlement.

44. See Susan Scott, "The Attitude of the Colonial Governors and Officials Towards Confederation", in George Shelton, ed., *op. cit.*
45. Tim Trousdell, "From Sea to Sea - Negotiations Between Ottawa and London", in George Shelton, ed., op. cit., p. 140.


47. "(C)ontinental costs of development and the need for customs duties had defeated the interests of maritime free trade.", J. M. S. Careless, "The Business Community in the Early Development of Victoria, British Columbia", in K. Ralston and J. Friesen, eds., op. cit., p. 186.


49. The following quotation is from a League resolution,

All governments should exist by the free and just consent of the governed... The government of British Columbia does not exist by the free and just consent of the governed and is, therefore, a despoticism."


CHAPTER III

The Provincial State And Resource Development: Part I

The Canadian federal structure, created in 1867 and expanded over the years with the subsequent inclusion of new provinces, was one well suited to the task of 'nation building'. Debt consolidation within an enlarged state structure was an essential prerequisite for the attraction of needed portfolio investment. Furthermore, as Naylor points out,

Under the terms of Confederation, the central government got all important economic powers - control over the currency and banking, commerce, and major tax sources, transportation infrastructure and subsequently, the lands and resources of the West." [1]

The result was a concentration of fiscal power at the federal level that helped attain the development objectives of the dominant financial-mercantile section of Canadian capital. [2] Therein lies the origin of the Bank of Montreal - C.P.R. - Tory Party axis that figured so prominently in the late 19th century Canadian politics.

To be sure, the British North America Act gave the provinces jurisdiction in the field of resource development and gave the various provincial governments access to resource
royalties. It would take time, however, before different provincial treasuries could rest upon a solid and durable foundation of resource revenue. [3] In the meantime, other revenue sources would have to suffice.

Nowhere is this more apparent than in the colony and province of British Columbia. In the year 1870, revenue from mining accounted for less than five per cent of total colonial state revenues. The precise return to the state from resource development is hard to determine given that land sales, road tolls and licenses provide both resource and non-resource revenue. However, it is clear that despite a provincial economy centered around resource staple extraction, state revenue in the immediate pre-Confederation period derives, for the most part, from customs and harbour dues and other sources unrelated to resource development. [4]

For British Columbia, Confederation entailed the loss of customs revenue and its replacement by a system of federal cash subsidies. The picture that emerges from this period is one of a provincial state structure, detached from its traditional revenue base and, in consequence, held in thrall by a federal structure controlling major revenue sources and spending disbursements. As will be shown, the structural and financial imbalance inherent in this relationship constituted a major source of dominion-provincial friction that, in the case of British Columbia, continued up to and beyond the turn of the
century.

The problem was, of course, exacerbated by the lack of any direct economic linkage between British Columbia and the rest of Canada. Throughout the colonial period B.C. had existed as little more than a settlement foothold on the Pacific coast, a regional economy subject to the vagaries and uncertainties of colonial production and world market demand. Certain of the terms governing political union with Canada were designed to facilitate economic and social integration as well. For example, Article 11 of the terms of Union read as follows,

"The Government of the Dominion undertake(s) to secure the commencement simultaneously, within two years from the date of the Union, of the construction of a Railway from the Pacific towards the Rocky Mountains, and from such point as may be selected, east of the Rocky Mountains, towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada; and further, to secure the completion of such Railway within ten years from the date of the Union...."

The construction and completion of the C.P.R. would, in time, help draw B.C.'s economy and society in general into the larger national unit. In the meantime, the absence of a rail linkage left the province to develop and progress along a production-export trajectory established in the colonial period.

Statistics relating to the period leading up to the completion of the C.P.R. in 1886 reflect a continued reliance upon foreign export demand. In overall terms, the area of
mining, fishing, forestry and, to some extent, agriculture continued to predominate. Whatever beginnings there were in secondary manufacturing tended to follow the lead established by the resource extraction sectors. With exports, market destination varied with each individual product and economic sector. Factors such as foreign tariff barriers and investment linkages were important in conditioning both the extension and restriction of B.C. export markets.

During this period, coal and gold mining dominated the provincial economy, in terms of both value of production and value of exports. Table 3:1 outlines the extent of production of these minerals for the period 1874 to 1885. With gold, the decline of placer production reflects the gradual exhaustion of the "gold rush" which, in the space of a few years, had taken thousands of prospectors up the rivers into the interior in search of instant fortune. The surface minerals were, in most cases, quickly panned out necessitating a migration from the rivers to the hills and a transition to the more heavily capitalized techniques involved in deep placer mining. [7] Nevertheless, as the statistics demonstrate, placer gold continued to lead in provincial mineral production until well into the 1880's.

With coal, expanding production figures reflect the opening of new mines on Vancouver Island-Wellington in 1871 and Comox in 1875. For the period under survey, Island coal accounted for the
Table 3:1

B.C. MINERAL PRODUCTION, 1874-1885

<table>
<thead>
<tr>
<th>Year</th>
<th>Placer Gold (6)</th>
<th>Coal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1874</td>
<td>1.84 million</td>
<td>.25  million</td>
</tr>
<tr>
<td>1875</td>
<td>2.47 million</td>
<td>.33  million</td>
</tr>
<tr>
<td>1876</td>
<td>1.78 million</td>
<td>.42  million</td>
</tr>
<tr>
<td>1877</td>
<td>1.61 million</td>
<td>.46  million</td>
</tr>
<tr>
<td>1878</td>
<td>1.27 million</td>
<td>.51  million</td>
</tr>
<tr>
<td>1879</td>
<td>1.29 million</td>
<td>.72  million</td>
</tr>
<tr>
<td>1880</td>
<td>1.01 million</td>
<td>.80  million</td>
</tr>
<tr>
<td>1881</td>
<td>1.05 million</td>
<td>.69  million</td>
</tr>
<tr>
<td>1882</td>
<td>.95 million</td>
<td>.85  million</td>
</tr>
<tr>
<td>1883</td>
<td>.79 million</td>
<td>.64  million</td>
</tr>
<tr>
<td>1884</td>
<td>.74 million</td>
<td>1.18 million</td>
</tr>
<tr>
<td>1885</td>
<td>.71 million</td>
<td>.80  million</td>
</tr>
</tbody>
</table>

$15.51 million $7.65 million


entire British Columbia production as it was not until near the turn of the century that new fields were opened up in the southeastern corner of the province.

For the period 1874 to 1885, mineral exports from B.C. amounted to $19.29 million, or 83.1 per cent of a total provincial mineral production of $23.16 million. [8] Exports to the United States alone accounted for $18.87 million (98.1% per cent of all mineral exports and 81.5 per cent of total B.C. mineral production). [9]

In the fisheries, a similar picture of export-led demand emerged, if on a reduced scale, as Table 3:2 illustrates. For
the period 1876 to 1885, total exports amounted to $5.91 million or 57.6 per cent of total provincial production. Of this, the British market accounted for $4.81 million or 77.9 per cent of total fisheries exports, the United States accounted for $.93 million or 15.0 per cent of exports and Australia accounted for $ .39 million or 6.4 per cent. [10]

In forestry, production was centered in the lower mainland area and, hampered by inadequate transportation and a scarcity of capital, it developed mostly in response to local needs and demand. Exports in the 1874 and 1885 period failed to display any pattern of real growth, fluctuating around an average of about $.30 million per year. [11] In the face of an American tariff barrier, the export trade was geared to markets in countries like Australia, Chile, Peru and China. [12]

In agriculture, the export of animal products to the United States and to Great Britain averaged close to $.32 million annually. [13] For other agricultural products, little in the way of export activity occurred. In fact, during this period the province increased its reliance upon American imports to meet domestic needs.

A small manufacturing base also emerged in the province during this period, centred in the areas of food processing and saw-milling. Together these two industries accounted for more than a third of total manufacturing value in the province during that year. [14]
Table 3:2

B.C. FISHERIES PRODUCTION AND EXPORT, 1876-1885

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1876</td>
<td>$0.10 million</td>
<td>$0.07 million</td>
</tr>
<tr>
<td>1877</td>
<td>$58 million</td>
<td>$0.10 million</td>
</tr>
<tr>
<td>1878</td>
<td>$0.93 million</td>
<td>$0.42 million</td>
</tr>
<tr>
<td>1879</td>
<td>$0.63 million</td>
<td>$0.63 million</td>
</tr>
<tr>
<td>1880</td>
<td>$0.71 million</td>
<td>$0.32 million</td>
</tr>
<tr>
<td>1881</td>
<td>$1.45 million</td>
<td>$0.40 million</td>
</tr>
<tr>
<td>1882</td>
<td>$1.84 million</td>
<td>$1.01 million</td>
</tr>
<tr>
<td>1883</td>
<td>$1.64 million</td>
<td>$1.33 million</td>
</tr>
<tr>
<td>1884</td>
<td>$1.36 million</td>
<td>$0.90 million</td>
</tr>
<tr>
<td>1885</td>
<td>$1.08 million</td>
<td>$0.73 million</td>
</tr>
</tbody>
</table>

$10.32 million $5.91 million

Source: Statistics of Industry in British Columbia Tables FG3 and T5.

These early processing industries represent the first signs of an emergence of capitalist production within the provincial economy. Most of this production was concentrated in the lower mainland and in the New Westminster area in particular. By 1881 New Westminster contained nine out of the 13 industrial establishments in the province capitalized in excess of $50,000. Each of these nine employed, on the average, 110 workers. [15] This scale of operation signified the growing momentum of capital accumulation in production and the transition beyond an independent mode of commodity production to one resting upon the exploitation of wage-labour in large-scale industry. It is in this sense that the latter can appropriately be labelled
Capitalist production led to the growth of a new indigenous bourgeoisie in New Westminster. It also symbolized the emergence of this centre as a manufacturing and processing metropole drawing upon the resources of a surrounding hinterland. However, with the completion of the C.P. rail line in 1886, this situation was altered considerably. In the last years of the nineteenth century Vancouver grew to displace New Westminster as the dominant regional metropole. Only this time the new metropole came to occupy the role of a financial and administrative centre, an intermediary between outside interests and the developing resource sectors of the interior. A fuller examination of all of the factors contributing to his complex process and of the accommodation of regional and eastern Canadian capital it represented should best await a discussion of other relevant areas of early provincial political economy, areas such as land settlement, mining and rail line construction. For this reason, the examination will be undertaken in the latter half of Chapter IV.

By the early 1880's, a capitalist mode of production had also taken hold in the coal industry on Vancouver Island. There, early concentrations of capital and deplorable working conditions in the mines set the stage for bitter and recurrent strike activity in the second half of the century.
However, at this juncture, the balance of the provincial economy still remained rooted in an independent or petty mode of commodity production. Even with mining in the interior, the transition away from river-based washing and panning to deep placer techniques involving the sinking of mine shafts to mineral deposits on the bedrock did not lead to the emergence of a distinctly capitalist labour process or to capitalist productive relations per se. Deep placer production still rested upon relatively simple forms of co-operative labour organization. At the end of the nineteenth century, each placer mine still in operation employed less than nine workers on the average and there is little reason to suspect it was any different in the early 1880's. [16]

Independent commodity production also predominated in the province's agricultural sector in the early 1880's. There, the continued proliferation of interior settlement rested upon the foundation of the family farm, typically a unit of petty commodity production. Given this fact, all agricultural production entering circulation in this period (i.e., all production used either for export or to provision the resource sectors) represented the economic contribution of an essentially pre-capitalist sector of the economy. It should also be noted that census data for the early 1880's shows that close to a third of the provincial labour force was to be found in the agricultural sector.
With respect to other industrial production around the province, a similar absence of capitalist productive relations can be noted. In their place, a variety of earlier forms pre-dominated - individual artisan production, family enterprises and small scale partnerships. In most cases the process of production rested to a large extent upon the labour of the owner and his or her immediate family and not, for this reason, upon the exploitation of wage-labour. For the province as a whole, the average industrial enterprise in 1881 employed less than seven workers. In addition, over 85 per cent of all establishments had an operating capital of less than $12,000. Within this range, each firm employed, on the average, only 2.4 workers. [18]

Thus, while the beginnings of capitalist production were noticeable in at least two separate areas, the larger portion of provincial staple production was still based upon pre-capitalist forms and relations of production. The development of a distinctively capitalist mode of production in resource exploitation would have to await the completion of the Canadian Pacific rail line and the subsequent influx of large-scale capital investment. In the interim period, prior to the completion of the link, the provincial state apparatus would oversee and direct a regional economy rooted in independent commodity production bound into a network of maritime trade linkages and, for the most part, separate from the economy of
eastern Canada.

State intervention was geared, in the pre-1866 setting, to encouraging the extension of independent commodity mode within the different economic sectors. In effect, this constituted the only viable alternative given the absence of a durable imperial linkage and significant capital investment. To attain this end, the province's legal framework was further developed to facilitate access to Crown land and resources. In the period leading to the mid-1880's the content of these laws reflected a provincial state willingness to forego the revenue potential inherent in the alienation of land and resources. Such was the only possible way to hasten the process of interior development and reverse the drift to economic stagnation.

This direction and strategy was not, however, without consequence in the area of provincial state finance. As time progressed, the provincial state became increasingly reliant upon a system of federal subvention - a government subsidy of $25,000 per year, a per capita grant of $48,000 per year, a grant for land conveyed to the federal government to assist in the construction of the rail line of $100,000 per year and a public interest debt allowance of varying annual amounts. Together, for the 1874 to 1885 period, these subsidies account for 50.2 per cent of all provincial state revenue. [19]

These amounts were not, however, sufficient to meet mounting expenses associated with state administration in a
region of mountainous terrain and sparse settlement. Here the costs of public works and maintaining a legal system alone accounted for close to a third of provincial state expenditure in this period. [20] The result was a series of state budgetary deficits and a steady increase in the province's funded debt throughout this time. By 1885 the debt equalled $ .6 million and close to 11 per cent of provincial revenue was absorbed in the debt servicing charges. [21]

From the mid-1880's to the turn of the century, provincial state policy, as it was reflected in legislation continued to encourage the proliferation of agricultural settlement and the productive use of agricultural land. State policy, however, was different with respect to the development of a legal framework to regulate resource exploitation. Increased capital investment entered the province in the wake of the C.P.R.'s arrival and proceeded to transform the entire structure of the provincial resource economy. The emergence of large-scale capitalist enterprise in the resource sectors in turn offered the provincial state the opportunity to exact an increased economic rent from these sectors. With a pattern such as this emerging, the legal framework provided by the state soon ceased to encourage the further extension of independent commodity production in the resource fields. In fact, the legal changes that emerged in the late 1880's and through the 1890's worked to erode the position of independent and small-scale producers.
insofar as they gave the bigger resource interests preferred access to land and resources. Examples of these changes include laws raising the cost of land and the cost of necessary improvements as well as those which allowed the biggest interests to control the development rights over vast acreages. Taken together, these changes hastened the transition to the dominance of capitalist production relations in the provincial resource industries. For the provincial state, this process held out the promise of increased resource revenue and a reduced dependence upon the system of federal subsidies.

In examining the development of provincial law in the late nineteenth century, it is possible to set out three separate jurisdictional spheres dealing with the use of land. The first regulated the extension of agricultural settlement. The second and third regulated the development of the mining and forestry industries respectively. In all three areas state policy had to attain a flexibility and adaptability essential to the regulation and ever-changing pattern of agricultural settlement and resource exploitation. By the end of the nineteenth century, the provincial state had struggled to develop a legal framework capable of meeting a variety of often contradictory objectives - a quickened and orderly extension of land settlement, increased agricultural production, and expanded scope of resource extraction and last, but not least, an increased revenue base for the maintenance of the provincial state apparatus. The
result was a group of statutes and provisions setting out the specialized rights and obligations of settlers, miners and resource interests within the context of overlapping spheres of jurisdiction and regulation. To analyse this situation, it becomes necessary to set forth the development of these spheres as they apply to the separate resource sectors and to agricultural settlement in general.

The first of these two spheres, those pertaining to agricultural settlement and mining development, will be examined in the balance of this chapter. The third sphere dealing with the forestry industry will be discussed in the next chapter. In each case the significance of the legal changes only emerge when they are considered in the light of those factors and processes making for the growing dominance of capitalist productive relations in the provincial resource sectors.

In the area of settlement policy, state involvement came largely as a continuation of the practices and procedures established during the colonial period. At the time of B.C.'s entry into Confederation, provincial policy regarding the alienation of settlement land was consolidated in the Land Ordinance of 1870. The Ordinance established a number of principles to regulate the nature of settlement and land use. First of all, settlement land was to be put to beneficial use by those acquiring it, and provisions relating to mandatory improvements to the land were incorporated in the Ordinance to
ensure this end. The second principle regarded the system of payment - land was to be sold by auction with an upset price previously established. Thirdly, for those taking the land under pre-emption, payment would begin upon survey and be completed in four equal annual installments. Pre-emptors could hold only one claim at a time and a continuous residence of four years on the claim was needed to secure a Crown Grant. Fourthly, no Crown Grant was to be made until the land had been surveyed. An finally, the Crown reserved the right to repossess certain tracts for public purposes, when and if the need arose. [22] A concluding section also addressed the question of mineral rights in the following manner,

"Unless otherwise specifically announced at the time of sale, the conveyance of the land shall include, ... all trees and all mines and minerals within and under the same (except mines of gold and silver)." [23]

In this manner, the state reserved for itself the right to regulate the disposition of these minerals in accordance with the provisions of a separate jurisdictional sphere.

Taken together, these principles reflect an interest in the rapid and orderly settlement of the province's limited agricultural land, a settlement desperately needed if the province was to augment domestic food production and help the provision an expanding resource extraction sector of the
economy. Changes, additions or deletions made in subsequent years reflect the demographic and administrative context of the time more than they do a departure from this underlying intention.

In the period immediately following Confederation, pressures began to mount for the relaxation of certain requirements felt by many to be too stringent to attract a sustained influx of new settlers. Agricultural settlement at this time was almost exclusively confined to the lower mainland, to the area north of Victoria on Vancouver Island and to the mainland areas in the immediate vicinity of mining activity. Table 3:3 presents the acreage and crop breakdown for the mainland in 1868. By 1871, the total acreage figure had risen modestly to 13,384. [24] The increase in production was not, however, sufficient to meet increased domestic demand, and, in consequence, the province’s reliance upon American imports continued.

It was within this context that a B.C. Legislative Committee recommended, in 1872, a simplification of the land grant system and an easing of occupation requirements. [25] It was also recommended that the province undertake a system of free grants to compete with the system then in effect on the prairies and in the United States. The de Cosmos government complied with this latter recommendation in 1873. The free grant system was further extended to include all land taken up under
TABLE 3:3
CROP ACREAGE BY REGION, 1868.

<table>
<thead>
<tr>
<th>Area</th>
<th>Wheat</th>
<th>Barley</th>
<th>Oats</th>
<th>Potatoes</th>
<th>Garden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lillooet</td>
<td>2016</td>
<td>802</td>
<td>376</td>
<td>176</td>
<td>50</td>
</tr>
<tr>
<td>Yale, Hope &amp; Lytton</td>
<td>930</td>
<td>1366</td>
<td>364</td>
<td>205</td>
<td>530</td>
</tr>
<tr>
<td>New Westminster</td>
<td>173</td>
<td>63</td>
<td>364</td>
<td>380</td>
<td>86</td>
</tr>
<tr>
<td>Quesnel &amp; Williams Lake</td>
<td>566</td>
<td>705</td>
<td>1115</td>
<td>250</td>
<td>340</td>
</tr>
</tbody>
</table>

TOTAL FOR THE ENTIRE COLONY: 10,957


Pre-emption in 1875. Settlers were still obliged, however, to meet basic occupation requirements before a Crown Grant could be attained to confer ownership. For this reason, many settlers still preferred to purchase land and the only area to receive large numbers of claims for free grants was New Westminster. There, the available land was quickly occupied in the early 1870's. In subsequent years the number of free grants declined and the system was finally discontinued in 1879. [26]

At the end of the decade, cumulative revenue from land sales amounted to a figure of $193,831 or less than five percent of the total state revenue through this period. [27] Among other things, this situation reflects the fact that despite
increasing land settlement, the state lacked the administrative means to enforce compliance with the deferred and installment payment systems. Recourse was eventually made to a cancellation of some claims in arrears and to the imposition of an onerous interest charge on overdue payments, but the latter measure was disallowed at the federal level in 1879. [28] So, despite the fact that Crown land comprised the state's most valuable asset, it did not, at this point in time, generate a significant portion of provincial state revenue.

The 1880's brought further amendments in settlement law, amendments which reflect an attempt by the provincial state to adjust its policy to the situation and needs of different provincial areas. With the demise of the free grant system in 1879, settlers were faced with a price of $1.00 per acre. In 1884, this figure was raised to $2.50 for both surveyed and unsurveyed land, payable in installments upon completion of survey work in the latter case. [29] With the impending completion of the C.P.R. line, the province stood to face a dramatic increase in settlement and in the number of land transactions. Consequently, changes were introduced in 1884 and reinforced in 1888 to differentiate land suitable for cultivation from land suitable for haying or lumbering. The former was to sell at $2.50 per acre and the latter at $1.00 per acre. [30] Changes were also made in a system of hay leases started in 1870's; from 1888 on, leases were opened to
competitive bidding. [31]

The 1890's brought a continued series of qualifications and adjustments to the established principles. An 1891 act introduced restrictions on the size of purchases, whether surveyed or unsurveyed, in an attempt to limit land speculation. "In the alienation of new lands," Cail notes,

new settlers were running a poor second to established residents bent on acquiring more land, possibly for personal use, but more probably for speculative purposes. [32]

An 1892 amendment allowed for smaller grants of 40 and 80 acres and further changes in the leasing system. Changes in 1895 and 1896 raised pre-emption claim deposits and reduced the size of acreage grants in the interior regions. This last measure is a reflection of the declining availability of good agricultural land in the province. It was during this time that most of the best Okanagan land was taken up, along with extensive tracts in the Kootenays near the rapidly expanding mining areas. These regions together account for a large portion of pre-emption claims and purchase certificates in this period. [33]

On a provincial basis, the process of land settlement reflects a steady increase in the acreage occupied and a corresponding increase in the production of various crops. The federal Census of 1891 offered the following picture. The next
### TABLE 3.4

**Crop Acreage, by Region, 1891.**

<table>
<thead>
<tr>
<th>Area</th>
<th>Wheat</th>
<th>Barley</th>
<th>Oats</th>
<th>Potatoes</th>
<th>Garden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cariboo</td>
<td>2750</td>
<td>811</td>
<td>2083</td>
<td>350</td>
<td>12,272</td>
</tr>
<tr>
<td>New Westminster</td>
<td>2449</td>
<td>678</td>
<td>12,684</td>
<td>1767</td>
<td>16,509</td>
</tr>
<tr>
<td>Vancouver*</td>
<td>1067</td>
<td>163</td>
<td>3500</td>
<td>813</td>
<td>8340</td>
</tr>
<tr>
<td>Victoria</td>
<td>612</td>
<td>27</td>
<td>1001</td>
<td>406</td>
<td>2657</td>
</tr>
<tr>
<td>Yale</td>
<td>8278</td>
<td>543</td>
<td>4880</td>
<td>877</td>
<td>24,833</td>
</tr>
</tbody>
</table>

**Total for the entire province:** 110,356

*Source: Census of Canada, 1891 Vol. IV Table II.*

* In the Census records, Vancouver covers the northern and middle sections of Vancouver Island and the Gulf Islands while New Westminster covers the cities of New Westminster and Vancouver.*

Census, in 1901, records an increase in the total improved acreage to a level of 473,683 acres. [34] As such, it represents a fairly dramatic increase from the meagre figure of 13,384 acres in 1871.

Thus, the general pattern emerging during this period is one of a provincial state apparatus active in the promotion of interior settlement. In the process, steps were taken to liberalize the various occupational requirements and payment schemes. By the end of the century much of the best agricultural land in the province had been settled. Apart from animals and...
animal products, the agricultural sector did not develop during this period as a dominant export industry. However, it did help provision the expanding resource sectors, which, with the penetration of large-scale capital, had already entered a period of spectacular growth by the turn of the century. In this way, the extension of independent commodity production on the land can be seen to have complemented the extension of capitalist productive relations in the resource industries.

The second jurisdictional sphere relates to mining in the province. From the colonial period onward, legislation had established a clear distinction between the conveyance of land for settlement and the conveyance of certain minerals contained therein. In effect, this practice allowed the state to retain control over the extraction of the dominant gold staple, a control first instituted with the licensing of miners in the Queen Charlotte Islands in 1852. The net result was the gradual development of a legal framework to regulate and encourage mining activity and the juxtaposition of the framework across a parallel system of laws regulating land settlement.

In the period leading up to and immediately following Confederation, the extraction of placer gold required little in the way of actual land use or alienation. All that was needed were guarantees to ensure that miners had access to diggings and that the parallel legal framework regulating agricultural settlement did not interfere with this access. The situation
was, to a certain extent, complicated with the gradual exhaustion of available gold supplies along the creek and river beds and the resultant transition to the land-based deep placer techniques. It was the beginning of a process where, as Trimble notes, "Individualism began to be submerged and capital became uppermost" [35] in the mining industry. However, it is important to stress that the transition to deep placer methods did not signify the development of capitalist productive relations in the gold mining industry. Most of the deep placer operations were co-operative endeavours involving the pooling of labour and resources by small groups of miners. In British Columbia Law, this development was recorded as early as 1867 in a legal change allowing for the constitution and operation of mining companies. For a $125 fee, three or more miners could form a company and construct a flume to wash away the top soil which often covered a layer of gold lying next to the bedrock. [36] Access to gold bearing land was ensured with the passage of the 1870 Land Ordinance which reserved, for the Crown, control over the disposition of gold and silver deposits on land conveyed for settlement. [37]

As in colonial times, mining licenses, in the early Confederation period provided revenue for state finance, and the rates and regulations in force were altered from time to time. Revenue from licensing amounted to $86,005 from 1871 to 1880 for an average of $9556 per year and $114,660 from 1881 to 1890 for
an average of 11,446 per year. [38] Both figures are insignificant given the size of total provincial revenue during this period.

The advent of the deep placer techniques managed to sustain placer gold production in the province for a number of years, but on an increasingly reduced scale. In 1886, placer gold production stood at $ .90 million; four years later it was little more than half that amount. [39] Through the next decade it would find itself progressively displaced by the mining of gold from quartz veins.

Coal is the other dominant focus of provincial mining in this period. Between 1886 and 1890, production doubled in the province and it was to double again in value by the turn of the century. [40] However, despite this sort of increase, coal gradually lost ground to other minerals in the 1890's as the field of provincial mineral production began to diversify. In 1890, coal production accounted for close to 78 per cent of the total value of all mineral production in the province. Six years later that percentage had fallen to 35.8 per cent and by the year 1900 it had sunk to 26.4 per cent. [41]

In retrospect, the 1890's present the picture of a decade of frenzied mining activity. It was a time for the appearance of new minerals in B.C. - zinc, lead, copper and others - within the context of a more concentrated capital structure in hard rock mining. The completion of the C.P. rail link in 1886 and
the construction of a number of branch lines into the newer mining districts added stimulus to the boom, as did a general increase in the worldwide demand for minerals in the late 1890's. The net result was the proliferation of new mining sites, the immigration of a mining labour force, a heavy investment in mine machinery and equipment and a dramatic increase in the production of minerals of various kinds. These factors together helped to revolutionize the nature of B.C. mining.

In the case of gold, production entered a distinct new phase characterized by the predominance of lode mining. In 1893, only $23,404 in lode gold was produced in the province compared with some $356,131 in placer. Yet, in the space of three years, lode production would fully overtake placer. By the turn of the century it accounted for 73 per cent of all provincial gold production. [42] This was a new kind of gold mining hitherto unknown in the province with a long colourful history of migratory prospectors and shifting claim sites. The lode mines were larger, more heavily capitalized operations employing higher concentrations of waged labour. Data from the Census of 1901 reveals the existence of some 32 lode or vein mines producing gold in that year, each employing an average of 60 miners, millmen, mechanics and other workers. [43] On the other hand, the 69 remaining placer mines each employed that year an average of 8.5 workers. [44]
A similar picture emerges with many of the newer hard rock minerals. With copper, production increased from a mere $16,234 in 1894 to $1.615 million in 1900; with lead the increase ran from $29,813 in 1888 to $2.691 million in 1900; with silver, the figures were $17,351 in 1887 and $2.309 million at the turn of the century. [45] Here, the mining operations generally reflected the same tendency towards higher concentrations of labour as was found with the production of lode gold. In 1901, the province's 14 copper mines averaged close to 63 workers each. In the 34 silver-lead mines, the figure was lower at 36.5 workers and for the six silver mines the figure averaged out at 12.5 per mine. [46]

It was, however, in coal that the highest degree of concentration developed. By the end of the century, eight provincial mines employed 4324 miners, quarrymen and other workers for an average of more than 540 workers each. [47]

It is apparent that with the growing extension of the wage relation and the dramatic increase in labour concentration, lode mining embodied a transition to capitalist productive relations in this resource sector. No longer would independent and co-operative forms of the labour process predominate in the extraction of the province's mineral resources. With the completion of the C.P.R. line and branch lines into the outlying districts, large-scale capital penetration displaced these earlier forms to establish a mode of production involving an
increased capital intensity and the creation of a wage-dependent working class. As the previous figures demonstrate, these changes and transitions prepared the way for a rapid development of the productive forces.

Unlike placer mining, lode and coal mining did require the more permanent alienation of fixed acreages and, in consequence, provincial statutes were adjusted to accommodate these needs. Mineral lands were sold throughout this period at prices which decreased steadily until the late 1890's when the mineral boom afforded the state an opportunity to squeeze additional revenues out of mineral land sales. [48] The largest acreages were sold in connection with coal mining. However, while the laws tended to move in the direction of reduced prices, other terms and stipulations were instituted to ensure the working of purchased lands, and these tended to reduce access to mineral lands. An 1892 Amendment to the Coal Mines Act stated that those intending to buy coal lands had first to lease the lands for five years, pay surveying costs and pay all royalties on coal or petroleum resources taken out. [49] An amendment like this served to reinforce the high investment threshold established with the emergence of capitalist production in coal mining and, in so doing, it contributed to the erection of barriers to small-scale production.

In general, a similar process can be observed at work in the development of provincial legislation to regulate the
exploitation of other minerals. Through the years, a number of changes were recorded in the statutes affecting such things as the size and costs of claims and the nature of the mandatory requirements. An amendment in 1884, for instance, required that miners applying for a Crown grant swear to the existence of a mineral vein, to its proper survey and to the prior investment of $500 in improvements. [50] Measures such as this one worked to restrict access to provincial mineral deposits.

The development of separate regulations for a variety of different minerals during this period led invariably to a complex and, at times, confusing situation of overlapping rights and obligations.

Under the laws in force in 1873, it was possible for one piece of land to be Crown-granted three separate times for mining purposes - once for gold only, again for minerals other than gold, and, yet a third time, for coal. Further there was nothing to prevent any free miner or prospector from entering coal lands to seek for gold or other minerals; in fact, every encouragement was given him to do so. [51]

All this, of course, concerns only the mineral jurisdiction. The same land could still be crown-granted for agricultural purposes, and in this case there was nothing to prevent prospectors from entering in search of minerals.

Investment patterns in B.C. mining point to an early migration of American capital and entrepreneurship in the early
1890's. Succeeding years saw a gradual, if temporary, displacement of American predominance with an increased influx of eastern Canadian and British investment, much of which went into the purchase and operation of mines established by Americans. Extensive British participation lasted for only a brief period; the momentary surge of British direct investment served only as a prelude to the massive and sustained influx of American capital that followed. Thus at the beginning of the 20th century, the B.C. mining industry was characterised by a waning British presence, expanding U.S. control and a significant Canadian participation tied into the transcontinental rail network.

In the early pre-Confederation gold rush period, the Kootenay region experienced an influx of American prospectors and miners in conjunction with the ever shifting locus of placer production. In time, this was followed with the arrival of organized mining promoters and capitalists as the industry effected its transition to the deep rock operations. Claims were staked and mine tunnels dug, often to follow the outcroppings of rich ore deposits on the surface. Typical of the early lode operations were the Le Roi, Centre Star and War Eagle Mines near Rossland, staked by American prospectors in the early 1890's and later capitalized with the promotion of share subscriptions in Spokane. The copper-gold ore taken from these mines was transported by pack train to smelting facilities across the
border in Butte, Montana. [52]

Similarly, in the Slocan region, the early silver-lead mines were developed with American capital. The Slocan Star mine, owned by the Byron White Company of Wisconsin, mined ore that was transported in rawhide packs drawn by horse team over the snow in winter to the smelting site. [53] In the East Kootenays, mines such as the North Star or Mark Creek and the Sullivan at Kimberley were initiated by Americans, the latter with an interest by the Guggenheim family. In the Boundary area, the story was the same. In 1891, the Granby and Mother Lode mines were located and subsequently opened. Powered by a generating plant at Cascade Falls on the Kettle River, these mines transported ore via pack train to feed a smelter at Spokane. Later, with the construction of the Great Northern branch line north into the area, smelting operations were shifted to Grand Forks in the Boundary area.

By mid-decade, the entire southeast corner of the province had come alive in the rush of mineral prospecting and development. The Kootenay and Boundary areas represented the northern tip of an inland mining empire stretching up from the adjacent fields of Washington, Idaho and Montana.

At this point, British and Canadian mining investment began to appear. British participation in these ventures was somewhat of an anomaly, given a long standing British preference for portfolio investment in state-backed infrastructure development.
However, by the year 1890, direct British investment in B.C. mining had reached $1.79 million and this figure would increase dramatically in succeeding years. [55]

Some of the early British investments came in the form of new mining claims. The Kootenay Bonanza and American Flag silver mines in the Nelson area were started in this manner by the Hall mining interests of London, England. In 1895 this company also established a smelter at Rossland which later grew to be the largest in Canada. [56] Other British investors came in to buy up mines started by Americans. In 1898, a British syndicate, with the participation of Lord Dufferin, acquired possession of the Le Roi mine for a sum of $4 million. [57]

Canadian investment also began moving into the area in sizeable proportions in the mid-1830's. In 1893, the North Star Mining Company was formed in Montreal, with Donald Mann of Canadian Northern Railway fame as president, to acquire the North Star mine in the East Kootenays. [58] Likewise, the Centre Star and War Eagle mines in Rossland were transferred to a Toronto syndicate in 1897 following an unsuccessful takeover bid by London financiers. [59] However, by far the largest Canadian presence in the B.C. mining field was that maintained by the C.P.R.-owned Consolidated Mining and Smelting Company. In 1898, the C.P. interests bought the Trail smelter, built the previous year by an American railway promoter F.A. Heinze. With the completion of the Crowsnest Pass Railway in the same year, the
company was guaranteed a steady supply of cheap coal for its smelting operations. Subsequent branch extensions linking Trail to Midway in 1899 and Greenwood to the Mother Lode mine in 1900 enabled the C.P.R. to siphon off traffic previously routed south through the American branch lines. [60] In the early years of this century, C.P. interests moved to concentrate their mineral holdings in the province with the acquisition of a number of major mines - the War Eagle and Centre Star mines at Rossland in 1906, the St. Eugin lead mine at Moyie in 1906, the Hall Brothers smelter at Rossland in 1907 and the Sullivan mine at Kimberley in 1908. [61] With its expanding control over the regional branch lines, the C.P.R. had, by 1910, established a strong Canadian investment foothold in the Kootenay and surrounding districts.

In the coal industry, the Island collieries continued as the only source until near the end of the century. Two Canadian companies dominated the field - the Vancouver Coal Mining Company at Nanaimo, and the Dunsmuir interests with mines at Nanaimo, Wellington, Union, Extension, Cumberland and Ladysmith. [62] In 1898, the Crownest collieries were opened by a Toronto-based financial group to supply the mining smelters in the Kootenays. Shortly thereafter they were acquired by an American railway promoter, J. J. Hill. Hill later bought into the Island collieries as did the Canadian Northern Pacific Railway promoters, Donald Mann and William MacKenzie. The latter
purchased Canadian Collieries Limited from James Dunsmuir. [63]

The take-off in B.C. mining activity in the 1890's was thus sustained, to a large degree, through a rapid influx of Canadian and British direct investment. By the year 1900, British equity in B.C. mines was valued at $63.65 million, a figure equalling 69 per cent of total British investment in Canadian mining. [64] In succeeding years, however, the British presence diminished rapidly, both in overall size and in percentage amounts. Paterson cites a number of causal factors, among them the absence of a branch-plant structure capable of maintaining entrepreneurial innovation and dynamism. [65] Many British enterprises took the form of companies initiated through limited share subscriptions for the expressed purpose of a B.C. mining venture. All too often the result was an emphasis upon speculative gain rather than ongoing control and development. [66]

Following a series of mine bankruptcies and American takeovers, British mining investment in B.C. stood at a level of $17.23 million in 1910. It was never to return to its previous position of pre-eminence. [67] In its place came the massive waves of U.S. direct investment which, by 1913, totalled some $62.0 million, over half the province's mining capital. [68]

By the turn of the century, British Columbia mineral production had reached a level of $16.34 million in value. Of this, the metallic minerals accounted for $11.35 million or 69.4
per cent of total production value. The balance was taken up with the production of coal and coke and structural materials like clay. [69] Throughout the entire period leading up to 1900, and regardless of the shifting investment structure, it was the American export market which led production as is demonstrated by Table 3:5.

The overall picture is therefore one of a rapidly expanding industry, absorbing large amounts of investment capital within the context of a surge in worldwide demand for mineral products. At the turn of the century, the B.C. mineral industry had established itself as a supplier of raw and semi-processed materials for the American market. Subsequent U.S. investment helped cement that linkage.

This chapter has analysed a variety of factors and relations contributing to the extension of agricultural land settlement and to the development of the province's mining industry. Central to each of these areas was the development of a legal framework to regulate access to the land and, in the case of mining, to the resources the land possessed.

With agriculture, provincial law continued to facilitate access to settlement land throughout the balance of the nineteenth century. The situation was, however, somewhat different in the mining sector. In the pre-1886 context, provincial law helped miners gain access to mineral lands and
Table 3:5

B.C. MINERAL PRODUCTION AND EXPORT, 1890-1900

<table>
<thead>
<tr>
<th>Year</th>
<th>B.C. Production</th>
<th>Exports to the U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>$2.609 million</td>
<td>$2.351 million</td>
</tr>
<tr>
<td>1891</td>
<td>3.521 million</td>
<td>2.842 million</td>
</tr>
<tr>
<td>1892</td>
<td>2.379 million</td>
<td>2.902 million</td>
</tr>
<tr>
<td>1893</td>
<td>3.588 million</td>
<td>2.844 million</td>
</tr>
<tr>
<td>1894</td>
<td>4.228 million</td>
<td>3.419 million</td>
</tr>
<tr>
<td>1895</td>
<td>5.655 million</td>
<td>4.588 million</td>
</tr>
<tr>
<td>1896</td>
<td>7.508 million</td>
<td>5.715 million</td>
</tr>
<tr>
<td>1897</td>
<td>10.455 million</td>
<td>8.756 million</td>
</tr>
<tr>
<td>1898</td>
<td>10.907 million</td>
<td>10.226 million</td>
</tr>
<tr>
<td>1899</td>
<td>12.393 million</td>
<td>11.498 million</td>
</tr>
<tr>
<td>1900</td>
<td>16.345 million</td>
<td>11.652 million</td>
</tr>
</tbody>
</table>


deposits. Within this context, the state can be seen to have encouraged the generalized extension of independent commodity production. However, following the completion of the C.P.R., state policy, as it was reflected in the law, changed substantially. In the last years of the nineteenth century, a variety of legal changes and adjustments helped guarantee the larger mining interests preferred access to provincial mineral resources. In this way, the provincial state helped accelerate the decline of independent commodity production and the transition to newer forms of capitalist organization and control.

The next chapter continues this examination of early
provincial law with an analysis of those sections relevant to the growth of the modern forestry industry. In addition, this chapter considers another central aspect of provincial state involvement in resource development - rail line sponsorship and promotion. This latter element would prove itself crucial in helping to consolidate the position of large-scale capitalist production within the provincial economy.
NOTES


2. Ibid., p. 6.


4. See British Columbia in the Canadian Confederation, A submission Presented to the Royal Commission on Dominion-Provincial Relations by the government of the province of British Columbia, (Victoria: King's Printer, 1958), p. 10.

5. Terms and Conditions Under Which the Colony of British Columbia Entered Into Union with the Dominion of Canada, (Victoria: King's Printer, 1910), p. 103.

6. The term 'placer gold' refers to all gold obtained through the washing of sand or gravel. It is therefore to be differentiated from 'lode' or 'vein' gold, gold usually obtained through the mining of quartz veins.


9. Ibid. Table 8.
10. Ibid., Table T5


13. Ibid., Table T4.


16. See footnote 44 in this chapter.


20. Ibid., see Table 123.

21. Ibid., Tables 105 and 107.
22. Ibid., pp. 19-20.


24. Ibid., p. 20.

25. Ibid., p. 23.

26. Ibid., p. 32.


28. R. Cail, *op. cit.*., p. 32.

29. Ibid., p. 37.

30. Ibid., p. 45.

31. Ibid., p. 45-6.

32. Ibid., p. 46.

33. Ibid., See Appendix B., Tables 1 and 3, pp. 262-7.

34. *Census of Canada*, 1901, (Ottawa: King's Printers, 1903), Vol. II, Table XXXIII.


37. Ibid., p. 260.


42. *Ibid.*, Table M2.

43. *Census of Canada, 1901*, Vol. II, (Ottawa: King's Printers, 1903), Table LVIII.

44. *Ibid.*, Table LVIII.


46. *Census of Canada, 1901*, Vol. II, Table LVIII.

47. *Ibid.*, Table LVIII.

48. R. Cail, *op. cit.*, p. 79.


52. Harold Innis, "Settlement and the Mining Frontier" in W. A. Mackintosh and W. L. G. Joerg, eds., *Canadian Frontiers of*


57. H. F. Angus, et. al., op. cit., p. 282.

58. Ibid., p. 278.

59. Ibid., pp. 281-2.


61. H. F. Angus, et. al., op. cit, p. 282.


64. D. G. Paterson, op. cit., p. 123.

65. Ibid., p. 109.


69. Statistics of Industry in British Columbia, Table M2.
CHAPTER IV
The Provincial State And Resource Development Part II

For most of the time period under study, forestry remained an industry of secondary importance within the provincial economy. This is especially true if a comparison is made with the growth and development of the mining industry in this same period. Things would change in the late nineteenth and early twentieth centuries as successive waves of capital investment entered the province and proceeded to transform the entire structure of the lumber industry and other related fields. However, in the early provincial period, forestry development languished within a context of inadequate capital investment and unstable foreign markets. [1]

As with settlement and mining, forestry constituted a separate jurisdictional sphere within an overall legal framework regulating land use and resource development. To the turn of the century, British Columbia forest land was alienated for timber production in three basic ways. The first involved the outright sale of forest land. At the time of Confederation, provincial timber lands were sold for $1 per acre with no limit upon individual purchases. Over the next four decades some 922,948 acres of timber land were alienated in this manner with the
largest concentrations in the Comox area on the Island and in the Nelson area on the mainland. [2] The sale of timber was formally abandoned in law in 1884 but subsequent statutes still held provision for the differentiation between agricultural and timber land and for the sale of both by the state at different rates. [3] In actuality, these sales remained in force until well into the 20th century in the absence of effective provincial state regulation and administration.

Along with the method of sale, the province had adopted, in 1870, a system of forestry leases originally valid for a 21 year period at a nominal rental fee. Various changes were introduced to the system in succeeding years. In 1884, it was stated that all provincial timber lands were to be alienated in this manner. Leasing periods were also increased to 30 years and royalty periods were also instituted in conjunction with a requirement necessitating the construction of a sawmill for each 400 acres of lease. [4] In 1892, a system of competitive bidding was implemented for leases, the tenure of which was reduced back to 21 years. [5] Through the leasing system, some 23 companies and two Indian bands had acquired more than 135,000 acres of timber land by 1888. [6]

The third method of forestry land alienation was that of licensing. In 1884 the general licenses were offered on a four year, $10 per year basis to small operators. The licenses were non-transferable, with each covering 1000 acres. This system
evolved, in 1891, into a system of special one year timber licenses for 640 acres. Further alterations in 1905 brought existing leases under an all-encompassing system of special, 21 year licenses. [7] Over the next two years, this system grew to displace the others to form the basis for the subsequent alienation of the province's forestry resources.

All in all, the evolution of tenure rights and obligations during the pre-1905 period reflected a movement away from outright alienation of resource lands to a system that separated the land from the resources contained therein. This, in effect, gave the state structure added flexibility in the management of provincial forestry resources. In the early twentieth century, the state was able to use the latest licensing changes to further a developing process of capital investment and concentration in the forestry sector. The net effect was a hastened transition to the dominance of large-scale capitalist production.

There was, however, little in the early provincial period to prefigure this later pattern of development. Prior to the completion of the C.P. rail link with the east, British Columbia's forestry industry had developed at a relatively slow and uneven pace, originally alongside the fur trade and later on as a provisionary offshoot of the mining industry. [8] Most of the early operations were of restricted capitalization and, when subject to severe internal and external market fluctuations,
Several went bankrupt. Until the mid-1880's countries like Australia, China and Chile dominated B.C.'s forestry export market. After this point, forestry exports began to penetrate the American market. Table 4:1 indicates the market breakdown for the year 1896.

The completion of the C.P.R. line gave added stimulus to the provincial forestry industry in the form of a demand for timber to fuel the construction boom on the prairies. Between 1888 and 1894, the provincial cut doubled, and from 1894 to the turn of the century it doubled again. [9] It was during this period that production on Vancouver Island grew rapidly in response to heightened demand in the Pacific area markets. In the eastern part of the province, production opened up the Cranbrook area and later the Big Bend and Kitchener regions as the demand for lumber and construction materials on the Prairies increased. For many areas, the rapid exploitation of available supplies left a legacy of ghost towns and abandoned mills as testimony to the absence of concern for conservation of any kind.

In the earlier periods, most of the capital used to construct new mills and consolidate new holdings came from Canadian sources. On the Island, early mills had been established by the British Columbia and other settlers to meet the growing maritime demand for spars. Later on, Canadian investment started to flow from the east. In the late 1880's, D.
TABLE 4:1

B.C. FORESTRY EXPORTS, 1896

<table>
<thead>
<tr>
<th>Country</th>
<th>Export Value</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$212,973</td>
<td>31.6 per cent</td>
</tr>
<tr>
<td>Australia</td>
<td>102,488</td>
<td>14.9 per cent</td>
</tr>
<tr>
<td>China</td>
<td>88,799</td>
<td>12.9 per cent</td>
</tr>
<tr>
<td>British Africa</td>
<td>74,924</td>
<td>10.9 per cent</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>73,071</td>
<td>10.6 per cent</td>
</tr>
<tr>
<td>Chile</td>
<td>53,591</td>
<td>8.1 per cent</td>
</tr>
</tbody>
</table>

Source: Statistics of Industry in British Columbia, Table T6.

Angus, a brother to C.P.R. vice-president R. B. Angus, bought into a small mill at Chemainus and with a local entrepreneur proceeded to expand it into one of the Island's most important lumber operations. In succeeding years, the Chemainus mill provided some 12 million feet of lumber for the construction of the Esquimalt and Nanaimo Railway. The company also owned large tracts of land on the Island and mainland from which it drew its log supply. Other markets included China, Australia and South America, as well as the Canadian prairies. [10]

On the mainland, other mills sprang up to service local and overseas needs and, with the completion of the C.P.R., prairie needs as well. One group of local entrepreneurs banded together in 1878 to erect a sawmill and a sash and door factory in New
Hestminster. The group later expanded operations to include a box factory to service the expanding fish canning industry. In 1889, these operations were merged with the Hastings Saw Mill to become the British Columbia Mills, Timber and Trading Company with Vancouver Board of Trade head John Hendry as its president. By 1890, the company had a mill capacity of 250,000 feet per day, serving markets in the prairies as well as in the Pacific area.

Other mills were built during this period along Burrard Inlet and False Creek - the Vancouver Sawmill Company, the G. F. Slater Mill, the Earnest Buse Mill and the North Pacific Lumber Company to name some of the more important ones. These mills were all Canadian in origin although subsequent events saw many of them convert to American ownership. At this point, an American presence was maintained in the area by H. R. Morse of the Michigan Lumber Company who started up a mill along False Creek in 1890.

In the Interior, sawmilling originally emerged to meet residential construction needs and to provision the agricultural and resource sectors. In the Okanagan vicinity, a mill started up at Enderby to provide fruit boxes for local orchardists. In the Kootenay area the Revelstoke, Kaslo and Ainsworth mills all emerged in the 1890's to provide construction material for the mining industry. Other mills, such as the one opened in 1898 at Nelson, provided lumber for the construction of the C.P.
branch lines in the area. [14]

By the turn of the century, Canadian capital was well ensconsed in the British Columbia forestry industry with an extensive network of small, medium and larger scale sawmills. Some of the largest provincial timber holdings were also Canadian. Table 4:2 records the biggest Canadian timber holdings.

This was, however, a predominance that was not to last for very long. With the gradual exhaustion of available American timber in the late 19th century, American capital looked north to British Columbia as an area for profitable investment. The impending completion of the Panama Canal also meant that West Coast timber would find easier access into markets in the eastern United States as well as in Europe. It was within the context of these sorts of expectations that American lumber interests began investing in British Columbia in the 1890's. [75]

Much of the investment took the form of buying up existing mill facilities in the province and expanding them. The Chemainus mill, was re-opened in 1896 under the control of Texas investors on a larger scale. Similarly, a mill in the New Westminster area, owned by the Ross-McLaren Company, was bought out by a group of capitalists from Seattle and San Francisco. In the Kootenay regions, several of the earlier mills, started in the mining boom of the early 1890's, were subsequently taken
TABLE 4:2

CANADIAN TIMBER HOLDINGS, 1900

<table>
<thead>
<tr>
<th>Canadian Co.</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.C. Mills, Timber and Trading Co.</td>
<td>75,000</td>
</tr>
<tr>
<td>Toronto and British Columbia</td>
<td>45,000</td>
</tr>
<tr>
<td>Lumber Co.</td>
<td></td>
</tr>
<tr>
<td>Ross-McLaren Co.</td>
<td>25,600</td>
</tr>
<tr>
<td>North Pacific Lumber Co.</td>
<td>15,000</td>
</tr>
<tr>
<td>A. Haslam</td>
<td>8,000</td>
</tr>
</tbody>
</table>


Over by American investors in a process which gathered extra momentum in the early part of the 20th century.

American capital also came in to establish new mill facilities and to consolidate large timber holdings. The Scanlon interests from Minneapolis acquired timber limits along the Fraser and Jordan Rivers and in the Powell Lake and Narrow Arms District while at the same time constructing large sawmills in Vancouver and at Harrison Lake. The Capilano Valley area saw investment in timber tracts by the Nickey interests of Memphis and C. A. Marsh of Chicago while the North Arm of Burrayd Inlet saw the sale of fir and cedar tracts to a Wisconsin group. On the Island, the Rockefeller family moved to acquire 50,000 acres of cedar stands in the Esquimalt and Nanaimo Railway belt. In
1907 the family also purchased a tract of 11,000 acres in the Alberni area, a tract held until 1936 when it was sold to H. R. Macmillan, a former chief forester for the province.

It was this gathering wave of direct American investment which, by 1910, had consolidated a dominant position for the Americans within the British Columbia forestry industry. By this latter year, U.S. investment in timber stands, mills and other processing facilities had reached a figure of some $65.0 million, a figure that would continue to grow through subsequent periods. [16] During the early years of the twentieth century, European capital also began to make its presence felt in the provincial forestry sector. German investment funds were funneled into this sector by Alvo von Alvensleben, a young capitalist of aristocratic background, who founded the Vancouver Timber and Trading Company in 1905. [17] British capital also made the migration and found investment in timber stands on the Island, and in a number of sawmills on the Island, in the lower mainland and in the interior. Four such mills were consolidated in 1910 to form the Canadian Pacific Lumber Company. [18]

Much of this external investment was facilitated by changes in the provincial legal framework governing tenure rights and obligations on provincial forest land. In 1905, provisions were implemented to phase out the system of forestry leases and to bring further timber alienation under a system of special licenses, renewable every year for a 21 year period. No limit
was placed on the number of licenses anyone might hold and the licenses were made transferable. [19]

The impact of these legal changes was nothing short of dramatic. In the space of three years, from 1904 to 1907, more than 14,000 new licenses were issued bringing the total provincial acreage under license up from a figure of 928,000 acres in the former year, to a level "above 9,500,000 acres" [20] in the latter. The issue of new licenses was halted in 1907 but the sale and transfer of existent licenses continued unabated. Figures from the provincial government's Royal Commission on Timber and Forestry in 1910 show that, by mid-1910, there had been 13,639 individual license transfers among the 15,160 existing licenses. [21] The net effect of this process was to help centralize corporate control over provincial forest land. As Robin states,

The bulk of the new land fell into the hands of a few large corporations which used the devices of dummy representatives and power of attorney, and the easy facilities of transfer - a fee of two dollars was charged - to amass huge holdings. [22]

By 1910,

The vast majority of licenses and leases, acquired by dubious means, were held by American and other syndicates in a network of ownership so complicated the government knew little about who owned what. [23]
Further changes in that year allowed licence holders to convert their 21 year licenses into a new form of license, transferable and renewable annually as long as the land continued to have merchantable timber. The net effect of this alteration was to render the control offered by the licenses perpetual. In its final report, the Royal Commission estimated the total area held under these licenses to represent some 60 per cent of the province's total timber acreage. It also recorded the fact that many licensees held between 100 and 200 separate licenses each with the largest single concentration at 375. [24]

In the area of trade, the completion of the C.P.R. main line to the coast and the proliferation of regional branch lines in the final years of the 19th century helped to reorient provincial lumber exports along an east-west transportation nexus. By the year 1904, lumber shipments to the prairies and to eastern Canada stood at a figure of 105.5 million feet, while railway construction took 60.0 million feet and local consumption another 90 million feet. At the same time, overseas exports accounted for an additional 60 million feet. [25] This was a period of increased settlement on prairie farm lands and the resultant increase in the demand for construction materials helped wean B.C. lumber exports away from a near exclusive reliance upon the maritime trade. However, a number of factors ensured that this transition would be shortlived. An 1894 change
in the tariff schedule removed the import duties on several varieties of lumber thus opening the door to competition on the prairies from American lumber. [26] A slackened wave of immigration in the pre-World War I years served to contract the market even further. After 1912, a surplus of productive capacity, plummeting prices and a fall off in Canadian demand helped to reverse the trend towards economic integration with the rest of Canada. The result was a retrenchment into increased regional insularity for an industry increasingly dominated by American investment and control. [27]

In examining the history of forestry in British Columbia, it is apparent that the industry followed a line of development broadly similar to that found in mining. In the early period, prior to 1886, small-scale production predominated, servicing both local needs and a series of shifting foreign markets. With the completion of the C.P.R., external investment poured into the forestry sector to reap the benefits of increased access to timber stands and a growing market for finished products on the prairies. In the process, the forestry industry made the transition to large-scale capitalist development and organization.

There was, however, at least one important difference between forestry and mining. Unlike mining, forestry never underwent an early phase of frenzied extension of independent commodity production. Indeed, until the last years of the
nineteenth century, most forestry development in the interior represented little more than scattered and isolated pockets of lumber production tied into the provisionary requirements of local mining and industry.

In the coastal and lower mainland areas, this pattern of development led to the growth of small-scale capitalist production in the saw-milling sector. With the extension of the C.P. main line to the coast in 1886, many of these early operations were absorbed into the newly emerging structure of large-scale capitalist investment. This, in turn, set the stage for a process of rapid expansion in forestry as well as in other resource sectors.

The expansion failed, however, to have an immediate impact upon the basic underlying structure of state finance. Despite some growth in resource revenue, the provincial state continued to rely extensively upon the system of federal subsidization established at the time of British Columbia's entry into Confederation. By the end of the century, a partial dependence on federal monies still persisted. During the fiscal year 1899-1900, total resource revenue amounted to $502,224 or 32.5 per cent of a total revenue intake for that year of $1,544,108. [28] In the same year the combined federal subsidies provided another $242,689 or 15.7 per cent of total revenue. [29] Net expenditures at the same time equalled $1,831,205, a figure reflecting the mounting costs of provincial state administration.
in a region of scattered settlement and, in many cases, impenetrable terrain. [30]

Part of the federal subsidy paid into the provincial treasury was for land conveyed to the federal government to assist in the construction of the C.P. rail line through British Columbia. Through the 1870's and early 1880's, delays in the construction of this line were a constant source of friction between the federal and provincial authorities, as were a series of related issues - the tax status of land in the rail belt, the adoption of a free grant system of land settlement in the province, and road tolls in the provincial interior. [31] When most of the outstanding issues were resolved in 1883, the province had agreed to convey close to 11 million acres in a 40 mile wide strip along the path of the rail line, as well as an additional 3.5 million acres in the Peace River area. [32] Provisions were also made for a cash grant and a 1.9 million acre conveyance on the Island to aid in the construction of the Esquimalt and Nanaimo Railway. [33] With these actions, the province lost effective control over the nature and conditions of settlement in much of the interior.

It was, however, with the construction of regional and branch rail lines that the provincial state's role became most decisive. Beginning in the mid-1880's, a system of land and later cash grants was implemented to encourage the rapid and extended proliferation of regional lines to service the
province's expanding resource industries. Throughout the period leading up to and beyond the turn of the century, the political landscape of the province is crowded with an unending list of rail schemes and projects. Many were designed to tap the expanding traffic potential of the mineral-rich Kootenay region - the Kootenay and Columbia Railway received a 200,000 acre grant in 1887, the Kaslo and Slocan Railway got 250,000 acres in 1892 and the British Columbia Southern Railway got 20,000 acres per mile in 1893 for a line in the Crowsnest Pass. [34] Others, such as, the Shuswap and Okanagan (1887), were subsidized to open up the rich agricultural regions of the Okanagan Valley. [35] All in all, in the period leading up to 1913, some 210 different rail companies were incorporated to build provincial lines. [36] The provincial state provided the charters and subsidies, in some cases the federal state provided legislative discouragement to potential competitors in the United States, and in even fewer cases, the lines were actually completed. In the final analysis, only five rail lines fulfilled all contractual obligations to acquire possession of the promised land grants. [37]

Nevertheless, the impact of these grants upon interior land settlement was considerable. Land used to subsidize rail construction had to be held in reserve until the completion of the line. Only then could the company concerned sell tracts to speculators or settlers to recoup expenses incurred in line
construction. In this way, the land subsidization system had the practical effect of tying up immense land blocks, thus constituting an effective barrier to agricultural settlement.

By the year 1890, some 2.713 million acres had already been conveyed to companies with completed lines while another 9.656 million acres were being held in reserve. Cail notes that,

Had all companies receiving land subsidies built their roads, there can be little doubt that every acre of arable land in the province would have been permanently alienated as the price of securing railway communication. [38]

The system of land subsidization also made for problems in the area of provincial taxation. Lands held in reserve, awaiting conveyance upon completion of a rail line, were exempt from taxation. The proliferation of schemes and charters for rail lines throughout the province during this period thus had the adverse effect of cutting off the provincial treasury from an important source of tax revenue. Problems like these with settlement and taxation led the provincial state to discard the land subsidization system in the late 1890's. In its place, the province opted for the practice of cash subsidization, a practice used extensively in the early part of the 20th century.

The subsequent history of the intraprovincial branch line system is largely one of progressive and wholesale absorption into the Canadian Pacific rail network. In 1890, the Columbia
and Kootenay Railway with its 200,000 acre conveyance was acquired by the C.P.R. on lease for a period of 999 years. Extensions of this regional line in subsequent years afforded the C.P. system greater access to the Slocan mining centres. In 1898, the C.P.R. acquired both the Columbia and Western and British Columbia Southern lines with combined conveyances totalling more than 5.1 million acres. The impact of these additions was to consolidate C.P. rail supremacy in the entire Kootenay area. [39]

C.P. extension was not, however, limited solely to the acquisition of provincially chartered lines. In 1905, the Esquimalt and Nanaimo Railway on the Island, with its sizeable holdings of coal-bearing land, was added to the growing C.P. empire. [40] In the transaction Robert Dunsmuir gained access to the company's board of directors.

These were some of the ways the Canadian Pacific Railway moved to expand and consolidate its holdings throughout British Columbia. Many of the acquisitions came in response to the challenge posed by a new transcontinental system, the Canadian Northern Railway, with its policy of rapid extension into the Canadian west in the early years of the 20th century.

By 1913 the province had permanently alienated more than 18.6 million acres of land to assist rail line construction. [41] Most of this land ultimately came to be possessed by the C.P.R. In the years to follow the provincial state structure
found itself less able to supervise the process of interior land settlement as the subsidization system had placed much of the best agricultural land under the control of rail interests and the settlement companies in their hire.

All in all, rail line construction had an enormous impact upon the future development of the province. The system of land conveyances served to transform the subsequent pattern of agricultural settlement. In addition, the extension of the branch line system provided a stimulus to increased capital investment in the interior resource sectors. As was noted earlier, this latter process helped accelerate the transition to the dominance of large-scale capitalist production in those areas.

Rail development had other important effects as well. In the early provincial period, the isolated centre of New Westminster constituted an urban focal point in the lower mainland area, with a limited concentration of small and medium-scale capitalist production in areas like saw-milling and fish processing. The arrival of the C.P. main line in 1886 brought this centre and the surrounding region into closer contact with the east. The subsequent extension of this line into Coal Harbour signalled a shift in the locus of future urban development westward to the coastal area. Subsequent settlement patterns would see the new city of Vancouver grow to a position of regional prominence, eclipsing the older centre of New
Unlike New Westminster, Vancouver's early development as an urban centre was the product of an emerging structure of regional - eastern Canadian class accommodation and interaction. Within this context, regional capitalists and entrepreneurs took to the tasks of real estate promotion and urban infrastructure development (gas works and water works). Some involvement in local processing industry was also evident at this juncture (lumber), but on the whole it was overshadowed by the emerging commercial orientation as reflected above. [42] In this early post-C.P.R. context, eastern Canadian capital was represented by the C.P.R. itself, with its monopoly in the rail transport field. Other C.P. interests were to be found in such diverse sectors as shipping, telegraph services, real estate, hotel management and cement production. [43] In 1887, the Bank of Montreal set up its first branch in the city but, for the time being, no other banking competitors followed from the east.

This early phase in the city's development lasted until roughly 1891 and was clearly bound up with the internal consolidation of an "urban space". This explains the heavy flow of investment capital into the areas of real estate and urban infrastructure. [44] The next phase lasted until the turn of the century and saw the emergence of a more developed structure of class accommodation as large-scale capital investment found its way into the interior resource sectors. Within this altered
context, Vancouver emerged as an administrative centre, channeling external investment into the developing resource industries. In essence,

The city was being developed to an important extent by external capital as a financial, commercial and managerial centre. Much of the productive activity in which this capital was involved was external to the city, a factor which contributed towards the creation of an extensive hinterland. [45]

Much of this ongoing process was reflected in the growth of various intermediary, "go-between" functions in the city (mining brokerage, wholesale trade, financial services), and the gravitation of certain segments of the local bourgeoisie into these areas. By the year 1900, the following general "division of labour" had been established, involving the different sections of capital. Regional interests had established a niche in the various intermediary sectors as well as in real estate promotion. Eastern Canadian capital had consolidated a strong presence in the transport sector, in finance (banking, insurance, mortgage loans), as well as in the interior resource sectors. Foreign capital (mostly American and British) had taken over and developed large sections of the provincial mining and forestry industries. [46]

Clearly, the maintenance of this investment structure rested upon the foundation of the C.P. rail system as well as
upon the continued extension of regional branch lines into the interior resource hinterland. This fact goes a long way towards explaining why rail line promotion and development occupied such a central position in early British Columbia politics.

In fact, railways were the life sustenance of early political development in the province. Even in the period prior to the post-1886 flurry of branch line construction, provincial politics centered around an underlying pre-occupation with the progress and problems of the C.P.R. project. Within this early context of pre-party factions and alliances, successive government ministries lost little time in articulating a strident "Fight Ottawa" position when faced with federal government delay in the construction of the transcontinental line. In the early 1870's Premier Amor de Cosmos adopted a confrontationist stance subsequently maintained for over a decade, through government alliances headed by Andrew Elliot, George Walkem and Robert Beaven. The dominant political theme was one of federal betrayal as it pertained to the construction of the C.P.R. line and a number of other related issues - settlement and mineral rights in C.P. reserve lands and the federal government's responsibility for providing a railway and graving dock on the Island.

It was also a time to raise the call for special financial assistance. Through the 1870's provincial state finance was characterized by a succession of annual deficits as the province
lost access to customs and excise revenue. For the most part, however, the call for increased federal subsidies was muted by the realization that a revision in the Terms of the Union might open the door for the federal state to withdraw from its rail line commitments. [47] In any case, provincial grievances in this area received little in the way of federal redress during this period.

All of these problems were aggravated with the defeat of the Macdonald Tories in the wake of the Pacific Scandal, and the election of a Liberal government with less than a full commitment to the C.P.R. project. Furthermore, as Ormsby states,

The Liberal party was in power at a time when economic conditions were depressed ... Mackenzie and Blake were hampered in making concessions by financial impoverishment which forebade treatment of one province which might encourage others to demand similar treatment. [48]

The return of Macdonald to office in 1878 helped reduce the tension between Ottawa and Victoria and subsequent progress in rail line construction made for a relaxed tenor of provincial criticism in the 1880's. During this period a conciliatory approach developed, best reflected by the attainment of a federal-provincial agreement in 1883 regarding the issues of the C.P. railway belt, the Esquimalt and Nanaimo Railway and the financing of the graving dock at Esquimalt. The election of the
Smithe government in that year served as the beginning of a "dynastic" succession of like governments and leaders in the province, from A. E. Davie and John Robson through Theodore Davie, J. H. Turner and Charles Semlin to James Dunsmuir. [49]

Throughout this period - the last three decades of the 19th century - the provincial state pressed forward in a campaign of negotiation for "Better Terms" from Ottawa. Mounting budgetary deficits had helped underscore the inordinately high cost of state administration in the province. At root, the argument for special subsidization rested upon a recognition of the salient features of B.C.'s hinterland economy and the fact that,

the province deserved special consideration as compared to the other members of Confederation because its products were, for the most part, sold in the open world market, whereas purchases were from the more expensive protected markets of Eastern Canada. [50]

This fact formed a common underlying thread linking most of the province's early grievances and, because of this, it helped hinder the solidification of durable party divisions in British Columbia provincial politics. Instead, traditional Island - mainland rivalries and sectional disputes came to the fore in political debate and found expression in a tireless and unending struggle for access to the patronage machine of government. For the balance of the nineteenth century, provincial politics was little more than a "game of the Ins and Outs" as the contending
factions struggled to build alliances and form governments in the provincial assembly. [51]

Instead of parties, governments were based on factions of no professed political principle whatsoever, glued together with largesse from the public purse and periodically bursting asunder in a wild individualistic scramble for larger shares. [52]

The result was a revolving door of rapid and continuous governmental succession. This in turn, lent itself well to a "reform-minded" political rhetoric, pledging a renewed vigilance in the pursuit of various noble ends, commonly accepted at face value by all. Edith Dobie notes that, in this period, criticisms consisted rather of charges of extravagance, bad business management, generosity to railroads without commensurate benefit to settlers, unfairness in increase and redistribution of seats, (and) favouritism to the Island in the matter of that hardy perennial of political dispute - the location of the capital. [53]

Within this context of ephemeral group alliances, there was, however, usually a sufficient element of consistency to render the continued operation of government possible.

True the groups bore no specific names, other than 'government' or 'opposition', nor were they definitely allied with the federal parties; granted they did not impose strict discipline upon their members, nor did they have propaganda organizations outside the legislature; nevertheless they were groups in which
members worked together, seeking to obtain or maintain political power." [54]

Following the completion of the C.P. rail line, provincial politics focused increasingly on the need for regional branch extensions to service emerging large-scale industry in the resource sectors. Through the medium of the private member's bill, rail charters were granted, containing promises of land conveyances and, in some cases, cash subsidies. Such a process did not require the organization and discipline characteristic of a system of fixed party lines. Only later, with the growth of large-scale capitalist industry and with the resultant need for a stabilized investment climate, did such a system emerge in the provincial assembly.

However, even with the transition to party politics, a shared objective in furthering land settlement and in promoting resource development worked to draw the main parties together in most areas of theory and policy. In the early twentieth century, this convergence covered such issues as support for the new settlers, tax reform, proposed pension schemes, as well as subsidized utility and rail line development. The political record of both the provincial Liberals and provincial Conservatives also reflected a basic willingness to increase the province's funded debt in the subsidization of economic growth and expansion. [55]
As had been noted earlier, this process of economic expansion entailed the transition to dominant capitalist relations of production. In the mining sector, this development was reflected in the emergence of large-scale lode operations. In forestry, large-scale logging and processing industry followed rapidly in the wake of the C.P.R.'s completion. The end product was the emergence of a wage-dependent working class within the context of an aggressive and expanding frontier capitalism. As Robin notes,

The proliferation of company towns, the struggles of the hard rock miners, the millmen and smeltermen within the bowels of the earth, the sudden growth of militant employers' associations and the living frontier tradition of violence as a solution to social conflict contributed to the creation of a 'heritage of conflict' between capitalist and worker. [56]

The expanding coal mining operations on the Island spawned a militant and combative class of miners who struck repeatedly through the 1870's and 1880's in protest of wage levels and hazardous working conditions which, by the end of the latter decade, had claimed more than 300 lives. [57] Given a rising incidence of this sort of strike activity, the provincial state began using legal and coercive means to contain the threat posed by ripening class contradictions in the late nineteenth century. In 1877, the Dunsaulr interests evicted miners from company homes before the state sent in the militia to break the
resistance of workers in a five month old strike. [58] In the 1880's, miners' unions emerged to lead workers in a number of strikes against their hard-nosed employers. The militia were called in again at Wellington in an 1890 strike which saw a public scandal emerge out of the fact that the Dunsmuirs had agreed to pay maintenance costs for the 26-member force for the duration of their strike-breaking activities. [59]

On the mainland, union militancy typically followed the influx of American capital across the border in this period. The first local of the American Federation of Miners was formed in the border town of Rossland in 1895; by the turn of the century the surrounding area could boast of a total of 13 locals despite efforts by the mine owners to contain the union's influence. [60] In the early years of the twentieth century, this region was the scene of a number of bitter strikes for improved wages and working conditions and often for union recognition.

British Columbia workers also moved to organize in the field of electoral politics and, by the turn of the century, labour candidates had been elected in Vancouver, Nanaimo and Kaslo. In a system of shifting and unstable group allegiances, the labour contingent often held the balance of power enabling it to exact reforms from the establishment groups in office. Early gains in this area included a statutory eight hour day in the metal mines, increased safety regulations in the coal mines, provisions for a system of workers' compensation and a measure
allowing workers time off to vote in elections. [61]

To the turn of the century, working-class struggles in the political arena reflected this sort of reformist orientation. As one author has written, the early forms of labour activism invariably led to

the growth of political parties of labour devoted to the obtaining of specific legislation. These parties did not aim at government power; their hope was to influence the major political groups to pass legislation favourable to labour. [62]

However, as the the province entered the twentieth century, this reformist influence began to wane. Several reasons have been cited for this, among them the influx of radical ideas from abroad and the growth of industrial unionism in the provincial interior. [63] At any rate, the first decade of the century saw a fundamental shift in the dominant ideological orientation of the British Columbia labour movement, a shift away from the reformist pressure group conception of political action towards a revolutionary socialist position. This transition was best reflected at the organizational level in the emergence of the Socialist Party and its rise to political prominence in the years leading up to World War I. [64]

It was largely in response to the threat posed by this sort of development that the conservative, business-oriented factions in the provincial assembly moved to establish regular party
organization and discipline. Soon after the turn of the century, both the Liberal and Conservative Parties took steps to establish the requisite structures and procedures. In 1903, Premier Richard McBride announced the affiliation of his government's legislative following with the provincial Conservative Party. When opposition groups followed suit soon after and coalesced into a provincial Liberal Party, the province finally closed the book on a system of shifting group alliances that had endured for more than three decades.

The introduction of a party system in British Columbia represented yet another stage in the transformation of provincial state power. Faced with the growing influence of a revolutionary socialist current in the labour movement, the newly instituted system of fixed party lines and party discipline helped redeploy state power against an emerging threat on the left. [65] In this sense, the change in the form of the state that the party system represented can be seen as the product of a changing configuration of internal class forces.

However, it is also important to analyse the way in which changes in the structure of capital have, in themselves, contributed to the transformation of state power. In the late nineteenth century British Columbia, a tendency towards increased capital concentration was well established in the resource industries. [66] In transport, the C.P.R. had
undertaken a successful effort to consolidate monopoly control over the regional branch line system. Given this context, the transition to a system of fixed party lines helped rationalize provincial political administration by making for a more organized structure of class representation at the level of government. With its record of chronic instability and constant governmental change, the system of pre-party alignments had proven itself obsolete and inadequate to the tasks of modern state intervention.

So long as governments changed in kaleidoscopic fashion and House members crossed the floor at whim, industrial promoters, whether in the mining, railway, fishing or lumber industries were reluctant to invest for fear of changed conditions. Railway contracts were made and unmade, mining laws passed and altered. Investments could not be planned and undertaken where the legal environment was not predictable. [67]

The party system worked to remedy this situation insofar as it brought increased stability to the political process. The end result was a political climate more conducive to continued capital investment.

Early twentieth century changes in forestry tenure rights provide a good example of this relationship. In 1905, the provincial state introduced a system of special licensing on Crown timber land. Coming on the heels of the transition to party politics, these changes represented a major effort to
restructure the form and pattern of forest land tenure in the province. Their impact was nothing short of dramatic. Over the next few years a flood of new and mostly foreign investment entered the forestry sector. The net result of this process was strengthened American control over development rights in this sector and a consolidated position for American capital in the future development of the forestry industry.

In essence then, the party system represented a rationalization of state power and administration effected under the twin pressure of heightened labour militancy on one side, and increased capital concentration and investment on the other. The final outcome of this process was a modern state apparatus, capable of responding to the varied requirements of an expanding resource-based capitalism.

This chapter has extended the discussion of provincial state involvement in resource development. Central to this process was the ongoing formulation of a legal framework governing access to forest land. Through the late nineteenth century, provincial law moved to abandon the practice of selling this land. Under the leasing and licensing systems that were evolved, ownership of the land remained with the Crown and development interests were given access to forestry resources within a framework of changing tenure rights and obligations. This arrangement offered the state greater flexibility in its overall attempt to regulate the process of forestry development.
In the early twentieth century, licensing emerged as the general legal framework to govern subsequent development of this sector. The net effect of this change was the attraction of higher levels of external investment into the forestry sector. This, in turn, served to consolidate the dominance of large-scale capitalist production and thus pave the way for the later emergence of forestry as the province's leading industry.

Rail line promotion formed another facet of state intervention examined in this chapter. With the C.P.R., the province's role was mainly one of turning over large settlement acreages in accordance with a pre-arranged federal plan. In the area of regional branch line construction, the situation was somewhat different. There, direct provincial state sponsorship led to the extension of a regional network of branch lines into the far reaches of British Columbia's interior. And, as with the legal changes, the overall effect of this network was an attraction of increased capital investment to these areas.

Rail line construction had at least two other important effects. First of all, the extension of the C.P.R. through British Columbia helped structure a system of class accommodation in the province involving regional, eastern Canadian and foreign interests. Within this structure, the city of Vancouver assumed the role of a regional administrative metropole with the surrounding resource areas as its hinterland. Secondly, because rail development hastened the emergence of
capitalist relations of production, it helped contribute to the growth and solidification of capitalist class divisions. The result was a rising incidence of bitter class struggle and conflict as the province moved to enter the twentieth century.

The introduction of a system of party lines at the government level helped contain this conflict. It also helped provide a political environment conducive to continued capital investment and accumulation. In succeeding years, this investment would help consolidate the basic character of British Columbia's resource-based capitalism.
NOTES


3. Ibid., pp. 93-4.


5. Ibid., p. 234.


8. As was mentioned in Chapter II, the Hudson's Bay Company did become involved in the cutting of coastal timber for spars but this was only a limited economic sideline to the Company's interests in the fur trade. Later on, towards the end of the nineteenth century, the forest industry did develop as a provisional adjunct to the mining industry. When the lode mining boom hit the Kootenays in the 1890's, saw mills sprang up at Nelson, Ainsworth and Revelstoke to provide building materials for the mine sites. See H. A. Innis, "Settlement and the Mining Frontier", in W. A. MacKintosh and W. L. G. Joerg, eds., Canadian Frontiers of Settlement, Volume IX, (Toronto: Macmillan, 1936), p. 277.
9. Provincial production for the entire period is as follows:

1871-80 .............................................. 350 million feet
1881-90 .............................................. 550 million feet
1891-1900 .............................................. 1327 million feet

W. A. Carrothers, op. cit., p. 270

10. J. Lawrence, op cit., pp. 69-70.

11. Ibid., pp. 65-6.

12. Ibid., p. 68.

13. Ibid., p. 52.


15. The following account of American investment is taken from J. Lawrence, Ibid., pp. 70-84.


18. J. Lawrence, op. cit, p. 89.


21. Ibid., p. 117.


23. Ibid., p. 117.


25. J. Lawrence, *op cit.*, p. 32.


27. Much of the early increase in American control can be attributed to a migration of American capital and entrepreneurship to British Columbia. With some of these new entrepreneurs becoming naturalized Canadians (such as the Scanlons from Minnesota), ownership and control over their assets would revert to Canada. Yet, as one author has documented, over 64 per cent of the total capital invested in British Columbia's forestry industries in 1935 was American controlled. W. A. Carrothers, *op cit.*, p. 334. Obviously, the whole area of the growth of an American presence in the British Columbia forestry industry is one deserving of more extensive research.


29. Ibid., p. 21.

30. Ibid., p. 21.

31. See R. Cail, *op cit.*, Chapters VIII and IX.

32. For a detailed account of the negotiations leading up to the settlement in 1883 see Margaret Ormsby, *The Relations Between British Columbia and the Dominion of Canada 1871-1885*, (Ann Arbor: University Microfilms, 1972).
33. Ibid., pp. 228-33.


35. See Martin Robin, op cit., p. 63.

36. R. Cail, op cit., p. 160.

37. Ibid., p. 160.

38. Ibid., pp. 158 and 168.


41. R. Cail, op cit., pp.167-68.


43. Ibid., p. 209.

44. Ibid., pp. 233-35.

45. Ibid., p. 229.

46. For a detailed examination of this process of development, see Robert Galois, Ibid., pp. 203-42.


54. E. Mercer, *op cit.*, p. 3.


59. See Harold Griffin, *British Columbia: The People's Early

60. Paul Phillips, No Power Greater, p. 29.


62. Ibid., p. 2.


66. The term "concentration" is used here to describe the tendency towards greater average enterprise or asset size within an industry; it is, therefore, to be differentiated from the term "centralization" which describes the tendency towards oligopolistic or monopolistic control within an industry.

CHAPTER V

Conclusion

Any analysis of the state in British Columbia is, in fact, an analysis of different socio-economic relations and processes and the way they interact to condition the changing forms of regional state power and the changing content of regional state intervention. Given this approach, a number of factors and elements can be seen as relevant to this overall structure of determination - the staple bias of the economy, changing forms of the labour process, a shifting balance of internal class forces and a succession of altered trade linkages with the outside world. It is also important to consider the changing relation of institutional and structural subordination binding the British Columbia state to larger state structures in Great Britain and in eastern Canada.

All of this points to the need for a dynamic conception of the state and its situation in a total social context. The first chapter of this study set out a theoretical perspective sensitive to this need. In the chapters that followed, empirical data was presented to substantiate this perspective. This, the concluding chapter, will sum up the results of this analysis.

Given a materialist framework, it is impossible to
analyse the state and state power solely at the level of politics. A relation must be established to link the state apparatus to prevailing forms of the labour process and to the forms of class relations which emerge out of this process. In early British Columbia, both of these elements were directly related to the dominant staple orientations of the three different periods. With the fur staple, most of the actual labour process involved in trapping lay outside the direct control of the Company. It was, therefore, not the direct exploitation of human labour in production which constituted the decisive hinge in the system of mercantile accumulation, but rather the exploitation of a monopoly position \textit{vis a vis} trade with the native population. Within this social context there was little scope for a process of internal class differentiation. In effect, the settlement areas contained only two social classes - the Company officials and the employees. Given the absence of any significant form of commodity production beyond the ambit of the H.B.C. control, there existed no reason for an institutional separation between "state" and "economy". The 1849 arrangement served to fuse these two entities and the administrative power and control afforded by this system conduced well to the maintenance of mercantile accumulation. It was, however, all dependent upon the maintenance of the underlying locus of staple production.
For this reason, the sudden emergence of a new staple orientation in placer gold rendered the system obsolete. In a matter of months this new orientation led to the influx of a large transitory mining population and the extension of an independent mode of commodity production on the mainland. This mode rested upon individual and co-operative forms of the labour process and worked to situate a new class of independent miners at the hub of the placer gold economy. In Victoria a new trading bourgeoisie emerged in response to the increasing provisionary needs of the mainland mining communities. These new economic processes and social classes lay beyond the reach of effective H.B.C. administration and, in consequence, the old mercantile structures soon gave way to a system of colonial state power. In the process, the institutional and structural linkages binding "state" and "economy" were severed and, for the first time in British Columbia history, the regional state structure emerged as a distinct and particularized entity.

The new colonial state was, however, still bound into a relation of subordination to an external state entity, only this time the relation was direct and not mediated through the structure of a mercantile trade monopoly. In effect, the transition to this new state form represented a British response to the socio-economic repercussions of a shift in staple orientation. Within the regional economic system it was the altered configuration of social classes which rendered this
transition essential. In this sense the prevailing form of state power can be seen as directly related to the internal balance of class forces.

During the colonial period state intervention was geared to the development of a legal framework to regulate land settlement and staple extraction. In addition, the state was active in helping to fund the construction of an interior road network to link up the newly established centres of mining activity. These interventions served a dual purpose. First of all, they helped generalize and sustain a system of generalized commodity production on the mainland, at least for the duration of the gold rush. Such was the only viable form of economic development, given the absence of any significant amount of large-scale investment. Secondly, they helped further British imperial interests by lending British claims to the region a basis in actual presence and control.

It was not so much the emergence of a new staple which threw this system into crisis as it was the declining availability of placer gold. The resultant contraction of the dominant independent commodity mode found expression, at the state level, in the form of declining revenues and mounting budgetary deficits. With this situation, the colonial state on the mainland was unable to press ahead with its program of road construction. The Island and mainland colonies were united in 1866 to help remedy the problem but, in the absence of any
significant staple revival, the fiscal crisis persisted through the remaining years leading up to British Columbia's entry into Confederation. Confederation held out the prospect of renewed prosperity on the western end of a new transcontinental rail link. A general reactivation of economic activity could therefore be hoped to follow upon the colony's transition to provincial status.

However, as this study has shown, entry into Confederation was not the only option facing the Pacific colony in the late 1860's. Sections of the colonial state elite favoured a retention of the status quo, fearing that any major change would entail a loss of power and prestige. Colonial farmers were also anxious lest a departure from colonial status lead to increased foreign competition and economic decline. On the other hand, sections of the bourgeoisie in Victoria favoured the option of annexation to the United States in the hope that this would lead to increased economic development and a reactivation of Pacific trading links.

However, despite this sort of opposition, the pro-Confederation position managed to prevail. Two important factors lay behind this. The first was the continued influence of British imperial policy with its emphasis upon the maintenance of some form of British control over the west coast area. The second factor deals with the efforts made by reformers like John Robson and Amor de Cosmos to dovetail the push for
British Columbia's entry into Confederation with the struggle for responsible government within the colony. The prospect of self-government appealed to miners in the interior, many of whom were of American background. For the emergent resource interests on the mainland, responsible government promised increased access to the state and increased control over the formation of state policies relevant to the ongoing process of economic development.

The interplay of these two factors was reflected in the Confederation agreement of 1870. On the one hand, the colony of British Columbia was to enter the Dominion of Canada as a province. In this manner the British were able to attain their overall objective and thus safeguard present and future interests in the area. On the other hand, a system of responsible government was to be established. This reflected the growing power and influence of the reform forces. Given this situation, the alteration in the form of state power that responsible government represented can be seen as directly related to the internal dynamic of class struggle within the colony.

With Confederation came the prospect of a transcontinental rail link, of increased settlement and of prosperity based upon large-scale investment in resource development. In the meantime, however, prior to the rail line's 1886 completion, the early provincial economy continued to rest upon a generalized system
of independent commodity production first established in the colonial gold rush period. Capitalist production was present during this time but, as a rule, it did not extend into the resource extraction sectors.

The provincial state continued, through this early period, to develop and extend a legal framework to regulate land and resource alienation. Given the preponderance of the independent commodity mode, these laws had the effect of increasing access by individual and small-scale producers to settlement land and natural resources. In the process, the provincial state was forced to abandon any immediate hope of establishing state finance on a durable foundation of resource revenue. The result was an increased provincial reliance upon federal subsidization.

This situation changed substantially in the post-1886 period. Large-scale capital investment followed in the wake of the C.P.R. and established its presence in the resource sectors of mining and forestry. In a relatively short period of time these sectors were entirely transformed as the larger interests moved to displace independent and small-scale production. In effect, this signified the beginning of a transition to the dominance of capitalist relations of production in resource development. Within this process the city of Vancouver began to develop as a regional administrative metropole with a local bourgeoisie well ensconced in the financial field, in real estate and mining promotion and in the various other
intermediary sectors. Most of the capital invested in the resource sectors came from outside sources - eastern Canada, the United States and Great Britain. This system was earlier labelled as a system of class accommodation insofar as it represented a de facto "division of labour" between the different sections of local, national and foreign capital. It was to provide the underlying basis for the development of the distinctive character of contemporary British Columbia political economy.

Throughout the post-1886 period, the provincial state continued to modify and refine various statutes regulating land tenure and resource alienation. In the area of settlement policy, provincial laws continued to help facilitate access to agricultural land for those willing to work it and it was during this period that much of the best land was actually taken up. Some of this represented land previously included in different conveyances for the assistance of rail line construction throughout the province. As it turned out, the largest settlement acreages in these conveyances eventually ended up under the control of the C.P.R. For this reason, the province was unable to regulate directly the terms and conditions governing agricultural settlement on much of the province's limited farm acreage.

In the area of resource development, changes in the relevant provincial statutes reflect a different story. With the
laws governing mining, provisions making for increased royalty payments and increased mandatory improvement expenditures on Crown-granted land meant that the provincial state was playing an active role in reinforcing an existing tendency towards the emergence of large-scale capitalist production. With forestry, licensing changes introduced shortly after the turn of the century enabled large and mostly foreign interests to consolidate control over the development rights on vast acreages. In the final analysis, with both these resource sectors, the trend towards increased capitalization held out the prospect of increased resource revenue for the provincial state. Given this fact, the system of independent commodity production, common in the pre-C.P.R. period, rapidly declined in economic importance under the twin pressures of increased competition from the larger interests and legislative discouragement.

It was, however, in the area of intraprovincial rail line promotion that the provincial state went farthest in helping to hasten the extension of large-scale capitalist production in the resource sectors. Rail lines were essential for the profitable expansion of logging operations and lode mineral production. In consequence, late nineteenth century politics British Columbia was largely the story of a crowded succession of rail line charters, whisked through the Legislative Assembly in private members' bills with promises of lucrative land grants and cash subsidies. Although few of the intended lines were ever built,
the impact of the completed ones was substantial in helping to facilitate the penetration of foreign and eastern Canadian investment into the province's resource hinterland.

Under the impact of this type of investment and amidst a flurry of intraprovincial rail line construction, British Columbia effectively made the transition to the dominance of capitalist relations of production in the provincial economy. In the process, the stage was set for a period of rapid and sustained growth as the province entered the twentieth century. It is important, however, to note the effect this development had upon the regional class structure. As was shown, in the period leading up to 1886, the dominant independent mode of production rested upon individual or simple co-operative forms of the labour process. The succeeding capitalist mode was radically different insofar as it entailed a generalization of the wage relation and a separation of the direct producers from control over the process and results of their social labour. In other words, capitalism created a modern industrial working class in the resource sectors. The effect of this upon the province's political climate was nothing short of profound. Through the last decades of the nineteenth century, British Columbia emerged as a vast battleground of class conflict with workers and their fledgling organizations pitted against the employers' associations and the interests they represented. When faced with an increasing incidence of bitter and often violent
strike activity, the provincial state took steps to guarantee the stability and social cohesion required by established interests and potential investors. In certain situations, the state used legal sanctions to break working class resistance. In others, militia violence was employed for the same purpose.

However, this process of class struggle was not confined to the province's mines and mills. Beginning in the late nineteenth century, labour representatives managed to win elections to the provincial legislature. There, a system of shifting pre-party alignments provided a propitious environment for the attainment of pro-labour reforms and concessions. A prime example of this sort of reform was the provision for an eight-hour day in the metal mines that was passed through the provincial assembly in 1899.

As long as labour participation in the political process centered around this type of pressure-group reformism, it could be accommodated within the existing political arrangements. However, as was noted in the previous chapter, the last years of the nineteenth century saw the beginnings of a basic shift in dominant working class organization and ideology throughout the province. This shift found expression in the emergence of new groups and parties that rejected a pre-occupation with piece-meal reform to embrace openly socialistic conceptions rooted in an understanding of the nature of modern capitalist exploitation. Faced with the growth of a radical labour
challenge, establishment groups in the provincial assembly moved to adopt a system of formal party alignments and divisions. In this manner, the threat of an independent class conscious labour movement was contained, at least at the state level.

This last example gives another indication of the way in which a changing balance of class forces in society led to a corresponding change in the form of state power. In British Columbia this change was registered with the transition from a parliamentary system based upon loose and shifting alliances to one resting upon fixed party distinctions and rivalries. Such an arrangement was better suited to the task of maintaining a stable investment climate as the province entered the twentieth century.

This latter transition in the form of state power falls in line with the earlier two - from mercantile to colonial and from colonial to provincial - insofar as all three bear a direct relation to the changing class alignments and class struggles of the respective periods. Within each individual period, state intervention in the form of legal adjustment and infrastructure development helped to facilitate an expansion of the productive forces. In late nineteenth century British Columbia, this expansion signalled the emergence and growing dominance of capitalist productive relations in resource development. As much of the investment capital underpinning this development came from outside the province, this whole process worked to
consolidate British Columbia's traditional role as a resource hinterland supplying an ever-increasing external demand for staple products.

So, as the province entered the twentieth century, its different resource sectors found themselves firmly established on a trajectory of capitalist expansion and development. Within this context, the provincial state continued to encourage the process of capital accumulation just as it had earlier helped lay the groundwork for the emergence of this process. The end result was a modern resource-based capitalism. Such was a legacy of the nineteenth century that was destined to leave a lasting imprint on the twentieth.
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